MOTHER & CHILD
GROUP OF COMPANIES

Developing a strong **multifunctional medical network**

Annual Report **2020**

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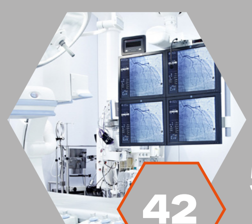

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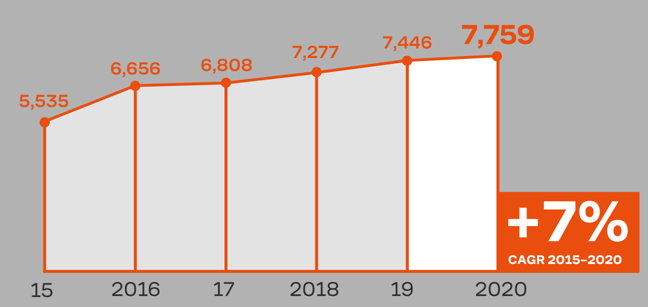
Multidisciplinary **leadership**

The Company continues to deliver on its strategic diversification initiative creating a solid foundation for further growth.

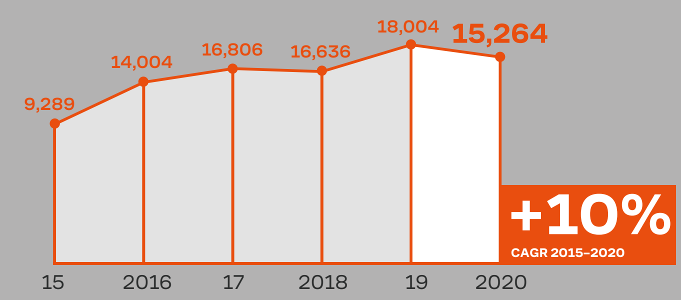
One of the key aspects driving our growth has been the Lapino complex, which we have significantly expanded to now include three multidisciplinary buildings. Our other hospitals and clinics across Russia have demonstrated similarly sustainable results in 2020.

> “ In 2020, despite the effects the COVID-19 pandemic had on our industry, MD Medical Group was able to achieve sustainable results thanks to its proven business model and strong medical team.
>
> *Dr Mark KURTSER, CEO*

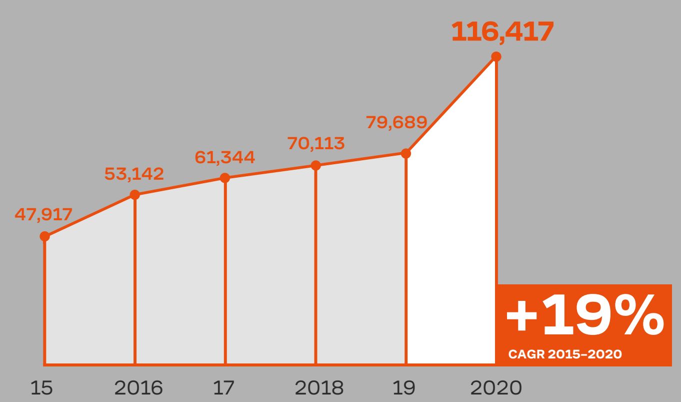
Deliveries



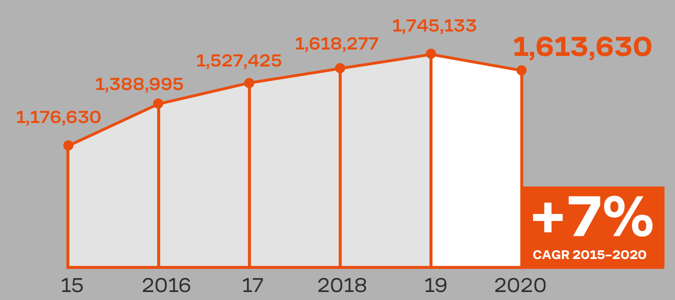
IVF cycles



In-patient days

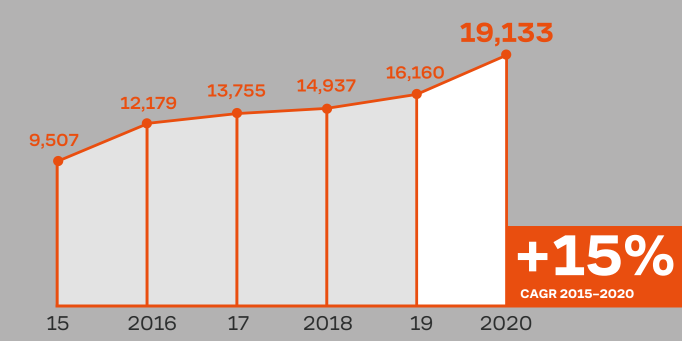


Out-patient treatments

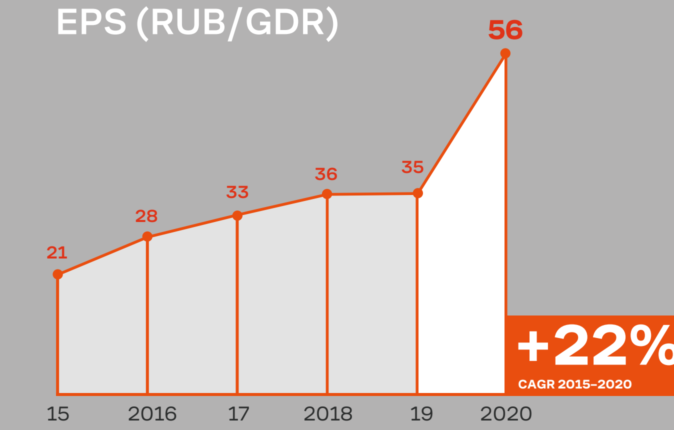


Operational KPIs

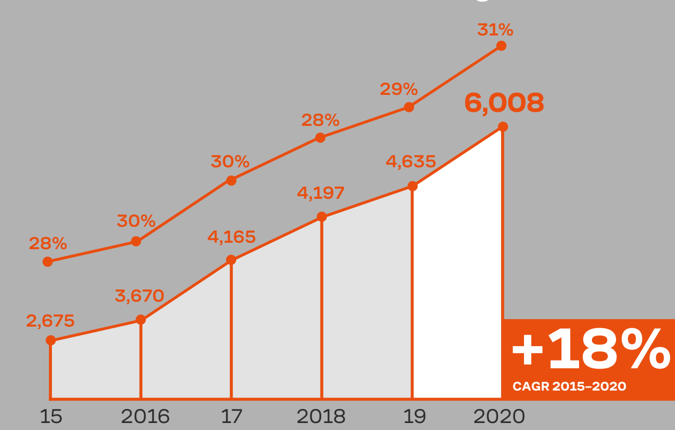
Revenue



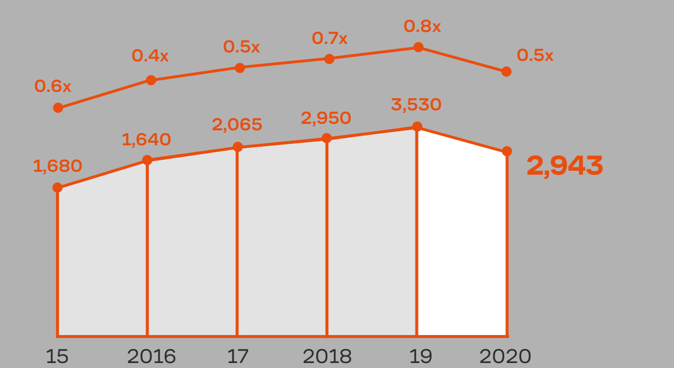
EPS (RUB/GDR)



EBITDA and EBITDA margin



Net debt and Net debt / EBITDA ratio



Financial KPIs (mln rubles)

Strong **investment case**

One of the leading healthcare companies in Russia

MDMG is the first and only publicly listed healthcare company in Russia operating in the developing private medical services market with possibilities for strong future growth.

Since its IPO, MDMG has demonstrated solid and sustainable growth in its key financial and operational indicators.

Best-in-class network across Russia

- Comprehensive experience and deep understanding of the Russian private healthcare market
- Largest regional medical network in Russia covering 27 cities and 25 regions*
- Projects led by teams of highly qualified doctors and managers with comprehensive experience in constructing and launching mutlifunctional hospitals from scratch.
- Well-established brand with strong national status
- Highly effective performance during the pandemic demonstrated Company's readiness to operate successfully in extraordinary situations

Clear and balanced growth strategy

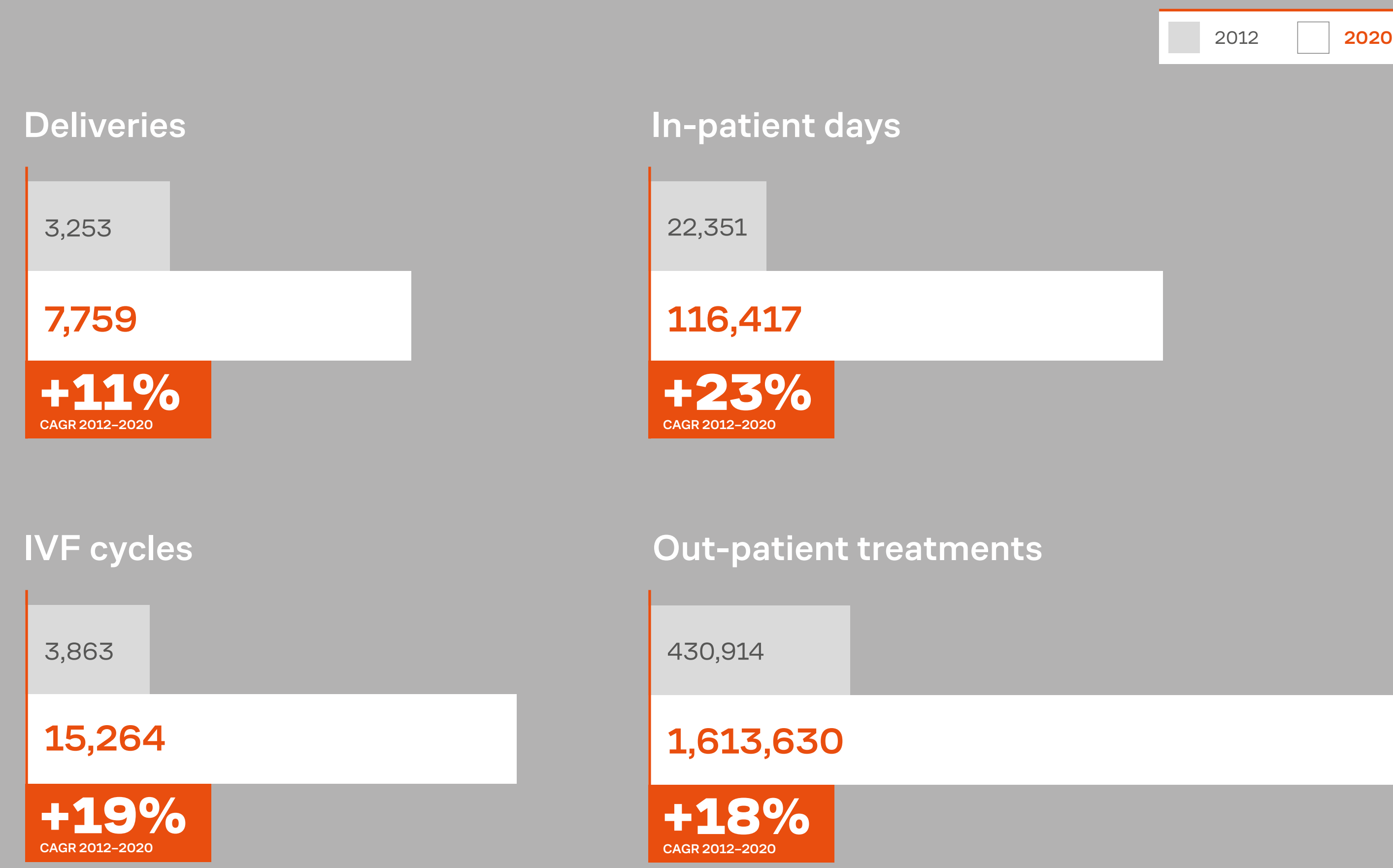
- Proven regional expansion strategy with clearly designated targets and a solid track record of successful investments
- Since starting with OBGYN and IVF, the Company has constantly expanded its offering of medical services in response to market demand
- Balanced strategy: combining large greenfield hospital projects with a wide network of clinics that provide core services and benefit from an economy of scale
- Ready to use blueprint for further expansion based on competences and available resources

Attractive market fundamentals in Russia

- Low level of consolidation and saturation, specifically in the regions
- Still an underdeveloped market with strong potential for growth
- Favourable regulatory environment – state support of private healthcare companies including 0% income tax rate, perpetual medical licence, and participation in the Mandatory Health Insurance programme
- High barriers to entry

And yet the stock remains undervalued vs EM peers

* As of publication date



Consistently one of the highest revenues among Russian healthcare companies

+18%

YoY increase in 2020

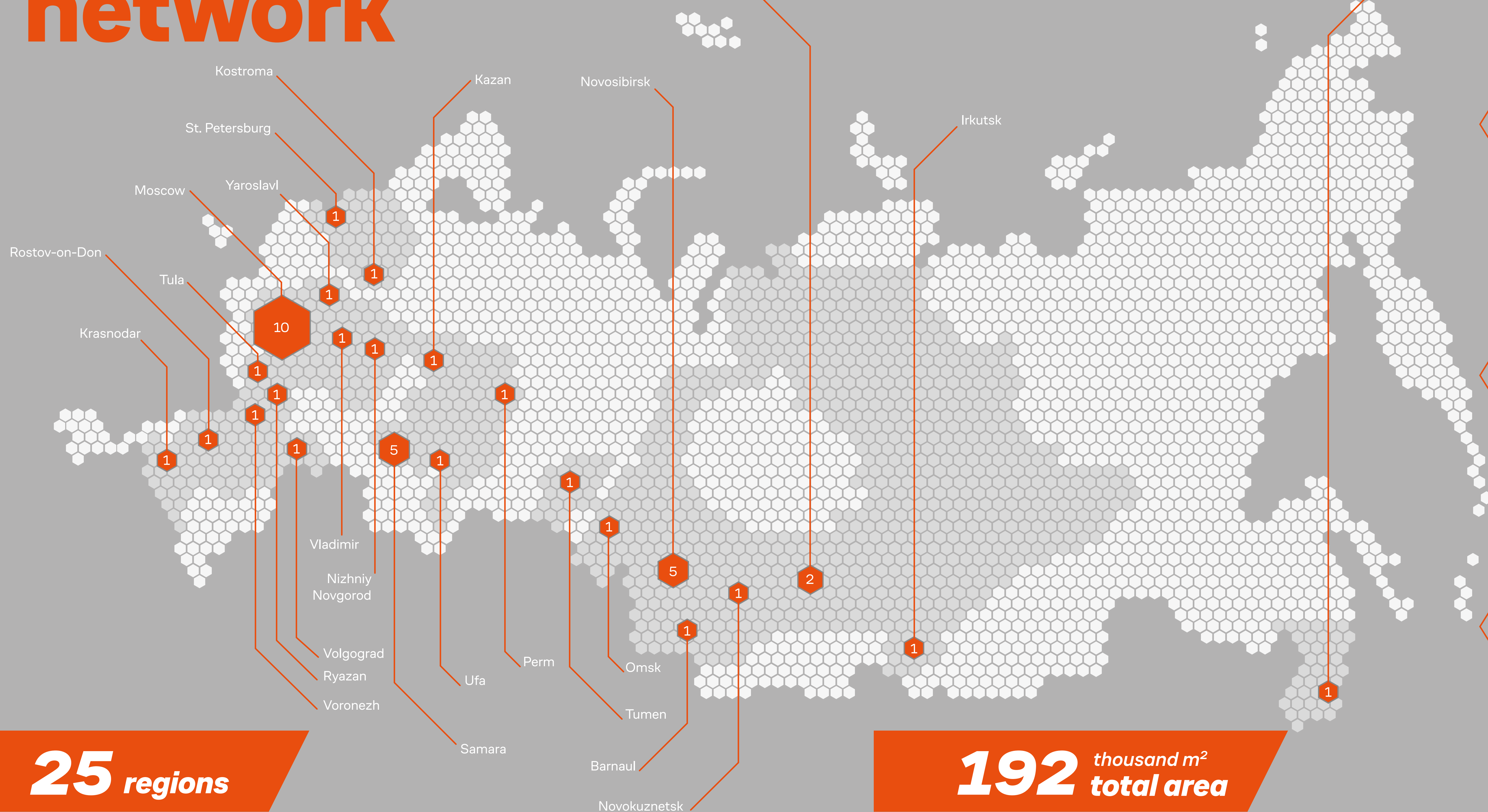
Solid and sustainable growth in key financial and operating indicators since IPO

31.4%

EBITDA margin in 2020

Nationwide **healthcare network**

With hospitals and clinics located in various cities and regions of Russia*, MD Medical Group operates the largest regional private network of healthcare facilities in the country. Today patients from **25 Russian regions** have access to medical care at the Mother&Child hospitals and clinics.



25 *regions*

192 *thousand m²* ***total area***

42 Multifunctional healthcare facilities

36 Out-patient clinics

27 Cities

6 Hospitals

* As of publication date

Statement **from the CEO**

"Our strong performance was made possible by our resilient business model and a great team of highly-skilled, seasoned professionals, who quickly adapted to the changing environment.

Dr Mark KURTSER, CEO

We have demonstrated **strong sustainable growth**

2020 was a year like no other, with nearly every aspect of our lives and every industry affected by the COVID-19 pandemic. Nevertheless, MD Medical Group was able to achieve sustainable results amid these headwinds.

In 2020, we significantly grew our revenue by 18% YoY to 19,133 mln rubles – another record year in our history – while EBITDA increased 30% YoY to 6,008 mln rubles.

These strong financial results were supported by overall solid operational performance. We grew in-patient days by 46% YoY, primarily in oncology, internal medicine and traumatology, and increased deliveries by 4% YoY despite the continued challenging demographic situation in Russia. While IVF and out-patient treatments declined during the year due to the pandemic, in Q4 2020 we already saw improved dynamics for these indicators.

In 2020, we continued to consistently enhance our network of state-of-the-art medical facilities across Russia. We started the year with the opening of our first clinic in Rostov-on-Don, which marked our entry into the 14th city in Russia with a population of more than 1 mln residents and brought us closer to delivering on our strategic goal of operating in all 15 such cities in the country. Next, we completed the renovation of our first hospital and indeed the first private maternity hospital in Russia – the Perinatal Medical Centre – by transforming it into a truly multidisciplinary facility. It also became our first facility to undergo a rebranding and is now called MD Group Clinical Hospital. In March, we opened a new paediatric clinic in a popular residential area outside of Moscow, which acts as a branch of the Lapino hospital.

In the second half of the year, we completed our largest investment project in recent years by opening the Lapino-2 surgery centre. The new building transformed our Lapino complex into the foremost multifunctional medical centre in Russia that provides 24/7 medical help to patients with various needs. The new building also houses a state-of-the-art oncology centre that offers a full cycle of medical services in line with modern international protocols. As part of the Lapino-2 project, we made new additions to our team, including a number of prominent oncologists who specialise across a variety of areas.

The pandemic which hit the entire world posed a challenge for all of us at MD Medical Group. Beginning in mid-March, our team was on the frontline of the fight against COVID-19. We managed to quickly convert our Lapino-1 hospital for the exclusive treatment of patients with coronavirus, while all other patients were transferred to the renovated MD Group Clinical Hospital in Moscow. Not only have we achieved strong results in patient recovery, but we have also gained valuable experience in the efficient admission and treatment of a large inflow of COVID-19 patients, including pregnant women, and have further expanded our competencies. By demonstrating our ability to quickly adapt and offer new, in-demand medical services, we further strengthened our customer loyalty and reputation.

Our team has emerged from this challenging period more prepared to face similar extraordinary situations. This helped us to act without delay when the country was hit by the second wave of COVID-19 in the autumln, shortly after we opened the new Lapino-2 building. Amid the deteriorating pandemic environment, we decided to fully convert the new centre into a treatment facility for COVID-19 patients starting from October 2020. In addition, at the end of 2020, we began construction of the new 100-bed Lapino-4 hospital, which is primarily designed to treat coronavirus patients, using rapid construction technology. We opened the facility in Q1 2021, while Lapino-2 has now resumed its original operations as a surgery centre.

While our facilities across Russia were under pressure from temporary restrictions on a number of activities – including elective medical procedures – imposed by local authorities to limit the spread of COVID-19, our hospitals and clinics managed to demonstrate solid performance for the year.

Our sustainable performance over this unprecedented year would have been impossible without our team of doctors, composed of leading experts in Russia across various medical spheres. I want to thank each and every one of our doctors who treated patients with coronavirus from the first days of the outbreak, often risking their own lives, many of whom relocated from the regions to help their colleagues in Moscow cope with the large inflow of patients. I would also like to thank all of our doctors and staff who continued to care for our regular patients amid these difficult times.

In November, we reached a major milestone by listing our GDRs on Moscow Exchange, in addition to our listing on the London Stock Exchange. We believe this was an important step in expanding and diversifying our shareholder pool, which should also help attract new Russian institutional and retail investors who know our Mother&Child brand well. We also expect that our dual listing will contribute to promoting the liquidity of our GDRs on both trading platforms. While our stock price grew 22.5% during 2020, we believe that it remains undervalued and lags behind the progress our business has been delivering.

While the past year certainly put pressure on our performance, we demonstrated the resilience of our business model and delivered solid financial results. In line with our approach, we shared the results of our work with our shareholders and paid 736.225 mln rubles in interim dividends for the half-year in 2020.

I would like to end my letter by expressing my sincere gratitude to all of our doctors and management team, as well as to our shareholders and other stakeholders who have supported us during these turbulent times.

We emerged from 2020 even stronger and are well-positioned to continue unlocking the significant potential of our business.

"In 2020, we continued to deliver on our strategic goals. In particular, we successfully expanded our service offering and world-class chain of hospitals and clinics across Russia.

Natalia BUTKEVICH, Lapino hospital

2. Strategy

14 Delivering on our strategic goals

16 Continuous expansion to increase client base

18 Wide range of high-tech medical services

Delivering on our strategic goals

45

% share of other medical services* in the group's revenue for 2020

4

new medical centres opened

Strategic goals	Our progress in 2020

Provide the highest quality of care to patients and achieve a high level of customer satisfaction

We are strongly committed to maintaining the highest possible quality of our services and not only meeting but also exceeding our patients' expectations. We focus on ensuring that all of our facilities – both existing and new – adhere to MD Medical Group's high standards of medical care.

Amid the challenges of 2020, we demonstrated our professionalism and commitment to providing high-quality services that saw high demand throughout the year.
When the pandemic hit Russia, we reacted quickly and converted our Lapino hospital to solely treat patients with COVID-19.
Over several months, we achieved solid medical results in patient recovery.
This has proven that we can quickly adopt new services to meet changing demands in medical care, which has further strengthened our reputation in the eyes of patients.
We have also ensured adherence to rigorous safety standards – both for our customers and our staff.

Recruit and retain the best and the most qualified personnel

As one of the largest employers in the sector, we pay specific attention to ensuring optimal working conditions and incentives for our personnel. We are constantly improving the professional skills of our specialists. We will continue to employ the best professionals in the market by offering competitive salaries as well as exciting opportunities for career advancement.

In 2020, we continued to hire new people, as well as retain and train our existing staff. Following our team expansion, at the end of the year we employed about 8,300 employees.
In particular, as part of the opening of the Lapino-2 surgery centre, we hired a team of experienced oncologists specialising in a wide range of oncological areas. These new additions will be instrumental in strengthening our performance in medical services beyond our traditional focus on OBGYN and paediatrics.
Throughout the year, we continued to provide training and other professional growth opportunities for our staff. We also worked to ensure safe working conditions during the COVID-19 pandemic by providing personal protective equipment (PPE) for all staff and taking the necessary precautionary measures.

Deliver value to our shareholders

Ultimately, we want to ensure that all our actions and decisions will benefit our shareholders. As the first and only public healthcare company in Russia, we strive to deliver the best performance and achieve strong results which translate into high long-term value for our investors.

We believe that our consistent investment into the business supports the creation of long-term value for our shareholders.
In the reporting year, we continued to share the results of our success with shareholders by paying interim dividends which amounted to 50% of net profit for the half-year.
We also made it easier and more convenient for Russian retail and institutional investors to invest in the company by listing our GDRs on the domestic Moscow Exchange in November. We benefit from strong brand recognition in Russia and believe that this major step should allow more people and funds to become part of our success story.

Strategic goals	Our progress in 2020

Roll out our proven business model

With the largest regional medical network in Russia comprised of 42 facilities in 27 cities*, we have a deep understanding of the Russian market and a strong track record. We continue to open new facilities in both existing and new promising regions.

In 2020, we further expanded and improved our vast network in Russia.
We completed our biggest investment project – and indeed one of the biggest projects of its kind in the country – by launching the Lapino-2 surgery centre with a strong focus on oncology. This new facility supplements the existing Lapino-1 hospital, and together they create a large-scale diversified medical complex strategically located in an area near to the capital – the largest healthcare market in the country. It has been further expanded with the Lapino-4 building focusing on treating COVID-19 patients, which we commissioned in the beginning of 2021.
In addition, early in 2020, we opened a paediatric clinic not far from Lapino that serves as a new hospital branch.
Also in 2020, we completed the renovation of our Perinatal Medical Centre (PMC) in Moscow. Russia's first private maternity hospital has been transformed into a truly multidisciplinary facility, as reflected in its new name – MD Group Clinical Hospital.
We believe that these new additions and upgrades to our network reflect the current trends in demand among our patients.

Provide balanced services structure including core and other medical services

While we initially focused solely on women and children's healthcare, once we were 100% confident that we were able to maintain our high level of service, we began to add other medical services to our offering to cover all family members. Today, MDMG is a diversified healthcare provider with OBGYN remaining our core focus.

2020 marked the continued expansion of our service offering.
Most notably, thanks to the opening of Lapino-2 we increased our surgery capabilities and made significant progress in treating oncology.
We have also come closer to cementing our position as a multidisciplinary player with the completed renovation of our first hospital, the MD Group Clinical Hospital (previously PMC). The revamped hospital now features five new units: general surgery, urology, traumatology, cardiology and endovascular surgery departments.
We believe that the perception of MD Medical Group in the eyes of our patients has also been changing, and many of them view us as a diversified provider of various medical services with a legacy focus on OBGYN.
This long-term transformation is reflected in our revenue structure – in 2020 the share of other medical services accounted for 45% of the Group's total revenue.

** Includes surgery, cardiology and traumatology, therapy, oncology, diagnostics, laboratory examinations and other services.*

Continuous expansion **to increase client base**

Clinics
Hospitals

In 2020, we continued to enhance our network of state-of-the-art medical facilities across Russia. We opened two new clinics and completed our largest investment project in recent years – the Lapino-2 surgery centre. Early in 2021 we launched Lapino-4 – a new 100-bed multifunctional hospital, primarily designed to treat coronavirus patients.

2006

Opening of our first Hospital – MD Group (formerly, Perinatal Medical Centre)

Acquisition of out-patient clinics

Successful IPO of the Group on the London Stock Exchange

Opening of Lapino hospital

2012

2013–2014

Acquisition of clinics in Samara Region and Irkutsk

Opening of a clinic in Yaroslavl

Opening of the Group's first regional self-constructed hospital in Ufa

Acquisition of Avicenna Medical Centre in Novosibirsk (1 hospital and 3 clinics)

2015

Opening of out-patient clinic in Ryazan

Launch of constructionbof a new in-patient wing to expand hospital in Novosibirsk

Acquisition of the Medica Clinic in Novokuznetsk

2016

Acquisition of ARTMedGroup chain comprising five clinics in Krasnoyarsk, Omsk, Novosibirsk and Barnaul

Opening of a new clinic in Kostroma

Opening of a new Mother&Child Khodynskoe Pole clinic in Moscow

Launch of construction of a new hospital in Samara

Signing of a Memorandum of Understanding with the Tyumen Region government

Opening of a cardiology department at Lapino hospital

Opening of a new clinic in Odintsovo

2017

Opening of a clinic in Vladimir

Expansion and modernisation of the clinic in St. Petersburg

Opening of a new in-patient wing in Novosibirsk

Opening of a new clinic in Voronezh

Opening of a new clinic in Tyumen

2018

Opening of a new clinic Mother&Child Lefortovo

Opening of Samara hospital

Opening of a new clinic in Vladimir, Nizhny Novgorod, Volgograd, Kazan and Tula

Expansion of the Mother&Child Yugo-Zapad clinic and Kostroma clinic

Start of construction of the Lapino-2 hospital

2019

Opening of a new clinic in Vladivostok

Openingof a new multidisciplinary hospital in Tyumen

Opening of a new clinic in Krasnodar

2020

Opening of a new clinic in Rostov-on-Don

Completion of renovation of MD Group Clinical Hospital and start of rebranding Group's hospitals

Opening of a paediatric clinic in the Moscow region (Mother&Child Novaya Riga)

Opening of the Lapino-2 Hospital

Company's shares are listed on Moscow Exchange (MOEX)

2021

Opening of the Lapino-4 hospital

3 out-patient clinics

Clinics: 1 (2006), 8 (2012), 18 (2013–2014), 20 (2015), 27 (2016), 30 (2017), 35 (2018), 34 (2019), 36 (2020), 39 (2021)

Hospitals: 2 (2012), 4 (2013–2014), 4 (2015), 4 (2016), 4 (2017), 5 (2018), 6 (2019), 6 (2020), 6 (2021)

Wide range **of high-tech medical services**

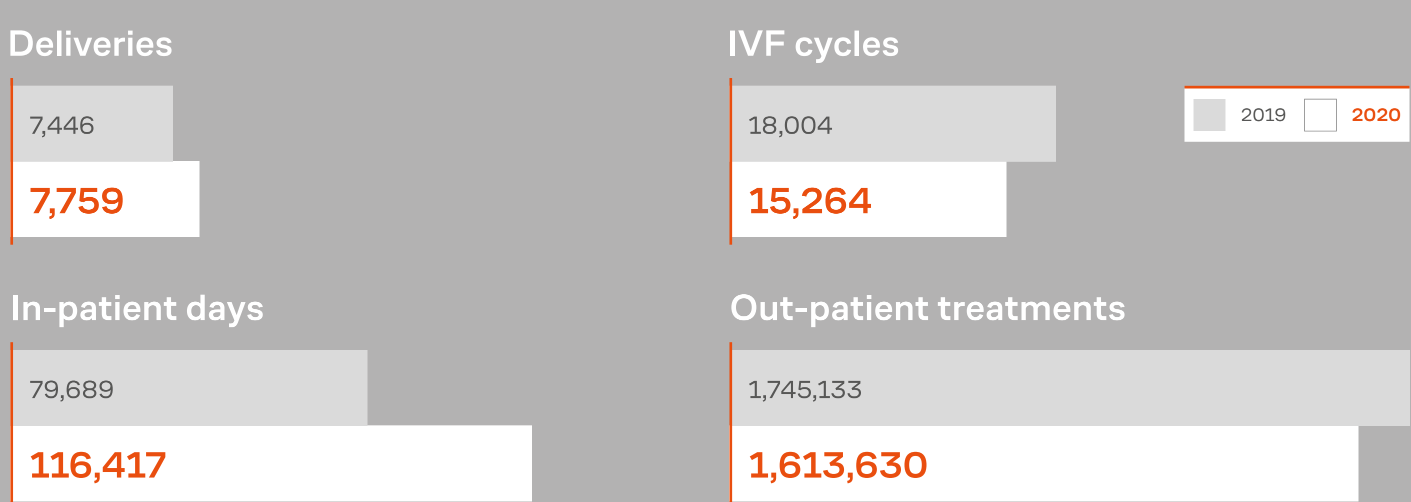
MDMG's strategic goal is to constantly diversify its medical services to provide high-quality, personalised healthcare to members of the whole family. This objective is achieved by the creation and expansion of a network of multifunctional hospitals operating in different regions of Russia.

MD Medical Group started by providing specialised healthcare for women and children and soon earned recognition as the leader in the sector of deliveries and IVF cycles. With its reputation on the rise as well as its increasing popularity among patients, MDMG decided to broaden the scope of medical services that it offered. In response to growing demand for other types of healthcare outside of OBGYN and paediatrics, and in order to accommodate members of the whole family, the Company started gradually introducing new services, while making sure that it always delivered them in line with its customary high standards.

The companies facilities across Russia currently offer a full range of healthcare services for patients, covering their full life cycle. By starting with pregnancy care (preceded by fertility and IVF treatment if needed), we are able to provide a wide variety of treatments for babies from the first minutes of their lives (including complex cardiologic procedures). Our paediatricians take care of children until they are 18 years old. MDMG's offering for adult patients includes a wide range of services outside of reproductive care, such as surgeries and cancer treatment. Patient comfort and high service levels remain the Company's top priorities.

In 2020, we opened the Lapino-2 centre specifically designed to receive patients with various oncology problems, including those covered under the state mandatory health insurance programmes. There, patients are treated by a team of highly reputed oncologists specialising in different fields such as chemotherapy, oncourology, oncogynaecology and etc.

Annual capacity of MD Medical Group:



3. Investing in strategic expansion

22 Expanding a leading nationwide network

“2020 marked the completion of our biggest investment project in recent years – and one of the biggest projects of its kind in the country – the launch of the Lapino-2 surgery centre which has a strong focus on oncology.

