MD Medical Group

Annual Report 2022

Contents

STRATEGIC REPORT

MD Medical Group overview

MD Medical Group Investments PLC is a leading provider in the Russian private healthcare service market by cities of presence and number of employees.

As of publication date, MD Medical Group manages 53* modern healthcare facilities, including 10 multifunctional hospitals and 43 out-patient clinics in 28 cities of the Russian Federation. We provide a wide range of high quality medical services – the number of medical specializations is 77. MD Medical Group has a high level of out-of-pocket payments compared to the private medical services market in Russia, which amounted to 76%.

The Company has vertically integrated business model supported by technological and educational initiatives. MD Medical Group operates in diversified format both in terms of the range of services offered to clients and price policy, including multidisciplinary clinical hospitals, consultative and diagnostic centres, out-patient clinics in Moscow and regions and MD LAB laboratory network. We also support our work process with educational base which represented by MGIMO-Med Medical University.

The Company's shares trade on the Moscow Exchange and on the London Stock Exchange[1] in the form of global depositary receipts (LSE and MOEX: ticker MDMG). One GDR represents one ordinary share.

Our investment case

Best-in-class network across Russia

- Comprehensive knowledge of the Russian market of private healthcare services
- Projects led by highly qualified doctors and managers with extensive experience in building and launching multifunctional hospitals
- A well-known brand with largest regional medical network, including 28 cities and 26 regions
- Successful service diversification strategy in terms of range of services offered to clients and price policy
- The Company's ability to operate well in unusual situations was proven by its highly effective performance during the pandemic COVID-19

Clear and balanced growth strategy

- Proven regional expansion strategy with well-defined objectives and a track record of successful investments
- Since its inception, the Group has continuously extended its medical products to satisfy market demand and evolved into a vertically integrated company that meets all human health needs from birth to old age
- 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

- Consolidation and saturation are at a low level, especially in the regions
- Still a developing market with significant growth potential
- Government support for private healthcare companies is provided by a favourable regulatory framework, which includes a zero income tax rate, a perpetual medical licence, and participation in the Mandatory Health Insurance programme
- High entry barriers

* As of publication date

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[1] Due to recent sanctions related to events in Ukraine as well as the current market environment, the London Stock Exchange has suspended the listing of the Company's GDRs in order to maintain market stability.

Statement from the CEO

Mark Kurtser, CEO at MDMG, said:

“In 2022, the Group delivered solid operating and financial performance, adapting to the new business environment, with revenue flat year-on-year despite the last year’s strong base.

I am pleased to note that effective cost control enabled us to maintain a strong EBITDA margin of 31% in the reporting period.

We continue to capitalise on our diversification strategy in terms of pricing, service range and geography. We strengthened our market position in Moscow and the Moscow Region by opening two new medical centres with a focus on antenatal care in Butovo and Mytishchi. In 2022, the Group continued to diversify its geographical footprint: during the year, we launched two clinical hospitals, in St. Petersburg and Tyumen, and also tapped into the Sverdlovsk Region, opening our first out-patient clinic with a focus on IVF in Yekaterinburg.

During the reporting period, we saw an increase in demand in segments not related to women’s and children’s healthcare, including traumatology, cardiology and oncology. As an example, in just two years after launch, our Lapino-2 surgical unit with a focus on oncology generated as much as RUB 2,182 mln in revenue and achieved a 50% utilisation rate while maintaining potential for further growth. Based on expected demand and expertise we have built in oncology, we will continue to expand the Lapino medical cluster in 2023 and are now commencing the construction of an 13,175-sq.m. Lapino-3 nuclear medical centre, which will support a full cycle of medical care in oncology.

In addition, we are at the planning and design stage for our upcoming Domodedovo hospital, which we plan to open in 2025, thus strengthening our leading position in Moscow and the Moscow Region.

Thanks to effective steps taken to ensure sufficient liquidity, our financial standing remained stable. It was for the first time in the Company’s history that we posted negative net debt.

Throughout the Group's history, we have been focusing on providing high-quality and efficient medical services to our patients while safeguarding the interests of our shareholders. To this end, we have been paying steady dividends. Despite the persistent external headwinds, we distributed more than 50% of our net profit in dividends for H1 2022.

In conclusion, I would like to thank the entire MD Medical Group team for their contribution to our results and the Group's ability to provide top-notch medical care and deliver stable performance.”

Key events

Corporate Governance

Board of Directors changes

In March 2022, Sergey Kalugin was appointed as an independent non-executive director of the Board of Directors. Mr Kalugin brings to the Company his 31 years of experience in economics, finance, telecommunications and digital transformation.

In March 2022, Kirill Dmitriev and Simon Rowlands decided to step down as members of the Company's Board of Directors.

Strategic development

MD Group Lakhta hospital

In January 2022, MD Medical Group opened the new multi-disciplinary hospital MD Group Lakhta in St. Petersburg. The total area of the centre is 9,000 sq.m. Total investments in the project amounted to approximately RUB 2 bln.

On 16 March 2022, due to the easing of the COVID-19 pandemic, the MD Group Lakhta hospital, which had been converted into a temporary COVID treatment facility, began operating in its main area of specialisation – healthcare for women and children, with a focus on childbirth and gynaecological surgery. The hospital plans to perform up to 3,000 deliveries per year.

Tyumen-2 hospital

In February 2022, MD Medical Group launched the clinical hospital Tyumen-2. The total area of the centre is 4,750 sq.m. Total investments in the project amounted to approximately RUB 1 bln.

The Tyumen-2 hospital is already the second for the Group in Tyumen and initially was focused on providing medical care for patients with infectious diseases, including coronavirus.