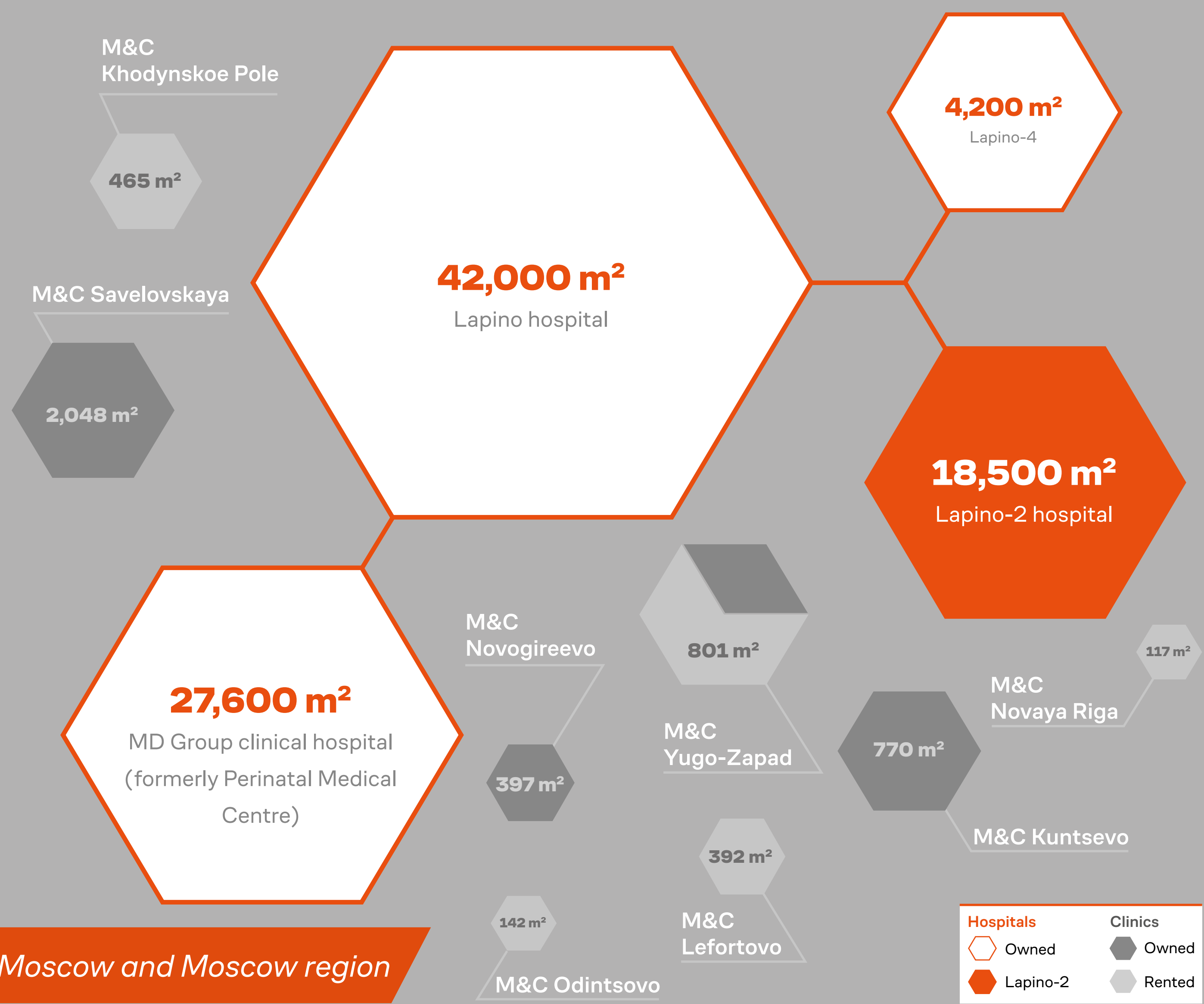
Andrey PODTETENEV, Samara hospital

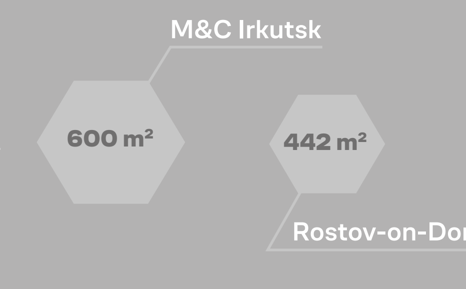
Expanding a leading **nationwide network**

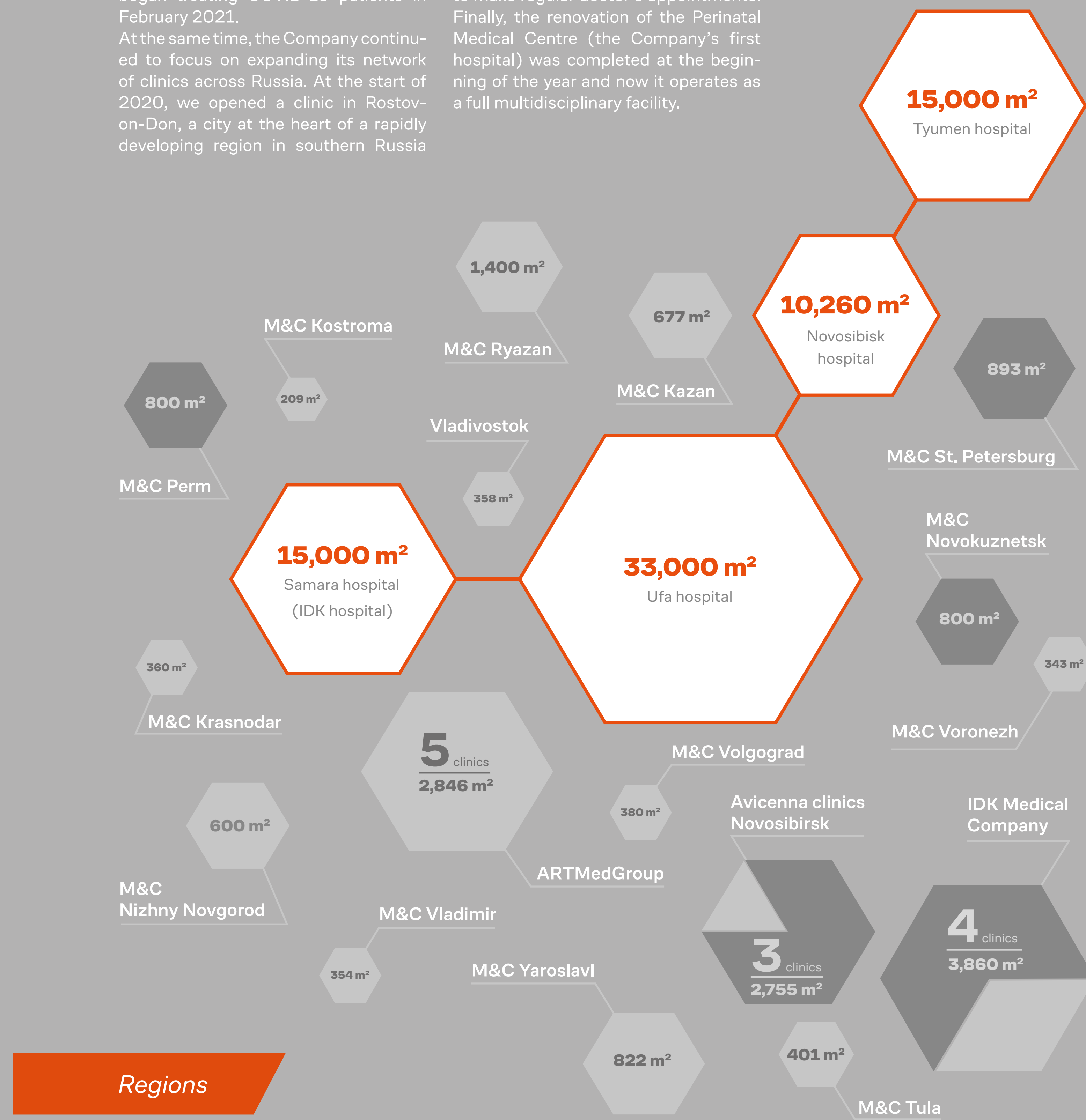
In 2020, the Company continued actively implementing its development strategy across Russia. By the end of the year, we were managing 42 modern healthcare facilities, including 6 hospitals and 36 out-patient clinics. MDMG's 2020 development was marked by the opening of Lapino-2 – a 6-storey state-of-the-art hospital on the Lapino medical complex grounds specialising in oncology and surgery. These two services are rapidly developing within the company and already contribute substantially to its growth in terms of revenue and operational results. The construction of Lapino-2 constituted the Company's largest investment project in recent years.

A large group of professionally renowned well-known oncologists joined the Company's medical team in order to set up and run the new oncology centre inside Lapino-2 and respond to growing patient demand among our patients. The launch of Lapino-2 was followed by the completion of another centre inside the Lapino complex – Lapino-4, which began treating COVID-19 patients in February 2021.

At the same time, the Company continued to focus on expanding its network of clinics across Russia. At the start of 2020, we opened a clinic in Rostov-on-Don, a city at the heart of a rapidly developing region in southern Russia with a population of over 1 million residents.The Company expanded its network further by launching a paediatric clinic in the Moscow region. The location for the new clinic was specifically chosen in a popular countryside area. The clinic operates as a branch of the Lapino hospital and is easily accessible for clients living nearby to make regular doctor's appointments. Finally, the renovation of the Perinatal Medical Centre (the Company's first hospital) was completed at the beginning of the year and now it operates as a full multidisciplinary facility.







"In 2020, we continued to expand and modernise our leading network of hospitals into attractive markets, with each hospital providing a wide range of medical services.

Polina KORSHIKOVA, Ufa hospital

4. Six hospitals across Russia

26 Lapino-2 hospital

28 Lapino hospital complex

30 Interwiew with the Head of the Oncology Centre of Lapino-2

32 Lapino-1 hospital, Ufa hospital

34 Novosibirsk hospital, Samara hospital

36 Tyumen hospital, MD Group clinical hospital

38 Rostov-on-Don clinic, Novaya Riga clinic

40 Lapino-4 medical centre

Lapino-2 **hospital**

Multifunctional hospital Lapino-2 inagurated in September 2020

Between October 2020 and January 2021, Lapino-2 was fully converted into a Covid-19 treatment centre. Here, our medical staff have demonstrated their high level of professionalism and strong medical skills when treating patients afflicted with the novel coronavirus.

"The launch of the Lapino-2 surgery centre represents an important step in the Company's development. After operating successfully for many years and acquiring the trust and gratitude of thousands of patients, the Lapino hospital has now reached a new level in providing planned and emergency medical help. By launching this large scale centre and its new departments, Lapino has become a major multifunctional medical centre ready to provide 24/7 medical help to patients with a variety of problems.

Dr Mark KURTSER, CEO

Surgical building Lapino-2 includes:

State-of-the-art oncology centre which provides:

- Full cycle medical service, including chemotherapy, oncohematology, general oncology, thoracoabdominal oncology, coloproctology, oncogeneacology, oncourology, head and neck tumors
- **250 admissions** per shift
- **18,000 cycles** of chemotherapy per year
- Patients will be treated on a commercial basis and under the MHI programme
- Diagnostical and in-patient departments
- Hemodialysis department
- Intensive care unit with **13 beds**
- **6 operating** theatres for planned surgeries
- **2 operating** theatres for emergency surgeries
- Stomatology, including oral and maxillofacial surgery
- A state-of-the-art microbiological laboratory offering a full range of diagnostic testing

Annual capacity of Lapino-2 hospital:

120
Beds

40,000
In-patient days

180,000
Out-patient treatments

380*
FTE**

12,000
Surgical operations

3.9 bln rubles CAPEX

* including administrative and service staff
** FTE – actual full-time equivalent as of 31 December 2020

Lapino hospital complex

Cosmetic and rehabilitation department

Offers cosmetology, dermatology, SPA and anti-aging treatments. Provides support in preparation for pregnancy and IVF. Supports women's health and well-being both during and post pregnancy.

Treatment and diagnosis centre

Facilitates the diagnosis, prevention and treatment of almost all illnesses, diseases and afflictions. Provides routine individual check-ups for both men and women, regardless of age.

Radiation diagnosis centre

Makes use of top-of-the-range scanning technology, including MRI, MSCT, 3D mammography and X-ray. The centre is also equipped with both open and closed type tomographs accompanied by vital signs monitors and anaesthesia and respiratory machines.

Traumatology and orthopaedics

Offers a complete range of surgical procedures in both in- and out- patient settings. These include minimally invasive and laparoscopic surgery, as well as both routine and urgent general surgery.

Obstetrics

The department consists of a professional team of obstetricians, gynaecologists, anaesthesiologists, neonatologists, paediatricians and other specialists. Makes use of innovative methods of anaesthesia (including vertical epidural anaesthesia).

Women's centre

Offers family planning, including genetic counselling. Also provides ongoing assistance to women throughout their pregnancy and early diagnosis and treatment for miscarriages, if such a situation should arise. Makes use of high-level ultrasound scans with dopplerometry and CTG scans.

Cardiology centre

Provides treatment for cardiovascular diseases such as hypertension, coronary heart disease, acute myocardial infarction, heart failure, etc.

Surgery

Offers a complete range of surgical procedures in both in- and out- patient settings. These include minimally invasive and laparoscopic surgery, as well as both routine and urgent general surgery.

Paediatric clinical diagnosis centre

Provides treatment for newborns and children under 18 against all manner of illnesses, including therapeutic and infectious diseases. Performs routine and emergency operations and takes care of post-injury and post-surgery rehabilitation.

Oncology centre

Provides a full range of high-quality modern healthcare services, ranging from screening and diagnosis to high-tech oncological treatment, chemotherapy and rehabilitation.

Dialysis department

Treats patients suffering from serious pathologies. The department uses two of the most advanced blood purification methods – haemodialysis and hemodiafiltration.

Dentistry department

Offers interdisciplinary paediatric and adult dentistry, as well as dentistry for pregnant women. The department is equipped with its own digital dental laboratory, allowing it to provide digital diagnostics of the entire dentoalveolar system.

Microbiological laboratory

Offers a full range of diagnostic testing, with time-of-flight mass metering and flow cytometry to examine the patient's immune status, as well as an infectious serology unit. The PCR laboratory conducts studies to analyse the impact of various virus pathogens (including COVID-19), which assists the vaccine testing process.

Diagnostic department

A state-of-the-art department offering a full range of diagnostic testing. Provides 24/7 medical assistance to patients with various problems. This is facilitated by high-tech medical services, such as computer tomography (CT), magnetic resonance, X-ray, mammography and digital breast tomosynthesis (DBT), supersonic rays and laboratory diagnosis.

Interview with the Head **of the Oncology Centre of Lapino-2**

Biography

PhD, Professor, Member of the Russian Academy of Sciences, Head of Oncology at Sechenov First Moscow State Medical University, Director of the MDMG's Lapino Oncology Centre.

Dr Mikhail Davydov

Education

2007 – Graduated from Pirogov Russian National Medical Research University, before completing his residency and postgraduate studies at Blokhin National Medical Research Centre of Oncology. Successfully defended his PhD and Doctoral dissertations.
2016 – Headed the Research Institute of Clinical Oncology – the main surgical department at the National Medical Research Centre of Oncology.
2016 – Was elected as a corresponding member of the Russian Academy of Sciences. Dr Davydov is the author of 51 scientific papers, and the co-author of 4 monographs.

How did you become an oncologist?
– I was born into a family of oncologists. My mother worked in molecular genetics, and my father, Mikhail Ivanovich Davydov, is one of the most famous oncological surgeons in both Russia and the world. It seems that my career was determined long before I was born.

What inspired you to create the Lapino Oncology Centre?
– The idea was the brainchild of Mark Kurtser, Founder and CEO of MD Medical Group. Early in 2020, he came up with a proposal to create an oncology centre within the Company. He was determined to make it a high-tech centre with the very best equipment, built in accordance with the high professional standards and corporate culture of MD Medical Group. The idea immediately took off. We now have 120 surgical beds and intensive care unit with 13 beds at this centre.

What's the key to your approach?
– The core philosophy of our approach is centralisation. Patients can receive precise diagnoses, all types of neoadjuvant chemotherapy, and surgical treatment with immediate post-op reconstructive work and rehabilitation, all in one place. We perform a full range of surgical interventions, with work in areas including general oncology, thoracoabdominal surgery, gynaecologic oncology, oncourology, haematology-oncology, oncological coloproctology and oncology of the bone, soft tissue, skin, head and neck.
We also have a haemodialysis unit, which can be used by patients suffering from serious pathologies. The department uses two of the most advanced blood purification methods – haemodialysis and hemodiafiltration. For both methods, blood is purified outside of the body by machines that mimic the work of the kidneys.

Does the centre cover all areas of oncology?
– Lapino-2 covers almost all areas, with the exception of neuro-oncology, radiation therapy and paediatric oncology. The centre will expand to cover these areas in the future, as well as introduce an ultramodern radiation therapy centre.

What treatment methods do you currently use?
– At present, we use a wide range of methods – mini-invasive surgery, laser surgery, microsurgery, as well as all the usual oncological methods that are currently are applied all over the world. We only use original drugs for our immuno- and targeted therapy. Our quality of care for cancer patients, as well as those patients with other diseases, is on par with Western and Asian standards, and in many cases even exceeds them.

How did you put your team together?
– Oncology is a complex field that requires specific knowledge. This meant that we had to carefully select specialists to lead Lapino-2's key departments. This has required a lot of work. For example, our department of Oncological Coloproctology is headed by Professor Arsen Rasulov, one of the leading minds in this field. Ali Mudunov, one of the most well-known specialists in his field, leads the department dealing with tumours of the Head and neck. Another leading international specialist, Pervin Zeynalova, runs the Oncohematology department. Alexander Fedenko is the Head of Antitumour Drug Treatment. He has an enormous amount of experience and is very highly regarded amongst the international scientific community. Experienced and highly skilled specialists can be found across all our departments.

Could you tell us about your first year results?
– In almost six months, (from September 2020 to February 2021), the Lapino-2 centre performed more than 300 surgeries across various disciplines. On top of this, around 1,000 patients received drug treatment. In such a short time, Lapino has hit its current maximum capacity – more than 600 cycles per month. The task, now, is to expand our staffing levels for our anti-tumour drug treatment department. For FY 2020, revenue for our oncology service for the whole group of companies was up to 648%. This demonstrates the scale of our approach in developing this sphere of medical help.

How do you plan to develop further?
– We intend to not only develop our clinical capacity, but also to increase our scientific focus. The centre currently publishes three Scopus journals. We have big plans in terms of education, where we want to create a residency position, train new specialists and open our own medical school.

What's the key to dealing with patients?
– I strongly believe that all doctors should be as attentive, professional and ethical as possible when dealing with patients. Patients are often battling psychological trauma when they come to the oncology centre. It is very important, then, that we treat our patients with care, compassion and understanding, not only as professional doctors, but as human beings ourselves. It is important to understand how to communicate with the patient, knowing what to say and what not to say. Sometimes, we must break difficult news, but we must always do so in a sensitive way to avoid upsetting the patient and their relatives. On the other hand, we sometimes need to speak frankly to patients, in order to shock them to their senses. This tough love approach is necessary for some patients who refuse to accept their diagnosis or treatment.

What's the most important aspect of a doctor's work?
– Results. Results are always the key. The benefits of any treatment must always exceed the potential risks. That is to say, we must only act in the patient's interest.

What would you like to wish your patients?
– First of all – good health... and in fact to never become our patients. And if one falls ill, he or she needs to gather all the courage and strength possible. Listen to the doctors and never ever give up. A person can overcome anything!

Lapino-1 **hospital**

Lapino or Lapino-1, our flagship hospital, is located in a green suburban area outside of Moscow. It provides patients with great comfort and high-quality services. The **191-beds** hospital is capable of providing **639,540 out-patient treatments** and **3,000 deliveries** per year.

The Company has invested **5.2 bln rubles** in the Lapino hospital, making it one of the largest private healthcare investments in the history of Russia.

The **42,000 m²** hospital offers a wide range of services in the areas of obstetrics and gynaecology, IVF, paediatrics, as well as diagnostics, urology, surgery, trauma and rehabilitation for all members of the family.

From March to June 2020 more than 1,100 patients with COVID-19 symptoms received medical treatment in the Lapino hospital

- The Lapino hospital was quickly converted into a COVID treatment centre after transferring all other patients to the MD Group Clinical Hospital in Moscow
- The Company achieved strong recovery rates among patients infected with COVID-19, demonstrating the advantages of having a competent team of doctor's, nurses and personnel
- Gained valuable experience in treating a large inflow of patients of all ages, including pregnant women, further expanding its medical competences
- Strengthened customer loyalty and brand reputation by performing in-demand medical services to a high level

Annual capacity of Lapino hospital:

191 Beds	**1,000** IVF	**28,470** In-patient days
1,011* FTE**	**3,000** Deliveries	**639,540** Out-patient treatments

5.2 *bln rubles* ***CAPEX***

* *including administrative and service staff*
** *FTE – actual full-time equivalent as of 31 December 2020*

Ufa **hospital**

Our first regional hospital operates in the capital of Bashkortostan, one of Russia's leading regions in terms of gross regional product.

This **33,000 m²** hospital was funded mainly by the proceeds of our successful IPO in 2012. The project was completed on time in late 2014 following an investment of **4.4 bln rubles.**

Mother&Child Ufa offers services for the whole family – from deliveries, IVF, gynaecology and obstetrics, paediatrics and neonatology to surgery, urology, plastic surgery and diagnostic services. It includes Bashkortostan's first private maternity hospital and stem-cell bank.

Annual capacity of Mother&Child Ufa:

185 Beds	**1,100** IVF	**30,295** In-patient days
740* FTE**	**2,000** Deliveries	**290,800** Out-patient treatments

4.4 *bln rubles* ***CAPEX***

* *including administrative and service staff*
** *FTE – actual full-time equivalent as of 31 December 2020*

Novosibirsk **hospital**

Since the acquisition of Avicenna – the largest regional private healthcare chain in Russia outside of Moscow and St. Petersburg – in Q4 2014, the Novosibirsk hospital has seen strong demand for its high-quality services from the residents of Novosibirsk and nearby regions.
As the existing facility approached maximum capacity, MDMG commissioned a new state-of-the-art wing in February 2017, creating the largest private healthcare facility in Siberia.
Core services offered at Mother&Child Novosibirsk are obstetrics and gynaecology, surgery, urology, oncology, traumathology and ophthalmology. The hospital also offers out-patient and diagnostics services in nearly all therapeutic areas, including those not previously available in the city or the region.

Annual capacity of Mother&Child Novosibirsk:

93
Beds

1,800
IVF

22,630
In-patient days

830*
FTE**

1,000
Deliveries

228,900
Out-patient treatments

1.2 *bln rubles* ***CAPEX***

* *including administrative and service staff*
** *FTE – actual full-time equivalent as of 31 December 2020*

Samara **hospital**

Opened in March 2018, the Samara hospital is the foremost the leading facility of its kind in the Volga region – an important and growing market. The new hospital provides our core services for women and children alongside other diverse medical services suitable for the whole family.
The hospital is equipped with 8 high-tech operating rooms, including one with the capacity to host online calls between doctors operating in different hospitals of the Group.

Annual capacity of Mother&Child Samara:

164
Beds

1,200
IVF

30,000
In-patient days

1,070*
FTE**

2,500
Deliveries

220,000
Out-patient treatments

3.2 *bln rubles* ***CAPEX***

* *including administrative and service staff*
** *FTE – actual full-time equivalent as of 31 December 2020*

Tyumen **hospital**

By opening its sixth hospital, the Company has expanded its footprint to one of Russia's most developed regions, where a Mother&Child clinic has been operating since 2017.
The hospital has the necessary capabilities to carry out unique organ-sparing surgeries using endovascular technologies and is developing a range of foetal treatments, including foetal surgery.
With the opening of the Tyumen hospital, we are bringing the use of modern medical technologies to the region, creating new jobs and contributing to improving the quality of life.

Annual capacity of Mother&Child Tyumen:

164	Beds
1,200	IVF
8,500	Surgical operations
460*	FTE**
2,500	Deliveries
220,000	Out-patient treatments

3.2 *bln rubles* ***CAPEX***

** including administrative and service staff*
*** FTE – actual full-time equivalent as of 31 December 2020*

MD Group **clinical hospital**

(formerly Perinatal Medical Centre)

The Company completed its large-scale renovation of PMC – the first private maternity hospital in Russia. Investment in the project amounted to around **600 mln rubles.** Previously, the hospital specialized in the Group's core services: childbirth, gynaecology, paediatrics and IVF. Today, as a result of a large-scale revamp, 5 new departments have been added to expand the offering of the hospital, which has been rebranded as MD Group Clinical Hospital. These departments are:

- General surgery department
- Urology department
- Traumatology department
- Cardiology department
- Department of endovascular x-ray diagnostics and treatment

The capacity of the surgical department has been increased to **3,250 operations.** It operates both on a commercial basis and under the Mandatory Health Insurance (MHI) programme.
The hospital also opened a new IVF department with updated state-of-the-art equipment capable of taking the quality of medical services to the next level. The capacity of the new department is **1,000 IVF cycles** per year. It will operate only on a commercial basis.
As part of the company's rebranding campaign, the modernized, multi-functional hospital, which provides patients with a full range of highly professional medical services in one place, has become the first hospital to carry the name MD Group Clinical Hospital.

Annual capacity of MD Group Clinical Hospital:

261	Beds
3,000	IVF
34,000	In-patient days
3,250	Surgical operations
916*	FTE**
3,500	Deliveries
295,000	Out-patient treatments

600 *mln rubles* ***investment in renovation***

** including administrative and service staff*
*** FTE – actual full-time equivalent as of 31 December 2020*

Rostov-on-Don clinic

The opening of the new clinic in Rostov-on-Don is marks the continuation of our strategic goal to operate in all 15 Russian cities with a population of over 1 mln residents. Today, our doctors provide highly professional medical services in almost all major administrative and economic centres of Russia.

Mother&Child Rostov-on-Don clinic has a total area of **422 m²** and is the third of the Group's medical facilities of the Group located in the Southern Federal district of Russia. The clinic offers a wide range of services for women including IVF, ultrasound, gynaecological treatments and antenatal care. Patients are offered medical consultations with highly qualified obstetricians/gynaecologists, reproductologists, endocrinologists, urologists, andrologists and other specialists.
The clinic has an annual capacity of up to **400 minor** gynaecological operations; up to **1,000 IVF cycles,** including under the Mandatory Health Insurance (MHI) programme; and more than **26,000 out-patient treatments** per year.
The Rostov-on-Don clinic has been created in line with MD Medical Group's customary high standards of medical care and is fitted with world-class equipment produced by KARL STORZ, Nikon, GE healthcare, Olympus, Origio.

Annual capacity of Mother&Child Rostov-on-Don:

422	1,000	26,000
m²	IVF	Out-patient treatments

50 *mln rubles* **CAPEX**

Novaya Riga clinic

Our new clinic is located outside of Moscow with a well-developed infrastructure. Conveniently situated next to the existing various recreational and commercial facilities, this highly qualified clinic has experienced pediatricians from the Lapino hospital.
The new clinic, actually a branch of the Lapino hospital in the Novaya Riga area, will help enhance further the reputation of the hospital.

Mother&Child Novaya Riga clinic provides pediatric care to patients starting from birth and care to children up to the age of 18. The new clinic has a capacity to treat more than **20,000** patients per year and has a total area of **117m².** Investment in the project amounted to around **2 mln rubles.** The new clinic has been created in line with MD Medical Group's customary high standards of medical care. It is the Group's second clinic in the Moscow region.

Annual capacity of Mother&Child Novaya Riga:

117	20,000
m²	In-patient days

2 *mln rubles* **CAPEX**

Lapino-4 **medical centre**

Launch of new multifunctional medical centre Lapino-4 in February 2021

We are continuing to expand the Lapino medical complex in line with the Company's strategic aim to diversify the scope of medical services provided to our patients. Currently, three medical centres located inside the Lapino complex provide multidisciplinary healthcare to patients with different needs and of all ages.

Annual capacity of Mother&Child Lapino-4 medical centre:

100
Beds (incl. 12 intensive care beds)

130*
FTE

4,200 m²

* including administrative and service staff

Multifunctional medical centre highlights:

- New 2-storey multifunctional medical centre intended to treat patients with infections, including coronavirus patients
- Highly professional medical care, including patients with surgical pathology complicated by COVID-19 and maternity patients
- CT department in place
- 100 beds, including 12 in the emergency room
- All wards fitted with equipment to provide patients with oxygen
- An efficient and safe flow of patients due to carefully planned logistics outside and inside the building
- World-class equipment produced by GE, Hamilton, B. Braun, Olympus

The newest Lapino-4 has been focused on treating COVID-19 and other infectious diseases, further demonstrating that MDMG has strong competencies in a wide range of medical services.

695 mln rubles **CAPEX**

“Since our IPO in 2012, we have continued sustainably to improve our performance and raise the bar further each year. 2020 was no exception.

Diana KIM, Novosibirsk hospital

5. Sustainable results

44 Operational review

Operational review

Our revenue grew significantly by

+18%

YoY in 2020

7,759

number of deliveries in 2020

128%

was growth in other medical services in-patient days for 2020

In 2020, we continued to deliver on our strategic diversification initiative by significantly strengthening our positions in oncology, surgery and infectious disease treatment.

Deliveries

In 2020, the number of deliveries grew by 4% YoY to 7,759, despite challenging demographics in Russia and a 3.3% YoY decline in total deliveries across the country.

Total like-for-like (LFL) deliveries grew by 3% YoY.

Revenue from deliveries grew 6% YoY and amounted to 2,434 mln rubles, or 13% of the Group's total revenue.

The average check for deliveries amounted to 430,000 rubles (up by 6% YoY) in Moscow and the Moscow Region, and 154,000 rubles in the regions (up by 4% YoY).

Weathering the demographics storm

MD Medical Group is well known in Russia for its uniquely high standard of delivery quality, comfort and care. This has enabled us to grow the number of deliveries we perform year by year, despite decreases in the total delivery rate across Russia as a whole.

Bringing high-quality services to the regions

We have continued expanding best-in-class hospital network, bringing a wide range of our high-quality services, including deliveries, to the Russian regions.

As ramping up continued at the existing regional hospitals in Novosibirsk and Samara, the number of deliveries at the facilities in 2020 grew by 21% and 16% YoY, respectively.

IVF cycles

In 2020, the total number of IVF cycles decreased by 15% YoY to 15,264, while total LFL IVF cycles declined by 15% YoY and amounted to 14,860. This was mainly due to the temporary ban on IVF in a number of the regions where the Group operates amid the COVID-19 pandemic.

At the same time, in Q4 2020 the number of cycles grew by 12% compared to Q4 2019 and by 13% compared to Q3 2020, which reflects a recovery in the dynamics of this service line.

Cycles completed under the Mandatory Health Insurance (MHI) programme accounted for 54% of the total number of cycles for FY 2020.

Revenue from IVF cycles declined by 10% YoY to 3,452 mln rubles, or 18% of the Group's total revenue for 2020.

MHI services accounted for 36% of revenue from IVF, unchanged YoY.

The average check for commercial IVF cycles increased by 5% YoY to 316,000 rubles, while the average check for IVF cycles under the Mandatory Health Insurance (MHI) programme increased by 6% YoY to 149,000 rubles.

In-patient days

In 2020, the total number of in-patient days grew by 46% YoY to 116,417.

Total LFL in-patient treatments increased by 43% YoY to 113,991.

Revenue from in-patient treatments grew by 97% YoY to 6,012 mln rubles, or 31% of the Group's total revenue. This growth was mainly driven by the Lapino clinical hospital.

The average check for in-patient treatments amounted to 67,300 rubles (up by 37% YoY) in Moscow and the Moscow Region and 33,000 rubles in other regions (up by 10% YoY). Growth in the average check was due to introduction of new services in oncology and surgery – both in Moscow and regional hospitals. The average check was also supported by treatment of COVID-19 patients.

OBGYN

- Total number of OBGYN in-patient days decreased by 8% YoY to 21,001.
- Revenue for the division decreased by 10% YoY.

Paediatrics

- Total number of paediatrics in-patient days decreased by 19% YoY to 18,659.
- Revenue for the division decreased by 3% YoY.

Other medical services

- The total number of other medical in-patient days grew significantly by 128% YoY to 76,757. Key drivers included:
  – A 77% increase in traumatology in-patient treatments;
  – A 327% increase in internal medicine in-patient treatments, mainly due to the service adjustment at Lapino hospital to treat COVID-19 patients;
  – A 405% increase in oncology in-patient treatments, mainly due to the Lapino clinical hospital, as well as Mother&Child hospitals in Tyumen and Ufa.
- The Company's position in the other medical services segment were further strengthened by opening of the Lapino-2 surgery centre and completion of PMC renovation in 2020.

Out-patient treatments

In 2020, the total number of out-patient treatments decreased by 8% YoY to 1,613,630. The decline in the number of visits to medical facilities was mainly tied to temporary restrictions amid the COVID-19 pandemic and concerns among some patients about visiting public spaces.

Total LFL out-patient treatments declined by 9% YoY to 1,583,631.

Revenue from out-patient treatments declined by 2% YoY to RUB 4,967 million, or 26% of the Group's total revenue.

The average check for out-patient treatments amounted to 3,100 rubles (up by 6% YoY).

OBGYN

- Total number of OBGYN out-patient treatments decreased by 6% YoY to 540,104.
- Revenue for the division decreased by 2% YoY.

Paediatrics

- Total number of paediatrics outpatient treatments decreased by 16% to 381,247 treatments.
- Revenue for the division decreased by 10% YoY.

Other medical services

- The total number of other out-patient treatments decreased by 3% YoY to 692,279.

> Russia's healthcare market has demonstrated its resilience and continues to have solid growth potential which MD Medical Group is well-positioned to unlock.

Ilya STRAZHNIKOV, Tyumen hospital

6. Market trends in Russia

48 Lucrative market with further growth potential

Lucrative market with further **growth potential**

State economy and healthcare sector overview

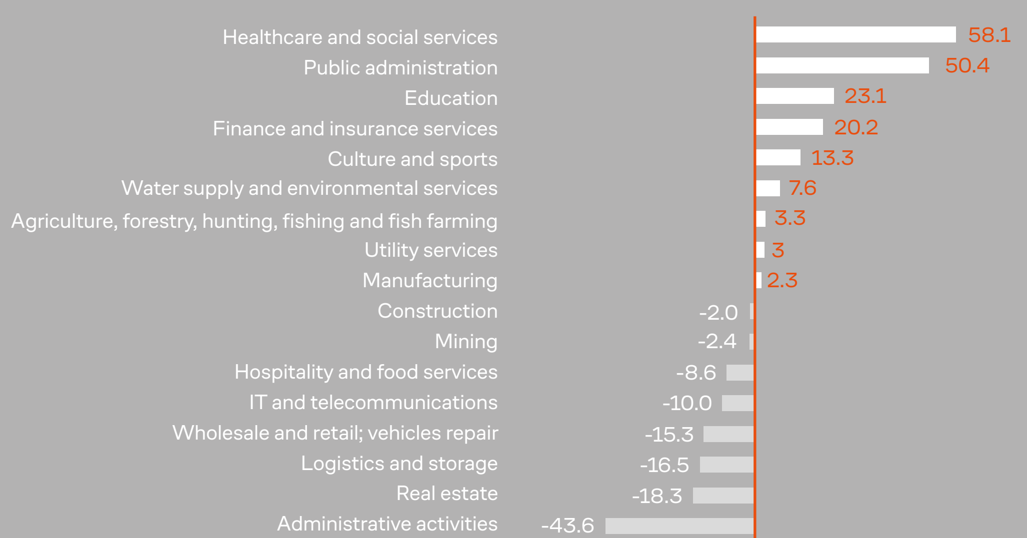
The COVID-19 pandemic had a major influence on the Russian economy, as restrictive measures aimed at combating the coronavirusinfection, the fall in global demand for energy resources and a decrease in final domestic demand (5.0%) led to a GDP decline of 3.1%[1].

To restore the Russian economy, the government signalled its intention to spend 2 tln rubles on infrastructure development in 2020-2021, including extrabudgetary funds[2]. In addition, in 2021, 90 bln rubles will be allocated towards a modernisation programme for the primary health care sector, as the government is aiming to execute financial projects scheduled prior to the COVID-19 pandemic[3].

Against the backdrop of a turbulent investment climate, the healthcare industry saw the highest increase in investments among all sectors of the Russian economy – fixed capital investments in healthcare and social services went up by 58.1% in first half of 2020[4].

In 2020, the overall demand for paid services among Russian consumers decreased by 17.3% YoY. However, Russia's healthcare sector saw a lower-than-average decrease in demand of 10%[5].

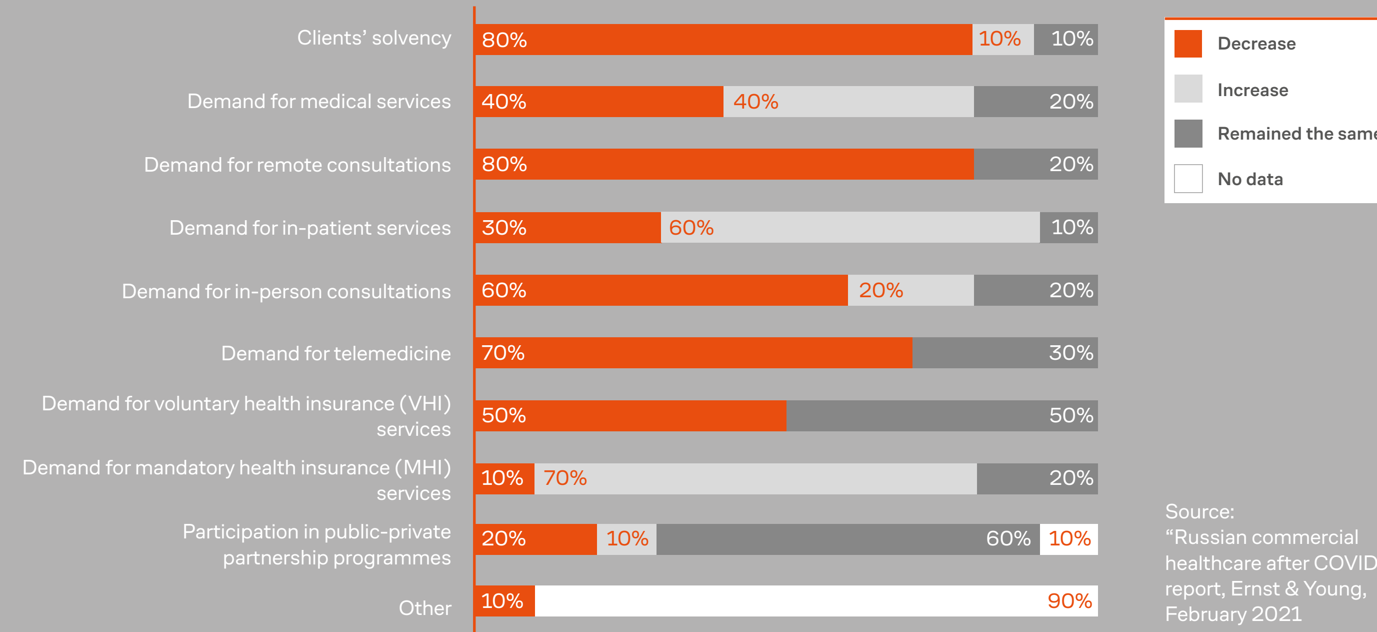
Fixed investments dynamic (excluding small businesses) in different sectors of the economy, H1 FY 2020 (%, YoY)



Source:
Federal State Statistic Service

[1] *Federal State Statistic Service, February 2021 (https://www.rosstat.gov.ru/folder/313/document/113015)*
[2] *Vedomosti, September 2020 (https://www.vedomosti.ru/economics/articles/2020/09/15/840059-rossii-predskazali)*
[3] *Vademecum, February 2021 (https://vademec.ru/news/2021/02/10)*
[4] *Vademecum, February 2021 (https://vademec.ru/news/2021/02/10/putin-poruchil-ne-napravlyat-na-kakie-to-drugie-tseli-vydelennye-na-modernizatsi-yu-pervichnogo-zvena)*
[5] *"Current trends in the Russian economy," Analytical Center for the Government of the Russian Federation, November 2020 (https://ac.gov.ru/uploads/2-Publications)*
[6] *"Paid services market" report, Federal State Statistics Service, 2020 (https://rosstat.gov.ru/bgd/regl/b09_01/IssWWW.exe/Stg/d06/2-2-3.htm)*
[7] *"Transformation of the consumer" report, PwC, November 2020 (https://www.pwc.ru/ru/retail-consumer/publications/assets/pwc-global-customer-insights-survey-2020-russia-ru.pdf)*

Private healthcare trends in 2020



Source:
"Russian commercial healthcare after COVID-19" report, Ernst & Young, February 2021

Private healthcare sector

The COVID-19 pandemic has influenced consumers' approach to their lifestyle and introduced changes to how people take care of their health. 71% of Russians surveyed by PwC for the "Transformation of the consumer" report said that they started paying closer attention to their physical health and wellness – an 18 p.p. increase since the beginning of the pandemic[6].

According to PwC analysis, in the next four years the private healthcare market will continue growing at an up to 9.6% annual rate. If the market lives up to its potential, its volume will exceed 1 tln rubles by 2025[7].

Sustained interest in healthcare services in combination with state clinics' prioritisation of COVID-19 treatment led to Russian patients turning to private healthcare organisations more frequently. In 2020, the volume of the Russian private healthcare market grew to 811 bln rubles, according to PwC[8], with 40% of private clinics reporting an increase in patient visits[9].

The structure of demand for private medical services also changed in 2020. 30% more patients were seeking out private medical services of oncologists, while 26% more women saw private gynaecologists than in 2019[10]. In certain regions, the volume of oncological services increased despite the pandemic – in Moscow it went up by 25%[11]. Thus, in FY 2020, MDMG's profit from the set of oncological services has increased by 648%[12].

In 2021, clinics that offer oncological services are expected to receive additional support from the MHI fund. It is planned to spend more than 300 bln rubles on oncology – 11.8% more than in 2020, increasing the availability of private oncology services for more patients[13].

Circumstances of the COVID-19 pandemic caused an unprecedented growth in popularity of telemedical and remote services – 80% of private clinics saw an increase in demand for remote consultations[14]. Thus, telemedicine service Doctis used by MDMG to remotely serve its patients saw a twentyfold increase in consultations since March 2020 and later signed a strategic partnership with Mail.ru Group.

In FY 2020, the number of births in Russia went down by 3.3% YoY. Yet according to the Deputy Labour Minister Olga Batalina, the birth rate decline was slowed down closer to the end of the year. In contrast, MDMG saw its deliveries increase by 4% YoY[14] in FY 2020 and by 12% YoY in Q4.

60% of private medical companies saw their 2020 earnings grow by 9-17%[15], with MDMG growing the Group's revenue by 18% YoY to 19,133 mln rubles.

[8] *"Russian commercial healthcare after COVID-19" report, Ernst & Young, February 2021 (https://www.ey.com/ru_ru/health/ey-russian-commercial-healthcare-after-covid-19)*
[9] *"Medvestnik", June 2020 (https://medvestnik.ru/content/news/Analitiki-prognoziruut-rekordnyi-spros-na-uslugi-chastnyh-klinik-v-2020-godu.html)*
[10] *"The volume of paid medical services in Russia grew," Sberbank, October 2020 (https://www.sberbank.com/ru/news-and-media/press-releases)*
[11] *Vademecum, September 2020 (https://vademec.ru/news/2020/06/26/rakova-v-period-pandemii-koronavirusa-obemy-onkopomoshchi-v-moskve-uvelichilis-na-25)*
[12] *Company data*
[13] *Vademecum, January 2021 (https://vademec.ru/news/2021/01/15/v-2021-godu-na-onkopomoshch-po-oms-planiruetsya-napravit-bolee-300-mlrd-rubley)*
[14] *Federal State Statistics Service, 2020*
[15] *Kommersant, December 2020 (https://www.kommersant.ru/doc/4595758)*

“In addition to achieving our business goals, we prioritise taking care of our people and giving back to the communities in which we operate.

Valeria GOHMAN, MD Group

7. Social responsibility

52 Our people

54 Corporate social responsibility

56 Shareholder equity

Our people

MDMG wouldn't be a market leader without the exceptionally competent professionals who work at the Company. By continuously improving their expertise both in and out of the office, MDMG employees are driving the Company to reach new heights year after year.

Our people are the key to our continued growth and to maintaining our market leadership. Our highly qualified and talented personnel, from doctors to the management team, work hard to ensure the long-term success of our business. In return, we provide our staff with a comfortable and supporting working environment, competitive wages and social packages, as well as broad possibilities for further professional growth.

Personnel

We are always striving to improve the already exceptional level of expertise possessed by our doctors and other employees. We primarily accomplish this thanks to our personnel training and development structure.

Our HR Policy focuses on:

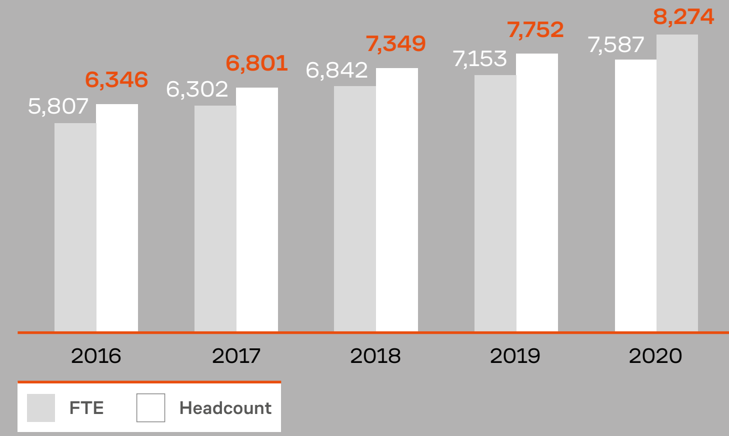
- Retaining existing staff and searching for new highly skilled employees
- Developing our personnel management system
- Selecting talented students and inviting them to study with residence at our facilities. To enable this, we have been running a special project since 2015. In 2020, 11 people completed their residency studies as part of this project
- Creating opportunities for personal and career growth
- Constantly monitoring and adopting the best available technologies
- Regularly updating our equipment so it remains state-of-the-art
- Ensuring our best employees are in key positions to maximise potential and stimulate internal growth
- Providing better working conditions to ensure low staff turnover
- Providing incentive programmes for employees
- Offering training programmes in a range of fields, as part of our corporate education system

Among our training programmes we have provided staff with:

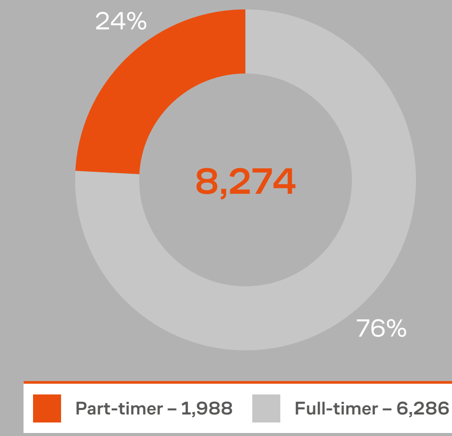
- Webinars featuring online training – in 2020, MDMG doctors carried out 12 webinars for their colleagues focusing on relevant topics within OBGYN and prenatal diagnosis, urology and IVF
- Career enhancement courses
- Short-term thematic advanced training
- Business trips for specialists from Moscow to help specialists in the regions take over the leadership of regional hospitals
- Participation in international forums, conferences, and exhibitions
- A training centre, a system of improving soft skills and knowledge acquisition across different areas

Personnel figures (as of 31 December 2020)

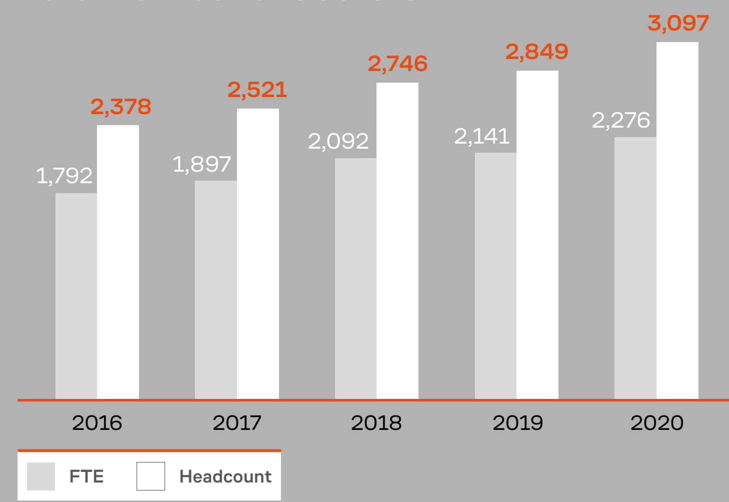
Total number of employees



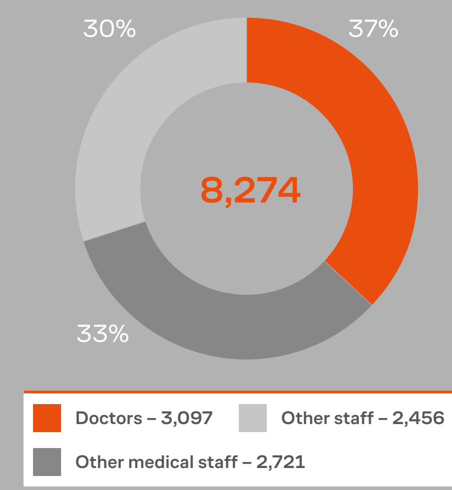
Employees



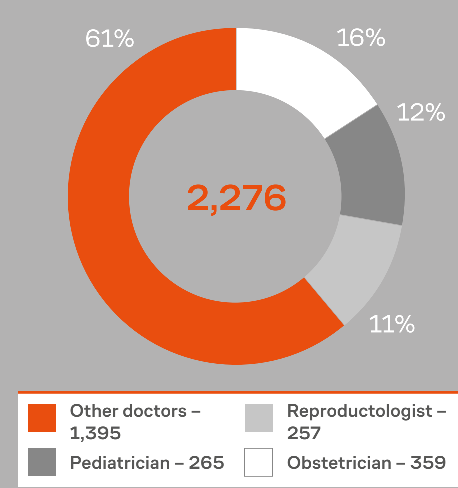
Total number of doctors



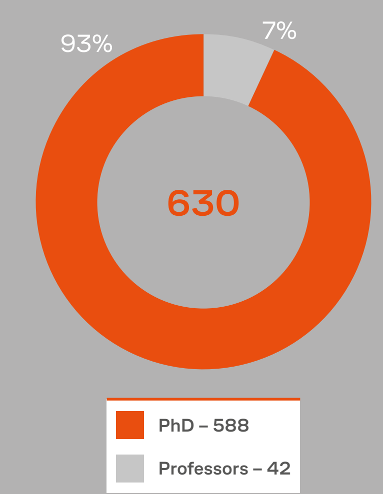
Personnel structure



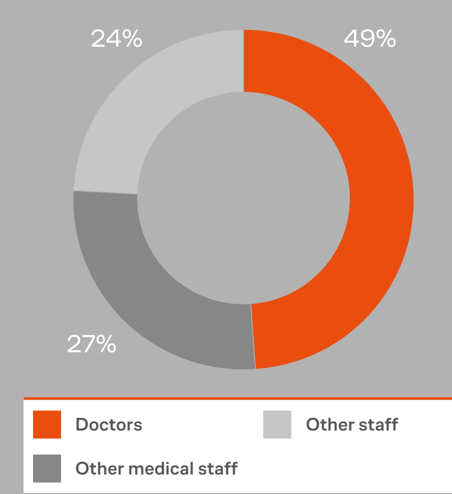
Doctors by speciality (FTE)



Doctor's qualifications



Payroll structure



Corporate social responsibility

Our focus on caring expands far beyond the daily business operations of our clinics and hospitals. As a responsible corporate citizen, the Group aims to regularly contribute to the communities of medical professionals, local patients and people in need, by utilizing its resources, time and expertise.

Our mission

Our deep commitment to CSR is not just a requirement for a major listed company and employer. Rather, it reflects our strong belief that creating value for our stakeholders is critical for the long-term sustainable growth of MDMG.

Our people

We invest heavily in training and educating our staff, creating opportunities for them to learn from the best medical practitioners in the world. Many of them have worked with the Group since its creation, and we recognise and reward this dedication by creating an environment that encourages professional and personal growth.

Our technology

We aim to maximise efficiency and minimise patient stress by constantly updating our technology and using the most innovative procedures. For example, several years ago the Company started performing foetal surgery to correct spina bifida during pregnancy while the baby is inside the womb. We also use endovascular methods to correct congenital heart defects of newborns.

Our profession

Above all, we recognise that one of the most important roles we can play as a leading healthcare company in Russia is to contribute our resources, time, expertise and know-how to raise the overall standard of the healthcare profession in Russia. We regularly hold open-access webinars for doctors and patients across the country where we address key issues in women's and children's health, thereby helping to raise the quality of medical services provided to patients all over the country.

Our communities

As we continuously expand our network throughout Russia and often bring unique services to new regions, we not only provide people with high-quality and easily accessible healthcare, but also encourage every employee to contribute to their own communities.

Key CSR activities in 2020

In 2020, the pandemic made it almost impossible to hold public events. However, inspite of restrictions, the medical centres of the Group's medical centres did everything in their means to safely continue charity and social work in various areas. The following events were particularly noteworthy.

Annual *Wish Tree* New Year charity events in MD Group Clinical Hospital (PMC) and Mother&Child hospital in Samara

In December 2020, MD Group Clinical Hospital employees organized a charity event Wish Tree, where employees brought gifts to developmentally challenged children at the Uvarovsky orphanage, as well as to children from a outh rehabilitation centre.

Employees from the Samara hospital and clinics based in the Samara region also organised a gift-giving event for local orphaned children.

Donor's Day at MD Group Clinical Hospital (PMC)

In 2020, MD Group Clinical Hospital hosted an annual donor event attended by 16 donors who donated 7,200 milliliters of blood. A Donor's Day was also organised at the Mother&Child hospital in Tyumen, which resulted in donations of 12,600 milliliters of blood by 28 people.

Various educational events

Doctors at MD Group Clinical Hospital took part in hosting an action against women's breast cancer and other educational and lecturing activities to which future mothers were invited. Two medical conferences were sponsored by the Samara hospital, held respectively at the Samara Medical University and at the Russian Association of Human Reproduction. Video material on how to protect yourself from the coronavirus was produced by doctors at the Tyumen hospital.

Charity events

The Samara hospital regularly provides financial help to the Samara hospice and the local association of doctors. At the Ufa hospital, financial help was provided to disabled children – medical equipment was purchased and rehabilitation procedures were organised. Just before the New Year celebrations, a charity event for disabled children was hosted at the Tyumen hospital.
The Novosibirsk hospital provided a donation to the city zoo, popular among youngsters, which encountered financial difficulties due to visit restrictions because of the pandemic.

Shareholder equity

Since October 2012, MD Medical Group's shares have been listed on the London Stock Exchange under the ticker MDMG in the form of Global Depositary Receipts (GDRs). Each GDR represents an interest in one ordinary share. MD Medical Group has a free float of approximately 32.1%, with the remaining 67.9% owned by MD Medical Holding Limited, which is beneficially owned by Dr Mark Kurtser. Since November 9, 2020 the Company's GDRs have also been traded on the Moscow Exchange. Quotation is done in Russian Rubles. The investor portfolio is represented by a number of global institutional investors.

75,125,010

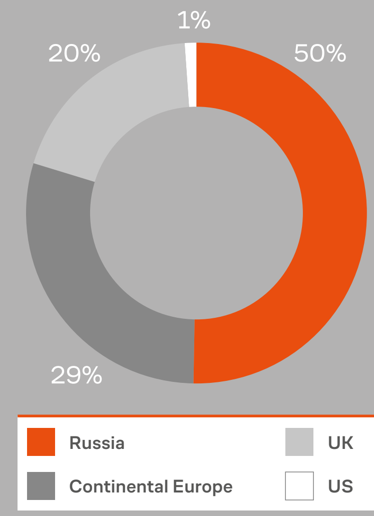
The total number of shares outstanding

Top shareholders*

Shareholder name	Number of shares as of 31.12.2019	Share of shares outstanding	Number of shares as of 31.12.2020	Share of shares outstanding
Russian Direct Investment Fund*	4,166,667	5.5%	4,169,438	5.5%
Russia Partners Advisors	3,235,000	4.3%	3,235,000	4.3%
Norges Bank	1,026,064	2.8%	2,087,169	2.8%
JP Morgan Asset Management	2,585,693	2.5%	1,581,507	2.1%
East Capital	692,400	0.9%	1,259,900	1.7%
Prosperity Capital	2,130,262	2.8%	995,809	1.3%
Baring Asset Management	898,204	1.2%	898,204	1.2%
Alfred Berg	300,000	0.4%	720,042	1.0%
Aberdeen Standard	653,886	0.9%	469,366	0.6%
Holberg Fondsforvaltning AS	608,551	0.8%	421,491	0.6%
Handelsbanken	556,234	0.6%	304,229	0,4%
BlnP Paribas Asset Management	300,000	0.4%	240,169	0.3%
SEI Investments Management Corporation	—	—	181,438	0.2%
Raiffeisen Capital Asset Management	190,772	0.3%	110,564	0.1%
Trigon Capital AS	44,000	0.1%	45,000	0.1%

** Shares managed by RDIF Managing company Llc., including co-investors' shares managed by RDIF Managing company Llc*

Our investors represent various geographies



Source: Bloomberg, as of 31 December 2020

Analyst coverage

As of 31 December 2020, MDMG was covered by equity research analysts representing leading banks such as Renaissance Capital, Goldman Sachs, VTB Capital, and JP Morgan.

Dividends

MD Medical Group has been adhering to its unofficial dividend policy to pay out at least 50% of a year's net profit as dividends.

32.1%

Free float

Dividend taxation

Since 1 January 2015, MD Medical Group has been a Russian tax resident and pays dividends in line with the Russian Tax Code, according to which dividends paid by Russian companies are generally subject to a tax rate of 15%. A reduced rate may be applied in the case of Russian tax residents and residents of foreign jurisdictions whose Governments have signed a double taxation treaty (DTT) with the Government of Russia. MD Medical Group acts as a tax agent and withholds tax in order to transfer it to the Russian tax authorities when paying dividends. For a list of countries that have signed a DTT with Russia and terms for applying a reduced tax rate, please see the Company's corporate website at http://www. mcclinics.com/ media/news.

50%

50% of net profit payed out as dividends for H1 2020

Investor relations

We see our investor relations as an important priority and have focused on maintaining a continued active dialogue with the investment community since our successful listing on the London Stock Exchange in 2012. Our goal is to rigorously adhere to best practices in terms of transparency and information disclosure to our investors and analysts. We regularly provide updates on operational (every quarter) and financial performance (every six months), new openings and acquisitions, key Board of Directors and shareholder meetings decisions, as well as other important corporate developments.

Through our investor relations function we are committed to ensuring that the investment community has a good understanding of our story and promptly receives all relevant information. We do that by making ourselves, including senior management, available for productive dialogue.

During 2020, we held numerous meetings with investors, including 7 international investor conferences.

MD Medical Group's dividend history

	H1 2016	2016	H1 2017	2017	2018	2019	H1 2020
Dividend approval	02.09.2016	21.04.2017	08.09.2017	17.04.2018	23.04.2019	03.09.2020	04.09.2020
Record date	09.09.2016	28.04.2017	19.09.2017	25.04.2018	24.05.2019	16.09.2020	18.092020
Payout date	18.10.2016	23.05.2017	24.10.2017	22.05.2018	25.06.2019	13.10.2020	20.10.2020
Total dividends, thousand RUB	285,475	338,063	350,833	450,750	800,081	1,389,813	736,225
Dividends per GDR, RUB*	3.8	4.5	4.67	6	10.65	18.5	9.8

** At the exchange rate as of the date of the Annual General Meeting of Shareholders or Board meeting*

“We are committed to strong corporate governance standards in line with international best practices. We also constantly assess potential risks to ensure we have all the tools necessary to mitigate them.

Anastasia KOLGANOVA, Rostov-on-Don hospital

8. Corporate governance and risk management

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Corporate governance report

At MD Medical Group, we understand clearly that there is a direct link between best-practice corporate governance and successful operational performance. The Board of Directors aims to uphold the highest standards in its interaction with all stakeholders.

Corporate governance and control structure

General meeting of shareholders	
Board of Directors	
CEO	Board Committees
	• Audit • Nomination • Remuneration
	Internal auditor reports to Audit Committee

"Our Board's priority is to ensure the Group's continued success, while also adhering to the highest corporate governance standards

Mr Vladimir MEKLER

Chairman of the Board of Directors

Since its London IPO, the Company has maintained full compliance with the UK Corporate Governance Code. It has established a Remuneration Committee, an Audit Committee and a Nomination Committee with formally delegated duties and responsibilities and written terms of reference.

All of the Committees perform their duties on behalf of the Board of Directors, which is responsible for constituting, assigning, co-opting and fixing the terms of service for the committee members.

Audit Committee

The Audit Committee comprises three non-executive directors, two of whom are independent. The Audit Committee has been chaired by independent non-executive director Tatiana Lukina since December 2019, and Mr Kirill Dmitriev and Mr Simon Rowlands are other members.

The Audit Committee meets at least four times each year and is responsible for considering:

- the reliability and appropriateness of disclosures in the financial statements and external financial communication
- the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system
- preparation of recommendations to the shareholders for approval in general meetings in relation to the appointment, reappointment and removal of the external auditors;
- approval of the remuneration and terms of engagement of the external auditors in respect of audit services provided
- the audit process, including the monitoring and the review of the external auditors' performance, independence and objectivity
- the development of and implementation of the policy on non-audit services provided by the external auditors
- and monitoring compliance with laws and regulations and standard of corporate governance

The Audit Committee assists the Board of Directors in its oversight of the performance and leadership of the internal audit activity.

Where the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendation to the Board of Directors for actions needed to address the issues or to make improvements.

Nomination Committee

The Nomination Committee comprises one executive and two non-executive directors, one of whom is independent. The Nomination Committee has been chaired by non-executive director Mr Vladimir Mekler since June 2016; non-executive director Mr Simon Rowlands and executive director Dr Mark Kurtser are other members who have been present on the board since 2015.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to the appointment of all executive and non-executive directors, as well as the EO and CFO of the Company.

The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring that the Board of Directors remains balanced and that its members possess the necessary qualifications.

The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

Remuneration Committee

The Remuneration Committee comprises two non-executive directors and one executive director. The Remuneration Committee is chaired by an independent non-executive director Mr Simon Rowlands. The two other members are Dr Mark Kurtser and Mr Vladimir Mekler.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to remuneration of all executive directors and the Chairman of the Board of Directors. The main objective of the Remuneration Committee is to determine the framework and policy for the remuneration of the executive directors, the Chairman of the Board of Directors and senior executives, and the specific remuneration of each executive director and the Chairman of the Board of Directors and any compensation payments.

Internal auditor

The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Company's internal audit service. In this respect, the Audit Committee may require investigations by, or under the authority of, the Head of Internal Audit Service into any activities of the Group which may be of interest or concern to the Audit Committee.

The Company's internal auditor is responsible for recommending an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with this plan and oversees the Company's compliance with the plan recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

Risk management

MD Medical Group's Board of Directors carefully identifies and manages key potential risks to ensure the long-term sustainable development of the business.

We are continuously improving our risk management systems, which enables us to quickly identify potential risks to our operations and find the most efficient ways to mitigate them.

Potential impact	Mitigation
Reputation risk	
The key danger of this risk is that it can be caused by a number of different factors. It is, therefore, closely related to other risks mentioned below. We endeavor to maintain a low level of reputation risk by updating information sources, launching new system controls and constantly improving our means of protecting personal information. In 2021, we will implement a range of measures to reduce the level of reputational risk.	In 2020, we reinforced our work on dealing with risks, which we did not manage to reduce significantly in 2019. we achieved significant success in terms of control and effectiveness risks, compliance risk and reputation risk. The work on further reduction of recruitment risk and of the risk to Medical Services was also carried out. We improved the personal data security system significantly in 2020. We have organized our data storage and processing centre in accordance with the requirements of Russian legislation. As a result, this led to a decrease in reputational risk.
Medical service risk	
Medical risk is one of the main risks affecting the Company's reputation, as well as the achievement of our goals. Our reputation is based on our work, patient satisfaction with our services, and the safety of our customers. Given the development the business and the introduction of new activities, this risk requires constant monitoring and the ability to respond as quickly as possible.	To reduce this risk, we need the newest and most advanced equipment, medicine and medical supplies that will allow us to minimize the likelihood of errors. We continue to place high demands on our medical staff in terms of qualifications and continue to provide them with the opportunity to develop and specialize further in their respective fields. The Company's management conducts seminars and scientific conferences for doctors, as well as evaluating the effectiveness of key medical staff within the Company. In 2020, patient complaints led to the introduction of improvements in our work. In medium and complex medical cases, recommendations were carefully analyzed, discussed and agreed upon by all key members of the Company. We have worked on introducing new guidelines for in the treatment of patients, for example, for oncology and for dealing with COVID-19.
Compliance risk	
The political and regulatory environment with respect to the development of private medicine in Russia is currently relatively favourable. However, there is always a risk that governmental attitudes and policies with respect to private medicine could change. That could create difficulties for us in terms of realizing our strategic objectives, including the implementation of our investment program.	We maintain constructive relations with the government at both the federal and regional level, and we work continually to make them even stronger. We participate in a variety of public committees on relevant health issues, including the development of the Russian healthcare sector as a whole. We also actively support the authorities and provide expert advice on relevant laws. At times, we actively advocate for laws aimed at supporting the development of the medical sector. We also cooperate with the UK regulatory bodies for the requirements of the London Stock Exchange. We constantly review updates in UK and EU legislation and update our internal standards to match. We have made efforts to ensure we comply with state regulators' requirements in terms of accounting treatment for medical equipment and medicine turnover.

Potential impact	Mitigation
Investment project execution risk	
Our growth depends on acquisitions of existing healthcare facilities as well as the construction of new hospitals and clinics. Our strategy is based on expanding our network throughout the regions of Russia. We are pioneers in the field of regional expansion, particularly where the effectiveness has not been fully measured and proven. It can be challenging to forecast with precision the likely return on investment and the probable payback periods due to a certain lack of reliable information on the potential number of private patients in a given region. If expansion projects are not implemented effectively, projects can either have an extremely long payback period or even fail to deliver a profit entirely.	We have a number of small clinics in regions across Russia. These operations give us an opportunity to understand the local market dynamics, including average ticket size and overall level of demand, before undertaking a major project such as the construction of a new hospital or a sizeable acquisition. We prioritize those regions where we already have out-patient clinics and/or Russia's largest regions where we can have a higher degree of certainty about the local market. We also benefit from a relative lack of competition in the regions, as currently we are practically the only sizeable provider of high quality private medical services. In 2020, we opened new hospitals and clinics, expanding our presence. We have increased the number of patients receiving treatment under the government-funding program. The number of services under the voluntary health insurance system has been increased.
Epidemiological risk	
Epidemiological risk is determined by the potential aggravation of the epidemiological situation; it means a higher degree of risk of infectious diseases among the medical personnel associated with the provision of medical care to patients with COVID-19. There is a high likelihood of inappropriate treatment for COVID-19 patients, which could have a negative impact on their health and the company's reputation.	We have taken steps to protect medical personnel with personal protective equipment, closed air ventilation circuits, and ongoing testing for COVID-19. When treating patients with COVID-19, we were guided by the advanced developments of the world medical community, recommendations by the WHO and the Ministry of Health of the Russian Federation, as well as the experience of leading Russian clinics. We have developed our own methods of treatment and implemented rehabilitation programs for patients who have had COVID-19. A hospital located on separate grounds of the Lapino medical complex is currently open to treat patients with COVID-19.
Macroeconomic risk	
Macroeconomic risk reflects the possibility of external impact on the business and requires constant monitoring. Regular assessment of this risk allows us to predict the further development of business.	Given the unstable foreign policy situation in 2020, our team paid special attention to monitoring trends in the Russian economy with an assessment of the potential impact on the business. Our strategy has been designed so that we can adapt, as necessary, to changes in the overall economic environment.

Potential impact	Mitigation
Control & efficiency risk	
The risk is closely related to the size of the business, which significantly increased in 2020. Dealing with this risk requires significant resources, as well as a certain level of competence amongst the Company's management. Quality control gives us the opportunity to avoid adverse events and additional costs, and quality management gives us the opportunity to continuously develop.	In 2020, we achieved significant success in reducing this risk by introducing new control measures and improving existing ones. Constant business growth requires us to make new decisions and use new control technologies that allow us to control the activities of Company employees across all sites. We, therefore, use international best practices to constantly develop mechanisms that increase the effectiveness of our control over all processes (budgeting, financial control, treasury, accounting, procurement, legal support, personnel management, security and IT). In 2020, to achieve maximum management efficiency, additional managerial positions were introduced with control functions. We carefully interact and take into account recommendations from world-renowned consultants.
Recruitment risk	
The risk arises in the presence of factors leading to the inability to attract or retain highly qualified personnel. In the regions, this risk is particularly relevant due to the shortage of doctors and medical staff with the necessary qualifications, as well as the presence of competing employers, such as government agencies or other commercial organizations. The risk is also associated with the possible rotation of qualified medical and managerial personnel between employers. This risk is aggravated by the general standard of medical education in Russia, which often does not meet the standards set by private clinics, whose reputation largely depends on the quality of the services they provide. The risk requires constant monitoring by the HR service and Company Management.	In 2020, the work of the HR team was aimed at improving the quality of the recruitment process, as well as working conditions and communication within the Company. We continue to cooperate actively with Heads of departments of leading universities in search of talented personnel, and also provide serious on-the-job training and continuous medical education, including training programs for regional specialists conducted in Moscow.
Financial risk	
Financial risk includes significant risks such as: credit risk – the risk arising from the likelihood that debtors will not make the promised payments either on time or in full. Operational risk – conditional losses of the Company due to technical failures, intentional and accidental human errors. Liquidity risk – the likelihood of loss arising from a situation where (1) there is not enough cash and/or cash equivalents to meet the needs of savers and borrowers, (2) the sale of illiquid assets is lower than their fair value, or (3) illiquid assets will not be sold at the desired time due to the lack of buyers.	The Company's Management controls constantly monitors the cash flow within the Company, as well as the execution of its instructions in relation to any issues related to the Company's finances and assets. The continuous development of employees of the Financial Department remains a key priority for the Company's Management. We centralize our procurement and conduct tenders, which results in a reduction in costs for procuring services, equipment and medicine. A new software was introduced to register medicines and calculate wages, which made it possible to set up and maintain a complete and transparent accounting. Additional tools have been developed to facilitate the implementation of a system of a payments system for patients. In 2020, the Company held an SPO on the Moscow stock exchange, which helps attract potential additional investment.

Board **of Directors**

Mr Vladimir MEKLER

Chairman of the Board of Directors

Mr Vladimir Mekler became Chairman of the Board of Directors in June 2016. Mr Mekler was appointed as Non-Executive Director in February 2015.
He is a senior and managing partner of Mekler & Partners. Mr Mekler specialises in corporate law, including supporting and structuring complex and cross-border contracts; creating systems of corporate governance; legal structuring development; optimisation of criminal and antitrust legislation; legal support of mergers and acquisitions; settling corporate disputes; and organising and coordinating legal representation and defence in complex economic and property crimes.
Mr Mekler has been a member of the Moscow City Bar since 1980 and is listed in the Moscow Bar's Book of Honours. He also acted as Vice Chairman of the Presidium of the Moscow City Bar Association from 2003 to 2010. He graduated from Lomonosov Moscow State University.

Mr Simon ROWLANDS

Independent member of the Board of Directors

Mr Simon Rowlands was appointed as an independent non-executive director in September 2012.
Mr Rowlands was a Co-Founding Partner of the private equity firm Cinven until 2013, establishing and leading its healthcare team, and then served as a Senior Adviser until 2017. Simon founded a new private equity firm in 2016 focused on healthcare and consumer sectors of Sub-Saharan Africa. His other current appointments include non-executive directorship at Spire Healthcare Plc and is Chairman of the Advisory Board of Cranfield School of Management. Prior to Cinven, Mr Rowlands worked with an international consulting firm on multidisciplinary engineering projects in the UK and Southern Africa.
He has an MBA in Business, a BSc in Engineering and is a chartered engineer.

Dr Mark KURTSER

Member of Russian Academy of Sciences, CEO and member of the Board of Directors

Dr Mark Kurtser is the founder of MD Medical Group, CEO and member of the Board of Directors.
Dr Kurtser began his career as a graduate assistant to the associate professor at the Obstetrics and Gynaecology Department of Pirogov Medical University. From 1994 to 2012, he was the Head of the Centre for Family Planning and Reproduction, the largest public obstetrics hospital in Moscow.
From 2003 to 2013, Dr Kurtser was the Chief Obstetrician and Gynaecologist of the City of Moscow. He holds a degree in Medicine from Pirogov Medical University in addition to a postdoctoral degree in Medicine. Dr Kurtser remains actively involved in the Group's healthcare practice and day-to-day operations.

Mr Vitaly USTIMENKO

PhD, member of the Board of Directors

Mr Vitaly Ustimenko was the Group's Chief Financial Officer from 2012 to 2016. He was elected to the Board of Directors in February 2015.
Mr Ustimenko has more than 20 years of experience in finance. He was CFO of Solnechnye Produkty Holding Company from 2017 to 2018. Prior to joining the Group, he was the Head of Strategic and Business Planning at Russian Helicopters, and before that held the position of Senior Manager at Deloitte Touche Tomatsu Ltd.
Mr Ustimenko holds a bachelor's degree from the Finance University under the Government of the Russian Federation and a PhD in Finance from the State University of Management.

> "The Directors of the MDMG Board are highly qualified professionals who, thanks to their vast experience, can contribute effectively to the realization of the Company's strategic aims.
>
> *Mr Vladimir MEKLER*
> *Chairman of the Board of Directors*

Mr Tony MAHER

Independent Director

Mr Tony Maher was appointed as an independent non-executive director in December 2019 and brings to the Group more than 40 years of experience in the consumer sector.
His other current appointments include the positions of Chairman at Progress, Russia's largest baby food company, since 2012; Chairman at LPQ Russia Limited, a restaurant chain operator, since 2015; Board member at Detsky Mir, the largest children's goods retailer in Russia and the CIS, since 2018; and Director of Da Vinci Capital, a leading independent investment manager, since 2012.
Mr Maher previously served as CEO of Wimm-Bill-Dann, the leading producer of dairy, baby food and beverage products in Russia, and held various positions at Coca-Cola in a number of countries.
Mr Maher holds a BA (Honours) degree in Management from The National Council for Education in Ireland.