Due to the COVID-19 slowdown, the Tyumen-2 hospital had been converted into a multifunctional hospital with focus on oncology and therapy with the possibility of providing intensive care.

Renovation of the reproductive medicine centre in Novosibirsk

In June 2022, MD Medical Group completed the renovation of its medical centre in Novosibirsk, increasing its capacity to 1,000 IVF cycles per year. Total investments in the project amounted to some RUB 23 mln.

Mother & Child Butovo

In June 2022, MD Medical Group opened an out-patient medical centre, Mother & Child Butovo, with a capacity of 30,000 visits per year. The total area of the centre is 195 sq.m. Total investments in the project amounted to circa RUB 16 mln.

The medical centre offers a wide range of services for women and men, including preparation for pregnancy and childbirth, as well as functional and ultrasound diagnostics.

Mother & Child Yekaterinburg

In November 2022, the Company opened the first out-patient clinic in Yekaterinburg with a focus on IVF. The total area of the centre is 434 sq.m. The Group's total investment in the project amounted to about RUB 74 mln.

The clinic has an annual capacity for up to 400 gynaecological operations, up to 800 IVF cycles and more than 30,000 out-patient treatments.

Mother & Child Mytishchi

In January 2023, MD Medical Group opened an out-patient medical centre, Mother & Child Mytishchi, with a capacity of 24,000 visits per year. The total area of the centre is 235 sq.m. Total investments in the project amounted to circa RUB 23 mln.

The medical centre offers a wide range of pregnancy and birth preparation services for women, such as diagnosis and treatment of infertility, as well as functional and ultrasound diagnostics.

Expansion of the MD LAB laboratory network

In December 2021, MDMG launched its own network of laboratory test collection points under the MD LAB brand in Moscow. During 2022, the MD LAB expanded its presence in Moscow and also opened two more collection points.

The collection points provide patients with a wide range of diagnostic services. All analyses are processed in Group's own laboratory located in the Lapino medical cluster. The laboratory format operates in the middle price segment and facilitates patients' access to the services of the Group's medical centres.

Education initiatives

Medical University MGIMO-Med

In September 2022, MD Medical Group in cooperation with the Moscow State Institute of International Relations (MGIMO) opened a medical university, MGIMO-Med. The educational process will be carried out at the sites of the Lapino medical cluster and the Odintsovo campus of MGIMO.

Financial events

Net cash position

As of 31 December 2022, the Group's debt declined from the 31 December 2021 level by RUB 4,916 mln to RUB 597 mln. In 2022, the Company fully repaid all its existing credit facilities by settling outstanding obligations in the amount of RUB 3,133 mln ahead of schedule. As a result, as at 31 December 2022, the Company's Net Cash position amounted to RUB 3,866 mln.

Dividends

On 26 October 2022, the Board of Directors approved an interim dividend of RUB 642 mln or RUB 8.55 per ordinary share / GDR for the six months of 2022. On 29 November 2022, MD Medical Group made dividend payment on its GDRs following the 6M 2022 results.

Strategic goals

Strategic goal	Our progress in 2022
To 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 ones – adhere to MD Medical Group's customary high standards of medical care.	In 2022, despite macroeconomic woes, we continued to operate as usual and delivered strong results while working hard to improve our services and adapting to the new business environment. We optimised the logistics process associated with the supply of medicines and medical equipment. In this regard, we deeply analysed market and started to procure medicines of appropriate quality through alternative suppliers. In addition, we created stocks of vaccines and medicines, taking into account their expiration date and turnover.
To recruit and retain the best and the most qualified personnel	
As one of the largest employers in the sector, we pay specific attention to ensure optimal working conditions and incentives for our personnel. We are constantly improving the professionalism 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 2022, we continued to hire, retain and train new members of our staff. In addition to the existing facilities, our new Tyumen-2 and MD Group Lakhta hospitals became major employers of medical staff in the region, recruiting both local professionals and current MDMG employees relocated from Moscow and other regional hospitals. Throughout the year, we continued to improve the recruitment process, as well as working conditions and communication within the Group. In 2022, the MGIMO-Med medical university, created jointly with MGIMO, was launched as the future personnel base of the Group.
To deliver value to our stakeholders	
Ultimately, we want to ensure that all our actions and decisions will benefit all our stakeholders. As the first 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. This is impossible without providing the best possible service to our patients, creating the best conditions for our employees and maintaining our high business reputation in interaction with our corporate counterparties and the state.	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 dividends. Despite the persistent external headwinds, we distributed more than 50% of our net profit in dividends for H1 2022.
To roll out our proven business model	
With the largest regional medical network in Russia comprised of 53 facilities in 28 cities[2], we have a deep understanding of the Russian market and a strong track record. We continue to open new facilities in the regions to expand the range of services offered.	We strengthened our market position in Moscow and the Moscow Region by opening two new medical centres with a focus on antenatal care in Butovo and Mytishchi. The Group continues to diversify its geographical footprint: during the year, we launched two clinical hospitals in St. Petersburg and Tyumen, and also tapped into the Sverdlovsk Region by opening an out-patient clinic in Yekaterinburg with a focus on IVF cycles.
To 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	In 2022, we continue to capitalise on our diversification strategy in terms of pricing, service range and geography. During this year, we saw an increase in demand in segments

[2] As of publication date

Strategic goal	Our progress in 2022
other medical services to our offering to cover all family members. Today MD Medical Group is a diversified healthcare organisation that provides a full range of services for the entire family, including children and seniors.	not related to women's and children's healthcare, including traumatology, cardiology and oncology. In just two years after its launch, our Lapino-2 surgical unit with a focus on oncology achieved a 50% utilisation rate while maintaining potential for further growth. As a result, 2022 revenue from medical services not related to women's and children's health accounted for 48% of total revenue.