Mr Kirill DMITRIEV

Member of the Board of Directors

Mr Kirill Dmitriev was elected to the Board of Directors in October 2012. He is CEO of the Russian Direct Investment Fund – one of the world's leading sovereign funds with a reserved capital of $10 billion under management. In all transactions, RDIF acts as a co-investor alongside major international investors, playing the role of a catalyst in attracting direct investment into Russia. RDIF has successfully invested with foreign partners in more than 70 projects totaling more than 1.4 tln rubles and covering 95% of the regions of the Russian Federation. RDIF has established joint strategic partnerships with leading international co-investors from more than 15 countries totalling more than $40 bln. Prior to becoming CEO of RDIF in 2011, Kirill Dmitriev headed a number of large private equity funds and completed a series of landmark transactions for Russia, including the sale of Delta Bank to General Electric, Delta Credit Bank to Société Générale, STS Media to Fidelity Investments, among others. Mr Dmitriev began his career at Goldman Sachs and McKinsey & Company.
He holds a BA in Economics with Honours and Distinction from Stanford University and an MBA with High Distinction (Baker Scholar) from the Harvard Business School.

Ms Tatiana LUKINA

Independent Director

Ms Tatiana Lukina was appointed as an independent non-executive director in December 2019, bringing her 19 years of experience in finance, business re-structuring and project management in a wide range of industries.
Since 2016, Ms Lukina has been working as a CFO at GAME INSIGHT, a global mobile game developing company. Tatiana's career has began at KPMG, where she spent 10 years participating and running projects in auditing, capital market transactions (IPO, SPO, Eurobonds) in international and stock exchanges, debt restructuring for major Russian companies, M&A transaction services in different countries. After that, Tatiana worked in the portfolio Asset Management department at ALFA Group, represented shareholders on boards and committees of ALFA bank (Russia, Ukraine, Kazakhstan) and Rosvodokanal. In 2015-2016, Tatiana, as a co-leader of finance function, headed an IPO preparatory project at OZON.ru, a leading on-line retailer in Russia.
Ms Lukina graduated from the Financial Academy of the Russian Government with a first-class honours degree in Finance, Business Appraisal and Turnaround Management and then finished her PhD there.
Since 2006, Tatiana has been a member of the Association of Certified Chartered Accountants (ACCA) in the UK, and has successfully passed exams for a Russian Audit License.

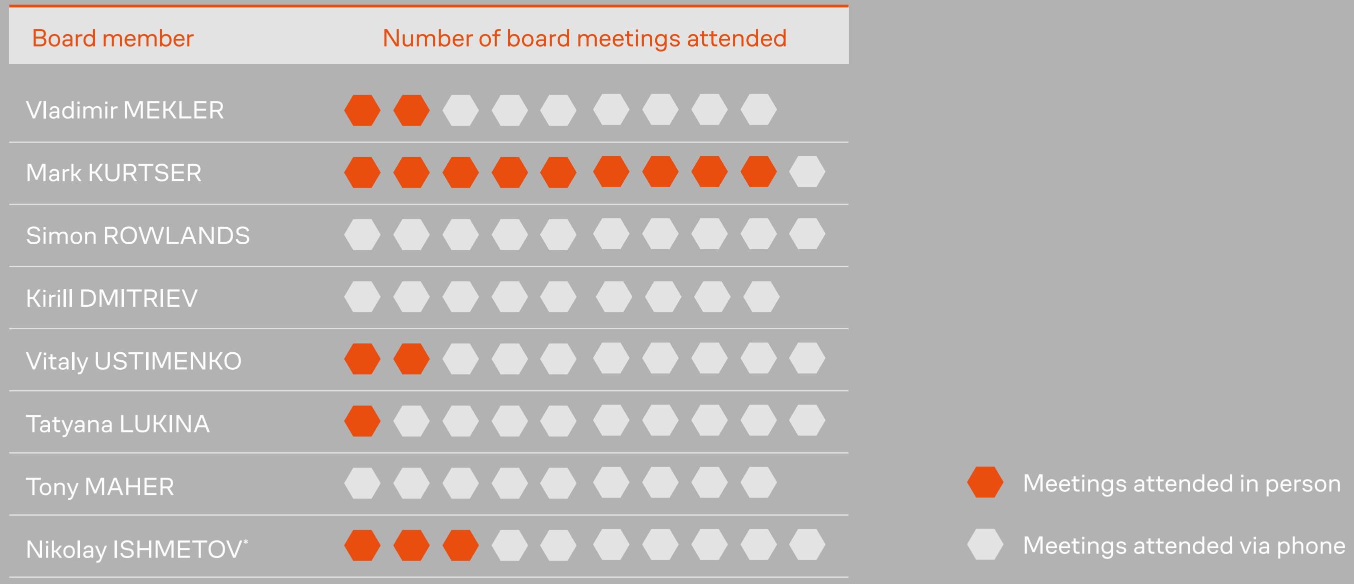
Board of Directors **activity in 2020**

Our strong and experienced Board of Directors is focused on ensuring the long-term successful development of MD Medical Group and sustained returns to our shareholders.

Remuneration paid to members of the Board in 2020

Board member	Board member total amount paid (before taxes), RUB
Simon ROWLANDS	4,500,000
Vitaly USTIMENKO	944,000
Tatyana LUKINA	615,000
Tony MAHER	4,000,000

Director participation in board meetings in 2020



*Alternate director for Kirill Dmitriev

10 *Board meetings* ***held in 2020***

35 *Agenda items* ***discussed in 2020***

Senior Management

Dr Mark KURTSER

Member of Russian Academy of Sciences, CEO and member of the Board of Directors

Dr Mark Kurtser is the founder of MD Medical Group, CEO and member of the Board of Directors.
Dr Kurtser began his career as a graduate assistant to the associate professor at the Obstetrics and Gynaecology department of Pirogov Medical University. From 1994 to 2012, he was the Head of the Centre for Family Planning and Reproduction, the largest public obstetrics hospital in Moscow.
From 2003 to 2013, Dr Kurtser was the Chief Obstetrician and Gynaecologist of the City of Moscow. He holds a degree in Medicine from Pirogov Medical University in addition to a postdoctoral degree in Medicine. Dr Kurtser remains actively involved in the Group's healthcare practice and day-to-day operations.

Dr Pavel BOGOMOLOV

PhD, First Deputy General Director

Pavel Bogomolov joined the Group as Deputy CEO in 2020. Since 2018, he has been Chairman of the Board of Directors of the OMS Group. Earlier, from 2016 to 2018, he was member of the Board and medical director of the Medsi Group of companies. From 2014 to 2016, he was the Deputy Chief Doctor, and from 2004 to 2014, the Head of the Hepatology department of M.F. Vladimirsky Moscow Regional Research Clinical Institute. Also, from 2004 to 2018, Pavel Bogomolov was the Chief Hepatologist of the Ministry of Health of the Moscow Region.
Mr Bogomolov graduated from the Kirov Military Medical Academy with a degree in General Medicine, internship in therapy, and then completed a medical residency in gastroenterology at the Central Research Institute of Gastroenterology. Pavel Bogomolov has a PhD in Medicine.

Mr Vadim VLASOV

Deputy CEO for Development

Mr Vadim Vlasov joined the Company as deputy CEO in charge of development in 2019.
Vadim Vlasov graduated from the Moscow Aviation Institute, has held various posts in the aerospace industry, was the Head of the representative office of the Airbus corporation in Russia, and later acquired vast experience in the medical and pharmaceutical businesses.
From 2010 to 2019, Vadim Vlasov served as Country President of Novartis Group of Companies in Russia, Regional Director Country Management CEE and CIS, Chairman of the Board of Directors of Association of International Pharmaceutical Manufacturers (AIPM).

Mr Andrey KHOPERSKIY

Deputy CEO for Economics and Finance

Mr Andrey Khoperskiy joined the Group as the Head of Finance Controlling and Treasury in 2013, and was appointed to the position of the Director for Finance of the Group in 2016.
Previously, Andrey worked for Rusagro Group and Sukhoi Aviation Holding Company as a Finance manager and before that he was an Auditor in BDO Russia. Mr Khoperskiy graduated from the Moscow State University of Economics, Statistics and Informatics with a degree in Taxes. He also holds ACCA Advanced Diploma in Accounting and Business and ACCA Diploma in International Financial Reporting.

Dr Sergey ARABADZHYAN

PhD, Medical Director for Technology Innovation

Dr Arabadzhyan joined the Group in 2010. He was appointed to the position of Medical Director for innovative technologies of MD Medical Group in 2020. From 2018 to 2020, he held the position of the Chief Physician of the DK Mother &Child Hospital in Samara, and a year earlier, held the position of Deputy General Director for Business Development of the IDK Hospital. From 2012 to 2014, Dr Arabadzhyan worked as the Commercial Director and from 2012 to 2018, was the Head of the Obstetric Physiological department No. 2 of the Lapino Clinical Hospital. Until 2012, he worked as a doctor in the pregnancy pathology department No. 2 at the Perinatal Medical Centre of the Mother&Child group.
Mr. Arabadzhyan graduated from the Pirogov Russian National Research Medical University. A practicing physician, he holds a PhD in Medicine.

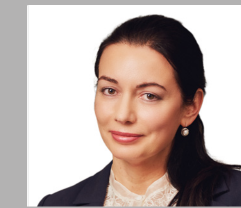
Dr Boris KONOPLEV

Medical Director of Mother&Child, Head of Hospital Group

Dr Boris Konoplev joined the Group in 2010. In 2017, he was appointed the Medical Director and the Head of Hospital Group of Mother&Child.
Prior to that, from 2014 to 2017, Dr Konoplev was the Chief Doctor of Mother&Child Ufa hospital. Earlier, from 2012 to 2014, he was the Head of Obstetrics department at Lapino Hospital. Between 2010-2012, Dr Konoplev was the obstetric gynaecologist of Maternity department at the Perinatal Medical Centre.
Dr Konoplev graduated from the Paediatric Faculty of Pirogov Medical University. In 2015, he became an assistant at the department of Reproductive Health, with specialised training in Immunology at Bashkir State Medical University. Dr Konoplev is a practicing obstetrician-gynaecologist and has undertaken a wide range of training in leading European clinics.

Dr Yulia KUTAKOVA

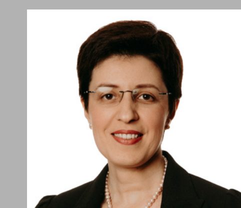
PhD, Medical Director for Organisational and Scientific-Educational Work



Dr Yulia Kutakova joined the Group in 2012. She has over 13 years of practical experience in obstetrics and gynaecology.
Prior to joining the Group, Dr Kutakova was the Chief of Maternity in the Organisational and Tutorial department of Public Healthcare of the City of Moscow.
She holds a degree in Medicine from Pirogov Medical University, a degree in Management from the Moscow Institute of Management and a PhD in Medical Science.

Dr Natalia YAKUNINA

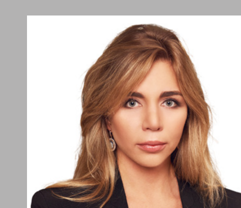
PhD, Deputy CEO, Director of Mother&Child Centre



Dr Natalia Yakunina joined the Group in 2011. In 2019, she was appointed the Deputy CEO and the Director of Mother&Child Centre.
From 2016 to2018, Dr Yakunina was Deputy CEO for Patient Care and from 2014 to 2016, she worked as the Chief Doctor and CEO of Mother&Child Savelovskaya clinic in Moscow. Before that, from 2012 to 2014 she was the Head of the OBGYN out-patient department at PMC. Natalia joined the Group in 2011 as the Chief Doctor at Mother&Child Yugo-Zapad clinic in Moscow.
Before joining the Group, Dr Yakunina was Chief Obstetrician and Gynaecologist of the Central District of Moscow. Dr Yakunina has more than 24 years of experience in obstetrics-gynaecology. She graduated from Turkmen State Medical University with a degree in General Medicine and also holds a PhD degree.

Mrs Maria NECHAEVA

Deputy CEO for Operations



Mrs Maria Nechaeva joined the Group in 2018.
Prior to joining the Group, Maria was the Head of Sales at Medipal Onco in 2012–2018. Before that, she held various positions at pharmaceutical companies such as Abbott Laboratories and Pfizer in 2003–2012. Mrs Nechaeva graduated from Pirogov Medical University with a degree in General Medicine and completed residency training in OBGYN at the Centre of Family Planning and Reproduction.

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For the year ended 31 December 2020

Officers, professional advisors and registered office

Board of Directors	• Vladimir Mekler — Chairman • Mark Kurtser • Vitaly Ustimenko • Kirill Dmitriev • Nikolay Ishmetov (alternate director to Kirill Dmitriev) • Simon Rowlands • Tatiana Lukina • Tony Maher
Secretary	Menustrust Limited
Secretary assistant	Darya Aleksandrova
Independent auditors	KPMG Limited
Registered office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

Management report

The Board of Directors of MD Medical Group Investments Plc (the “Company”) presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (the Company and its subsidiaries together referred to as the “Group”) for the year ended 31 December 2020.

Incorporation

MD Medical Group Investments Plc was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 22 August 2012, following special resolution passed by the shareholder, the name of the Company was changed from “MD Medical Group Investments Ltd” to “MD Medical Group Investments Plc” and the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

Principal activity

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature, but primarily in the healthcare industry. Note 4 to these consolidated financial statements gives more detailed information about the service provided by the Group's medical centres.

Financial results

The Group's results of operations are affected by a number of factors, including acquisitions, regulatory conditions, demand for private healthcare services, patient capacity and utilisation rate, pricing and volume, staff costs, capital expenditure programmes and currency exchange fluctuations.

The Group's financial results for the year ended 31 December 2020 and its financial position at that date are set out in the consolidated statement of profit or loss and other comprehensive income on page 87 and in the consolidated statement of financial position on page 88 of these consolidated financial statements.

Profit for the year ended 31 December 2020 amounted to RUB4,333,300 thousand (for the year ended 31 December 2019: RUB2,786,625 thousand). The total assets of the Group as at 31 December 2020 were RUB31,994,491 thousand (31 December 2019: RUB28,670,534 thousand) and the net assets were RUB19,952,581 thousand (31 December 2019: RUB17,880,142 thousand).

The revenue significantly increased by 18% year-on-year, mainly thanks to the development of in-patient treatment offering. The prime growth was in oncology and internal medicine (therapy, surgery and other-inpatient medical services) which helped the Group to increase the revenue for this business line in 2020.

Dividends

In accordance with the Company's Articles of Association dividends may be paid out of its profits. To the extent that the Company declares and pays dividends, owners of GDRs on the relevant record date will be entitled to receive dividends in respect of ordinary shares underlying the GDRs.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with relevant legislation in the country of their incorporation and any contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

On 4 September 2020 the Board of Directors declared interim dividends attributable to the owners of the Company amounting to RUB736,225 thousand (USD9,755 thousand), which corresponds to RUB9.8 (USD0.13) per share. The dividends were paid on 20 October 2020.

On 11 August 2020 the Board of Directors declared final dividends for the year 2019 attributable to the owners of the Company amounting to RUB1,389,813 thousand (USD18,839 thousand), which corresponds to RUB18.5 (USD0.25) per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

On 22 March 2019, the Board of Directors declared final dividends for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

Examination of the development, position and performance of the activities of the group

The current financial position and performance of the Group, as presented in these consolidated financial statements is considered satisfactory.

The Group has developed its growth strategy to meet the increasing demand for high-quality private healthcare services in Russia. The Group has grown significantly through strategic acquisitions and expansion through the construction of new facilities.

The Group has one of the largest nationwide private healthcare regional networks for its core services and is expanding into new services. It has significant experience in the provision of full-service private maternity healthcare services. The Group has secured leading positions in the Russian private healthcare market across a range of services including obstetrics and gynaecology, fertility and IVF treatments, and paediatrics. It has also been diversifying its offering by adding other medical services for all family members, such as surgery, urology, traumatology, cardiology, and oncology, etc. The recently opened facilities have been multidisciplinary from the very beginning.

The Group's principal objective is to use its strong existing platform and experience in the regions to create a scalable concept of establishing new regional hospitals and other medical facilities, utilising rigorous investment decision-making process and targeting the most attractive regions and ensuring seamless execution.

The Group believes the experience, depth and diversity of its management team to be a distinct competitive advantage in the complex and rapidly growing healthcare industry in which it operates.

Principal risks and uncertainties

The Group operates in a highly regulated industry and is a subject to supervision by federal and local authorities. As a result, the Group would be significantly affected by material changes to the existing, or implementation of additional government regulations in Russia.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

Details in relation to principal risks and uncertainties and steps taken to manage these risks and uncertainties are presented in Notes 23 and 25 of these consolidated financial statements.

Details in relation to uncertainties over COVID-19 are presented in Note 2 of these consolidated financial statements.

The reputation, expertise and professionalism of the Group's medical personnel are instrumental to the Group's ability to attract new and repeat patients. The Group's operating success depends on its medical personnel providing high-quality healthcare services throughout the Group's medical network.

Directors' interest

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2020, 31 December 2019, and as at the date of signing these consolidated financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest, %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev	Indirect interest in shares	5.55
Simon Rowlands	Direct ownership of shares	0.33
Vitaly Ustimenko	Direct ownership of shares	0.005

Indirect interest in shares by Kirill Dmitriev arises through his capacity as key management personnel of indirect shareholder.

The calculation of effective interest is based on the total amount of issued and fully paid shares, including treasury shares acquired by the Company.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 10 November 2020, as a result, the share of his ownership increased from 0.0035% to 0.005% of the Company's share capital.

Future developments

The Group's goal is to continually diversify its medical services by expanding its range of services, maintaining its leading position in the field of high-quality women's health and paediatrics, as well as addressing the increasing demand for private healthcare services in Russia and beyond.

As the Group will be growing, it intends to expand its portfolio of hospital and outpatient facilities, broaden its service offerings by providing patients with the most up-to-date treatment procedures and medical technology available on the market, expand its services in Moscow and other regions, exploit the value of its integrated healthcare network by making effective use of services across its facilities, optimising the benefits for patients and the Group as a whole.

Share capital

There were no changes in the share capital of the Company during the year.

Board of Directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Appointment Policy for the Board of Directors and Committees, all directors are subject to appointment or approval of appointment by shareholders at the first Annual General Meeting after their appointment, and to re-appointment at intervals of no more than three years. Any term beyond six years (e.g., two three-year terms) for a non-executive director is subject to particularly rigorous review, and takes into account the need for progressive refreshing of the Board of Directors.

The members of the Board of Directors who served as at the date of signing of these consolidated financial statements, are presented on page 74.

Refer to Note 22 of these consolidated financial statements for the remuneration of the directors and other key management personnel.

The board committees

Since September 2012, the Board of Directors established the operation of the following three committees: Audit Committee, Nomination Committee, and Remuneration Committee.

Audit Committee

The Audit Committee comprises of three non-executive directors, two of whom are independent. The Audit Committee has been chaired by independent non-executive director Tatiana Lukina since 6 December 2019, Mr Kirill Dmitriev and Mr Simon Rowlands are the other members.

The Audit Committee meets at least four times each year and is responsible for considering:

- the reliability and appropriateness of disclosures in the financial statements and external financial communication;
- the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system;
- preparation of recommendations to the shareholders for approval in General Meetings in relation to the appointment, reappointment and removal of the external auditors;
- approval of the remuneration and terms of engagement of the external auditors in respect of audit services provided;
- audit process, including monitoring and review of the external auditors' performance, independence and objectivity;
- development and implementation of the policy on non-audit services provided by the external auditors;
- monitoring compliance with laws and regulations and standards of corporate governance.

The Audit Committee assists the Board of Directors in its oversight of the performance and leadership of the internal audit activity.

Where the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendation to the Board of Directors on actions needed to address the issues or to make improvements.

Internal audit

The Audit Committee is responsible for monitoring and review the effectiveness of the Company's internal audit function. In this respect, the Audit Committee may require investigations by, or under the authority of, the head of Internal Audit into any activities of the Group which may be of interest or concern to the Audit Committee.

The Company's internal auditor is responsible for the recommendation of an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with such plan and oversees the Company's compliance with the plan's recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

Nomination Committee

The Nomination Committee comprises of one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by non-executive director Mr Vladimir Mekler (since June 2016); non-executive director Mr Simon Rowlands and executive director Dr Mark Kurtser are other members since September 2015.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to appointment of all executive and non-executive directors, as well as the CEO and CFO of the Company. The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring proper balance of the Board of Directors and qualification of its members. The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

Remuneration Committee

The Remuneration Committee comprises of two non-executive directors and one executive director. The Remuneration Committee is chaired by an independent non-executive director Mr Simon Rowlands. The two other members are Dr Mark Kurtser and Mr Vladimir Mekler.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to remuneration of all executive directors and the chairman of the Board of Directors. The main objective of the Remuneration Committee is to determine the framework and policy for the remuneration of the executive directors, the chairman of the Board of Directors and senior executives, and the specific remuneration of each executive director and the chairman of the Board of Directors and any compensation payments.

Corporate governance

Since 2012, the Company has maintained full compliance with the UK Corporate Governance Code. The Company is committed to the highest standards of corporate governance and transparency. The Board of Directors recognises that good governance is a strategic asset that helps it to deliver consistent long-term value to its shareholders. By running the Company in an open way, the Board of Directors enables shareholders to understand how it has been able to deliver consistently strong results. The Board of Directors believes that corporate responsibility is an essential part of good governance and makes sound business sense, and is crucial to the appropriate management of risk within the Company.

Improving its corporate governance structure in accordance with the internationally recognised best practices, the Company adopted important policies and procedures.

The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders.

The Company's corporate governance policies and practices include, inter alia:
- Appointment Policy for the Board of Directors and Committees;
- Terms of Reference of the Audit Committee, Nomination Committee and Remuneration Committee;
- Code of Ethics and Conduct;
- Business Continuity Policy;
- Disclosure Policy;
- Regulations on Insider Information;
- Risk Management Policy;
- Anti-Fraud Policy.

Internal control in relation to the financial reporting process

The Group has set formal policies and written term of reference in relation to the financial reporting process that include:
- Corporate Accounting Policy Guidelines;
- Methodology for the Transformation of Financial Statements from RAS to IFRS;
- Methodology for the Consolidation of IFRS Financial Statements;
- Financial Reporting Preparation Procedure;
- The Group's structure.

The objective of this policy is to establish uniform procedures and to implement requirements for the preparation of the consolidated financial statements of the Group. The procedure should be reviewed for compliance with International Financial Reporting Standards, as well as current conditions and planned changes in the Group's business activities at least once a year. When necessary, amendments and additions to this Procedure should be adopted.

Meetings of shareholders

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. An annual general meeting and any other shareholders' meeting called to pass a special resolution can be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 21 days before the meeting. Any other meetings shall be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 14 days before the meeting. If the notice period is less than 21 days or 14 days, as applicable, the meeting will be deemed to have been duly called if it is so agreed:
- in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

A notice convening a general meeting must be sent to each of the shareholders.

All shareholders are entitled to attend the general meeting or be represented by a proxy authorised in writing. In the general meeting, on a poll, every share gives the holder the right to cast one vote, whereas, on a show of hands, each member has one vote. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at any meeting of the Company.

Branches

MD Medical Group Investments Plc has a branch in Moscow.

Treasury shares

During the year ended 31 December 2020, the Company did not acquire any treasury shares.

Events after the reporting period

The Group launched a new multifunctional medical centre (“Lapino-4”) on the Lapino medical complex grounds on 1 February 2021. The centre will provide highly professional medical care, including patients with surgical pathology complicated by COVID-19 and maternity patients.

16 February 2021 Khaven reimbursed VAT in the amount of RUB33,138 thousand in cash for Lapino-2 construction.

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19.00 per share.

Independent auditors

The independent auditors of the Company Messrs. KPMG Limited have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

By order of the Board of Directors,

Mark Kurtser
Managing director,
member of the Board of Directors

Moscow, 19 March 2021

Directors' responsibility **statement**

Each of the directors, whose names are listed below, confirms that, to the best of their knowledge:

- these consolidated financial statements, prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the adoption of the going concern basis for the preparation of the financial statements continues to be appropriate based on the foregoing and having reviewed the forecast financial position of the Group; and
- the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of the Company responsible for reporting as at the date of this announcement are set out below:

Name	Type of interest
Vladimir Mekler	Chairman, non-executive Director
Mark Kurtser	Executive Director
Vitaly Ustimenko	Non-executive Director
Kirill Dmitriev	Non-executive Director
Simon Rowlands	Non-executive Independent Director
Tatiana Lukina	Non-executive Independent Director
Tony Maher	Non-executive Independent Director

Independent auditors' report to the members of **MD Medical Group Investments PLC**

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of MD Medical Group Investments Plc (the "Company") and its subsidiaries (the "Group"), which are presented on pages 87 to 125 and comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill impairment

Refer to Note 14 of the consolidated financial statements (RUB 2,032,320 thousand)

Key audit matter	How the matter was addressed in our audit
As a result of the Group's expansion, a significant amount of goodwill arising from business combinations has been recognised over the years. The management of the Group reviews goodwill for impairment purposes on an annual basis. Inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverability of the carrying amount of goodwill and the need for an impairment provision. It is for this reason, that this is one of the key judgmental areas that our audit is concentrated on.	Our audit procedures included among others the following: • Assessing the reasonableness of the assumptions and appropriateness of the methodologies used by the management of the Group based on which the forecasted cash flows were prepared. Particular attention was given to the assumptions relating to estimated revenue growth rates and EBITDA estimated rates, terminal growth, after-tax profitability and discount rates/WACC. • Assessing whether the disclosures in Notes 14 of the consolidated financial statements relating to key inputs in the impairment assessment model are consistent with those employed in the model.

PPE impairment

Refer to Note 13 of the consolidated financial statements (RUB 23,296,538 thousand)

Key audit matter	How the matter was addressed in our audit
Considering the nature of its operations, the Group has a significant amount of PPE, which is mainly represented by freehold land and buildings (RUB 19,052,025). On an annual basis the Management performs a review for impairment indicators. In case impairment indicators are present, Management determines the recoverable amount of the relevant entities/CGUs to identify whether impairment is required. Inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows expected to be generated, which are used on the basis of a Discounted Cash Flow Technique to determine the recoverable amount of PPE. It is for this reason, that this is one of the key judgmental areas that our audit is concentrated on.	Our audit procedures included among others the following: • Assessing the reasonableness of the assumptions and appropriateness of the methodologies used by the management of the Group based on which the forecasted cash flows were prepared. Particular attention was given to the assumptions relating to revenue estimated growth rates and EBITDA estimated rates, terminal growth, after-tax profitability and discount rates/WACC. • Preparing our own sensitivity analysis around the key assumptions.

Revenue recognition

Refer to Note 4 of the consolidated financial statements (RUB 19,133,499 thousand)

Key audit matter	How the matter was addressed in our audit
The Group has a number of revenue streams with different revenue recognition policies. The major part of the revenue is generated from individual patients who receive medical care either based on concluded contracts or based on daily tickets for one-off visits. Contracts may last for longer periods. Generally, patients prepay for the whole amount of the contracts and visit doctors during the period of the contract. The number of visits in all medical centres of the Group is significant. Prices to be charged per service and discount rates offered are 'built' into the system. Therefore, the Group relies on automation within the medical IT system for complete and accurate revenue recognition through interface with the accounting system. Given the number of different revenue streams, the volume of transactions and related reliance on the medical IT system, we consider that a risk exists in relation to revenue being recorded in the correct period at the correct amount, including related contract liability in the consolidated statement of financial position. As such, revenue recognition is an area that our audit is focused on.	Our audit procedures included among others the following: • Assessing the design and implementation and test general IT controls and IT application controls relevant to revenue recognition. Our IRM specialist were involved; a. Testing that granting of access rights to Medialog system based on the approved duties and role/position of each employee. (segregation of duties) and that for employees discharged access rights to Medialog system is blocked. b. Verifying that users with granted administrative access to Medialog system (database level, application level and operating system) are included in the approved list of system administrators. c. Evaluated password settings process in Medialog. d. We verified that access to input and modification of prices and discounts already 'built' in Medialog is limited to employees with appropriate job responsibilities. e. We tested Medialog automatic functioning of linking tickets issued for the provision of services to invoice and payments, including its function to link tickets to particular service contracts formed or to recognize tickets as one-off service related. f. We tested that Revenue data is accurately transferred from Medialog system to 1C system. • Assessing the design and implementation and test manual application controls; a. Test that Chief cashier reconciled cash received per Z-report to encashment signed schedules and to accounting record made in 1C. b. Test that Manager checks that Medialog records agree to final signed acts and that acts are signed by patients and Manager. c. We selected cash count acts and ensured that the acts have been signed by the responsible employees. We reconciled the cash balances indicated in the cash count acts with the data per accounting records. d. We verified that cash in hand per cashier do not exceed the specified/approved limits. • Obtaining external confirmations from banks and compared annual cash receipts and cash balances on bank accounts to the data recorded in the accounting systems (sales, cash received and bank balances). • Agree advances from Medialog to 1 C. • Sending confirmation letters to a sample of debtors (legal entities) to confirm balances and turnover. • Recalculation of revenue for stem cells, including recalculation of finance component in finance expenses. Recalculation of ST and LT portion of contract liabilities as at 31.12.2020. • Performing substantive analytical procedures and recalculations to assess contract liabilities recognized at the year-end.

Recognition of right-of-use asset and corresponding liability in line with provisions of IFRS 16 leases

Refer to Notes 13 and 19 of the consolidated financial statements (RUB 490,047 thousand and RUB 508,034 thousand)

Key audit matter	How the matter was addressed in our audit
The Group has a significant number of lease contracts. The new IFRS 16 requires a lessee to recognize a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments. Management has applied significant judgement in assessing whether arrangements with suppliers contain a lease as defined by IFRS 16, as well as in determining enforceability of lease contracts, the lease term and the discount rate for identified leases.	Our audit procedures included among others the following: • Recalculation of the right-of-use asset, lease liability, depreciation charge and interest on the lease liability and comparing results to the client's calculations; • Assessment of completeness of management's listing of the lease contracts in place. • Testing of the accuracy of the lease data compiled by management by agreeing key inputs, including commencement date and lease payments, to the underlying lease arrangements selected on a sample basis to ensure the accuracy of key data points used in determining the amounts of right-of-use assets and the corresponding lease liability. • Assessment whether judgements applied by management are reasonable and supportable, including judgement with respect to the discount rate applied, enforceability of the lease contracts and determination of the lease term.

Other information

The Board of Directors is responsible for the other information. The other information comprises the consolidated Management Report, the Corporate Governance Statement, and the corporate social responsibility statement but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the corporate social responsibility statement we have nothings to report.

With regards to the management report, our report in this regard is presented in the "Report on other legal and regulatory requirements" section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group's operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other regulatory and legal requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors on 10 July 2012 by the General Meeting of the Company's members to audit the consolidated financial statements of the Group for the year ended 31 December 2009. Our total uninterrupted period of engagement having been renewed annually by shareholders' resolution is 12 years covering the periods ending 31 December 2009 to 31 December 2020.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 19 March 2021.

Provision of Non-audit Services ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

Other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the consolidated management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the consolidated management report.

- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is George S. Prodromou.

George S. Prodromou, ACA

Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
No. 11, June 16th 1943 Street,
3022 Limassol,
Cyprus

19 March 2021

Consolidated statement of profit or loss and other **comprehensive income**

For the year ended 31 December 2020

	Note	2020 RUB'000	2019 RUB'000
Revenue	4	19,133,499	16,159,861
Cost of sales	5	(12,006,620)	(10,376,218)
Gross profit		**7,126,879**	**5,783,643**
Other income	8	226,391	60,343
Selling, general and administrative expenses	6	(2,806,793)	(2,640,755)
Other expenses	8	(42,279)	(68,885)
Operating profit		**4,504,198**	**3,134,346**
Finance income	9	248,582	214,704
Finance expenses	9	(537,238)	(538,671)
Net foreign exchange transactions gain/(loss)	9	122,532	(53,333)
Net finance expenses	*9*	*(166,124)*	*(377,300)*
Profit before tax		**4,338,074**	**2,757,046**
Income tax (expense)/benefit	10	(4,774)	29,579
Profit for the year		**4,333,300**	**2,786,625**
Total comprehensive income for the year		**4,333,300**	**2,786,625**
Profit for the year attributable to:			
Owners of the Company		4,196,463	2,637,638
Non-controlling interests		136,837	148,987
		4,333,300	**2,786,625**
Total comprehensive income for the year attributable to:			
Owners of the Company		4,196,463	2,637,638
Non-controlling interests		136,837	148,987
		4,333,300	**2,786,625**
Earnings per share (RUB)	11	**55.86**	**35.11**

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

Consolidated statement **of financial position**

As at 31 December 2020

	Note	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS			
Property, plant and equipment	13	23,296,538	21,130,382
Intangible assets	14	2,205,655	2,192,631
Trade, other receivables and deferred expenses	15	630,626	394,016
Deferred tax assets		4,959	5,442
Total non-current assets		**26,137,778**	**23,722,471**
Inventories		973,877	719,962
Trade, other receivables and deferred expenses	15	1,007,973	659,737
Short-term bank deposits	16	746,145	506,916
Cash and cash equivalents	16	3,128,718	3,061,448
Total current assets		**5,856,713**	**4,948,063**
Total assets		**31,994,491**	**28,670,534**
EQUITY			
Share capital	17	180,585	180,585
Share premium	18	5,243,319	5,243,319
Reserves	18	(655,352)	(655,352)
Retained earnings	18	14,840,273	12,769,848
Total equity attributable to the owners of the Company		**19,608,825**	**17,538,400**
Non-controlling interests	26	343,756	341,742
Total equity		**19,952,581**	**17,880,142**

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

	Note	31 December 2020 RUB'000	31 December 2019 RUB'000
LIABILITIES			
Loans and borrowings	19	5,230,477	5,864,344
Trade and other payables	21	679,843	547,014
Deferred tax liabilities		4,540	4,681
Contract liabilities	20	483,026	205,527
Total non-current liabilities		**6,397,886**	**6,621,566**
Loans and borrowings	19	1,587,521	1,233,903
Trade and other payables	21	2,630,288	1,735,363
Contract liabilities	20	1,426,215	1,199,560
Total current liabilities		**5,644,024**	**4,168,826**
Total liabilities		**12,041,910**	**10,790,392**
Total equity and liabilities		**31,994,491**	**28,670,534**

On 19 March 2021, the Board of Directors of MD Medical Group Investments Plc approved and authorised these consolidated financial statements for issue.

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing director

Andrey Khoperskiy
Chief financial officer

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

Consolidated statement **of changes in equity**

For the year ended 31 December 2020

	Note	Attributable to owners of the Company						
		Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total equity RUB'000
Balance at 1 January 2020		**180,585**	**5,243,319**	**(655,352)**	**12,769,848**	**17,538,400**	**341,742**	**17,880,142**
Profit and total comprehensive income for the year		—	—	—	4,196,463	4,196,463	136,837	4,333,300
Contributions and distributions								
Dividends declared	12	—	—	—	(2,126,038)	(2,126,038)	(134,823)	(2,260,861)
Total contributions and distributions		**—**	**—**	**—**	**(2,126,038)**	**(2,126,038)**	**(134,823)**	**(2,260,861)**
Balance at 31 December 2020		**180,585**	**5,243,319**	**(655,352)**	**14,840,273**	**19,608,825**	**343,756**	**19,952,581**

Share premium is not available for distribution.

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

Consolidated statement **of changes in equity**

For the year ended 31 December 2019

		Attributable to owners of the Company							
	Note	Share capital RUB'000	Treasury shares RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests RUB'000	Total equity RUB'000
Balance at 1 January 2019		**180,585**	**(3,697)**	**5,243,319**	**(655,352)**	**10,932,291**	**15,697,146**	**301,802**	**15,998,948**
Profit and total comprehensive income for the year		—	—	—	—	2,637,638	2,637,638	148,987	2,786,625
Contributions and distributions									
Treasury shares sold		—	3,697	—	—	—	3,697	—	3,697
Dividends declared	12	—	—	—	—	(800,081)	(800,081)	(109,047)	(909,128)
Total contributions and distributions		**—**	**3,697**	**—**	**—**	**(800,081)**	**(796,384)**	**(109,047)**	**(905,431)**
Balance at 31 December 2019		**180,585**	**—**	**5,243,319**	**(655,352)**	**12,769,848**	**17,538,400**	**341,742**	**17,880,142**

Share premium is not available for distribution.