Business model

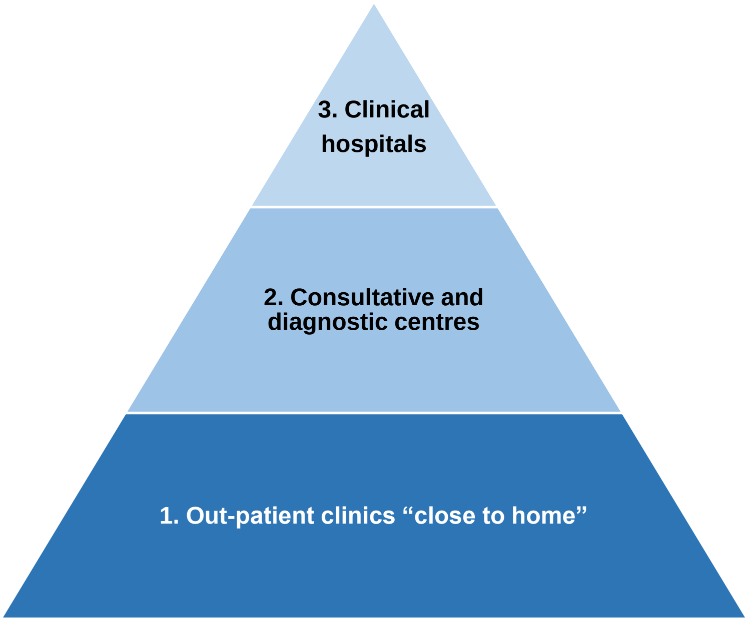
<u>MD Medical Group's mission is to provide our patients with best-in-class medical services and to cover all of their healthcare needs from birth to old age.</u>

Vertically integrated healthcare delivery system

Surface: 15,000 – 40,000 m^2
Type of service:
Out-patient visits
Diagnostics
Surgery operations
In-patient care
Post-hospital rehabilitation

Surface: 1,500 – 3,000 m^2
Type of service:
Out-patient visits – general practice
Diagnostics
Medical manipulations

Surface: 150 – 300 m^2
Type of service:
Out-patient visits

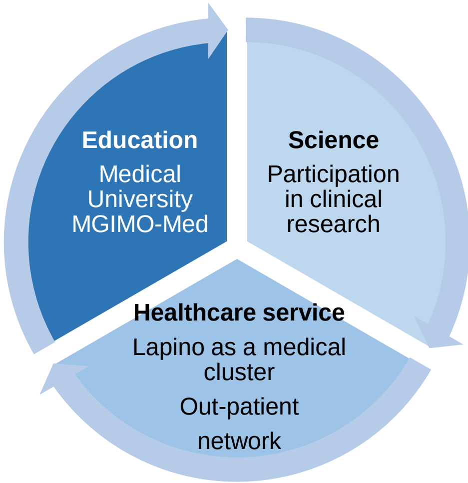


MD Medical Group is a leading private healthcare provider in Russia. We started by providing specialised healthcare for women and children and soon earned a reputation as a sector leader in deliveries and IVF cycles. To respond to an increasing demand for additional medical services outside OBGYN and paediatrics, we started gradually introducing new services, while making sure that we could deliver in line with our high standards.

Today, we have facilities all over Russia that offer a full range of healthcare services for our patients, covering their full life cycle. The Group's offering for patients includes a wide range of services outside of reproductive care, such as surgeries and cancer treatment. Our key objective is to provide for the patients' comfort and offer a premium level of service.

We have a vertically integrated healthcare delivery system. MD Medical Group operates in diversified format both in terms of the range of services offered to clients and price policy, including multidisciplinary clinical hospitals, consultative and diagnostic centre and out-patient clinics and MD LAB laboratory network. Depending on the complexity of the treatment, we can refer our clients from out-patient clinics in a "close to home" format to our clinical hospitals with a full range of services.

Business processes supported by technological and educational initiatives



We continue to develop vertically integrated business processes, integrating technological and educational initiatives into them.

We are developing Lapino as a medical cluster, which now includes the state-of-the-art oncology centre Lapino-2, the Lapino-4 COVID-centre and our flagship hospital Lapino-1. Based on the expected demand and accumulated experience in oncology, we will continue to expand the Lapino medical cluster in 2023 and begin construction of 13,175-sq.m. Nuclear Medicine Centre Lapino-3, which will provide a full cycle of medical care in oncology.

The Company's strategy is closely related to attracting the best personnel to our medical facilities. In that regard, in 2022, MD Medical Group jointly with the Moscow State Institute of International Relations (MGIMO) opened MGIMO-Med, a medical university. In cooperation with MGIMO, we have developed a modern educational programme that meets the current needs of the industry. The educational process is carried out at the sites of the Lapino medical cluster, the Odintsovo campus of MGIMO, as well as at sites of our programme partners such as Pirogov Research Medical University, the Research Institute of Human Morphology, the Gamaleya Research Institute of Epidemiology and Microbiology. The current programme includes the General Medicine training of specialists. In the future, the project also will cover other levels of training, in particular, residency and additional professional education.

Given the scope of our activities and the accumulated experience, MGIMO-Med offers students the unique individual medical education, as well as excellent opportunities for further career and professional development in MD Medical Group.

To increase patient engagement, we are also using Digital Medical Operations (Doctis) telemedicine consultation platform. As of publication date, more than 1,500 doctors were connected to Doctis. The online format has become especially popular during the COVID-19 pandemic, allowing patients to stay in touch with their doctors. The introduction of telemedicine consultations, among other things, made it possible to provide some medical services remotely, e.g., to patients planning IVF cycles.