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

Consolidated statement **of cash flows**

For the year ended 31 December 2020

	Note	2020 RUB'000	2019 RUB'000
Cash flows from operating activities			
Profit for the year		4,333,300	2,786,625
Adjustments for:			
Depreciation	13	1,413,323	1,408,553
Amortisation	14	110,450	100,610
Gain from the sale of property, plant and equipment		(6,674)	(1,530)
Write-off of property, plant and equipment		7,229	17,149
Impairment losses on construction in progress		22,308	34,769
Finance income	9	(248,582)	(214,704)
Finance expenses (excluding impairment)	9	506,279	524,888
Impairment losses on other assets	9	30,959	13,783
Net foreign exchange transactions (gain)/loss	9	(122,532)	53,333
Income tax expense/(benefit)	10	4,774	(29,579)
		6,050,834	4,693,897
Increase in inventories		(253,915)	(53,840)
(Increase)/decrease in trade and other receivables		(523,507)	21,673
Increase in trade and other payables		771,055	222,337
Increase in contract liabilities		480,383	65,641
Cash flows from operations		**6,524,850**	**4,949,708**
Tax paid		(9,438)	(3,956)
Net cash flows from operating activities		**6,515,412**	**4,945,752**

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

	Note	2020 RUB'000	2019 RUB'000
Cash flows from investing activities			
Acquisition/construction of property, plant and equipment		(3,778,215)	(3,957,530)
Proceeds from sale of property, plant and equipment		13,092	6,416
Acquisition of intangible assets		(126,234)	(34,728)
Proceeds from government grant	13	139,182	360,818
Placing short-term bank deposits		(2,097,704)	(506,916)
Proceeds from short-term bank deposits return		1,858,475	—
Bank interest received	9	110,796	111,734
Loans issued to third parties		—	(5,000)
Loans returned from third parties		1,000	4,000
Net cash flows used in investing activities		**(3,879,608)**	**(4,021,206)**
Cash flows from financing activities			
Proceeds from loans and borrowings		1,193,493	1,831,205
Repayment of loans and borrowings		(1,319,275)	(1,051,367)
Payments of lease liabilities		(158,086)	(158,281)
Finance expenses paid		(375,047)	(405,389)
Payments on settlement of derivative		—	(11,426)
Proceeds from sale of treasury shares		—	11,862
Proceeds from reimbursed VAT		337,378	263,953
Repayment of reimbursed VAT		(111,351)	(94,302)
Dividends paid to the owners of the Company		(2,211,202)	(788,976)
Dividends paid to non-controlling interests		(134,823)	(108,616)
Net cash flows used in financing activities		**(2,778,913)**	**(511,337)**
Net (decrease)/increase in cash and cash equivalents		**(143,109)**	**413,209**
Cash and cash equivalents as at the beginning of the year	16	3,061,448	2,715,481
Effect of movements in exchange rates on cash held		210,379	(67,242)
Cash and cash equivalents as at the end of the year	16	**3,128,718**	**3,061,448**

The Notes on pages 96 to 125 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2020

1. Incorporation and principal activities

MD Medical Group Investments Plc (the "Company") was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. In August 2012, following the special resolution passed by the shareholder, the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its Registered Office is at Dimitriou Karatasou 15, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus.

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature, but primarily in the healthcare industry. Refer to Note 4 for more detailed information about the services provided by the Group's medical centres.

The details of the directly and indirectly owned subsidiaries are as follows:

Name	Country of incorporation	Activities	31 December 2020 Effective holding %	31 December 2019 Effective holding %
JSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC FimedLab	Russian Federation	Medical services	90	90
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
LLC Ivamed	Russian Federation	Medical services	100	100
LLC Dilamed	Russian Federation	Medical services	100	100
CJSC Listom	Russian Federation	Service company	—	100
LLC Ustic-ECO	Russian Federation	Medical services	70	70
LLC Mother and Child Perm	Russian Federation	Medical services	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	85	85
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
LLC MD Service	Russian Federation	Pharmaceutics retail	95	95
LLC Mother and Child Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services	100	100
LLC Mother and Child Tyumen	Russian Federation	Medical services	100	100
CJSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Medical services	100	100
LLC MD Assistance	Russian Federation	Assistance services	100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services	80	80
LLC Mother and Child Kostroma	Russian Federation	Medical services	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC MD Management	Russian Federation	Management company	—	100
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
JSC MC Avicenna	Russian Federation	Medical services	100	100
LLC H&C Medical Group	Russian Federation	Medical services	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Mother and Child Siberia	Russian Federation	Medical services	—	100
LLC Krasnoyarskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Novosibirskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Omskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Barnaulskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Nika	Russian Federation	Holding of land	—	100
LLC Stroy Vector Pluss	Russian Federation	Rental services	—	100
LLC Mother and Child Vladivostok	Russian Federation	Medical services	100	100
LLC Irkutsk Clinical Hospital	Russian Federation	Medical services	100	100
LLC Mother and Child Volga	Russian Federation	Management company	100	100
LLC MD Finance	Russian Federation	Management company	100	100
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	100	100
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	100
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	100
LLC MD Group Krasnogorsk	Russian Federation	Medical services	90	—
LLC Siberia service company	Russian Federation	Service company	—	—
LLC TechMedCom	Russian Federation	Service company	—	—
LLC Service Hospital Company	Russian Federation	Service company	—	—
LLC Elleprof	Russian Federation	Service company	—	—
LLC Medtechnoservice	Russian Federation	Service company	—	—

As at 31 December 2020, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr Mark Kurtser. The 32.1% of the Company's share capital is owned by Guarantee Nominee Limited, which holds the shares on behalf of the GDR holders.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap.113.

These consolidated financial statements were approved by the Board of Directors and were authorised for issue on 19 March 2021.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

All of the operational Group entities are located in the Russian Federation. The Company and all its operating subsidiaries have RUB as their functional currency.

These consolidated financial statements of the Group are presented in RUB, rounded to the nearest thousand.

(d) Use of estimates and judgements

Preparing these consolidated financial statements in accordance with IFRSs requires management to exercise their judgement to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are deemed reasonable based on knowledge available at that time. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed and, where necessary, revised on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below:

Going concern

Determining whether there are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are initially recorded at acquisition cost and are amortised on a straight line basis over their useful economic life. Intangible assets and property, plant and equipment that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least annually.

The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets and property, plant and equipment, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group to which the goodwill has been allocated.

Other

Information about judgements, assumptions and estimation uncertainties regarding revenue recognition, deferred taxes assets, provisions, leases and ECL allowance for trade receivables and contract assets as at 31 December 2020 is described in Note 3.

COVID-19

In December 2019, the emergence of a new strain of coronavirus (COVID-19) was reported in China and has subsequently spread globally. On 11 March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Mobility restrictions, quarantines and similar lockdown measures implemented in different countries to cope with the pandemic had a significant negative impact on the global economy.

From the beginning of COVID-19 pandemic, the Group has taken necessary measures to avoid direct impact of the pandemic on its operations with a special focus on protection of the health of employees and clients and uninterrupted business processes.

The major impact of COVID-19 on the macroeconomic environment in the healthcare industry resulted in a number of consequences on operational and financial performance of the Group.

In response to the needs of patients, the management of the Company took the decision to start treating patients with symptoms of pneumonia, including patients with symptoms of coronavirus, at its clinical hospital Lapino, from 30 March 2020, in a temporary mode. Surgery, cardiology, traumatology, and urology departments of the Lapino Clinical Hospital remained open to receive emergency patients. Other patients were relocated to MD Group Clinical Hospital (PMC) to proceed with contracts. Amid the decreased inflow of patients with coronavirus, from 8 June 2020, Lapino hospital returned to its normal format. All the Company's other medical centres continued business as usual.

The Group started a construction of a new hospital on 29 December 2020 and launched of the new multifunctional medical centre ("Lapino-4") on the Lapino medical complex grounds on 1 February 2021. The construction of the new two-storey multifunctional medical centre intended to treat patients with infections, including coronavirus patients, was achieved in short time using rapid construction technology.

Going concern basis of accounting

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in the Russian Federation to mitigate its spread have impacted the Group. The Group was able to continue to provide healthcare services in hospitals (albeit with social-distancing rules in place), clinics were unable to operate fully due to these measures.

There is still uncertainty over how the future development of the outbreak will impact the Group's business and customer demand for its services. The appropriateness of the going concern basis of accounting is dependent on the continued availability of borrowings by compliance with loan covenants. The Group has loans of RUB6,309,964 thousand requiring compliance with covenants. As at the date of authorisation of the financial statements, the Group had sufficient headroom on its facilities.

To respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimise the Group's cash flow and preserve liquidity:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing spend.

Based on these factors, management has a reasonable expectation that the Group has adequate resources and sufficient loan facility headroom.

Impairment of property, plant and equipment, goodwill and right-of-use assets

Management has considered the impact of COVID-19 on the business of the Group. Current market conditions create additional estimation uncertainties and impact certain key assumptions in the valuation of assets used for preparation of these consolidated financial statements.

For impairment testing purposes, the Group has determined that each subsidiary is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified. The COVID 19 pandemic was considered as an impairment trigger and, as a result, subsidiaries with significant impact of lockdown on financial results have been tested for impairment.

The value in use of each CGU tested for impairment is calculated based on the Group's latest forecast cash flows, covering a five-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the healthcare network but exclude any growth capital initiatives not committed.

Cash flows beyond this five-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. The forecasts used to calculate the value in use have been updated to take into account the COVID-19 scenario. This assumes an impact on 2020/21 revenues and profits.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates range from 13% to 14%.

As a result, no impairment loss is recognised.

Impairment of financial assets

The Company's allowance for doubtful accounts as at the date of signing these consolidated financial statements, reflects the Company's best estimate of the expected future losses for its accounts receivables based on the current economic conditions; however, as a result of the uncertainty caused by COVID-19 pandemic and other factors, these estimates may change and future actual losses may differ from the Company's estimates. The Company will continue to monitor economic conditions and will revise the estimates of the expected future losses for accounts receivable as necessary.

The expected loss rates are determined based on the average write-offs as a proportion of average debt over a period of 12 months prior to the reporting date. The historical loss rates are adjusted for current and forward-looking information, where significant. The Group considers GDP growth, unemployment, sales growth and bankruptcy rates to be the most relevant factors and, where the impact of these is significant, adjusts the historical loss rates based on expected changes in these factors.

3. Significant accounting policies

The accounting policies applied in these consolidated financial statements are consistent with those followed in the Group's consolidated financial statements as at 31 December 2019 and for the year then ended.

New standards and amendments applied for the first time in 2020 did not impact these consolidated financial statements of the Group.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of all the Group companies are prepared using uniform accounting policies.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established or, if later, at the date the Company was incorporated. The assets and liabilities acquired are recognised at their book values. Any difference between the consideration paid and the book values is recognised directly in equity.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirer's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue

The Group has two main types of revenue: rendering of services and sales of goods.

Revenue is recognised in the moment when the service is provided to the customer. Determining the timing of the services rendering — at a point in time or over time — requires judgement. The details are described below.

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms
Rendering of services (except storage of stem cells and long-term contracts described below)	Sales of services are recognised at the point in time when the services are rendered by reference to completion of the actual service provided. Payments from patients for agreements are usually fully prepaid, one-off services are paid right after the service are rendered. MHI, insurance and other companies usually pay in up to two months after the services were provided.
Sales of goods	Sales of goods are recognised when control over the goods has been transferred to the customer, which usually occurs when the Group has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured. The payments are usually made at the moment of sale.
Storage of stem cells	Nature of service is long-term safekeeping of biological materials comprising stem cells concentrate. Standard terms of contract include predetermined period of contract from 1 to 30 years paid in advance by the customer in full amount. Revenue from contract consists of two parts — revenue from blood collection and stem cells isolation (charged and recognised at the moment of the appropriate services rendered) and revenue from storage of stem cells. Revenue from storage is accrued monthly during the whole period of contract.
Rendering of services (long-term contracts)	Long-term contracts for offering medical services that last from 1 to 5 years with performance obligations satisfied via passage of time. Payments from legal entities are usually fully prepaid. Revenue is accrued monthly during the whole period of contract.

Finance income

Finance income includes:

- interest income which is recognised as it accrues in profit or loss using the effective interest method;
- income from initial recognition of other payables to tax authorities at a market interest rate.

Finance expenses

Finance expenses include interest expense and other borrowing costs and are recognised in profit or loss using the effective interest method.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividends declared

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements when the shareholders' right to receive the dividends is established, either through a board resolution (for interim dividends) or by the Group's shareholders in the Annual General Meeting (for final dividends).

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted in reporting from the related expense. When the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognised in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised in profit or loss on the straight line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates for the current and comparative periods are based on the following estimations of useful lives:

	Years
Freehold buildings	50
Leasehold improvements	10–20
Plant and equipment	5–10

No depreciation is provided on land.

Assets under construction are not depreciated until they are completed and available for use. At that moment they are reclassified in the relevant class of property, plant and equipment and depreciated accordingly.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is impaired immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss for the year in which it is incurred. The cost of major renovations and other subsequent expenditure is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

(i) Goodwill

Goodwill represents the difference between the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Positive goodwill on acquisition of subsidiaries is included in intangible assets.

The excess of the Group's interest in the fair value of the new subsidiaries' net assets over the consideration paid for their acquisition (a bargain purchase gain) is recognised in profit or loss in the year of acquisition of the relevant subsidiary. Positive goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. For the purpose of impairment testing, goodwill is allocated to cash generating units that are expected to benefit from the synergies of the combinations.

(ii) Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Their estimated useful life is from five to seven years.

(iii) Software and web site costs

External costs that are directly associated with web site controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently web site costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Web site costs are amortised using the straight line method over their useful lives, not exceeding a period of five years. Amortisation commences when the site is available for use and is included within administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories include medicines and medical material and are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Financial instruments

Recognition

The Group recognises financial assets and financial liabilities when, and only when, it becomes a party of the contractual provisions of the financial instrument. Trade receivables and debt securities issued are initially recognised when they are originated.

Classification

The Group classifies financial assets on the basis of both: the Group's business model for managing financial assets, as well as the contractual cash flow characteristics of the financial assets.

The Group's financial assets comprise of trade and other receivables, loan receivable and cash and cash equivalents. All of the Group financial assets are measured at amortised cost. They are classified as current assets unless the Group has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets — Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed, and the information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets — Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Group's financial liabilities comprise of trade and other payables and borrowings. They are classified as current liabilities unless there is an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as long-term liabilities.

Initial measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus correspondingly of any directly attributable transaction costs.

Subsequent Measurement

Financial assets at amortised cost:
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business and are stated after deducting the appropriate allowances for any impairment.

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, cash at bank and short-term highly liquid investments with maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short term investments.

Financial liabilities at amortised cost:
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of non-derivative financial assets

At each balance sheet date, the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

The loss allowance for financial assets at amortised cost is recognised in profit or loss in accordance with a balance sheet account reducing the carrying amount of the financial asset. Expected credit losses for counterparties, including banks, are determined based on historical data of relevant probability of default and loss given default. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is three years without movements past due based on Russian legislation. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Group, is recognised as a separate asset or liability.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g., changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Share capital

Proceeds from the issue of ordinary shares are classified as equity. The difference between the issue price of the shares and their nominal value is taken to the share premium account.

Incremental costs directly attributable to the issue of new shares are recognised as a deduction from share premium net of any tax effect.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

Equity-settled share-based payment arrangements

Fair value of equity-settled share-based payment arrangements with employees is measured at the grant date based on the market price of the shares. Service and non-market vesting conditions are not taken into account when estimating the fair value at the grant date. The grant date is the date on which the Group and its employees agree the terms and conditions of the share-based payment arrangement. Fair value is not remeasured subsequent to the grant date.

Annually the number of shares which are expected to vest is true-up for the differences between the number of shares initially expected to vest and the actual number of shares vested, based on the fulfilment of service and non-market conditions.

Within the vesting period, fair value of the equity-settled share-based payment arrangement with employees adjusted to reflect the true-up of the instruments which will not vest, is recognised as staff costs with the corresponding increase recognised in equity.

Earnings per share

The Group presents earnings per share ("EPS") data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, adjusted for own shares held.

Capitalised interest

Interest expense on borrowed funds used for capital construction projects and the acquisition of property, plant and equipment is capitalised provided that the interest expense could have been avoided if the Group had not made capital investments. Interest is capitalised only during the period when construction activities are actually in progress and until the resulting properties are put into operation.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases in which the Group is a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment” and lease liabilities in “loans and borrowings” in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions — Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

Leases in which the Group is a lessor

The Group does not have significant contracts where it is a lessor.

Standards and Interpretations not adopted by the EU as at 1 January 2020:

- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

Management expects that the adoption of these standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Adoption of new and revised International Financial Reporting Standards and Interpretations

New currently effective requirements

The Group has early adopted COVID-19-Related Rent Concessions — Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee — i.e., for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings as at 1 January 2020.

4. Revenue

	2020 RUB'000	2019 RUB'000
In vitro fertilisation (IVF)	3,452,087	3,842,793
Therapy, surgery and other in-patient medical services	3,262,000	1,268,790
Deliveries	2,433,703	2,304,996
Obstetrics and gynaecology out-patient treatments	1,941,813	1,974,579
Laboratory examinations and other medical services	1,750,231	1,318,986
Diagnostic centre and other out-patient medical services	1,735,677	1,664,544
Paediatrics out-patient treatments	1,289,708	1,430,112
Oncology	1,271,597	170,125
Obstetrics and gynaecology in-patient treatments	988,114	1,100,765
Paediatrics in-patient treatments	490,325	506,612
Sales of goods	236,429	254,567
Storage of stem cells	144,576	140,291
Other income	137,239	182,701
Total revenue from contracts with customers	**19,133,499**	**16,159,861**

Disaggregation of revenue

The Group renders the services on the territory of the Russian Federation. The Group's operations and main revenue streams are those described in the table above.

The majority of the Group's customers are physical persons (78% of the total revenue); some services are rendered through the governmental and non-governmental insurance companies and legal entities. All the contracts are fixed-price and short-term except for the contracts for the storage of stem cells and the contract for offering medical services to one of the biggest Russian oil companies.

All the Group's revenue, except for the revenue from the storage of stem cells and long-term contracts, is recognised at the point of time when the services are provided; the revenue from the storage of stem cells and long-term contracts is recognised over the time of the contract.

The contract liabilities primarily relate to the advance consideration received from patients. The amount of RUB777,742 thousand recognised in short-term contract liabilities at the beginning of the year was recognised as revenue during the year ended 31 December 2020 (31 December 2019:

RUB734,282 thousand). The amount of RUB35,059 thousand was returned to the patients and the amount of RUB239,654 thousand was transferred to the other contracts during the year ended 31 December 2020 (31 December 2019: RUB37,165 thousand and RUB204,224 thousand respectively).

The increase in therapy, surgery and other in-patient medical services was due to performance of Lapino hospital which was quickly converted for the treatment of patients with coronavirus.

The decrease in In vitro fertilisation (IVF) was due to temporary govement's ban on IVF services in most regions where the Group operates in order to prevent the spread of COVID-19.

5. Cost of sales

	2020 RUB'000	2019 RUB'000
Payroll and related social taxes	6,052,868	5,644,082
Materials and supplies used	3,771,140	2,701,302
Depreciation	1,240,335	1,223,131
Medical services	398,160	330,345
Energy and utilities	221,117	207,499
Property tax	190,102	121,271
Repair and maintenance	101,046	118,157
Other expenses	31,852	30,431
Total cost of sales	**12,006,620**	**10,376,218**

During the year ended 31 December 2020 the government granted RUB108,915 thousand to cover extra payments to doctors and other medical staff and RUB7,535 thousand in respect of materials used as a result of COVID-19 (for the year ended 31 December 2019: nil). These amounts reduced the staff and materials costs accordingly.

6. Selling, general and administrative expenses

	2020 RUB'000	2019 RUB'000
Payroll and related social taxes	1,619,580	1,487,107
Utilities and materials	249,588	209,312
Depreciation	172,988	185,422
Advertising	142,865	99,506
Other professional services	142,740	162,681
Acquiring and encashment	127,240	133,681
Amortisation	110,450	100,610
Communication costs	45,413	40,307
Comission fees	45,336	39,754
IT support	40,088	42,331
Learning and development	30,356	30,134
Independent auditors' remuneration	25,078	21,458
Other expenses	55,071	88,452
Total selling, general and administrative expenses	**2,806,793**	**2,640,755**

The remuneration of independent auditors includes an amount of RUB22,812 thousand regarding audit services and an amount of RUB2,266 thousand regarding tax services.

7. Staff costs

	2020 RUB'000	2019 RUB'000
Wages and salaries	6,091,278	5,641,520
Social insurance contributions and other taxes	1,581,170	1,489,669
Total staff costs	**7,672,448**	**7,131,189**

The number of employees as at 31 December 2020 was 8,274 (31 December 2019: 7,752).

8. Other income and expenses

During the year ended 31 December 2020 the Group received other income of RUB226,391 thousand. This income arose mostly from the receipt of the compensation of costs caused by COVID-19 pandemic amounted to RUB134,999 thousand and property tax refund amounted to RUB41,868 thousand by Lapino hospital.

The Group incurred other expenses amounted to RUB42,279 thousand in the reporting year. These expenses arose mostly due to an impairment of construction in progress in LLC Mother and Child Kazan amounted to RUB21,146 thousand as the Group abandoned the hospital construction in this city.

9. Net finance expenses

	Note	2020 RUB'000	2019 RUB'000
Finance income			
Initial recognition of other payables to tax authorities at market rate		137,645	93,855
Bank interest received		110,796	111,734
Other finance income		141	9,115
Finance income		**248,582**	**214,704**
Finance expenses			
Interest on bank loans		(337,014)	(389,241)
Unwinding of discount on other payables to tax authorities		(66,011)	(54,889)
Interest on leases		(53,962)	(41,931)
Other interest expenses		(23,770)	(19,535)
Other finance expense			
Bank charges		(25,522)	(19,292)
Other finance expenses		—	(11,426)
Impairment of trade and other receivables	15	(30,959)	(2,357)
Finance expenses		**(537,238)**	**(538,671)**
Net foreign exchange transactions gain/(loss)		**122,532**	**(53,333)**
Net finance expenses		**(166,124)**	**(377,300)**

10. Income tax

Reconciliation between profit before tax and income tax expense:

	2020 RUB'000	2019 RUB'000
Profit before tax	4,338,074	2,757,046
Less profit before tax of non-taxable subsidiaries	(4,435,091)	(3,049,226)
Loss before tax excluding not-taxable subsidiaries	**(97,017)**	**(292,180)**
Tax using the Group's domestic tax rate	19,403	58,436
Effect of subsidiaries taxable at lower tax rates	259	820
Non-deductible expenses	(8,010)	(6,636)
Current-year losses for which no deferred tax asset is recognised	(16,426)	(72,357)
Written-off temporary differences of medical companies due to change in Tax Code in 2019	—	49,316
Total income tax (expense)/benefit	**(4,774)**	**29,579**

On 26 July 2019 changes in Tax Code of the Russian Federation came into force through changes in Federal law 395-N ("Law"). According to these changes medical companies which meet the conditions specified in the Law are subject to 0% income tax rate in perpetuity (previously 0% income tax rate was for the period up to 5 years until 1 January 2020). As a result, all Group companies, that are offering medical services and are operating in the Russian Federation and meet the conditions specified in the Law, apply 0% corporate income tax rate. Other companies apply standard income tax rate of 20% or 15%.

As the result of changes in the Tax Code, the Group recognised additional tax benefit amounted to RUB49,316 thousand during the year ended 31 December 2019. This amount composed of written-off deferred tax assets of RUB427,295 thousand (mostly related to tax loss carried forward of MD Project 2010 and deferred tax assets on VAT reimbursed) and RUB476,611 thousand of deferred tax liabilities mostly related to property, plant and equipment.

As at 31 December 2020, deferred tax assets relating to tax losses carried forward in the amount of RUB280,211 thousand (31 December 2019: RUB263,785 thousand) have not been recognised. Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available for utilisation against the benefits therefrom.

As at 31 December 2020, there were temporary differences (before calculating tax effect) of RUB7,595,057 thousand (31 December 2019: RUB6,543,395 thousand) related to investments in subsidiaries. Deferred tax liabilities related to these temporary differences were not recognised because the Group controls the dividend policy of its subsidiaries and, therefore, controls the timing of reversal of the related taxable temporary differences and management is satisfied that they will not reverse in the foreseeable future.

11. Earnings per share

	2020 RUB'000	2019 RUB'000
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	4,196,463	2,637,638
Weighted average number of ordinary shares in issue during the year	75,125,010	75,120,211
Basic and fully diluted earnings per share (RUB)	**55.86**	**35.11**

12. Dividends

On 4 September 2020, the Board of Directors declared interim dividends attributable to the owners of the Company amounting to RUB736,225 thousand (USD9,755 thousand), which corresponds to RUB9.8 (USD0.13) per share. The dividends were paid on 20 October 2020.

On 11 August 2020, the Board of Directors declared final dividends for the year 2019 attributable to the owners of the Company amounting to RUB1,389,813 thousand (USD18,839 thousand), which corresponds to RUB18.5 (USD0.25) per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

On 22 March 2019, the Board of Directors declared final dividends for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

13. Property, plant and equipment

	Freehold land and buildings RUB'000	Property under construction RUB'000	Plant and equipment RUB'000	Right-of-use of freehold land and buildings RUB'000	Total RUB'000
Initial cost					
Balance at 1 January 2019	**13,923,642**	**2,367,674**	**7,182,479**	**—**	**23,473,795**
Recognition of right-of-use asset on initial application of IFRS 16	—	—	—	329,591	329,591
Effect of IFRIC agenda decision	—	—	—	276,461	276,461
Additions	826,584	2,057,815	1,290,688	174,706	4,349,793
Government grant	—	—	(500,000)	—	(500,000)
Disposals	(6,663)	(4,138)	(65,867)	(21,566)	(98,234)
Impairment loss	—	(34,769)	—	—	(34,769)
Transfer from construction in progress	2,029,358	(2,258,220)	228,862	—	—
Balance at 31 December 2019	**16,772,921**	**2,128,362**	**8,136,162**	**759,192**	**27,796,637**
Additions	1,027,126	2,002,553	609,649	85,863	3,725,191
Disposals	(5,438)	(2,362)	(45,797)	(121,978)	(175,575)
Impairment loss	—	(22,308)	—	—	(22,308)
Transfer from construction in progress	3,488,931	(3,947,493)	458,562	—	—
Balance at 31 December 2020	**21,283,540**	**158,752**	**9,158,576**	**723,077**	**31,323,945**
Depreciation					
Balance at 1 January 2019	**(1,488,612)**	**—**	**(3,827,505)**	**—**	**(5,316,117)**
Depreciation during the year	(352,764)	—	(929,957)	(125,831)	(1,408,552)
Accumulated depreciation on disposals	1,493	—	53,138	3,783	58,414
Balance at 31 December 2019	**(1,839,883)**	**—**	**(4,704,324)**	**(122,048)**	**(6,666,255)**
Depreciation during the year	(395,250)	—	(891,312)	(126,761)	(1,413,323)
Accumulated depreciation on disposals	3,618	—	32,774	15,779	52,171
Balance at 31 December 2020	**(2,231,515)**	**—**	**(5,562,862)**	**(233,030)**	**(8,027,407)**
Carrying amounts					
Balance at 1 January 2019	**12,435,030**	**2,367,674**	**3,354,974**	**—**	**18,157,678**
Balance at 31 December 2019	**14,933,038**	**2,128,362**	**3,431,838**	**637,144**	**21,130,382**
Balance at 31 December 2020	**19,052,025**	**158,752**	**3,595,714**	**490,047**	**23,296,538**

In 2019, the government granted RUB500,000 thousand as support for the construction of Tyumen hospital, while RUB360,818 thousand were received in cash. The remaining amount of RUB139,182 thousand was received in 2020.

Construction in progress includes machinery and equipment, X-ray equipment, tomographs and other items of property, plant and equipment not yet available for use and predominantly relates to the buildings construction through the use of sub-contractors.

The amount of borrowing costs capitalised during the year ended 31 December 2020 was RUB131,779 thousand (RUB148,986 thousand for the year ended 31 December 2019). Capitalisation rate for loans was 7.19% for the year ended 31 December 2020 (10.3% for the year ended 31 December 2019).

As at 31 December 2020, construction in progress mainly includes construction costs of Lapino hospitals amounting to RUB68,417 thousand and Saint-Petersburg hospital amounting to RUB85,923 thousand.

On 31 August 2020, the Group released all collateral of property, plant and equipment. Therefore, the total net book value of property, plant and equipment which is held as collateral for the loans and borrowings was nil as at 31 December 2020 (31 December 2019: RUB10,086,859 thousand).

14. Intangible assets

	Goodwill RUB'000	Patents and trademarks RUB'000	Software and web site RUB'000	Total RUB'000
Initial cost				
Balance at 1 January 2019	**2,032,320**	**564,812**	**94,870**	**2,692,002**
Additions	—	—	34,728	34,728
Balance at 31 December 2019	**2,032,320**	**564,812**	**129,598**	**2,726,730**
Additions	—	—	123,474	123,474
Balance at 31 December 2020	**2,032,320**	**564,812**	**253,072**	**2,850,204**
Amortisation				
Balance at 1 January 2019	**—**	**(368,940)**	**(64,549)**	**(433,489)**
Amortisation during the year	—	(71,206)	(29,404)	(100,610)
Balance at 31 December 2019	**—**	**(440,146)**	**(93,953)**	**(534,099)**
Amortisation during the year	—	(71,238)	(39,212)	(110,450)
Balance at 31 December 2020	**—**	**(511,384)**	**(133,165)**	**(644,549)**
Carrying amounts				
Balance at 1 January 2019	**2,032,320**	**195,872**	**30,321**	**2,258,513**
Balance at 31 December 2019	**2,032,320**	**124,666**	**35,645**	**2,192,631**
Balance at 31 December 2020	**2,032,320**	**53,428**	**119,907**	**2,205,655**

Goodwill is allocated to each cash-generating unit (CGU), which is defined as each individual subsidiary or group of subsidiaries acquired operating as one business in one particular location.

	31 December 2020 RUB'000	31 December 2019 RUB'000
JSC MC Avicenna	1,055,593	1,055,593
ARTMed Group (Centres of Reproductive Medicine, located in Krasnoyarsk, Omsk, Novosibirsk and Barnaul)	360,154	360,154
LLC Medica-2	248,250	248,250
CJSC MK IDK	211,303	211,303
LLC Centre of Reproductive Medicine	142,193	142,193
Subsidiaries acquired in 2011	14,827	14,827
	2,032,320	**2,032,320**

Goodwill has been allocated for impairment testing purposes to six groups of cash generating units.

In order to assess any impairment in the value of goodwill, the Group performed a test of the estimated recoverable amount of the CGUs compared to their carrying value.

The recoverable amount is determined as value in use. The calculation of the fair values of each subsidiary is based on the current and estimated future after-tax profitability. The management has projected cash flows for the period of the five years based on the approved financial forecasts.

The growth rate in terminal period for the calculation of the terminal value is estimated to be 4%. Discount after-tax rate applied to the cash flow projections is 13.7%. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources.

No impairment of goodwill was recognised in 2020 and in 2019. For all cash generating units, management believes that any reasonable possible change in the key assumptions would not cause carrying amounts of these units to exceed their recoverable amounts materially.

15. Trade, other receivables and deferred expenses

	Note	31 December 2020 RUB'000	31 December 2019 RUB'000
CAPEX prepayments		630,626	394,016
Trade receivables net of impairment provision		836,756	375,852
Government grant receivable	13	—	139,182
Advances paid to suppliers		116,807	101,851
Deferred expenses		6,081	3,588
Loans receivable		—	1,000
Other receivables		48,329	38,264
		1,638,599	**1,053,753**
Non-current portion		630,626	394,016
Current portion		1,007,973	659,737
		1,638,599	**1,053,753**

CAPEX prepayments represent capital expenditure prepayments under contracts for construction works and acquisition of plant and equipment.

The advance paid for PPE in the amount of RUB24,196 thousand was received back in full by the Group during the year ended 31 December 2020 due to cancellation of the hospital construction in Kazan.

Ageing analysis of trade receivables:

	Gross amount 31 December 2020 RUB'000	Impairment 31 December 2020 RUB'000	Gross amount 31 December 2019 RUB'000	Impairment 31 December 2019 RUB'000
Not past due	717,114	(3,188)	308,174	(1,347)
Past due	231,113	(108,283)	164,039	(95,014)
	948,227	**(111,471)**	**472,213**	**(96,361)**

In addition to the bad debt provision accrued as at 31 December 2020 the accounts receivable in the amount of RUB15,849 thousand were written-off during the year ended 31 December 2020 (year ended 31 December 2019: RUB1,375 thousand).

The Group performed the calculation of ECL rates separately for patients, legal entities and insurance companies, meanwhile ECL rates for the insurance companies were calculated based on their ratings.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for patients as at 31 December 2020.

Ageing	Status	Weighted average loss rate	Gross carrying amount 2020 RUB'000	Loss allowance 2020 RUB'000	Gross carrying amount 2019 RUB'000	Loss allowance 2019 RUB'000	Credit-impaired
0–30 days	past due	16%	55,940	(8,837)	27,413	(2,297)	partly
31–60 days	past due	33%	16,781	(5,558)	4,997	(1,849)	partly
61–90 days	past due	55%	12,254	(6,770)	4,291	(2,801)	partly
more than 91 days	past due	58%	96,870	(56,077)	90,915	(64,748)	partly
Total			**181,845**	**(77,242)**	**127,616**	**(71,695)**	

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables for legal entities except insurance companies and amounts receivable from related parties as at 31 December 2020.

Ageing	Status	Weighted average loss rate	Gross carrying amount 2020 RUB'000	Loss allowance 2020 RUB'000	Gross carrying amount 2019 RUB'000	Loss allowance 2019 RUB'000	Credit-impaired
0–30 days	not past due	10%	30,971	(3,188)	17,368	(1,347)	partly
31–60 days	past due	15%	13,952	(2,074)	9,396	(1,026)	partly
61–90 days	past due	19%	6,173	(1,147)	3,983	(846)	partly
more than 91 days	past due	90%	29,143	(26,300)	23,044	(19,714)	partly
Total			**80,239**	**(32,709)**	**53,791**	**(22,933)**	

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB31,628 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB654,515 thousand provision is accrued only for those which licences had been revoked (as the most part relates to accounts receivable for MHI services provided which payments are guaranteed by the government). Such provision of RUB1,520 thousand was accrued as at 31 December 2020.

The exposure of the Group to credit and currency risk in relation to trade, other receivables and deferred expenses is reported in Note 23 of these consolidated financial statements.

16. Cash and cash equivalents and short-term deposits

	31 December 2020 RUB'000	31 December 2019 RUB'000
Current bank accounts and cash in hand	921,812	569,399
Bank deposits with maturity less than 3 months	2,206,906	2,492,049
TOTAL CASH AND CASH EQUIVALENTS	**3,128,718**	**3,061,448**
Other short-term bank deposits with maturity more than 3 months	746,145	506,916
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**3,874,863**	**3,568,364**

Currency:

	31 December 2020 RUB'000	31 December 2019 RUB'000
RUB	2,822,660	3,053,314
USD	1,052,197	515,002
EUR	6	48
	3,874,863	**3,568,364**

The exposure of the Group to credit risk and currency risk in relation to cash and cash equivalents is reported in Note 23 of these consolidated financial statements.

17. Share capital

Ageing	Number of shares	Nominal value USD	Share capital RUB'000	Share capital USD'000
Authorised	125,250,000	0.08	—	10,020
Issued and fully paid ordinary shares 1 January/31 December	75,125,010	0.08	180,585	6,010

18. Share premium, reserves and retained earnings

Share premium

Share premium includes the total amount received in excess of the total nominal value of the new share capital issued. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity (share premium) net of any tax effect.

Retained earnings

Retained earnings include accumulated profits and losses incurred by the Group.

Reserves

Reserves include common control transactions reserve in the amount of RUB682,873 thousand and capital contribution reserve in the amount of RUB27,521 thousand.