Nationwide healthcare network

MD Medical Group operates one of the largest regional private network of healthcare facilities in the country. Today patients from 26 Russian regions have access to medical care at the clinical hospitals and out-patient clinics.

In 2022, the Company continued actively implementing its development strategy across Russia. By the end of the year, we were managing 53 modern healthcare facilities, including 10 hospitals and 43 out-patient clinics. The development of MD Medical Group in 2022 were marked by the opening of MD Group Lakhta multifunctional hospital in St. Petersburg with a focus on childbirth and gynaecological surgery, which during the pandemic was temporarily focused on providing medical care to patients with infections, including coronavirus. We also expanded our regional presence by launching Tyumen-2 infectious disease hospital as part of further development of our medical cluster in Tyumen. This is the continuation of our dedication to the Company’s strategy aimed at diversification of medical services in our portfolio and geographical expansion into the regions of Russia. We are continuously strengthening our market position in Moscow and the Moscow Region by opening two new medical centres with a focus on antenatal care in Butovo and Mytishchi. The Group continues to diversify its geographical footprint: in 2022, we also tapped into the Sverdlovsk Region by opening our first out-patient clinic with a focus on IVF in Yekaterinburg.

Medical facilities

	District	Locality	Facility	Focus	Launch date	Area, m^2	Property type
Moscow and Moscow Region							
MD Group	Central	Moscow	hospital	multifunctional	2011	27,600	owned
Lapino-1	Central	Moscow Region	hospital	multifunctional	2012	42,000	owned
Lapino-2	Central	Moscow Region	hospital	oncology	2020	18,500	owned
Lapino-4	Central	Moscow Region	hospital	infectious disease	2021	4,200	owned
M&C Khodynskoe Pole	Central	Moscow	clinic	IVF cycles	2016	465	rented
M&C Lefortovo	Central	Moscow	clinic	IVF cycles	2018	392	rented
M&C Yugo-Zapad	Central	Moscow	clinic	IVF cycles	2011	801	owned / rented
M&C Novaya riga	Central	Moscow Region	clinic	pediatrics	2020	117	rented
Oncological Care Centre	Central	Moscow Region	clinic	oncology	2021	450	rented
M&C Odintsovo	Central	Moscow Region	clinic	gynecology	2016	142	rented
M&C Novogereevo	Central	Moscow	clinic	gynecology, pediatrics and dentistry	2011	397	owned
M&C Kuntsevo	Central	Moscow	clinic	IVF cycles	2011	770	owned
M&C Savelovskaya	Central	Moscow	clinic	IVF cycles	2011	2,048	owned
M&C Butovo	Central	Moscow	clinic	gynecology	2022	195	rented
M&C Mytishchi	Central	Moscow Region	clinic	gynecology	2023	235	rented
MD LAB (3 points)	Central	Moscow	test collection point	laboratory	2021-2022	240	rented
Regions							
M&C Barnaul	Siberian	Barnaul	clinic	IVF cycles	2016	559	rented
M&C Vladivostok	Far Eastern	Vladivostok	clinic	IVF cycles	2019	358	rented
M&C Irkutsk	Siberian	Irkutsk	clinic	IVF cycles	2013	600	rented
M&C Krasnoyarsk-1	Siberian	Krasnoyarsk	clinic	IVF cycles	2016	712	rented
M&C Krasnoyarsk-2	Siberian	Krasnoyarsk	clinic	IVF cycles	2016	160	rented
M&C Novokuznetsk	Siberian	Novokuznetsk	clinic	IVF cycles	2015	800	owned
Centre for Reproductive medicine	Siberian	Novosibirsk	clinic	IVF cycles	2016	1,234	rented
Novosibirsk	Siberian	Novosibirsk	hospital	multifunctional	2014	10,260	owned
M&C Avicenna (2 clinics)	Siberian	Novosibirsk	clinics	multifunctional	2014	5,256	owned / rented
M&C Omck	Siberian	Omsk	clinic	IVF cycles	2016	376	rented
M&C Vladimir	Central	Vladimir	clinic	IVF cycles	2017	354	rented
M&C Volgograd	Southern	Volgograd	clinic	IVF cycles	2018	380	rented

	District	Locality	Facility	Focus	Launch date	Area, m^2	Property type
M&C Voronezh	Central	Voronezh	clinic	IVF cycles	2017	343	rented
M&C Kostroma	Central	Kostroma	clinic	IVF cycles	2016	209	rented
M&C Krasnodar	Southern	Krasnodar	clinic	IVF cycles	2019	360	rented
M&C Nizhny Novgorod	Volga	Nizhny Novgorod	clinic	IVF cycles	2018	600	rented
M&C Rostov-on-Don	Southern	Rostov-on-Don	clinic	IVF cycles	2020	422	rented
M&C Ryazan	Central	Ryazan	clinic	IVF cycles	2015	1,400	rented
M&C St. Petersburg	Northwestern	St. Petersburg	clinic	IVF cycles	2011	893	owned
St. Petersburg	Northwestern	St. Petersburg	hospital	multifunctional	2022	9,000	owned
M&C Tula	Central	Tula	clinic	IVF cycles	2018	541	rented
M&C Yaroslavl	Central	Yaroslavl	clinic	IVF cycles	2014	822	rented
M&C Kazan	Volga	Kazan	clinic	IVF cycles	2018	677	rented
M&C Perm	Volga	Perm	clinic	IVF cycles	2012	800	owned
Ufa	Volga	Ufa	hospital	multifunctional	2014	33,000	owned
M&C Tolyatti	Volga	Tolyatti	clinic	IVF cycles	2013	473	rented
M&A Samara	Volga	Samara	clinic	multifunctional	2013	2,734	owned
M&C Novokuibyshevsk	Volga	Novokuibyshevsk	clinic	multifunctional	2013	237	owned
IDK hospital	Volga	Samara	hospital	multifunctional	2018	15,000	owned
Children's clinic M&C Samara	Volga	Samara	clinic	pediatrics	2013	416	rented
Diagnostic centre	Volga	Samara	clinic	test collection point	2013	50	owned
Tyumen-1	Ural	Tyumen	hospital	multifunctional	2019	15,000	owned
Tyumen-2	Ural	Tyumen	hospital	oncology and therapy	2022	4,750	owned
M&C Yekaterinburg	Ural	Yekaterinburg	clinic	IVF cycles	2022	434	rented
Total			**53**			**207,761**	

Financial overview for 2022

RUB mln	2022	2021	Change
Revenue	**25,222**	**25,220**	**0.0%**
EBITDA	7,924	8,276	(4.3%)
EBITDA margin	**31.4%**	**32.8%**	**(1.4p.p.)**
EBIT	4,969	6,622	(25.0%)
Adj. net profit	**6,005**	**6,098**	**(1.5%)**

Revenue

Total revenue in 2022 remained flat y-o-y at RUB 25,222 mln. Due to a drop in COVID-19 diagnosis and treatment services brought on by the pandemic slowdown, revenue of the Group's hospitals in Moscow fell by 7.1% year over year. This decline was completely offset by an increase in revenue at regional hospitals and out-patient clinics. The key drivers behind this growth were a stable demand for IVF in Moscow and the Moscow Region (the Group’s revenue from IVF up 9.9% y-o-y), on-target capacity utilisation rates at regional hospitals (revenue up 12.1% y-o-y) amid a post-COVID recovery in demand for medical services, and strong performance of new projects – MD Group Lakhta and the medical cluster in Tyumen.

Revenue from medical services not related to women's and children's health accounted for 47.9% of total revenue, down from 51.2% in 2021.

2022 Key Operating Expenses

RUB mln	2022	2021	Change
Payroll and social contributions	10,132	9,526	6.4%
as % of total revenue	40.2%	37.8%	2.4p.p.
Material expenses	5,133	5,568	(7.8%)
as % of total revenue	20.3%	22.1%	(1.8p.p.)
Medical services expenses	308	335	(8.0%)
as % of total revenue	1.2%	1.3%	(0.1p.p.)
Functional expenses	336	265	26.9%
as % of total revenue	1.3%	1.1%	0.2p.p.

Gross profit

Gross profit in 2022 declined by 1.9% y-o-y to RUB 9,793 mln. Gross profit margin decreased by 0.8 p.p. y-o-y to 38.8% primarily due to a rise in personnel costs because of business expansion associated with the launch of MD Group Lakhta and Tyumen-2.

Impact of key expenses

In the reporting period, the Company's key expenses remained tightly controlled and slightly increased by 1.4 p.p. y-o-y as a percentage of revenue (to 63.1%) amid the growth of personnel costs and functional expenses.

The share of personnel costs grew by 2.4 p.p. y-o-y as a percentage of revenue (to 40.2%) mainly due to a decline in COVID-19 diagnostic and treatment services (resulting from a higher share of fixed costs) and the opening of new facilities (MD Group Lakhta and Tyumen-2) and their gradual ramp-up to design capacity.

The share of materials expenses decreased by 1.8 p.p. y-o-y as a percentage of revenue (to 20.3%) on the back of a reduction in material-intensive services in the Company's portfolio, including therapy related to COVID-19.

The share of medical services expenses declined by 0.1 p.p. y-o-y as a percentage of revenue (to 1.2%) due to the gradual vertical integration of business processes, including the opening of the Company's own laboratory and data processing centre.

The share of functional expenses increased by 0.2 p.p. y-o-y as a percentage of revenue (to 1.3%), driven by the growth in marketing expenses amid the Group's business expansion.

EBITDA

EBITDA declined by 4.3% y-o-y and amounted to RUB 7,924 mln in 2022. EBITDA margin decreased by 1.4 p.p. y-o-y to 31.4% due to a decline in COVID-19 diagnostic and treatment services.

Operating profit

Following impairment testing in 2022, the Company recognised impairment of investments made in the previous periods, including a one-off RUB 1,000 mln impairment loss on fixed assets of the Ufa clinical hospital (opened in 2014) and a one-off RUB 201 mln impairment loss on goodwill of the Novokuznetsk out-patient clinic (acquired in 2015) on the back of an unfavourable macro environment. In addition, in the reporting period, the Group recognised a RUB 85 mln impairment of previously acquired construction documents due to the change in plans to build a clinic in St. Petersburg. Total impairment recognised in 2022 was RUB 1,287 mln. As a result, operating profit dropped by 25.0% y-o-y to RUB 4,969 mln in 2022, with an operating profit margin of 19.7%.

Adjusted net profit

In 2022, FX loss amounted to RUB 105 mln, with its growth attributable to a 5.3% rouble appreciation against the US dollar as compared to the beginning of the year.

As a result, the Company's adjusted net profit decreased by 1.5% y-o-y to RUB 6,005 mln in 2022. Adjusted net profit margin slightly declined by 0.4 p.p. y-o-y to 23.8%.

Cash flow statement

RUB mln	2022	2021	Change,%
Operating cash flow before working capital changes	**7,902**	**8,346**	**(5.3)**
Changes in working capital	(155)	158	n/a
Taxes	(13)	(5)	172.4
Cash from operating activities	7,734	8,499	(9.0)
Cash used in investing activities	(848)	(2,912)	(70.9)
Cash used in financing activities	(5,904)	(5,031)	17.4
Effect of movements in exchange rates on cash held	(109)	(96)	13.2
Cash and cash equivalents increase	**873**	**461**	**89.4**

In 2022, operating cash flow before changes in working capital decreased by 5.3% y-o-y to RUB 7,902 mln as a result of the decline in EBITDA.