Common control transactions reserve includes differences between the carrying amount of net assets acquired through purchases of subsidiaries from parties under common control and the consideration paid for their acquisition.

There were no changes during 2020.

19. Loans and borrowings

	31 December 2020 RUB'000	31 December 2019 RUB'000
Long-term liabilities		
Bank loans	4,801,332	5,297,081
Lease liabilities	429,145	567,263
Short-term liabilities		
Bank loans	1,508,632	1,151,176
Lease liabilities	78,889	82,727
Total loans and borrowings	**6,817,998**	**7,098,247**

Maturity of loans and borrowings:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Within one year	1,587,521	1,233,903
Between one and five years	4,626,670	5,012,000
More than five years	603,807	852,344
	6,817,998	**7,098,247**

The total net book value of property, plant and equipment which is held as collateral for the bank loans is disclosed in Note 13.

The terms and debt repayment schedule of loans are as follows:

				31 December 2020		31 December 2019	
	Currency	Effective interest rate	Maturity	Face value RUB'000	Carrying amount RUB'000	Face value RUB'000	Carrying amount RUB'000
Unsecured bank loan	RUB	7.58%	2023	1,551,652	1,551,652	2,091,946	2,091,946
Unsecured bank loan	RUB	7.52%	2024	1,373,737	1,373,737	1,902,384	1,902,384
Unsecured bank loan	RUB	7.60%	2022	420,490	420,490	631,556	631,556
Unsecured bank loan	RUB	7.09%	2026	2,964,085	2,964,085	1,815,638	1,815,638
Unsecured bank loan	RUB	10.74%	2020	—	—	6,733	6,733
Current lease liabilities	RUB	8.29%	2021	78,889	78,889	82,727	82,727
Non-current lease liabilities	RUB	8.58%	2022– 2028	429,145	429,145	567,263	567,263
				6,817,998	**6,817,998**	**7,098,247**	**7,098,247**

The contractual cash flows and the exposure of the Group to liquidity risk in relation to loans and borrowings is reported in Note 23 of these consolidated financial statements.

Reconciliation of movements of financial liabilities to cash flows arising from financing activities

	31 December 2020		31 December 2019	
	Bank loans RUB'000	Lease liabilities RUB'000	Bank loans RUB'000	Lease liabilities RUB'000
Balance at 1 January before adjustment	**6,448,257**	**649,990**	**5,665,275**	**—**
Adjustment on OB IFRS 16 Leases	—	—	—	329,591
Balance at 1 January adjusted	**6,448,257**	**649,990**	**5,665,275**	**329,591**
Changes in cash flows				
Proceeds from loans and borrowings	1,193,493	—	1,831,205	—
Repayment of loans and borrowings	(1,319,275)	—	(1,051,367)	—
Payments of lease liabilities	—	(158,086)	—	(158,281)
Interest paid included in financing cash flows	(349,525)	—	(386,097)	—
Interest paid included in investment cash flows	(131,779)	—	(148,986)	—
Total changes in cash flows	**(607,086)**	**(158,086)**	**244,755**	**(158,281)**
Liability-related changes				
Effect of IFRIC agenda decision	—	—	—	276,461
Discounts on lease agreements	—	(10,216)	—	—
Additions of lease liabilities	—	85,863	—	174,706
Lease terminated	—	(113,479)	—	(14,418)
Finance expenses accrued in PL	337,014	53,962	389,241	41,931
Finance expenses capitalised in PPE	131,779	—	148,986	—
Total liability-related other changes	**468,793**	**16,130**	**538,227**	**478,680**
Balance at 31 December	**6,309,964**	**508,034**	**6,448,257**	**649,990**

20. Contract liabilities

	31 December 2020 RUB'000	31 December 2019 RUB'000
Patient advances	1,909,241	1,405,087
including:		
Contract liabilities after more than one year	483,026	205,527
Contract liabilities within one year	1,426,215	1,199,560

Contract liabilities that relate to long term client advances represent money received from patients on stem cells storage contracts lasting from one to thirty years and long-term contracts for offering medical services lasting from one to five years. Contract liabilities that relate to short term client advances represent money received from patients on stem cells storage contracts, childbirth management contracts lasting from one to nine months, and other contracts valid up to one year.

21. Trade and other payables

	31 December 2020 RUB'000	31 December 2019 RUB'000
Trade payables	1,058,858	498,006
Other payables to tax authorities	840,119	657,233
Accruals	561,839	439,689
Payables to employees	418,204	355,715
Taxes payable	204,962	175,621
CAPEX payables	193,731	123,762
Income tax liability	1,384	1,929
Other payables	31,034	30,422
	3,310,131	**2,282,377**
Non-current portion	679,843	547,014
Current portion	2,630,288	1,735,363
	3,310,131	**2,282,377**

The contractual cash flows (except for income tax liability) and the exposure of the Group to liquidity risk in relation to trade and other payables are reported in Note 23 of these consolidated financial statements.

22. Related party transactions

The following transactions were carried out with related parties:

22.1. Balances and transactions with related parties

The remuneration of the members of the key management personnel and non-executive directors for the year ended 31 December 2020 was RUB132,290 thousand (for the year ended 31 December 2019: RUB95,694 thousand).

The remuneration of the members of key management personnel which remained unpaid as at 31 December 2020 was RUB32,365 thousand (31 December 2019: RUB23,208 thousand).

The Group provided medical informational services to related parties amounted to RUB158,321 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: RUB51,922 thousand)and received commission services from related parties amounted to RUB15,609 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: nil).

The receivables from medical informational services, which remained unpaid as at 31 December 2020, was RUB31,132 thousand (31 December 2019: RUB11,269 thousand).

The Group received medical services from related parties amounted to RUB60,627 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: RUB30,118 thousand).

The payables from medical services, which remained unpaid as at 31 December 2020, was RUB54,149 thousand (31 December 2019: RUB4,064 thousand).

The Group provided services to the key management personnel under non-exclusive commercial concession agreement for the year ended 31 December 2020 amounted to RUB1,220 thousand (for the year ended 31 December 2019: RUB1,247 thousand).

The receivables services under non-exclusive commercial concession agreements, which remained unpaid as at 31 December 2020, was RUB496 thousand (as at 31 December 2019: RUB302 thousand).

The Group purchased intangible assets from related parties amounted to RUB967 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: RUB4,508 thousand).

22.2. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2020, 31 December 2019, and as at the date of signing these consolidated financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest, %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev	Indirect interest in shares	5.55
Simon Rowlands	Direct ownership of shares	0.33
Vitaly Ustimenko	Direct ownership of shares	0.005

Indirect interest in shares by Kirill Dmitriev arises through his capacity as key management personnel of indirect shareholder.

The calculation of effective interest is based on the total amount of issued and fully paid shares, including treasury shares acquired by the Company.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 10 November 2020, as a result, the share of his ownership increased from 0.0035% to 0.005% of the Company's share capital.

22.3. Dividends declared to related parties

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB1,443,963 thousand for the year ended 31 December 2020 (31 December 2019: RUB543,399 thousand).

23. Financial risk management

Financial risk factors

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risk limits and control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

(i) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with various financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Trade and other receivables	879,759	551,089
Cash and cash equivalents and short-term bank deposits excluding cash in hand	3,863,592	3,559,098
	4,743,351	**4,110,187**

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentration of credit risk regarding trade and other receivables. This fact significantly reduces possible delays and other negative consequences that may potentially affect matching the maturity of assets with liabilities. Furthermore, according to the internal policy, clients usually pay in advance, except for some particular cases.

Cash and cash equivalents and short-term bank deposits

The Group held cash and cash equivalents and short-term bank deposits excluding cash in hand of RUB3,863,592 thousand as at 31 December 2020 (31 December 2019: RUB3,559,098 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents and short-term bank deposits are mostly held with bank and financial institution counterparties, which are rated Baa3–Aa3 based on rating agency Moody's Investors Service ratings.

Number of banks	External credit rating	Carrying amount
2	Baa3	2,720,022
1	A3	846,628
2	Aa3	296,942
Total		**3,863,592**

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures to minimise such losses, including maintaining sufficient cash and other highly liquid current assets. The following are the contractual maturities of financial liabilities, including estimated interest payments:

31 December 2020	Note	Carrying amounts RUB'000	Contractual cash flows RUB'000	2 months or less RUB'000	Between 2–12 months RUB'000	Between 1–2 years RUB'000	Between 2–5 years RUB'000	More than 5 years RUB'000
Bank loans	19	6,309,964	7,157,141	271,119	1,558,626	1,914,552	2,942,898	469,946
Lease liabilities	19	508,034	667,037	21,571	97,677	104,856	277,474	165,459
CAPEX payables	21	193,731	193,731	59,067	134,664	—	—	—
Trade payables	21	1,058,858	1,058,858	1,058,858	—	—	—	—
Other payables and accrued expenses	21	2,056,158	2,396,695	827,452	505,481	162,012	431,156	470,594
		10,126,745	**11,473,462**	**2,238,067**	**2,296,448**	**2,181,420**	**3,651,528**	**1,105,999**

31 December 2019	Note	Carrying amounts RUB'000	Contractual cash flows RUB'000	2 months or less RUB'000	Between 2–12 months RUB'000	Between 1–2 years RUB'000	Between 2–5 years RUB'000	More than 5 years RUB'000
Bank loans	19	6,448,257	7,828,558	267,768	1,355,763	1,857,487	3,724,021	623,519
Lease liabilities	19	649,990	897,866	22,770	112,725	117,341	320,940	324,090
CAPEX payables	21	123,762	123,762	45,537	78,225	—	—	—
Trade payables	21	498,006	498,006	498,006	—	—	—	—
Other payables and accrued expenses	21	1,658,680	1,894,014	712,288	393,785	122,518	363,672	301,751
		9,378,695	**11,242,206**	**1,546,369**	**1,940,498**	**2,097,346**	**4,408,633**	**1,249,360**

The Group has bank loans all of which contain debt covenants. The breach of covenants may require the Group to repay the loans earlier than indicated in the above table.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, may affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on an ongoing basis and acts accordingly.

As at the reporting date the interest rate profile of interest bearing financial instruments was as follows:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Fixed rate instruments		
Financial assets	2,953,051	2,999,965
Financial liabilities	(6,817,998)	(7,098,247)
	(3,864,947)	**(4,098,282)**

In particular, fixed-rate financial liabilities include fixed interest rate bank loans amounted to RUB6,309,964 thousand for which the banks have the option to revise the interest rate following the change of key rate set by the CBR and the Group has an option to either accept the revised rate or redeem the loan at par without penalty.

The Group does not account for any fixed rate instruments at fair value through profit or loss and does not have any derivative financial instruments, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States dollar and the euro. The Group's management monitors the exchange rate fluctuations on an ongoing basis and acts accordingly.

The Group's exposure to foreign currency risk was as follows:

	31 December 2020			31 December 2019		
	USD'000	EUR'000	GBP'000	USD'000	EUR'000	GBP'000
Assets						
Cash in bank	306,052	6	—	21,304	48	—
Short-term bank deposits	746,145	—	—	493,698	—	—
Trade and other receivables	330	38	—	3,035	113	—
Liabilities						
CAPEX payables	(1,748)	(6,700)	—	(1,933)	(1,226)	
Trade and other payables and accruals	(531)	(706)	—	—	(1,074)	(75)
Net exposure	**1,050,248**	**(7,362)**	**—**	**516,104**	**(2,139)**	**(75)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	**2019**	**2020**	**2019**
USD	72.1464	64.4435	73.8757	61.9057
EUR	82.4488	72.2409	90.6824	69.3406
GBP	92.5689	82.3666	100.0425	81.1460

Sensitivity analysis

A 10% weakening of the Russian ruble against the above currencies will result in the increase in profit and equity of RUB104,289 thousand as at 31 December 2020 (31 December 2019: RUB51,389 thousand). A 10% strengthening of the Russian ruble would have an opposite impact.

Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to owners and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to owners or issue of new shares.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Total equity is calculated as 'equity' shown in the consolidated statement of financial position.

	Note	31 December 2020 RUB'000	31 December 2019 RUB'000
Financial liabilities	19	6,817,998	7,098,247
Less: cash and cash equivalents	16	(3,128,718)	(3,061,448)
Net debt		3,689,280	4,036,799
Total equity		19,952,581	17,880,142
Net debt to equity ratio		**18.49%**	**22.58%**

The net debt including short-term bank deposits equals to RUB2,943,135 thousand as at 31 December 2020 (31 December 2019: RUB3,529,883 thousand). The net debt ratio adjusted by short-term bank deposits is 14.75% (31 December 2019: 19.74%)

24. Fair values

As at 31 December 2020 and 31 December 2019, the Group had no significant financial assets or liabilities measured at fair value.

The financial assets of the Group include cash and cash equivalents and trade and other receivables. The financial liabilities of the Group include loans and borrowings and trade and other payables. The fair value of these financial instruments is classified as Level 3 of fair value class hierarchy and is estimated only for disclosure purposes using discounted cash flows taking interest rates adequate to the relevant risk. The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

25. Operating environment

(a) Insurance

As per current legislation in the Russian Federation, medical clinics are not required to insure their activities. There is a draft law regarding obligatory insurance of medical clinics as from 2013. The draft law has not yet been enacted. At present the Group does not insure its operational activities but has obtained insurance cover for some property, plant and equipment. Until the Group obtains adequate insurance coverage there is a risk of material adverse effect on operations and statement of financial position.

(b) Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue to be developed but are subject to varying interpretations and frequent changes which, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian ruble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The Group primarily operates in Russian healthcare system which is subject to a specific regulatory regime and has its own peculiarities. A part of the Group's operations are covered by the Mandatory Health Insurance that require compliance with certain requirements.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(c) Russian tax environment

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

26. Non-controlling interests

The only material non-controlling interest in the Group is related to JSC MD PROJECT 2000. The information about the subsidiary before any intra-group eliminations is presented below.

Most of the turnovers are cash based.

	2020 RUB'000	2019 RUB'000
Revenue	3,535,701	3,050,292
Profit and total comprehensive income	1,428,837	1,212,761
Profit and other comprehensive income allocated to non-controlling interests	**71,442**	**60,638**
Dividends paid to non-controlling interests	65,000	31,000
Non-controlling interests percentage	**5%**	**5%**

	2020 RUB'000	2019 RUB'000
Non-current assets	4,300,934	4,326,689
Current assets	1,067,896	869,148
Non-current liabilities	(221,840)	(186,413)
Current liabilities	(702,619)	(693,891)
Net assets	**4,444,371**	**4,315,533**
Carrying amount of non-controlling interests	222,219	215,777
Other non-controlling interests	121,537	125,965
	343,756	**341,742**

27. Capital commitments

Capital commitments mostly comprise of the obligations under construction contracts in the amount of RUB456,013 thousand as at 31 December 2020 (31 December 2019: RUB1,229,503 thousand).

28. Segment reporting

The Group operates in Russian Federation and has one primary reporting segment: provision of medical services. The Group evaluates the performance and makes investments and strategic decisions based upon a review of profitability for the Group as a whole and does not group subsidiaries by geography and service lines during the analysis of their performance.

29. Events after the reporting period

The Group launched a new multifunctional medical centre ("Lapino-4") on the Lapino medical complex grounds on 1 February 2021. The centre will provide highly professional medical care, including patients with surgical pathology complicated by COVID-19 and maternity patients.

On 16 February 2021 Khaven reimbursed VAT in the amount of RUB33,138 thousand in cash for Lapino-2 construction.

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19.00 per share.

10. Report and separate financial statements

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For the year ended 31 December 2020

Officers, professional advisors **and registered office**

Board of Directors	• Vladimir Mekler — Chairman • Mark Kurtser • Vitaly Ustimenko • Kirill Dmitriev • Nikolay Ishmetov (alternate director to Kirill Dmitriev) • Simon Rowlands • Tatyana Lukina • Tony Maher
Secretary	Menustrust Limited
Secretary assistant	Darya Aleksandrova
Independent auditors	KPMG Limited
Registered office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

Management **report**

The Board of Directors of MD Medical Group Investments Plc (the "Company") presents to the members its Annual Report together with the audited financial statements of the Company for the year ended 31 December 2020.

Incorporation

MD Medical Group Investments Plc was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. On 22 August 2012 following special resolution passed by the shareholder, the name of the Company was changed from "MD Medical Group Investments Ltd" to "MD Medical Group Investments Plc" and the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

Principal activity

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature, but primarily in the healthcare industry.

Financial results

The Company's financial results for the year ended 31 December 2020 and its financial position as at that date are set out in the statement of profit or loss and other comprehensive income on page 138 and in the statement of financial position on page 139 of these financial statements.

Profit for the year ended 31 December 2020 amounted to RUB2,866,548 thousand (2019: RUB1,035,820 thousand). The total assets of the Company as at 31 December 2020 were RUB11,722,264 thousand (31 December 2019: RUB10,938,589 thousand) and the net assets were RUB11,604,801 thousand (31 December 2019: RUB10,864,291 thousand).

Dividends

In accordance with the Company's Articles of Association dividends may be paid out of its profits. To the extent that the Company declares and pays dividends, owners of GDRs on the relevant record date will be entitled to receive dividends in respect of ordinary shares underlying the GDRs.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with relevant legislation in the country of their incorporation and any contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

On 4 September 2020 the Board of Directors declared interim dividend attributable to the owners of the Company amounting to RUB736,225 thousand (USD9,755 thousand), which corresponds to RUB9.8 (USD0.13) per share. The dividends were paid on 20 October 2020.

On 11 August 2020 the Board of Directors declared final dividend for the year 2019 attributable to the owners of the Company amounting to RUB1,389,813 thousand (USD18,839 thousand), which corresponds to RUB18.5 (USD0.25) per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

On 22 March 2019 the Board of Directors declared final dividend for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

Examination of the development, position and performance of the activities of the company

The current financial position and performance of the Company as presented in these financial statements is considered satisfactory.

The Company through its subsidiaries has one of the largest nationwide private healthcare regional networks for its core services and is expanding into new services. It has significant experience in the provision of full-service private maternity healthcare services. The Company has secured leading positions in the Russian private healthcare market across a range of services including obstetrics and gynaecology, fertility and IVF treatments, and paediatrics. It has also been diversifying its offering by adding other medical services for all family members, such as surgery, urology, traumatology, cardiology, and oncology, etc. The recently opened facilities have been multi-disciplinary from the very beginning.

Principal risks and uncertainties

Details in relation to principal risks and uncertainties and steps taken to manage these risks and uncertainties are presented in Notes 14 and 16 of these financial statements.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

Directors' interest

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2020, 31 December 2019 and as at the date of signing these financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest, %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev	Indirect interest in shares	5.55
Simon Rowlands	Direct ownership of shares	0.33
Vitaly Ustimenko	Direct ownership of shares	0.005

Indirect interest in shares by Kirill Dmitriev arises through his capacity as key management personnel of indirect shareholder.

The calculation of effective interest is based on the total amount of issued and fully paid shares, including treasury shares acquired by the Company.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 10 November 2020, as a result the share of his ownership increased from 0.0035% to 0.005% of the Company's share capital.

Future developments

The Company's goal is to continually diversify its medical services by expanding its range of services, maintaining its leading position in the field of high-quality women's health and paediatrics, as well as addressing the increasing demand for private healthcare services in Russia and beyond.

The Company intends through its subsidiaries to expand its portfolio of hospital and outpatient facilities, broaden its service offerings by providing patients with the most up-to-date treatment procedures and medical technology available on the market, expand its services in Moscow and other regions, exploit the value of its integrated healthcare network by making effective use of services across its facilities, optimizing the benefits for patients and its subsidiaries as a whole.

Share capital

There were no changes in the share capital of the Company during the year.

Board of directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Appointment Policy for the Board of Directors and Committees, all directors are subject to appointment or approval of appointment by shareholders at the first Annual General Meeting after their appointment, and to re-appointment at intervals of no more than three years. Any term beyond six years (e.g. two three-year terms) for a non-executive director is subject to particularly rigorous review, and takes into account the need for progressive refreshing of the Board of Directors.

The members of the Board of Directors who served as at the date of signing of these financial statements, are presented on page 128.

Refer to Note 13.1. of these financial statements for the remuneration of the directors and other key management personnel.

The board committees

Since September 2012, the Board of Directors established the operation of the following three committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

Audit Committee

The Audit Committee comprises of three non-executive directors, two of whom are independent. The Audit Committee has been chaired by independent non-executive director Tatiana Lukina since 6 December 2019, Mr. Kirill Dmitriev and Mr. Simon Rowlands are the other members.

The Audit Committee meets at least four times each year and is responsible for considering:

- the reliability and appropriateness of disclosures in the financial statements and external financial communication;
- the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system;
- preparation of recommendations to the shareholders for approval in General Meetings in relation to the appointment, reappointment and removal of the external auditors;
- approval of the remuneration and terms of engagement of the external auditors in respect of audit services provided;
- the audit process, including monitoring and review of the external auditors' performance, independence and objectivity;
- development and implementation of the policy on non-audit services provided by the external auditors;
- monitoring compliance with laws and regulations and standard of corporate governance.

The Audit Committee assists the Board of Directors in its oversight of the performance and leadership of the internal audit activity.

Where the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendation to the Board of Directors on actions needed to address the issues or to make improvements.

Internal audit

The Audit Committee is responsible for monitoring and review the effectiveness of the Company's internal audit function. In this respect, the Audit Committee may require investigations by, or under the authority of, the head of Internal Audit into any activities of the Company which may be of interest or concern to the Audit Committee.

The Company's internal auditor is responsible for the recommendation of an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with such plan and oversees the Company's compliance with the plan's recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

Nomination Committee

The Nomination Committee comprises of one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by non-executive director Mr. Vladimir Mekler (since June 2016), non-executive director Mr. Simon Rowlands and executive director Dr. Mark Kurtser are other members since September 2015.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to appointment of all executive and non- executive directors, as well as the CEO and CFO of the Company. The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring proper balance of the Board of Directors and qualification of its members. The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

Remuneration Committee

The Remuneration Committee comprises of two non-executive directors and one executive director. The Remuneration Committee is chaired by an independent non-executive director Mr. Simon Rowlands. The two other members are Dr. Mark Kurtser and Mr. Vladimir Mekler.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to remuneration of all executive directors and the chairman of the Board of Directors.

The main objective of the Remuneration Committee is to determine the framework and policy for the remuneration of the executive directors, the chairman of the Board of Directors and senior executives, and the specific remuneration of each executive director and the chairman of the Board of Directors and any compensation payments.

Corporate governance

Since 2012, the Company has maintained full compliance with the UK Corporate Governance Code. The Company is committed to the highest standards of corporate governance and transparency. The Board of Directors recognises that good governance is a strategic asset that helps it to deliver consistent long term value to its shareholders. By running the Company in an open way, the Board of Directors enables shareholders to understand how it has been able to deliver consistently strong results. The Board of Directors believes that corporate responsibility is an essential part of good governance and makes sound business sense, as well as being crucial to the appropriate management of risk within the Company.

Improving its corporate governance structure in accordance with the internationally recognised best practices the Company adopted important policies and procedures.

The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders.

The Company's corporate governance policies and practices include, inter alia:

- Appointment policy for the Board of Directors and Committees;
- Terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee;
- Code of Ethics and Conduct;
- Business Continuity Policy;
- Disclosure Policy;
- Regulations on Insider Information;
- Risk Management Policy; and
- Anti-Fraud Policy.

Internal control in relation to the financial reporting process

The Company has set formal policies and written term of reference in relation to the financial reporting process that include:

- Corporate Accounting policy Guidelines;
- Methodology for the Transformation of Financial Statements from RAS to IFRS;
- Financial Reporting Preparation Procedure; and
- The Group's structure.

The objective of this policy is to establish uniform procedures and to implement requirements for the preparation of the financial statements of the Company. The procedure should be reviewed for compliance with International Financial Reporting Standards as well as current conditions and planned changes in the Company's business activities annually. When necessary, amendments and additions to this Procedure should be adopted.

Meetings of shareholders

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year. An annual general meeting and any other shareholders' meeting called to pass a special resolution can be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 21 days before the meeting. Any other meetings shall be convened by the Board of Directors by a notice, specifying the matters to be discussed, issued at least 14 days before the meeting. If the notice period is less than 21 days or 14 days as applicable, the meeting will be deemed to have been duly called if it is so agreed:

- in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by a majority in number of the members having a right to attend and at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

A notice convening a general meeting must be sent to each of the shareholders.

All shareholders are entitled to attend the general meeting or be represented by a proxy authorised in writing. In the general meeting, on a poll, every share gives the holder the right to cast one vote, whereas, on a show of hands, each member has one vote. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at any meeting of the Company.

Branches

MD Medical Group Investments Plc has a branch in Moscow.

Treasury shares

During the year ended 31 December 2020 the Company did not acquire any treasury shares.

Events after the reporting period

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19.00 per share.

Independent auditors

The independent auditors of the Company Messrs. KPMG Limited have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

By order of the Board of Directors,

Mark Kurtser
Managing director,
member of the Board of Directors

Moscow, 19 March 2021

Directors' responsibility statement

Each of the directors, whose names are listed below, confirms that, to the best of their knowledge

- these financial statements, prepared in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the report taken as a whole;
- the adoption of the going concern basis for the preparation of the financial statements continues to be appropriate based on the foregoing and having reviewed the forecast financial position of the Company; and
- the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the report taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of the Company responsible for reporting as at the date of this announcement are set out below:

Name	Type of interest
Vladimir Mekler	Chairman, non-executive Director
Mark Kurtser	Executive Director
Vitaly Ustimenko	Non-executive Director
Kirill Dmitriev	Non-executive Director
Simon Rowlands	Non-executive Independent Director
Tatiana Lukina	Non-executive Independent Director
Tony Maher	Non-executive Independent Director

Independent auditors' report to the members of **MD Medical Group Investments PLC**

Report on the audit of the financial statements

Opinion

We have audited the accompanying separate financial statements of the parent company MD Medical Group Investments Plc (the "Company"), which are presented on pages 138 and 163 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company MD Medical Group Investments Plc as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We remained independent of the Company throughout the period of our appointment in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment in subsidiaries

Refer to Note 8 of the financial statements (RUB 10,497,717 thousand)

Key audit matter	How the matter was addressed in our audit
The carrying value of the investments in subsidiaries amounts to RUB10,497,717 thousand and accounts for more than 90% of the Company's total assets as at 31 December 2020. Significant judgement is required by the management of the Company in determining whether there are any indications for impairment and, where such indications exist, in assessing the recoverable amount of the investments. We focused on this area because of the significance of the carrying amount of the investments in the financial statements and because inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverable amount of the investments and hence their carrying amount recorded in the financial statements.	Our audit procedures included among others the following: • Assessing the reasonableness of the assumptions and appropriateness of the methodologies used by the management of the Company based on which the forecasted cash flows were prepared. Particular attention was given to the assumptions relating to revenue estimated growth rates and EBITDA estimated rates, terminal growth, after-tax profitability and discount rates/WACC. • Preparing our own sensitivity analysis around the key assumptions.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report, the Corporate Governance Statement, and the corporate social responsibility statement but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the corporate social responsibility statement we have nothings to report.

With regards to the management report, our report in this regard is presented in the "Report on other legal and regulatory requirements" section.

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Company's operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error,

design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other regulatory and legal requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union (EU) Regulation 537/2014 we provide the following information in our Independent Auditors' Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were appointed auditors on 10 July 2012 by the General Meeting of the Company's members to audit the financial statements of the Company for the year ended 31 December 2009. Our total uninterrupted period of engagement having been renewed annually by shareholders' resolution, is 12 years covering the periods ending 31 December 2009 to 31 December 2020.

Consistency of auditors' report to the additional report to the Audit Committee

We confirm that our audit opinion is consistent with the additional report presented to the Audit Committee dated 19 March 2021.

Provision of Non-audit Services ('NAS')

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L53(I)/2017").

Other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:
- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is George S. Prodromou.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020.

George S. Prodromou, ACA

Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
No. 11, June 16th 1943 Street,
3022 Limassol,
Cyprus

19 March 2021

Statement of profit or loss and other **comprehensive income**

For the year ended 31 December 2020

	Note	2020 RUB'000	2019 RUB'000
Dividend income	13.2	3,028,184	1,326,401
Revenue from branch operations	13.3	150,968	129,920
Revenue from advertising		15,455	5,599
Total revenue		**3,194,607**	**1,461,920**
Other income		9,195	687
Other expenses		(54,793)	(1,350)
Selling, general and administrative expenses	4	(411,188)	(375,556)
Operating profit		**2,737,821**	**1,085,701**
Finance income	5	8,901	18,934
Finance expenses	5	(1,764)	(13,296)
Net foreign exchange transactions gain / (loss)	5	121,590	(50,674)
Net finance income / (expenses)	*5*	*128,727*	*(45,036)*
Profit before tax		**2,866,548**	**1,040,665**
Income tax	6	—	(4,845)
Profit for the year		**2,866,548**	**1,035,820**
Total comprehensive income for the year		**2,866,548**	**1,035,820**

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

Statement **of financial position**

As at 31 December 2020

	Note	31 December 2020 RUB'000	31 December 2019 RUB'000
ASSETS			
Property, plant and equipment		9,702	11,428
Intangible assets		7,023	7,674
Investments in subsidiaries	8	10,497,717	10,240,465
Total non-current assets		**10,514,442**	**10,259,567**
Inventories		1,479	1,169
Trade, other receivables and deferred expenses		74,944	30,816
Short-term bank deposits	9	746,145	493,698
Cash and cash equivalents	9	385,254	153,339
Total current assets		**1,207,822**	**679,022**
Total assets		**11,722,264**	**10,938,589**
EQUITY			
Share capital	10	180,585	180,585
Share premium		5,243,319	5,243,319
Other reserves		328,510	328,510
Retained earnings		5,852,387	5,111,877
Total equity		**11,604,801**	**10,864,291**
LIABILITIES			
Trade and other payables	12	117,463	74,298
Total current liabilities		**117,463**	**74,298**
Total equity and liabilities		**11,722,264**	**10,938,589**

On 19 March 2021 the Board of Directors of MD Medical Group Investments Plc approved and authorised these report and financial statements for issue.

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing director

Andrey Khoperskiy
Chief financial officer

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

Statement **of changes in equity**

For the year ended 31 December 2020

	Note	Attributable to owners of the Company				
		Share capital RUB'000	Share premium RUB'000	Other reserves RUB'000	Retained earnings RUB'000	Total RUB'000
Balance at 1 January 2020		180,585	5,243,319	328,510	5,111,877	10,864,291
Total comprehensive income						
Profit and other comprehensive income for the year		—	—	—	2,866,548	2,866,548
Contributions by and distributions to owners						
Dividends declared	7	—	—	—	(2,126,038)	(2,126,038)
Total transactions with owners		**—**	**—**	**—**	**(2,126,038)**	**(2,126,038)**
Balance at 31 December 2020		**180,585**	**5,243,319**	**328,510**	**5,852,387**	**11,604,801**

Share premium is not available for distribution.

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

Statement of changes in equity

For the year ended 31 December 2019

	Note	Share capital RUB'000	Treasury shares RUB'000	Share premium RUB'000	Other reserves RUB'000	Retained earnings RUB'000	Total RUB'000
		Attributable to owners of the Company					
Balance at 1 January 2019		180,585	(3,697)	5,243,319	307,951	4,911,777	10,639,935
Total comprehensive income							
Profit and other comprehensive income for the year		—	—	—	—	1,035,820	1,035,820
Contributions by and distributions to owners							
Own shares sold		—	3,697	—	—	—	3,697
Other movements	8	—	—	—	20,559	(35,639)	(15,080)
Dividends declared	7	—	—	—	—	(800,081)	(800,081)
Total transactions with owners		**—**	**3,697**	**—**	**20,559**	**(835,720)**	**(811,464)**
Balance at 31 December 2019		**180,585**	**—**	**5,243,319**	**328,510**	**5,111,877**	**10,864,291**

Share premium is not available for distribution.

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 RUB'000	2019 RUB'000
Cash flows from operating activities			
Profit for the year		2,866,548	1,035,820
Adjustments for:			
Depreciation	4	7,862	10,981
Amortisation	4	5,107	8,330
Dividend income	13.2	(3,028,184)	(1,326,401)
Finance expenses	5	1,764	13,296
Finance income	5	(8,901)	(18,934)
Other expense		-	1,350
Net foreign exchange (gain) / loss	5	(121,590)	50,674
Income tax expense	6	-	4,845
Disposal of investments in subsidiaries due to liquidation	8	15,156	-
Impairment of investments in subsidiaries	8	38,930	-
Cash flows used in operations before working capital changes		**(223,308)**	**(220,039)**
(Increase) / decrease in trade and other receivables		(45,293)	20,639
Increase in inventories		(310)	(430)
Increase in trade and other payables		31,647	11,958
Cash flows used in operations		**(237,264)**	**(187,872)**
Dividends received	13.2	3,028,184	1,326,401
Tax paid		(4,919)	-
Net cash flows from operating activities		**2,786,001**	**1,138,529**

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

	Note	2020 RUB'000	2019 RUB'000
Cash flows from investing activities			
Capital contributions to subsidiaries		(294,338)	(126,210)
Acquisition of property, plant and equipment		(1,369)	(1,610)
Acquisition of intangible assets		(4,456)	(7,467)
Placing short-term bank deposits		(2,097,704)	(493,698)
Proceeds from short-term bank deposits return		1,845,257	-
Interest received	5	9,917	10,023
Net cash flows used in investing activities		**(542,693)**	**(618,962)**
Cash flows used in financing activities			
Finance expenses paid		(1,570)	(1,870)
Payments of lease liabilities		(5,440)	(9,333)
Payments on settlement of derivative		-	(11,426)
Proceeds from sale of treasury shares		-	11,862
Dividends paid to owners of the Company		(2,211,202)	(788,977)
Net cash flows used in financing activities		**(2,218,212)**	**(799,744)**
Net increase / (decrease) in cash and cash equivalents		**25,096**	**(280,177)**
Cash and cash equivalents at the beginning of the period	9	153,339	498,459
Effect of movements in exchange rates on cash held		206,819	(64,943)
Cash and cash equivalents as at the end of the year	9	**385,254**	**153,339**

The Notes on pages 146 to 163 are an integral part of these report and financial statements.

Notes to the **financial statements**

For the year ended 31 December 2020

1. Incorporation and principal activities

MD Medical Group Investments Plc (the "Company") was incorporated in Cyprus on 5 August 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

In August 2012, following the special resolution passed by the shareholder, the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113.

Its Registered Office is at Dimitriou Karatasou 15, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus.

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature, but primarily in the healthcare industry.

2. BASIS OF PREPARATION

(a) Statement of compliance

These report and financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap.113.

These are the separate financial statements of the Company. The Company has also prepared consolidated financial statements in accordance with IFRS as adopted by the EU for the Company and its subsidiaries ("the Group"). The consolidated financial statements are available at 15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, 2024 Nicosia, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2020 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

(b) Basis of measurement

These report and financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

These report and financial statements are presented in Russian Rubles (RUB'000) which is the functional currency of the Company. Financial information presented in Russian Rubles has been rounded to the nearest thousand except when otherwise indicated.

(d) Use of estimates and judgements

Preparing these financial statements in accordance with IFRSs requires management to exercise their judgement to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are deemed reasonable based on knowledge available at that time. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed and where necessary revised on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of investments in subsidiaries

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write down to fair value is necessary.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level–1 quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level–2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level–3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

COVID-19

In December 2019, the emergence of a new strain of coronavirus (COVID-19) was reported in China and has subsequently spread globally. On 11 March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Mobility restrictions, quarantines and similar lockdown measures implemented in different countries to cope with the pandemic had a significant negative impact on the global economy.

From the beginning of COVID-19 pandemic the Company has taken necessary measures to avoid direct impact of the pandemic on its operations with a special focus on protection of the health of employees and uninterrupted business processes.

The major impact of COVID-19 on the macroeconomic environment in the healthcare industry resulted in a number of consequences on operational and financial performance of the Company.

The Company reduced the permanent part of the payroll: the administrative staff was transferred to a 3-day working week online.

Going concern basis of accounting

Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate. The outbreak of the COVID-19 pandemic and the measures adopted by the government in Russian Federation to mitigate its spread have impacted the operations of the Company's subsidiaries.