Working capital

RUB mln	31 December 2022	31 December 2021
Inventories	1,212	1,165
Accounts receivable	1,147	1,112
Accounts payable	(2,447)	(2,537)
Contract liabilities	(1,972)	(1,990)
Working capital	**(2,060)**	**(2,250)**

The Company has historically maintained negative working capital as a source of additional financing. In 2022, working capital remained negative at RUB (2,060) mln and amounted to 8.2% of revenue.

In 2022, operating cash flow decreased by 9.0% y-o-y to RUB 7,734 mln, primarily due to the changes in working capital caused by the update of medicine and consumable supply terms as suppliers switched from deferred payment by instalments to advance payment.

Cash used for investing activities, mainly consisting of capital expenditures and and interest income on deposits, amounted to RUB 848 mln.

CAPEX

Capital expenditure for the full year of 2022 declined by 69.2% y-o-y and stood at RUB 1,169 mln. The significant drop in CAPEX in the reporting period was due to macroeconomic uncertainty. The Group's investment programme has now been resumed.

We will continue to expand the Lapino medical cluster in 2023 and commenced the construction of an 13,175-sq.m Lapino-3 nuclear medical centre, which will support a full cycle of medical care in oncology. The launch of Lapino-3 will allow for the treatment of oncological diseases using PET CT, radiation therapy and theranostics equipment. We are planning to launch Lapino-3 in 2025, and we currently estimate the CAPEX of this project to be RUB 4 bln.

We also plan to open a multifunctional hospital in Domodedovo. The clinical hospital will be built according to the project of already launched hospitals in Samara and Tyumen. This hospital will accommodate 164 beds, and our investments will approximate RUB 4.5 bln.

In addition, in Q4 2023, a multifunctional out-patient clinic in the Moscow Citi Business Centre will be put into operation with a planned cost of RUB 236 mln. Moreover, at the end of 2023, we plan to launch a multifunctional out-patient clinic in the ZILART residential complex with an extimated CAPEX of RUB 78 mln.

In 2022, cash outflows related to financing activities amounted to RUB 5,904 mln vs RUB 5,031 mln in 2021. The 17.4% y-o-y increase was due to the distribution of interim dividends to shareholders for H1 2022 in the amount of RUB 642 mln, as well as the early repayment of RUB 3,133 mln to the lender.

Dividends

On 26 October 2022, the Board of Directors of MD Medical Group approved to pay interim dividends in the amount of RUB 642,318,835.50, or RUB 8.55 per ordinary share / GDR for the 6 months 2022. On 29 November 2022, MD Medical Group made dividend payment on its GDRs following the results of the 6 months of 2022. The payout ratio is equal to 58.1% based on net income according to IFRS.

As at 31 December 2022, net cash increased by RUB 873 million to RUB 4,463 mln.

Debt portfolio

RUB mln	31 December 2022	31 December 2021
Total debt	**597**[3]	**5,513**[4]
Short-term debt	106	1,786
Long-term debt	489	3,727
Cash and cash equivalents	4,463	3,590
Net debt / (Net cash position)	**(3,866)**	**1,924**
Net debt/(Net cash position) / EBITDA	**(0.5x)**	**0.2x**

The Group's debt decreased by 89.2% y-o-y to RUB 597 mln as at the end of 2022 mainly due to the early repayment of RUB 3,133 mln towards the outstanding principal. Cash balance grew by 24.3% y-o-y to RUB 4,463 mln as at 31 December 2022 vs RUB 3,590 mln as at 31 December 2021.

As at 31 December 2022, the Company’s net cash position amounted to RUB 3,866 mln. The Company's debt is fully denominated in roubles. The net cash position to EBITDA ratio as at the end of 2022 was at 0.5x.

Hospitals in Moscow

Multifunctional hospitals for the whole family offering full cycle medical care on a high level

	MD Group hospital	Medical cluster Lapino		
		Lapino-1	Lapino-2	Lapino-4
Beds	261	191	120	100
Area, m^2	27,600	42,000	18,500	4,200
Focus	Multifunctional hospital	Multifunctional hospital	Oncology centre	Infectious diseases hospital
In-patient days	34,000	28,500	40,000	36,500
Out-patient visits	355,000	640,000	180,000	-
IVF cycles	3,000	1,000	-	-
Deliveries	3,500	3,000	-	-

Moscow hospitals include two business units — the Lapino medical cluster and MD Group hospital. In the reporting period, Moscow hospitals account for 51.6% of the Group's total revenue. In 2022, despite macroeconomic shocks, Moscow hospitals performed solidly with a slight decrease in revenue by 7.1% to RUB 13,013 mln. In the reporting period, we observed a decrease in the number of deliveries in Moscow by 9.5% amid overall downward trend in Russia’s birth rate, which was partially offset by a gradual recovery in patient flow and deferred demand for IVF after the COVID-19 pandemic – the number of IVF cycles in Moscow hospitals increased by 12.4%.

The expected decline in the utilisation rate of the Lapino-4 amid the fading pandemic was offset by robust demand for treatment unrelated to women’s and children’s healthcare. In particular, we see stable demand in non-core segments, such as

[3] Including RUB 106 mln of short-term lease and RUB 489 mln of long-term lease.

[4] Including RUB 97 mln of short-term lease and RUB 597 mln of long-term lease.

trauma care and cardiology. In accordance with our portfolio diversification strategy, in just two years after launch, Lapino-2 surgical unit with a focus on oncology generated as much as RUB 2,182 mln in revenue and achieved a 50% utilisation rate while maintaining potential for further growth.

Operational and Financial Overview

	2022	2021	Change,%
Revenue, RUB mln	**13,013**	**14,013**	**(7.1)**
Out-patient visits	2,695	2,496	8.0
In-patient days	6,130	6,839	(10.4)
IVF cycles	764	614	24.4
Deliveries	2,064	2,258	(8.6)
Other revenue	1,360	1,806	(24.7)
Operating indicators			
Out-patient visits	549,256	594,344	(7.6)
In-patient days	66,194	82,517	(19.8)
IVF cycles	2,741	2,438	12.4
Deliveries	4,275	4,722	(9.5)

The Lapino-1 and MD Medical Group multifunctional hospitals are capable of providing 4,000 IVF cycles and 6,500 deliveries per year. In 2022, demand for deliveries (-9.5% y-o-y) dropped in Moscow due to the overall downward trend in Russia's birth rate (-8.2% y-o-y[5]). This decrease in revenue was partially offset by a 24.4% y-o-y spike in revenue from IVF thanks to the post-pandemic demand recovery (+12.4% IVF cycles y-o-y). At the same time, we saw growing demand in areas not related to healthcare for women and children, such traumatology and cardiology (the number of in-patient days in traumatology and cardiology was up 63.7% and 11.1% y-o-y respectively). This confirms our effective portfolio diversification strategy, which enables us to offer an increasingly varied array of medical services to our customers.

Lapino-2 oncology centre, launched in September 2020, in the reporting period reached revenue of RUB 2,182 mln and utilisation rate of 50%, while the facility continues to have significant potential for future growth. For example, in the reporting period, we saw increase in demand for oncological surgery (the number of in-patient days was up 59.4%) and oncomammology (the number of in-patient days was up 95.4%). In addition, the opening of Lapino-3 with an estimated launch date of 2025 will further increase the number of patients in Lapino-2.

The launch of Lapino-4 in 2021 was dictated by the realities that the COVID-19 pandemic has placed us in. The Group saw strong demand for coronavirus treatment and decided to set aside the site for a new hospital. The hospital is able to provide a full range of medical services due to its location on the territory of the Lapino medical cluster. For patients with COVID-19, we provide high-quality emergency care and delivery in specially designated "red zones", as well as complex cardiac and oncological surgeries. Since 2022, in the context of a slowdown in the pace of the COVID-19 pandemic, the Lapino-4 has expanded the range of its services and functions as an infectious diseases hospital, focusing on providing medical care to patients with infectious diseases, including severe forms of influenza and coronavirus.

Investment strategy

Based on expected demand and expertise we have built in oncology, we will continue to expand the Lapino medical cluster in 2023 and commenced the construction of a 13,175-sq.m. Lapino-3 nuclear medical centre, which will support a full cycle of medical care in oncology. The launch of Lapino-3 will allow for the treatment of oncological diseases using PET CT, radiation therapy and theranostics equipment. We are planning to launch Lapino-3 in 2025 and currently estimate the CAPEX of this project to be RUB 4 bln.

We also plan to open a multifunctional hospital in Domodedovo. The clinical hospital will be built according to the project of already launched hospitals in Samara and Tyumen. This hospital will accommodate 164 beds, and our investments will approximate RUB 4.5 bln.

[5] Source: The Federal State Statistics Service

Key events in 2022

As we plan to expand our operations over the next few years, we will need to attract the best people to our healthcare facilities. In this regard, in September 2022, the Group jointly with the Moscow State Institute of International Relations (MGIMO) opened MGIMO-Med, a medical university. The MGIMO-Med University was established on the initiative of the governor of the Moscow Region, MGIMO and the MD Medical Group in 2021. The educational process is carried out at the sites of the Lapino medical cluster, the Odintsovo campus of MGIMO, as well as at sites of our programme partners such as Pirogov Research Medical University, the Research Institute of Human Morphology, and the Gamaleya Research Institute of Epidemiology and Microbiology. The 2022 programme includes the General Medicine training of specialists. In the future, the project also will cover other levels of training, in particular, residency and additional professional education.

We believe that we will prepare students on our own base in accordance with the high standards of medical care adopted by the MD Medical Group. In cooperation with MGIMO, we have developed a modern educational programme that meets the modern needs of the industry. In addition to gaining medical skills, young doctors will already be familiar with our corporate culture and the high level of competencies we demand from all of our doctors and nurses.

Out-patient clinics in Moscow and Moscow region

High-end medical services for checks and treatments in a "close to home" format

	Moscow and Moscow region
Number of clinics	11
Total area, m^2	6,012
Average size of clinic, m^2	547
Out-patient visits	510,000
IVF cycles	5,600

Out-patient clinics in Moscow and the Moscow region include seven clinics in Moscow, four medical facilities in the Moscow region and MD LAB laboratory network. In 2022, clinics account for 10.4% of the Group's total revenue. Throughout the year, we saw a gradual recovery of patient flows and deferred demand for IVF after the COVID-19 pandemic. In the reporting period, there was a slight decrease (-0.7% y-o-y) in the number of out-patient visits due to a reduction in COVID-19 diagnostic and treatment services. As a result, revenue from out-patient clinics in Moscow and the Moscow Region rose by 8.8% y-o-y to RUB 2,630 mln.