To respond to a severe downside scenario, management has the ability to take the following mitigating actions to reduce costs, optimise the Company's cash flow and preserve liquidity:

- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment; and
- reducing marketing spend.

Based on these factors, management has a reasonable expectation that the Company has adequate resources.

Impairment of non-financial assets

Management has considered the impact of COVID-19 on the business of the Company. Current market conditions create additional estimation uncertainties and impact certain key assumptions in the valuation of assets used for preparation of these financial statements.

For impairment testing purposes, the Company has determined that each subsidiary is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified. The COVID-19 pandemic was considered as an impairment trigger and as a result subsidiaries with significant impact of lockdown on financial results have been tested for impairment.

The value in use of each CGU tested for impairment is calculated based on the Company's latest forecast cash flows, covering a five-year period, which have regard to historic performance and knowledge of the current market, together with the Company's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the healthcare network, but exclude any growth capital initiatives not committed. Cash flows beyond this five-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. The forecasts used to calculate the value in use have been updated to take into account the COVID-19 scenario. This assumes an impact on 2020/21 revenues and profits.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre- tax discount rates are derived from the Company's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Company size premium and a risk adjustment (beta). The pre-tax discount rates range from 13% to 14%.

As a result, an impairment loss amounted to RUB38,930 thousand was recognised during the year ended 31 December 2020.

Impairment of financial assets

The Company's allowance for doubtful accounts as of the date of signing these financial statements reflects the Company's best estimate of the expected future losses for its accounts receivables based on the current economic conditions; however, as a result of the uncertainty caused by COVID-19 pandemic and other factors, these estimates may change and future actual losses may differ from the Company's estimates. The Company will continue to monitor economic conditions and will revise the estimates of the expected future losses for accounts receivable as necessary.

3. Significant accounting policies

The accounting policies applied in these financial statements are consistent with those followed in the Company's financial statements as at 31 December 2019 and for the year then ended.

Financial statements

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. Consolidated financial statements are presented separately. These are the Company's standalone financial statements.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Common control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and the control is not transitory. Assets or liabilities acquired under a common control transaction are recognised at their book values (book value accounting). Any difference between the consideration paid and the book values is recognised directly in equity.

Dividend income

Dividend income is recognised in the statement of profit or loss and other comprehensive income when the right to receive payment is established.

Revenue

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer excluding amounts collected on behalf of third parties (for example, value added tax). The Company transfers control over its services at a point in time.

Finance income

Finance income includes interest income which is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses

Finance expenses include bank charges and interest expense. Bank charges are recognised as expenses in the period in which they fall due and interest expense is recognised as it accrues in profit or loss using the effective interest method.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss under the category finance income or finance expenses.

Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Dividends declared

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements when the shareholders' right to receive the dividends is established, either through Board resolution (for interim dividends) or by the Company's shareholders in the Annual General Meeting (for final dividends).

Financial instruments

Recognition

The Company recognises financial assets and financial liabilities when, and only when, it becomes a party of the contractual provisions of the financial instrument. Trade receivables and debt securities issued are initially recognised when they are originated.

Classification

The Company classifies financial assets on the basis of both: the Company's business model for managing financial assets, as well as the contractual cash flow characteristics of the financial assets.

The Company's financial assets comprise of trade and other receivables and cash and cash equivalents. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. All of the Company's financial assets are measured at amortised cost. They are classified as current assets unless the Company has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets — Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets — Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

The Company's financial liabilities comprise of trade and other payables. They are classified as current liabilities unless there is an unconditional right to defer settlement for at least twelve months after the balance sheet date, in which case they are classified as long-term liabilities.

Initial measurement

Financial assets and financial liabilities are initially measured at fair value plus any directly attributable transaction costs.

Subsequent measurement

Financial assets at amortised cost:
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gain and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business and are stated after deducting the appropriate allowances for any impairment.

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, cash at bank and short-term highly liquid investments with maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of its short term investments.

Financial liabilities at amortised cost:
Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of non-derivative financial assets

At each balance sheet date the Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost.

The loss allowance for financial assets at amortised cost is recognised in profit or loss in respondance with a balance sheet account reducing the carrying amount of the financial asset. Expected credit losses for counterparties, including banks, are determined based on historical data of relevant probability of default and loss given default. Impairment on cash and cash equivalents is measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Based on the analysis of the historical data the accounts receivable is presented by receivable from related parties and no provision is accrued.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Any interest in such derecognised financial assets that is created or retained by the Company, is recognised as a separate asset or liability.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Share capital

Proceeds from the issue of ordinary shares are classified as equity. The difference between the issue price of the shares and their nominal value is taken to the share premium account.

Incremental costs directly attributable to the issue of new shares are recognised as a deduction from share premium net of any tax effect.

Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in additional paid-in capital.

Equity-settled share-based payment arrangements

Fair value of equity-settled share-based payment arrangements with employees is measured at the grant date based on the market price of the shares. Service and non-market vesting conditions are not taken into account when estimating the fair value at the grant date. The grant date is the date on which the Company and its employees agree the terms and conditions of the share-based payment arrangement. Fair value is not remeasured subsequent to the grant date.

Annually the number of shares which are expected to vest is true-up for the differences between the number of shares initially expected to vest and the actual number of shares vested, based on the fulfilment of service and non-market conditions.

Within the vesting period, fair value of the equity-settled share-based payment arrangement with employees adjusted to reflect the true-up of the instruments which will not vest, is recognised as staff costs with the corresponding increase recognised in equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases in which the Company is a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Company has applied COVID-19-Related Rent Concessions — Amendment to IFRS 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

Leases in which the Company is a lessor

The Company does not have significant contracts where it is a lessor.

Standards and Interpretations not adopted by the EU as at 1 January 2020:

- Onerous contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

Management expects that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

Adoption of new and revised International Financial Reporting Standards and Interpretations

New currently effective requirements

The Company has early adopted COVID-19-Related Rent Concessions — Amendment to IFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Company is a lessee — i.e. for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Company has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

4. Selling, general and administrative expenses

	2020 RUB'000	2019 RUB'000
Payroll and related social taxes	199,703	195,534
Advertising	59,410	31,956
Licences	45,106	12,912
Legal and professional expenses	29,072	24,714
IT support	24,004	24,389
Independent auditors' remuneration	20,244	19,238
Depreciation	7,862	10,981
Call center services	6,000	37,412
Amortisation	5,107	8,330
Other expenses	14,680	10,090
Total selling, general and administrative expenses	**411,188**	**375,556**

The remuneration of the independent auditors includes an amount of RUB20,114 thousand regarding audit services and an amount of RUB130 thousand regarding tax services.

The number of employees as at 31 December 2020 was 107 (31 December 2019: 95).

5. Net finance income / (expenses)

	2020 RUB'000	2019 RUB'000
Finance income		
Bank interest received	8,901	10,023
Other finance income	—	8,911
Finance expenses		
Bank charges	(1,570)	(1,409)
Interest on leases	(194)	(435)
Impairment of trade and other receivables	—	(26)
Other finance expenses	—	(11,426)
Net foreign exchange transactions gain / (loss)	121,590	(50,674)
Net finance income / (expenses)	**128,727**	**(45,036)**

6. Income tax

	2020 RUB'000	2019 RUB'000
Current tax	(4,919)	—
Deferred tax	4,919	(4,845)
Charge for the year	**—**	**(4,845)**

Reconciliation between profit before taxation and income tax expense:

	2020 RUB'000	2019 RUB'000
Accounting profit before tax	**2,866,548**	**1,040,665**
Tax calculated at the applicable tax rates	(573,310)	(208,133)
Tax effect of allowances and income not subject to tax	590,293	265,280
Current-year losses for which no deferred tax asset is recognised	(16,983)	(61,992)
Tax as per statement of comprehensive income — charge	**—**	**(4,845)**

The corporation tax rate is 20% (2019: 20%).

The Company in 2015 changed its tax residency from Cyprus to Russian and opened a branch in Moscow. As a result the Company is taxable under Russian Tax Code which impose corporation tax at the rate of 20%.

As at 31 December 2020 deferred tax asset relating to tax losses carried forward in the amount of RUB236,561 thousand (31 December 2019: RUB219,578 thousand) has not been recognised in the financial statements since it is expected that no sufficient taxable profits will be available to allow it to be recovered.

7. Dividends

On 4 September 2020 the Board of Directors declared interim dividend attributable to the owners of the Company amounting to RUB736,225 thousand (USD9,755 thousand), which corresponds to RUB9.8 (USD0.13) per share. The dividends were paid on 20 October 2020.

On 11 August 2020 the Board of Directors declared final dividend for the year 2019 attributable to the owners of the Company amounting to RUB1,389,813 thousand (USD18,839 thousand), which corresponds to RUB18.5 (USD0.25) per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

On 22 March 2019 the Board of Directors declared final dividend for the year 2018 attributable to the owners of the Company amounting to RUB800,081 thousand (USD12,552 thousand), which corresponds to RUB10.65 (USD0.17) per share. The dividend distribution was approved by the Annual General Meeting of the shareholders on 23 April 2019. The dividends were paid on 25 June 2019.

8. Investments in subsidiaries

	31 December 2020 RUB'000	31 December 2019 RUB'000
Balance at 1 January	10,240,465	10,169,345
Capital contribution	311,338	86,200
Disposal of investments in subsidiaries due to liquidation	(15,156)	—
Impairment of investments in subsidiaries	(38,930)	—
Effect of transfer of shares of LLC MD Project 2010 to LLC Khaven as a capital contribution	—	457,062
Effect of Ivicend liquidation	—	(472,142)
Balance at 31 December	**10,497,717**	**10,240,465**

The details of the subsidiaries are as follows:

Name	Country of incorporation	Activities	31 December 2020 Effective holding %	31 December 2019 Effective holding %
JSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC FimedLab	Russian Federation	Medical services	90	90
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
LLC Ivamed	Russian Federation	Medical services	100	100
LLC Dilamed	Russian Federation	Medical services	100	100
CJSC Listom	Russian Federation	Service company	—	100
LLC Ustic-ECO	Russian Federation	Medical services	70	70
LLC Mother and Child Perm	Russian Federation	Medical services	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	85	85
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
LLC MD Service	Russian Federation	Pharmaceutics retail	95	95
LLC Mother and Child Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services	100	100

Name	Country of incorporation	Activities	31 December 2020 Effective holding %	31 December 2019 Effective holding %
LLC Mother and Child Tyumen	Russian Federation	Medical services	100	100
CJSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Medical services	100	100
LLC MD Assistance	Russian Federation	Assistance services	100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services	80	80
LLC Mother and Child Kostroma	Russian Federation	Medical services	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC MD Management	Russian Federation	Management company	—	100
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
JSC MC Avicenna	Russian Federation	Medical services	100	100
LLC H&C Medical Group	Russian Federation	Medical services	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Mother and Child Siberia	Russian Federation	Medical services	—	100
LLC Krasnoyarskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Novosibirskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Omskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Barnaulskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Nika	Russian Federation	Holding of land	—	100
LLC Stroy Vector Pluss	Russian Federation	Rental services	—	100
LLC Mother and Child Vladivostok	Russian Federation	Medical services	100	100
LLC Irkutsk Clinical Hospital	Russian Federation	Medical services	100	100
LLC Mother and Child Volga	Russian Federation	Management company	100	100
LLC MD Finance	Russian Federation	Management company	100	100
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	100	100
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	100
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	100
LLC MD Group Krasnogorsk	Russian Federation	Medical services	90	—
LLC Siberia service company	Russian Federation	Service company	—	—
LLC TechMedCom	Russian Federation	Service company	—	—
LLC Service Hospital Company	Russian Federation	Service company	—	—
LLC Elleprof	Russian Federation	Service company	—	—
LLC Medtechnoservice	Russian Federation	Service company	—	—

The Company increased the authorised capital of its subsidiaries LLC Mother and Child Ryazan in the amount of RUB94,600 thousand and LLC Mother and Child Kazan in the amount of RUB6,000 thousand in March 2020, LLC Mother and Child Nizhny Novgorod in the amount of RUB63,800 thousand and LLC MD PROJECT 2010 in the amount of RUB8 thousand in April 2020, LLC Mother and Child Volga in the amount of RUB8,000 thousand in June 2020. The company made the capital contribution in its subsidiary CJSC MK IDK in the amount of RUB50,000 thousand in April 2020 and RUB50,000 thousand in October 2020.

The capital contributions in LLC Mother and Child Yekaterinburg in the amount of RUB28,600 thousand and in LLC Dilamed in the amount of RUB10,330 thousand made during the year ended 31 December 2020 were impaired.

LLC Mother and Child Siberia, LLC Nika and LLC Stroy Vector Pluss were merged to LLC Khaven during the year ended 31 December 2020. LLC MD Management and CJSC Listom were liquidated on 26 May 2020 and 16 March 2020 accordingly.

The Company was merged with its subsidiary Ivicend Holding Ltd as of 1st April 2019 with the surviving entity being the parent. The following table summarises the impacts on the Company's financial statements.

Statement of financial position
RUB'000

1 April 2019	Impact of merge: Investment of MD Medical Group Investment Plc in Ivicend Holding Ltd	Balance of Ivicend Holding Ltd	Adjustment to MD Medical Group Investment Plc
Total assets			
Investments in subsidiaries	2,813,293	2,341,151	(472,142)
Ivicend Holding Ltd.	2,813,293	—	(2,813,293)
LLC Mother and Child Siberia	—	2,157,822	2,157,822
LLC Nika	—	162,614	162,614
LLC Stroy Vector Pluss	—	20,715	20,715
Cash and cash equivalents	—	4,261	4,261
Total liabilities			
Trade and other payables	—	1,470	1,470
Total equity			
Share capital	—	30	—
Share premium	—	962,240	—
Other reserves	—	1,417,311	(433,712)
Retained earnings	—	(35,639)	(35,639)

The Company increased the authorised capital of its subsidiaries LLC Mother and Child Kazan in the amount of RUB85,000 thousand in June 2019 and LLC Mother and Child Yaroslavl in the amount of RUB1,200 thousand in October 2019.

During 2019 the Company LLC Khaven increased its authorised/issued share capital allocating new share capital issued to the Company. Company's liability for the new shares issued and allotted was settled in full by means of contribution of the 99.99% of LLC MD Project 2010 to LLC Khaven. The amount of share capital issued per resolution was RUB4,567,891 thousand and the carrying amount of the investment in LLC MD Project 2010 was RUB4,110,829 thousand. The transfer of 99.99% of the share capital of LLC MD Project 2010 to LLC Khaven represents a common control transaction as both, the Company and LLC Khaven, are ultimately controlled by the same party.

On this basis the difference between the liability for the issue of the share capital and the carrying amount/book value contributed to settle in full the aforementioned liability amounted of RUB457,062 thousand is recognised in equity.

9. Cash and cash equivalents and short-term deposits

	31 December 2020 RUB'000	31 December 2019 RUB'000
Current bank accounts and cash in hand	310,754	16,339
Bank deposits with maturity less than 3 months	74,500	137,000
TOTAL CASH AND CASH EQUIVALENTS	**385,254**	**153,339**
Other short-term bank deposits (with maturity more than 3 months)	746,145	493,698
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**1,131,399**	**647,037**

Currency:

	31 December 2020 RUB'000	31 December 2019 RUB'000
USD	1,052,192	501,781
RUB	79,201	145,208
EUR	6	48
	1,131,399	**647,037**

The exposure of the Company to credit risk, currency risk and impairment losses in relation to cash and cash equivalents is reported in Note 14 of the financial statements.

10. Share capital

	Number of shares	Nominal value USD	Share capital RUB'000	Share capital RUB'000
Authorised	125,250,000	0.08	—	10,020
Issued and fully paid ordinary shares 1 January / 31 December	75,125,010	0.08	180,585	6,010

11. Share premium, reserves and retained earnings

Share premium

Share premium includes the total amount received in excess of the total nominal value of the new share capital issued. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity (share premium) net of any tax effect.

Retained earnings

Retained earnings include accumulated profits and losses incurred by the Company.

Other reserves

Exchange differences relating to the translation of the net assets of the Company from its functional currency to the presentation currency before changing the functional currency from the United States Dollar to the Russian Ruble were recognised directly in other comprehensive income and accumulated in the other reserves.

Other reserves also include the results of common control transactions recognised in equity and the 'gains/loss' from mergers.

12. Trade and other payables

	31 December 2020 RUB'000	31 December 2019 RUB'000
Accruals	22,009	37,634
Lease payables	2,857	4,056
Other payables	92,597	32,608
	117,463	**74,298**

The exposure of the Company to liquidity risk in relation to trade and other payables is reported in Note 14 of the financial statements.

13. Related party transactions

As at 31 December 2020, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser. The 32.1% of the Company's share capital is owned by Guarantee Nominee Limited, who holds the shares on behalf of the GDR holders.

The following transactions were carried out with related parties.

13.1. Operations with key management personnel

The remuneration of the members of the key management personnel and non-executive directors for the year ended 31 December 2020 was RUB53,171 thousand (for the year ended 31 December 2019: RUB61,535 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2020 was RUB6,405 thousand (31 December 2019: RUB17,967 thousand).

13.2. Transactions with subsidiary companies

	2020 RUB'000	2019 RUB'000
Dividends received	3,028,184	1,326,401
	3,028,184	**1,326,401**

LLC Mother and Child Siberia, LLC Nika and LLC Stroy Vector Pluss were merged to LLC Khaven during the year ended 31 December 2020. The relevant information is disclosured in Note 8.

Ivicend Holding Ltd, a subsidiary of the Company, was entered into members' voluntary liquidation in 2019 and the investments that were previously held by Ivicend Holding Ltd were distributed to the Company. The relevant information is disclosured in Note 8.

During 2019 there was the transfer of 99.99% of the share capital of LLC MD Project 2010 to LLC Khaven. The relevant information is disclosured in Note 8.

13.3. Revenue from subsidiaries for branch operations

During the year the Company received revenue from subsidiaries for branch operations amounted to RUB150,968 thousand (2019: RUB129,920 thousand) which relates to licences, advertising, IT support and call center expenses recharged to its subsidiaries. The relevant expenses are presented in Note 4.

13.4. Receivables from / (payables to) subsidiary companies

	2020 RUB'000	2019 RUB'000
Receivables from subsidiary companies	59,973	24,585
Payables to subsidiary companies	(17,014)	(78)

13.5. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2020, 31 December 2019 and as at the date of signing these financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest, %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev	Indirect interest in shares	5.55
Simon Rowlands	Direct ownership of shares	0.33
Vitaly Ustimenko	Direct ownership of shares	0.005

Indirect interest in shares by Kirill Dmitriev arises through his capacity as key management personnel of indirect shareholder.

The calculation of effective interest is based on the total amount of issued and fully paid shares, including treasury shares acquired by the Company.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 10 November 2020, as a result the share of his ownership increased from 0.0035% to 0.005% of the Company's share capital.

13.6. Dividends declared to related parties

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB1,443,963 thousand for the year ended 31 December 2020 (31 December 2019: RUB543,399 thousand).

14. Financial risk management

Financial risk factor

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

The Board of Directors has the overall responsibility for the establishment and supervision of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

(i) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with various financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2020 RUB'000	31 December 2019 RUB'000
Trade, other receivables and deferred expenses	64,198	27,094
Cash and cash equivalents and short-term bank deposits excluding cash in hand	1,131,399	647,037
	1,195,597	**674,131**

The Company held cash and cash equivalents and short-term bank deposits excluding cash in hand of RUB1,131,399 thousand at 31 December 2020 (31 December 2019: RUB647,037 thousand) which represents its maximum credit exposure on these assets. The cash and cash equivalents are mostly held with bank and financial institution counterparties, which are rated Baa3–A3, based on rating agency Moody's Investors Service ratings.

Number of banks	External credit rating	Carrying amount
1	Baa3	15,915
1	A3	818,619
1	Aa3	296,865
Total		**1,131,399**

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures to minimise such losses including maintaining sufficient cash and other highly liquid current assets. The following are the contractual maturities of financial liabilities including estimated interest payments:

31 December 2020	Note	Carrying amounts RUB'000	Contractual cash flows RUB'000	2 months or less RUB'000	Between 2–12 months RUB'000	Between 1–2 years RUB'000	Between 2–5 years RUB'000	More than 5 years RUB'000
Lease liabilities	12	2,857	2,940	560	2,380	—	—	—
Trade and other payables	12	114,606	114,606	114,606	—	—	—	—

31 December 2019	Note	Carrying amounts RUB'000	Contractual cash flows RUB'000	2 months or less RUB'000	Between 2–12 months RUB'000	Between 1–2 years RUB'000	Between 2–5 years RUB'000	More than 5 years RUB'000
Lease liabilities	12	4,056	4,200	1,120	3,080	—	—	—
Trade and other payables	12	70,242	70,242	70,242	—	—	—	—

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on an ongoing basis and acts accordingly.

As at the reporting date the interest rate profile of interest bearing financial instruments was as follows:

	Note	31 December 2020 RUB'000	31 December 2019 RUB'000
Fixed rate instruments			
Financial assets	9	820,645	630,698
Financial liabilities	12	(2,857)	(4,056)
		817,788	**626,642**

The Company does not account for any fixed rate instruments at fair value through profit or loss and does not have any derivative financial instruments, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company's exposure to foreign currency risk was as follows:

	31 December 2020			31 December 2019		
	USD'000	EUR'000	GBP'000	USD'000	EUR'000	GBP'000
Assets						
Cash in bank	306,047	6	—	8,083	48	—
Short-term bank deposits	746,145	—	—	493,698	—	—
Trade and other receivables	294	—	—	1,326	338	—
Liabilities						
Trade and other payables and accruals	—	—	—	—	—	(75)
Net exposure	**1,052,486**	**6**	**—**	**503,107**	**386**	**(75)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	2020	2019
USD	72.1464	64.4435	73.8757	61.9057
EUR	82.4488	72.2409	90.6824	69.3406
GBP	92.5689	82.3666	100.0425	81.1460

Sensitivity analysis

A 10% weakening of the Russian Ruble against the above currencies will result in the increase in profit and equity of RUB105,249 thousand as at 31 December 2020 (31 December 2019: RUB50,342 thousand).

A 10% stengthening of the Russian Ruble would have an opposite impact.

Capital management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to owners and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to owners or issue of new shares.

15. Fair values

As at 31 December 2020 and 31 December 2019 the Company had no financial assets or liabilities measured at fair value.

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date except the investments in subsidiaries which are presented at cost less impairment.

16. Operating environment

(a) Russian business environment

The operations of the Company's subsidiaries are primarily located in the Russian Federation. Consequently, the Company is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine. The COVID-19 coronavirus pandemic has further increased uncertainty in the business environment.

The financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

(b) Russian tax environment

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

17. Events after the reporting period

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19.00 per share.

11. Sustainable development

176 Annex 1. GRI Index Disclosures

179 Annex 2. Sustainable Development Risk Management at MD Medical Group in 2020

181 Annex 3. Information on the gender and age of the Board of Directors as of 31 December 2020

181 Annex 4. Information on the gender and age of employees as of 31 December 2020

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184 Annex 7. Main methods for obtaining information

Sustainable development

Sustainable development at MD Medical Group goes beyond individual activities. It is an organization-wide culture and reflects the fundamental identity of MD Medical Group as both innovative and socially responsible.

Since 2017, sustainable development has had its own section of the Annual Report and is prepared in accordance with the GRI Standards (Core option) and the 2014/95/EU directive[1].

Here we outline key benchmarks and activity results of our hospitals and clinics in sustainable development, with a clear focus on their social and environmental performance.

The key indicators we track each year are electricity use, heating and water consumption. The information provided in this section covers the period 1 January to 31 December 2020.

The clinics and hospitals that contributed information to this sustainability report did so according to the IFRS 10 requirements[2], unless stated otherwise.

Identifying material topics

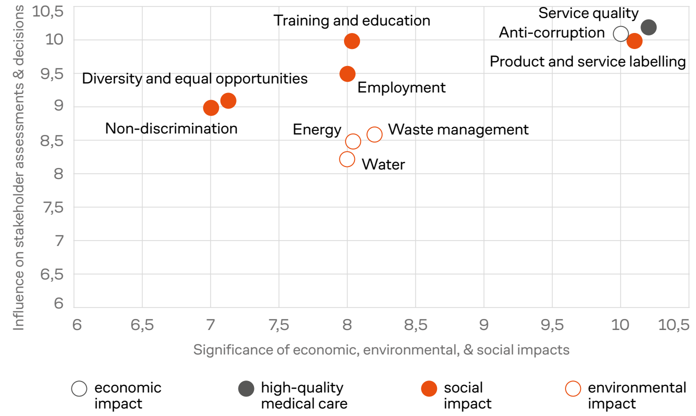
Material topics were identified for the previous year's annual report in a robust, coherent manner, and the same approach was taken with regards to the MD Medical Group's Annual Report 2020 . Benchmarking against major companies in the industry has upheld this approach. As the result the matrix of material topics created in 2019 was continued in 2020.

Matrix of material subjects

The material topics that feature in this graph are disclosed in the sustainable development section and referred to elsewhere in the Annual Report 2020.

The sustainable development section discloses one material topic, *Quality of Service Provision*, that is not covered by the GRI Standards but is considered essential at MD Medical Group. Both internal and external stakeholders identified this topic as highly important since it reflects the level of customer satisfaction.

Ensuring patients receive the highest quality of care is a key priority for MD Medical Group. Therefore, the report discloses several indicators that MD Medical Group included in its previous Annual Reports[3], including *Development and extension of the list of services (MD1), Annual capacity of the hospitals (MD2), Development of hi-tech medical care (MD3), Highly-qualified personnel (MD4), Dialogue with patients (MD5)*.



Interaction with stakeholders

All business functions of MD Medical Group were analysed to identify key stakeholders for this Annual Report. Medical health care practices were benchmarked, and the Company's internal and external impact were evaluated. The following stakeholder list, as defined in previous annual reports, continues to apply:

- Patients and their families;
- Employees;
- Suppliers;
- Shareholders and investors;
- Government authorities;
- Mass media.

In addition, MD Medical Group adds the following category of stakeholder, whose interests are broadly aligned with those of the other two stakeholder groups – patients and authorities:

- Insurers.

MD Medical Group regularly interacts with all stakeholders to ensure the quality of the services provided is under constant scrutiny and to improve the effectiveness of its business activities.

[1] Please note that the sustainable development section of the Annual Report 2020 is available online on the MD Medical Group official website: www.mcclinics.com.

[2] International Financial Reporting Standards 10 — Consolidated Financial Statements

[3] 2018 Annual Report, p. 161 and 2019 Annual Report, p. 165

Stakeholder needs analysis for MD Medical Group

Clients (entire families)
- Quick and easy access to high quality medical services

Employees
- Professional growth
- Career opportunities
- Lucrative compensation

Suppliers
- Business sustainability
- Procurement transparency

Shareholders and investors
- Transparent and open information
- Positive impact of business
- Business sustainability
- Financial results

Government authorities
- Compliance
- Patient satisfaction with care

Insurers
- Compliance
- Patient satisfaction with care

Mass media
- Willingness to cooperate
- Availability of information
- Transparency and clarity of information

Main communication channels

Online
- Corporate website
- Clinics' individual websites
- Mobile app
- Webinars

Internal
- Intranet
- Employee hotline
- Corporate magazine

Direct
- Quality hotline for patients
- Feedback
- Replies to inquiries

Print
- Annual report
- Promotional material
- Publications
- Corporate magazine

Interaction with patients

Patients are at the heart of everything that MD Medical Group does.

Each year, MD Medical Group holds a number of events to raise public awareness of health issues, to inform patients of the range of healthcare support available, and to increase the accessibility of medical services.

Subjects such as obstetrics (pregnancy planning and delivery), infertility treatment, IVF, and paediatrics , are areas where MD Medical Group truly excels. Its medically trained staff regularly take part in events, initiatives, and public outreach projects on these, and related, topics.

In 2020, MD Medical Group rolled-out the strategy it developed in 2019 that underpins a robust and responsive feedback and enquiry processing system. Despite the challenges presented by the COVID-19 pandemic, MD Medical Group is pleased to report that the key goals of this strategy were achieved, as planned, in 2020.

The COVID-19 pandemic had a dramatic impact on the ease and frequency with which people were able to move around for non-essential medical reasons. MD Medical Group's feedback and inquiry strategy was designed as a mobile-first initiative, and its cornerstone is a loyalty programme that rests on SMS and e-mail messages.

MD Medical Group has continued to take a data-driven approach to its website, constantly reviewing it for changes that can be made and improvements that can positively impact user experience. Consequently, and in reflection of MD Medical Group's commitment to being an open and transparent, public-facing entity, new feedback forms have been introduced on the websites of all MD Medical Group clinics and hospitals.

A comprehensive approach is taken to assessing and responding to patient feedback – ensuring all internal parties are involved. MD Medical Group is committed to continuously improving the service it provides to patients: from the quality of medical care they received, to the user journey on the website, and the ease of confirming, changing, booking, or cancelling appointments. In the year under review, all patient feedback was processed and acted upon as needed.

The emergence of novel coronavirus in 2020 transformed many of the plans MD Medical Group had for the year. Whereas we had anticipated further expansion of range of public-facing events we could offer, instead, we re-focused our activity.

As the severity of the threat that COVID-19 represented became clear, we understood that prioritising the health and well-being of our staff, our medical professionals, support staff, and, crucially, of our patients was paramount . Where possible, we were able to pivot our planned public engagement, and ensure we continued to offer webinars on a range of subjects in 2020.

As part of MD Medical Group's commitment to improving access to high-quality healthcare and accurate information about common health issues, its representatives take part a variety of events. However, in 2020, due to the COVID-19 pandemic, these events were not going ahead as usual. Already committed to enhancing its online offerings, and bringing more communications online, this digital transformation was further accelerated by the response to COVID-19.

In 2020, MD Medical Group further developed the online communications resources, both internal and external, that it makes available to its key stakeholders. In particular, we continued to make progress in 2020 towards our goal of making it easier for patients to learn about, identify, select, and access treatment in our clinics.

The mobile app is performing well in ensuring patients are able to make contact with relevant MD Medical Group personnel, and also continues to play a productive role in raising public awareness[4]. The mobile app is designed to enable patients to:

- quickly contact members of staff at any clinic;
- book a doctor's appointment online;
- receive results of medical tests online; and
- make payments.

MD Medical Group in 2020 made further progress in introducing email newsletters and notifications as an additional way to communicate essential information, such as how to prepare for a planned medical procedure, with its patients.

Feedback mechanisms that monitor patients' perception of the quality of service provided by MD Medical Group have been in place since 2017. Central to this is the customer satisfaction score (CSAT) for consultations over the telephone and hotline performance, which seeks customer input on:

- Speed and convenience of a consultation
- Completeness and comprehensiveness
- Politeness of an employee during a consultation.

[4] In addition, a web version of the mobile application was developed. See Annual Report 2019, p. 165

[5] 2018 Annual Report, p. 152 and 2019 Annual Report p. 166

These indicators are recorded and analysed on a regular basis, as a patient might leave their feedback at any stage of a consultation process. Patients can also use the hotline to share their feedback on services received at MD Medical Group, by filling out a form on the website, sending an email to quality@mcclinics.ru or via the single contact centre[5].

Our people

Employee engagement

MD Medical Group's market-leading status relies on the outstanding professionals who make up our staff. We invest in our employees and offer diverse opportunities for professional development for all members of staff, whatever their role within the company.

Our people are essential in driving our ongoing success. MD Medical Group's employees are highly qualified and talented in all fields: from medically qualified healthcare professionals to management and administrative support teams.

Our employees enjoy an inclusive and supportive working environment, competitive wages and employee benefits, in addition to a broad range of opportunities for further professional education and career growth.

Personnel

Personnel management at MD Medical Group focuses on:

- attracting high-qualified, talented, and motivated professionals into the workforce;
- developing a talent pool of qualified medical professionals and managers;
- offering them a supportive, inclusive environment in which they can further develop their skills;
- incentivising and motivating staff to grow their skills and achieve more;
- adopting lean management practices and processes across the Group;
- providing continuous access to further professional education for staff in all areas at MD Medical Group;
- ensuring all members of staff are valued equally and have equal opportunities to speak up about issues that affect them in their workplace.

As an employer, MD Medical Group prioritises further professional development for all its employees. Key company values, such as transparency, innovation, and adherence to best practice – in the real world mean that we carry out regular training sessions for employees in clinics across the country. These training sessions help ensure that, at each MD Medical Group location, patients and staff can expect the same high-quality level of operation.

MD Medical Group's HR management structure reflects features of the industry, specific aspects of key business functions, type of facilities and geographic location of hospitals and clinics. The Company's corporate culture and business goals are also reflected in the HR management structure, presented in the chart below.

In 2020, the COVID-19 pandemic placed particular pressure on personnel management systems and structures. MD Medical Group delivered a pandemic response plan across its facilities to protect its employees and patients. This included health and safety updates and training for all members of staff on-site, and increased flexibility with working from home regulations where possible.

MD Medical Group's HR policy prioritises the following:

- Retaining existing staff and identifying additional highly skilled employees.
- Continuously improving the personnel management system.
- Selecting the most talented students for education in residence at our facilities.
- Providing avenues for career growth.
- Adopting the best available technologies.
- Ensuring equipment used is state-of-the art and updated regularly.
- Promoting the best members of staff to leadership positions at the right time to maximise potential and encourage personal growth.
- Reducing staff turnover by improving working conditions.
- Developing and expanding employee incentive programmes.
- Wide-ranging corporate education programmes open to all members of staff.

In 2020, people completed their education in residence training at our facilities, under a dedicated project focusing on this area, which we launched in 2015. At MD Medical Group, staff are encouraged to learn from each other, and our leading healthcare professionals in 2020 held 12 webinars for their colleagues focusing on diverse subjects, including current issues in OBGYN practice, prenatal diagnosis, urology, and IVF.

In addition, MD Medical Group provided:

- career development courses;
- short-term thematic advanced training;
- interaction between healthcare professionals in Moscow and those in the regions to ensure one consistently high quality of care at all MD Medical Group facilities;
- participation in international forums, conferences, exhibitions, where possible, and
- training centre support for improving soft-skills and knowledge acquisition across different areas and competencies.

In order to guarantee that MD Medical Group facilities are safe environments for patients, staff, and third parties, the following training was also provided on-site: fire-safety, heating and energy supply systems, servicing high-pressure equipment, safe lift usage and maintenance, gas and water heating system safety.

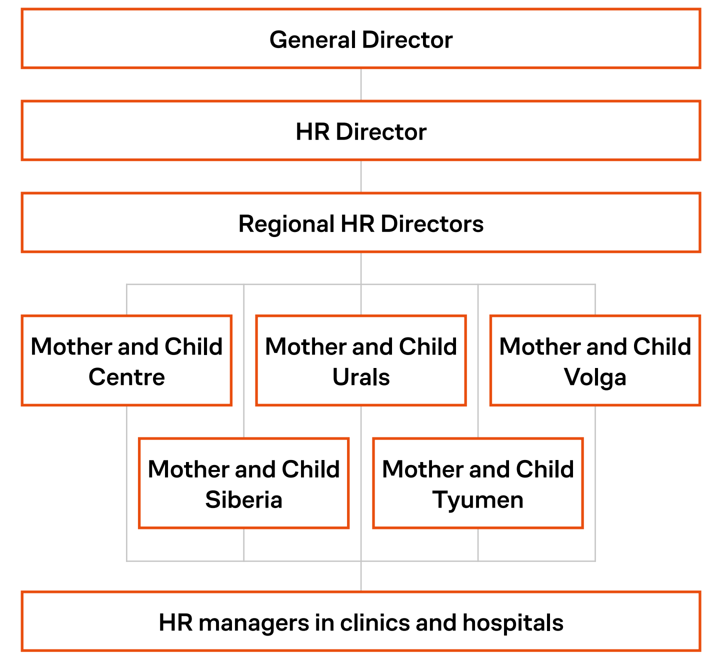
In 2020, the MD Medical Group committed to the following for 2021:

- Increasing the range of services offered at new clinics and hospitals, and ensuring staffing levels rise accordingly.
- Continuing the medical residency and traineeship programmes for future members of staff and managers.
- Continuing to provide partly funded traineeships for healthcare professionals.
- Ensuring medically trained members of staff complete the appropriate continuing education and further professional development qualifications.
- Adopting a points-based system of education and qualification.
- Adhering to the regulatory requirement to have a 50:50 ratio at least of medical:non-medical staff (MD Medical Group has well over this, currently 70:30).

Motivating members of the team to perform at their best at all times while with MD Medical Group is an essential feature on the Group's HR management landscape.

As part of this, MD Medical Group in 2020 issued workplace recognition and bonuses based on monthly output, meeting KPIs, delivering strategically important projects, qualification level, in addition to recognising qualification levels, state and other official awards.

HR management structure



The Company developed and implemented several regulations and rules aimed to improve the effectiveness of the HR system and business operations of MD Medical Group as a whole, which are in force since 2017[6].

Due to the impact of COVID-19, 2020 was a "stress-test" in many ways for MD Medical Group's operations. MD Medical Group performed well under these highly complex and challenging circumstances and was able to adapt its pandemic response measures into processes that deliver long-term organisational and operational resilience.

[6] Annual Report 2017, p. 145

HR management objectives

Objective	Results
Expanding the geographic scope of business operations	In 2020 MD Medical Group opened a new oncological centre.
Increase in recruitment	MD Medical Group's talent acquisition, talent development, and promotion programmes were implemented successfully.
Organisational and personnel audit	All personnel audits were completed with no significant comments.
Educational and training programmes	During 2020, MD Medical Group held 12 events focused on continuing professional education and employee education. Due to the COVID-19 pandemic, training for healthcare professionals moved from face-to-face to online. As an employer at the forefront of innovation in our fields, MD Medical Group was well-placed to complete this pivot from offline to online education. Further education for healthcare professionals and other staff at MD Medical Group in 2020 included additional COVID-19 training. Over 90% of key healthcare professionals completed professional education courses, including certificate extension, and additional COVID-19 training. Agreement concluded to provide partly funded medical traineeships to staff located in Samara and Novokuznetsk facilities, due to begin in 2021. The MD Medical Group facility in Perm adopted the recognised workplace remuneration policy.
Timely organisation of advanced trainings	In 2020, 11 people completed clinical residency programmes at MD Medical Group, and other five people were accepted into residency programmes. 12 webinars were held for staff.
Ratio of medical staff to non-medical staff (staff for treatment-and-prevention) subject to preferential taxation	Over the reporting year the company was compliant with the requirement of the 50% ratio between medical staff and non-medical staff, subject to preferential taxation. In 2020, the breakdown was: Doctors 37%, other medical staff 33%, other staff 30% - a clear split of 70/30 medical to non-medical staff.

In 2020, MD Medical Group covered good ground in achieving the HR management targets set the previous year:

- to meet the extending range of services by ensuring highly professional employees at MD Medical Group hospitals and clinics;
- to provide training to new medical residents and interns. Prepare future employees and managers of MD Medical Group;
- to develop the system of continuous medical education score accounting; and
- to ensure timely organisation of advanced training programmes for medical employees.

In the year under review, MD Medical Group strengthened oversight of its healthcare operations, in particular the identification, adoption, and rollout of innovative technologies. Despite the challenges related to the COVID-19 pandemic, MD Medical Group was able to go ahead with the opening of a new oncological centre, demonstrating the Group's commitment to making high-quality care accessible to the patients who need it the most.

Professional development

In response to the pandemic, all healthcare professionals underwent comprehensive professional further training in best practices used to treat patients with COVID-19. Relevant training was also provided to other, non-medical, staff on-site at MD Medical Group locations, and support for staff working from home in adopting best practices in COVID safety was also delivered.

Professional further education and development are essential features of employment at MD Medical Group. In 2020, due to the pandemic, provision of these resources pivoted from face-to-face training to online training. Whereas areas that MD Medical Group excels in, particularly reproductive medicine, usually account for the majority of specialist training offered, in 2020 COVID-19 was a central part of the professional education we provided to members of staff.

MD Medical Group in 2020 also prepared staff for the transition from a system of certification (once every five years) to an annual appraisal.

12 webinars were held in 2020. This is less than in each of the preceding two years, however the reasons for this were the pivot to pandemic response across all MD Medical Group facilities, while maintaining outstanding quality of care for non-COVID patients.

Over 90% of the healthcare professionals employed in MD Medical Group facilities, completed further education qualification courses, including certificate extension, and additional COVID-19 education courses.

Five members of staff are currently enrolled in a one-year OBGYN course, and four more members of staff are enrolled in a two-year OBGYN course. 11 people completed their residency programmes at MD Medical Group facilities in 2020.

MD Medical Groups contributes to the development of medical science across Russia and internationally and encourages its members of staff to produce publications in respected Russian and international peer-reviewed medical journals.

Supply chain development

Effective supply chain management is essential to patient safety and the economic stability of MD Medical Group's operations. The Group benefits from a robust and resilient supply chain. At its core: the analysis of material and equipment demand at all facilities.

MD Medical Group's core values of good faith, transparency, impartiality and fairness permeate all dealings with suppliers and other stakeholders in the supply chain.

In supplier selection, particular emphasis is placed on a candidate's experience and quality of the product or service they offer. Successful candidates must be able to demonstrate a significant and successful track-record in providing medical products and services, particularly for international-level private medical facilities. They must also share the same values, principles and work ethics (outlined above) as MD Medical Group.

Centralisation plays an important role in supply chain management at MD Medical Group, which comprises 42 medical enterprises active across the Russian Federation. Every year the procurement department establishes a list of procurement categories which will be handled centrally. Suppliers are identified and selected in a transparent selection process, which ensures a continuum of high-quality care between the different locations in MD Medical Group's structure.

The working environment, conditions, and equipment are therefore brought up to a shared level across all MD Medical Group entities: from Lapino to Vladivostok. In addition to centralisation, stated supply chain management goals are:

- To identify alternative materials which would deliver the same high quality at a lower price point.
- To conclude supply contracts directly with producers in order to exclude middle parties that would inflate the costs of any purchase contract.

The purchase of medications and medical equipment is carried out under this centralised approach. The goal here is to ensure competing producers are invited to participate in any single opportunity to supply the Group. This means MD Medical Group actively seeks to stimulate competition for each supply opportunity and is always open to new entities. As this is a fast-growing area, in which innovative products appear on the market regularly, it is essential to MD Medical Group's standing as an innovation driver in its field that it is open to adopt these innovations at its centres. Prior to adopting them, a rigorous performance and quality review is carried out.

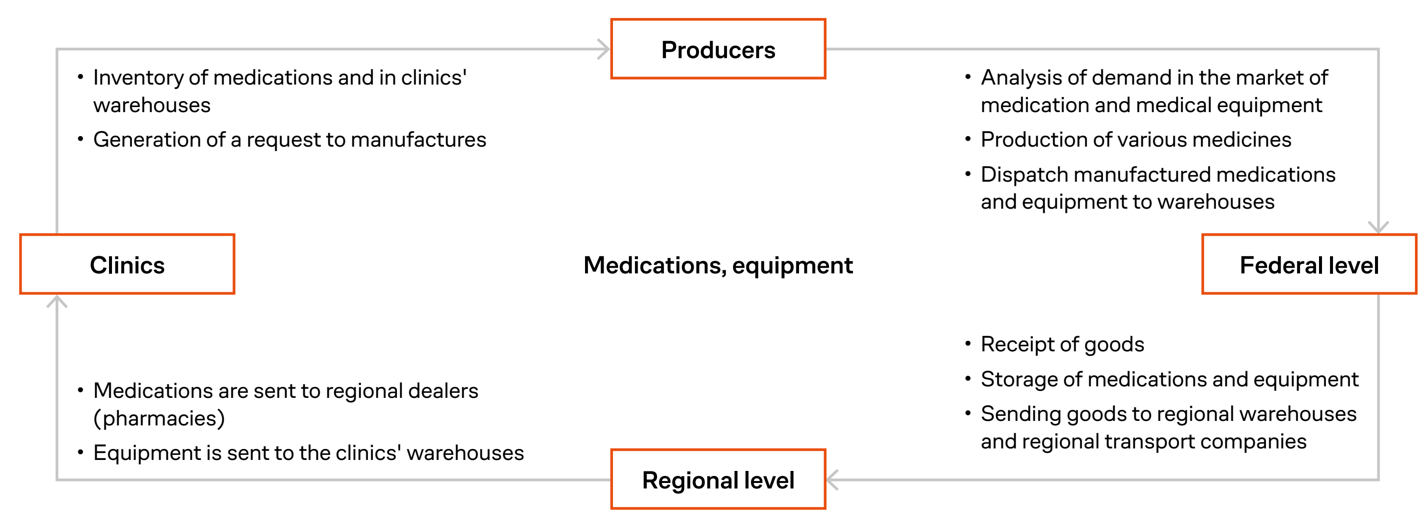
MD Medical Group also works directly with producers to gain access to the latest unique developments which are not already on the market, but which meet specific and identified needs.

In 2020, in addition to its wide-ranging COVID-19 response, MD Medical Group opened a new hospital, Lapino-2. Ensuring this facility was adequately equipped was one of the main challenges of 2020 from a supply management perspective.

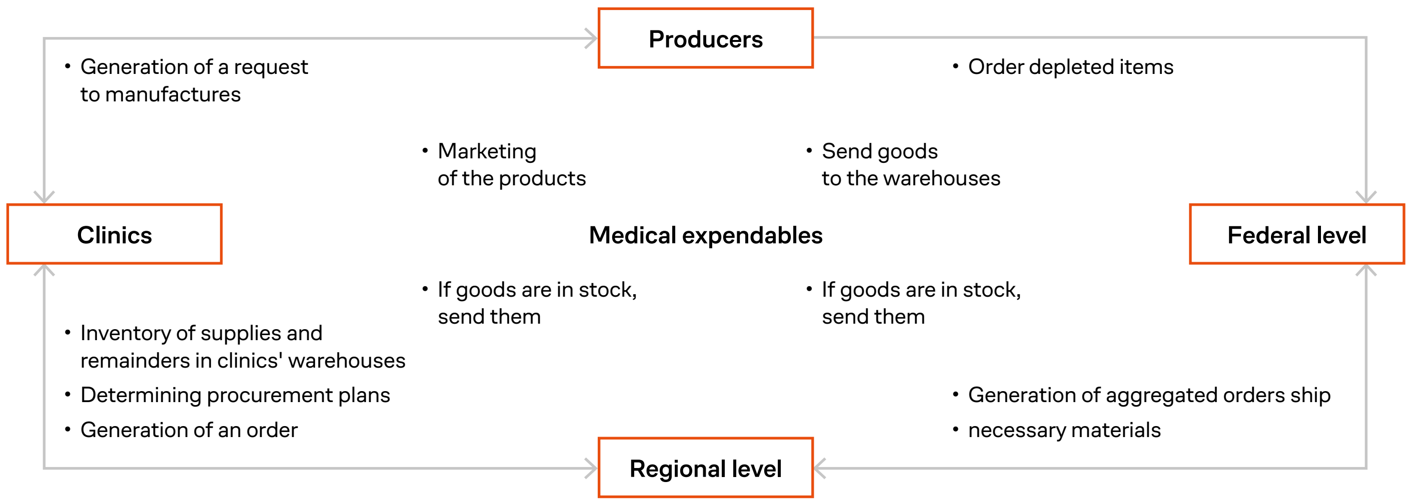
The Lapino-2 facility is a specialist oncology centre. As such, its procurement and supply requirements differed significantly from those of other MD Medical Group operations. New agreements with new producers (Pharmstandard, Biocade) were required, and competitive offers from other suppliers were sought.

In 2020, the COVID-19 pandemic placed particular strain on the supply chain for particular items directly related to the pandemic response. Thanks to its partners, MD Medical Group was able to ensure one Lapino facility was re-designated the Group's COVID-19 specialist centre, able to accept and treat COVID-19 patients in both the first and second wave of the pandemic.

Supply chain of medications and equipment



Supply chain of medical expendables



In 2020, MD Medical Group cooperated with over 3,000 supply companies, among which 2,680 provide medical expendables, 194 suppliers of medications and 350 suppliers of medical equipment. The total number of companies involved in the supply chain in every area is kept to under two (as the diagram above explains).

The procurement and supply department seeks to reduce the number of entities in the supply chain to ensure maximum efficiency and is primarily focused on major distributors able to meet MD Medical Group's complex needs.

Environment and workplace safety

Environmental management

Reducing environmental impact is essential for MD Medical Group for a number of business-critical reasons. First, it allows more resources to be re-focused on the Group's core business, enabling increased reinvestment in its healthcare facilities across the Russian Federation, and benefiting patients and local communities. Second, it goes hand in hand with MD Medical Group's stated commitment to being an innovative leader in healthcare. Third, it shows the communities, where MD Medical Group has a presence, that it is dedicated to being a good partner in all respects.

In the year under review, MD Medical Group saw continued rollout of the transition to energy-saving and resource-conserving operations. However, the response to COVID-19 and the operation of six hospitals full capacity, resulted in a slight increase in resource consumption.

The compliance with applicable federal, regional, and local environmental legislation is as essential to MD Medical Group's successful operations as is its compliance with other rules, regulations, and benchmarked best practice. The Company's management system meets the international requirement ISO 14001-2004 Environmental management systems and ISO 50001:2011 Energy management systems.

Here MD Medical Group gives an overview of its performance in this field, using key indicators of these areas for environmental management:

- Energy efficiency;
- Rational water use;
- Effective waste management.

As referred to above in sections on continuing education and training in the workplace, medical and non-medical employees at MD Medical Group are offered courses in occupational safety and related areas as specified under Article 225 of the Russian Federation Labor Code. Every three years each employee must pass the relevant occupational safety test and each year non-medical staff members complete first-aid courses.

In the period under review, in some key indicators an increase of resource usage was recorded. This can be accounted for by several factors: increased resource consumption due to COVID-19 safety requirements, and the fact that two new clinics and one hospital came online in the year under review.

Energy efficiency

Heating at MD Medical Group facilities primarily draws on the electricity supply. However, clinics and hospitals are also equipped with diesel generators, to serve as backup power supply units in case of unforeseen electricity outages.

Common energysaving practices among both clinics and hospitals include ensuring, wherever possible, energy-efficient settings on general (non-medically critical) equipment and devices are used such as air-conditioning and motion-responsive lighting. In addition, clinics adopt halogen and fluorescent lamps with LED energy-saving light sources.

By adopting energy-saving practices MD Medical Group ensures more resources are directed to those operationally critical areas,

and supports the communities in which it has operations by setting an example for other entities of responsible resource and facilities management.

Although the focus year-to-year is on reducing consumption of resources in this area at MD Medical Group facilities, the situation in 2020 was altered by the COVID-19 pandemic. Part of a medically responsible adjustment to ensure workplaces are safe for staff and patients during COVID-19 involved altering patterns of ventilation, and increasing the frequency with which water supplies would be used in washing hands and other essentials. COVID-19 safety measures also result in a greater volume of medical waste. Other contributing factors to a rise in resource use in 2020 include the ramp-up of patient treatment offerings at Tyumen, in the year following its opening, and the fact that ambulances were operating 24./7.

Facilities management at all MD Medical Group locations in 2020 prioritised the pandemic response over the pre-existing drive to reduce resource consumption wherever possible.

Electricity consumption by MD Medical Group's clinics and hospitals, GJ (gigajoule)

	2019	2020	Change, %
CLINICS	12,867	13,564	+5 %
HOSPITALS	89,821	96,321	+7 %
TOTAL	**102,688**	**109,884**	**+7%**

Heating energy consumption by MD Medical Groups clinics and hospitals, GJ

	2019	2020	Change, %
CLINICS	22,622	22,715	0 %
HOSPITALS	177,187	182,126	+3 %
TOTAL	**199,809**	**204,842**	**+3 %**

Total energy consumption by MD Medical Groups clinics and hospitals, GJ

	2019	2020	Change, %
CLINICS	35,489	36,279	+2 %
HOSPITALS	267,008	278,447	+4 %
TOTAL	**302,497**	**314,726**	**+4 %**

Fuel consumption by MD Medical Group's clinics and hospitals, Litres

	2019	2020	Change, %
Petrol			
CLINICS	68,947	64,810	–6 %
HOSPITALS	71,943	68,346	–5 %
TOTAL	**140,890**	**133,156**	**–5 %**
Diesel			
CLINICS	48,880	44,020	–10 %
HOSPITALS	69,103	90,241	+31 %
TOTAL	**117,983**	**134,261**	**+14 %**

Rational water consumption

MD Medical Group clinics and hospitals receive water from municipal water supply systems, which meets State Standard GOST P 51232-98 (2002). Efficient water use is a key component in MD Medical Group's approach towards sustainable operations. The Company is dedicated to improving its water management system as shown by the individual facilities.

In 2020, adequate health and safety regulations in place in response to the COVID-19 pandemic meant that more water was used for COVID-19 health-and-safety measures among patients and personnel.

Water consumption by MD Medical Group[7], cub. M

	2019	2020	Change, %
CLINICS	**32,736**	**30,772**	**–6 %**
HOSPITALS, including	**176,262**	**190,538**	**+8 %**
Perinatal Medical Centre	32,543	31,957	–2 %
Lapino Clinical Hospital	63,800	81,524	+28 %
Ufa Clinical Hospital	34,838	31,703	–9 %
Clinical Hospital "Avicenna", Novosibirsk	16,223	14,985	–8 %
Samara Clinical Hospital	17,397	15,899	–9 %
Tyumen Clinical Hospital	11,461	14,470	+26 %
TOTAL	**208,998**	**221,310**	**+6 %**

Waste management

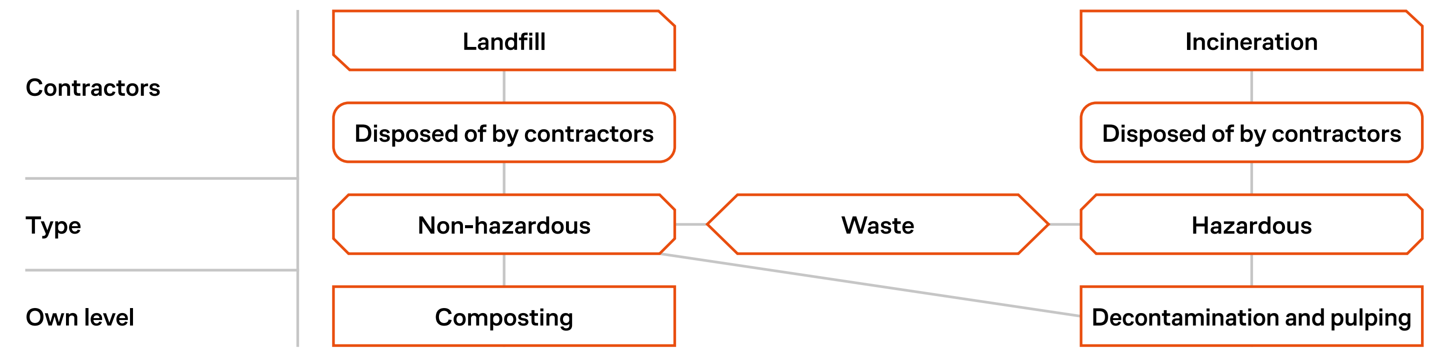
MD Medical Group takes a responsible approach to managing medical waste, fully in accordance with the applicable legislation. The waste disposal procedures and practices in place in MD Medical Group hospitals and clinics falls under the Sanitary and Epidemiological Requirements for Treating Medical Waste (SanPin 2.1.7.2790-10). Waste is categorised as hazardous or non-hazardous, and subject to treatment as defined below. The necessary response to the COVID-19 pandemic, such as the introduction of additional protective measures for staff and patients, meant that all medical facilities saw a greater volume of waste.

Hazardous waste is either treated in-house and disposed of using special equipment, or this is done by external contractors. Where this is handled in-house, hazardous waste undergoes decontamination processes to remove harmful substances or render them inert, until it becomes non-hazardous, whereupon it is processed as non-hazardous waste. External contractors use landfill for non-hazardous waste or incineration for hazardous waste.

The increase in waste volume results from the fact that MD Medical Group had six hospitals operating at full capacity in 2020, and was further boosted by the COVID-19 safety measures. Clinics were closed for three months of the year due to pandemic response measures.

[7] See Annex 7 for more information regarding the methodology underlying the production of these statistics.

Waste management in hospitals



Waste by disposal method (hospitals), metric tonnes:

	2019	2020	Change, %
Non-hazardous	**3,037**	**4,703**	**+55 %**
Landfill	3,037	4,703	+55 %
Bulk incineration	—	—	—
Hazardous	**59**	**62**	**+5 %**
Landfill	—	—	—
Bulk incineration	59	79	+34 %
Total	**3,096**	**4,764**	**+54 %**

Waste by disposal method (clinics), metric tonnes:

	2019	2020	Change, %
Non-hazardous	**964**	**985**	**+2 %**
Landfill	844	862	+2 %
Bulk incineration	120	123	+3 %
Hazardous	**106**	**112**	**+6 %**
Landfill	3	3	0 %
Bulk incineration	103	109	+6 %
Total	**1,070**	**1,097**	**+3 %**

Annex 1.
GRI Index Disclosures

Number	Title	Page in the Report and/or Reference
GRI 102: GENERAL DISCLOSURES		
102-1	Name of the organisation	
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organisation	
102-8	Information on employees and other workers	
102-9	Supply chain	
102-10	Significant changes to the organisation and its supply chain	
102-11	Precautionary Principle or approach	
102-12	External initiatives	
102-13	Membership of associations	Clinics of the Group and their employees are members of the following national and international organisations:
		Russian Association of Human Reproduction
		Russian Association of Obstetricians and Gynecologists
		Chamber of Commerce and Industry of the Samara Region
		Chamber of Commerce and Industry of the Urban District of Togliatti, Samara Region
		European Society of Human Reproduction and Embryology
		Association of Obstetricians and Gynecologists of endocrinologists [??] of the Perm Region
		Moscow Society of Obstetricians and Gynecologists
		Association of Obstetricians and Gynecologists of the Irkutsk Region
		Association of Gynecologist-Endoscopists of Russia
		International Academy of Perinatal Medicine

Number	Title	Page in the Report and/or Reference
102-14	Statement from the senior decision-maker	
102-15	Key impacts, risks, and opportunities	Annex 2. Sustainable Development Risk Management
102-16	Values, principles, standards, and norms of behavior	
102-18	Governance structure	
102-22	Composition of the highest governance body and its committees	
102-24	Appointing and selecting the highest governance body	
102-40	List of stakeholder groups	
102-41	Collective bargaining agreements	
102-42	Identifying and selecting stakeholders	
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	
102-45	Entities included in the consolidated financial statements	
102-46	Defining the report's content and topic boundaries	
102-47	List of material topics	
102-48	Restatements of information	
102-49	Changes in reporting	
102-50	Reporting period	
102-51	Date of the most recent report	
102-52	Reporting cycle	Annual cycle
102-53	Contact point for questions regarding the report	
102-54	Claims of reporting in accordance with GRI Standards	This report has been prepared in accordance with GRI Standards: Core option.
102-55	GRI content index	
102-56	External assurance	
GRI 103: MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 205: ANTI-CORRUPTION		
205-3	Confirmed incidents of corruption and actions taken	
GRI 302: ENERGY		
302-1	Energy consumption within the organisation	
GRI 303: WATER		
303-1	Water withdrawal by source	
GRI 306: EFFLUENTS AND WASTE		
306-2	Waste by type and disposal method	
GRI 404: TRAINING AND EDUCATION		
404-2	Programmes for upgrading employee skills and transition assistance programmes	

Number	Title	Page in the Report and/or Reference
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	
GRI 406: NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	
GRI 417: MARKETING AND LABELLING		
417-2	Incidents of non-compliance concerning product and service information and labelling	When preparing marketing and communication materials, MD Medical Group complies with the provisions of the Federal Law N 383-FZ on Advertising dated 30.10.2018 and Law No. 2300-1 of the Russian Federation on Protection of Consumer Rights dated 7 February 1992 (as amended on 1 May 2017). As part of measures to monitor compliance with the statutory requirements for products and services information and labelling, all advertising contracts are signed by the marketing director (deputy general director, marketing) and the legal department.
417-3	Incidents of non-compliance concerning marketing communications	There were no cases of non-compliance with requirements on product labelling and product and services information identified in the reporting period.
QUALITY MEDICAL ASSISTANCE TO PATIENTS		
MD1	Development and extension of the list of services	
MD2	Annual capacity of the hospitals	
MD3	Development of hi-tech medical care	
MD4	Highly-qualified personnel	
MD5	Dialogue with patients	

Annex 2. Sustainable Development Risk Management at MD Medical Group in 2020

In line with a clearly defined and robust long-term strategy, MD Medical Group acts to minimise risks related to sustainable development. It achieves this by regularly reviewing its risk management approaches.

Corporate governance and effective management are essential elements in MD Medical Group's continued success. The Board of Directors is committed to upholding the highest standards in all interaction with stakeholders.

As in previous Annual Reports, MD Medical Group has identified four types of sustainable development risk, related to its business operations and the broader healthcare sector.

These general risks are:
- Environmental impact risks;
- Social and employment risks;
- Human rights risks;
- Corruption and bribery risks.

In 2020, based on the experience of previous years and in response to the impact of COVID-19, this list was expanded to include:
- Epidemiological risk.

MD Medical Group has implemented targeted preventive measures regarding all identified risks, and notes that there is a low likelihood that any of these risks will transpire as real events.

Type of risk	Relevant risk management mechanism
ENVIRONMENTAL IMPACT RISKS	
Incorrect hazardous waste disposal	MD Medical Group continuously improve the procedure for selecting contractors, who are required to have all the necessary resources and skills to dispose of hazardous medical wastes in a proper way.
Substantial increase in energy consumption and decrease in energy efficiency	MD Medical Group is aware of the importance of using a modern high-performance power supply system. MD Medical Group applies a number of energy-saving measures in accordance with internal standards and procedures. Energy-saving equipment are installed and operational at all Group facilities.
Substantial increase in water consumption	MD Medical Group closely monitors the condition of water and heat supply pipelines.
Increase in paper consumption	MD Medical Group fulfils the requirements of the official Electronic Government programme in Russia focused on supporting the move to electronic external document flow. MD Medical Group actively develops online, digital, and mobile first forms of record keeping and information exchange with key stakeholders.
SOCIAL AND EMPLOYMENT RISKS	
Statutory restrictions related to employment	MD Medical Group monitors changes in relevant legislation and reacts promptly.

Type of risk	Relevant risk management mechanism
Insufficient availability of Company's care services facilities	MD Medical Group is expanding the geography of its presence, opening new facilities to boost accessibility and expand patient reach. MD Medical Group's price points in each new location are selected factoring in the income level of the local population. In addition, the Group is committed to meeting the requirements of the federal IVF programme under obligatory health insurance policies.
Deterioration of the Group's relations with staff	MD Medical Group monitors employee engagement and satisfaction levels in regular surveys and creates conditions for the development and realisation of its employees' professional potential. Employee development and retention were clear focus areas in the period under review, and MD Medical Group continued to cooperate actively with department heads in leading universities on recruitment drives. MD Medical Group has continued to develop the continuous medical education it offers its people – in particular training in Moscow for regional employees.
HUMAN RIGHTS RISKS	
Discrimination	MD Medical Group does not tolerate any form of discrimination.
Work under compulsion	MD Medical Group's corporate culture and ethics are based on positive engagement and encouragement. Compulsion of any kind is not permitted.
Remuneration discrimination	MD Medical Group has a strict policy on bonuses and rewards as performance based, corresponding to clearly set and agreed KPIs.
CORRUPTION AND BRIBERY RISKS	
Risk of corrupt actions and payments to government authorities	MD Medical Group ensures that any interaction with supervisory and regulatory authorities is fully documented. The Company's CEO and shareholders are immediately notified of any disputes or differences arising between the Company and supervisors or regulators. All financial operations in the Group are reflected in appropriate financial records which are subject to financial audit. MD Medical Group has a clear zero-tolerance policy on any form of bribery and corruption.
Risk of bribery of the Group's employees for the benefit of third parties	MD Medical Group's procurement procedures are sufficiently transparent to reduce the risk of corruption and fraud. Moreover, the Company has developed and uses an efficient and transparent procedure for selecting suppliers.
COVID-19 AND EPIDEMIOLOGICAL RISK	
Risk of deteriorating epidemiological situation, increased risk of infectious disease transmission among medical personnel as a result of their patient treatment duties.	MD Medical Group provided its healthcare professionals and essential workers with personal protective equipment that meet the standards required. MD Medical Group opened a new healthcare facility on-site at Lapino, specifically for patients with COVID-19.
Risk of external factors impacting the ability of MD Medical Group facilities and staff being able to provide treatment to COVID-19 patients at the required level.	When treating COVID-19 patients, MD Medical Group ensured it acted in line with developing international best practice and healthcare authority (WHO, Russian Federation Ministry of Health) guidance, and expertise shared by leading Russian clinics.

Annex 3. Information on the gender and age **of the Board of Directors as of 31 December 2020**

Gender:

Men — 90%; Women — 10%;

Age:

30–50 years of age — 40%;
Over 50 years of age — 60%.

Annex 4. Information on the gender and age **of employees as of 31 December 2020**

Gender:

Men — 14%; Women — 86%;
In the period under review there was no change in the proportion of employees in the following age groups.

Age:

Under 30 years of age — 13%;
30–50 years of age — 61%;
Over 50 years of age — 26%.

Annex 5. Information on staff

2019

	MOTHER & CHILD CENTRE	MOTHER & CHILD URALS	MOTHER & CHILD SIBERIA	MOTHER & CHILD VOLGA	TOTAL	%
Male	726	213	305	148	1,392	18.0
Female	3,249	1,117	1,087	907	6,360	82.0
TOTAL	**3,975**	**1,330**	**1,392**	**1,055**	**7,752**	**100**

2020

	MOTHER & CHILD CENTRE	MOTHER & CHILD URALS	MOTHER & CHILD SIBERIA	MOTHER & CHILD VOLGA	TOTAL	%
Male	884	297	148	297	1,531	18.56
Female	3,603	1,127	1,080	933	6,743	81.44
TOTAL	**4,487**	**1,242**	**1,228**	**1,230**	**8,280**	**100**

In 2020, the Group worked to rectify technical issues in previous reporting periods that prevented us from distinguishing between employees move between part-time and FTE status. As yet, this issue remains. Further attention will be shown to this matter in 2021. The tables below show that the total headcount at MD Medical Group facilities increased in the period from 2019 to 2020.

Annex 6. SanPin 2.1.7.2790-10 Sanitary and Epidemiological Requirements for Treating Medical Waste

SanPin 2.1.7.2790-10 Sanitary and Epidemiological Requirements for Treating Medical Waste is a regulatory legal act, registered by the Ministry of Justice of the Russian Federation on February 17, 2011 (registration number: 19871). According to this document, there are five major classes of medical waste:

- Class A (А) — epidemiologically non-hazardous waste close in composition to municipal solid waste (packaging, paper, cardboard, etc.);
- Class B (Б) — epidemiologically hazardous waste. This class includes human blood and blood products as well as other biological liquids;
- Class V (В) — extremely epidemiologically hazardous waste (materials that were in contact with patients with infectious diseases);
- Class G (Г) — toxicologically hazardous waste of classes from 1 to 4. This class includes medicines, diagnostics, and disinfectants that cannot be used, namely those medical supplies that have been damaged or expired;
- Class D (Д) — radioactive waste.

Annex 7. Main methods **for obtaining information**

Most of the data is originated from the clinics' and hospitals' own records of actual water use, energy, and fuel consumption. However, for several clinics and hospitals some indicators were calculated, due to the fact that a number of facilities are located in rented premises; and because of the lack of detailed accounting data or non-relevance of such information for decision-making by the MD Group or stakeholders.

All calculations were made by applying some of the following indicators:

- Water consumption — average water consumption per square meter for clinics and hospitals.
- Electricity and heating — the amount of money spent on utilities and average heating energy consumption per square meter for clinics. Regional tariffs were used for the calculations.

The share of data on water, energy and fuel consumption, obtained from calculations was insignificant in the overall dataset.

Electricity consumption by MD Medical Group's clinics and hospitals, KWh

	2019	2020	Change, %
CLINICS	**3,574,196**	**3,767,673**	**+5 %**
HOSPITALS, including	**24,950,320**	**26,755,719**	**+7 %**
Perinatal Medical Centre	4,541,075	4,859,405	+7 %
Lapino Clinical Hospital	8,346,660	9,365,870	+12 %
Ufa Clinical Hospital	4,259,589	3,796,371	–11 %
Clinical Hospital "Avicenna", Novosibirsk	2,491,946	2,552,530	+2 %
Samara Clinical Hospital	2,998,635	2,811,568	–6 %
Tyumen Clinical Hospital	2,312,415	3,369,976	+46 %
TOTAL	**28,524,516**	**30,523,392**	**+7 %**

Heating energy consumption by MD Medical Group's clinics and hospitals, Gcal

	2019	2020	Change, %
CLINICS	**5,407**	**5,425**	**0 %**
HOSPITALS, including	**42,349**	**43,498**	**+3 %**
Perinatal Medical Centre	4,753	5,038	+6 %
Lapino Clinical Hospital	9,983	11,926	+19 %
Ufa Clinical Hospital	11,996	11,561	–4 %
Clinical Hospital "Avicenna", Novosibirsk	4,140	2,657	–36 %
Samara Clinical Hospital	4,877	4,325	–11 %
Tyumen Clinical Hospital	6,600	7,991	+21 %
TOTAL	**47,755**	**48,923**	**+2 %**

Fuel Consumption by MD Medical Group's clinics and hospitals, litres

PETROL	2019	2020	Change, %
CLINICS	**68,947**	**64,810**	**–6 %**
HOSPITALS, including	**71,943**	**68,346**	**–5 %**
Perinatal Medical Centre	22,350	21,698	–3 %
Lapino Clinical Hospital	35,123	34,300	–2 %
Ufa Clinical Hospital	10,224	7,626	–25 %
Clinical Hospital "Avicenna", Novosibirsk	1,160	1,148	–1 %
Samara Clinical Hospital	n/a	272	+100 %
Tyumen Clinical Hospital	3,087	3,303	+7 %
TOTAL	**140,890**	**133,156**	**–5%**

DIESEL	2019	2020	Change, %
CLINICS	**48,880**	**44,020**	**–10 %**
HOSPITALS, including	**69,103**	**90,241**	**+31 %**
Perinatal Medical Centre	13,576	18,724	+38 %
Lapino Clinical Hospital	29,945	49,997	+67 %
Ufa Clinical Hospital	4,129	3,032	–27 %
Clinical Hospital "Avicenna", Novosibirsk	7,895	7,162	–9 %
Samara Clinical Hospital	5,528	4,260	–23 %
Tyumen Clinical Hospital	8,030	7,066	–12 %
TOTAL	**117,983**	**134,261**	**+14 %**

12. Contacts and advisers

Registered office

Dimitriou Karatasou, 15,
Anastasio building,6th floor,
Flat/Office 601,
Strovolos, 2024, Nicosia, Cyprus
info@mcclinics.ru
tel: +357 22 50 40 00
fax: +357 22 50 41 00

Independent auditors

KPMG Ltd
11, 16th June 1943 Street
3022 Limassol — Cyprus
limassol@kpmg.com.cy
tel: +357 25 86 90 00
fax: +357 25 36 38 42

Depositary banks

JPMorgan Chase Bank, NA.
1 Chase Manhattan Plaza, Floor 58
New York, NY, 10005-1401 USA
tel: (800) 990-1135

Stock exchange

London Stock Exchange Plc
10 Paternoster Square
London EC4M 7LS UK
tel: +44 20 7797 1000
www.londonstockexchange.com

MOEX

Public Joint-Stock Company
"Moscow Exchange MICEX-RTS"
Russian Federation, Moscow, 125009
Bolshoy Kislovsky per, 13
+7(495) 363-32-32;
+7 (495) 232-3363
www.moex.com

Investor relations

Dmitry Yakushkin
Head of Investor Relations
ir@mcclinics.ru
tel: +7 495 139 87 40 ext. 16329

Elena Ivleva
Investor Relations manager
ir@mcclinics.ru
tel: +7 495 139 87 40 ext. 16353

Media relations

EM
Sergii Pershyn
MDMG@em-comms.com
tel:+7 495 363 2844

Global invest direct

tel: +1 800 428-4237
www.mcclinics.com