Operational and Financial Overview

	2022	2021	Change,%
Revenue, RUB mln	**2,630**	**2,418**	**8.8**
Out-patient visits	1,230	1,196	2.8
IVF cycles	1,105	972	13.7
Other revenue	295	250	18.0
Operating indicators			
Out-patient visits	175,039	176,270	(0.7)
IVF cycles	4,079	3,868	5.5

In 2022, revenues from out-patient clinics in Moscow and the Moscow Region rose by 8.8% y-o- to RUB 2,630 mln. The key driver behind revenue pickup was a 5.5% increase in IVF cycles thanks to the post-pandemic recovery of demand. The average IVF ticket increased by 7.8%, primarily on the back of indexed prices and an increase in the number of IVF services provided using new treatment standards (EmbryoScope).

A slight 0.7% drop in the number of out-patient visits was caused by reduction in COVID-19 diagnostic and treatment services driven by the pandemic slowdown. This was offset by an increase in the average ticket by 3.6% y-o-y mainly due to indexed prices.

Investment strategy

In 2023, we continue to expand our presence in Moscow and will start building a multifunctional clinic in Moscow Citi business complex. The clinic with an approximate area of 1,480 sq.m. will offer a wide range of medical services for women and men, such as IVF, functional and ultrasound diagnostics. Services provided to patients will also include medical care for all family members, including therapy, genetics, urology, endocrinology, neurology, etc. We currently estimate the CAPEX of this project to be RUB 236 mln.

The clinic will have an estimated annual capacity for up to 800 IVF cycles and more than 74,000 out-patient treatments. Centre with an IVF department is designed to serve clients working in Moscow City or living nearby.

Moreover, at the end of 2023, we plan to launch a multifunctional out-patient clinic in the ZILART residential complex with an extimated CAPEX of RUB 78 mln. The clinic with an approximate area of 480 sq.m. will offer a wide range of medical services for women and men, including functional and ultrasound diagnostics. The clinic will have an estimated annual capacity for more than 48,000 out-patient treatments.

Key events in 2022 and after reporting date

We strengthened our market position in Moscow and the Moscow region by opening two new medical centres with a focus on antenatal care in Butovo and Mytishchi.

In June 2022, MD Medical Group opened an out-patient medical centre, Mother & Child Butovo, with a capacity of 30,000 visits per year. The total area of the centre is 195 sq.m. Total investments in the project amounted to circa RUB 16 mln.

In January 2023, the Company opened an out-patient medical centre, Mother & Child Mytishchi, with a capacity of 24,000 visits per year. The total area of the centre is 235 sq.m. Total investments in the project amounted to circa RUB 23 mln.

Both medical facilities offer a wide range of pregnancy and birth preparation services for women, such as diagnosis and treatment of infertility, as well as functional and ultrasound diagnostics. In addition, services provided to patients will also include medical care for men, including ultrasound, endocrinology and therapy.

The medical centres were implemented in accordance with the successful business model of the out-patient centre "Mother&Child Odintsovo" launched in 2016. The new centres will allow to further increase the number of patients in the Group's existing medical facilities by referring clients to the Company's clinics and hospitals.

In December 2021, MDMG launched its own network of laboratory test collection points under the MD LAB brand in Moscow. During 2022, the MD LAB expanded its presence in Moscow and also opened two more collection points.

Hospitals in regions

Wide range of first class medical services in regions

	Novosibirsk	**Samara**	**Ufa**	**St. Petersburg**	**Medical cluster in Tyumen**	
Name	Avicenna hospital	IDK hospital	Ufa hospital	MD Group Lakhta	Tyumen-1 hospital	Tyumen-2 hospital
Beds	93	164	185	150	164	100
Area, m^2	10,260	15,000	33,000	9,000	15,000	4,750
Focus	Multifunctional hospital	Multifunction al hospital	Multifunctional hospital	Clinical hospital with a focus on childbirth and gynaecological surgery	Multifunctional hospital	Oncology and therapy
Patient-days	22,630	30,000	30,295	10,220	32,000	29,200
Out-patient treatments	582,900	220,000	290,800	64,800	220,000	-
IVF cycles	1,800	1,200	1,100	-	1,200	-
Deliveries	1,000	2,500	2,000	3,000	2,500	-

Regional segment include six clinical hospitals located in Novosibirsk, Samara, Ufa, St. Petersburg and Tyumen. In the reporting period, hospitals in regions account for 25.8% (+2.8 p.p. y-o-y) of the Group's total revenue. In 2022, regional medical facilities demonstrated strong operating performance across the whole network in Russia – revenue of the Group’s regional hospitals increased by 12.1% y-o-y to RUB 6,506 mln. The Group continues to diversify its geographical footprint: during the year, we launched two clinical hospitals in St. Petersburg and Tyumen.

In the reporting period, our results in women's and children's healthcare in regions continue to improve, with a significant increase of 28.5% in the revenue from deliveries in 2022. In addition, clinical hospitals in Samara and Novosibirsk are on track to reach their respective design capacities as expected. As a result, total in-patient treatments in regions increased by 16.0% y-o-y to 79,960.

Operational and financial overview

	2022	2021	Change,%
Revenue, RUB mln	**6,506**	**5,803**	**12.1**
Out-patient visits	1,539	1,429	7.7
In-patient days	2,788	2,404	16.0
IVF cycles	747	680	9.9
Deliveries	779	606	28.5
Other revenue	653	684	(4.5)
Operating indicators			
Out-patient visits	689,141	678,577	1.6
In-patient days	79,960	68,951	16.0
IVF cycles	2,902	2,796	3.8
Deliveries	4,301	3,675	17.0

In 2022, regional hospitals' revenue was up 12.1% y-o-y and reached RUB 6,506 mln, driven mainly by a 17.0% y-o-y surge in deliveries, with revenue from this business line up 28.5% y-o-y. A considerable increase in the number of deliveries came on the back of Tyumen-1 and Samara-based IDK hospital, gradually progressing towards target capacity (with utilisation rates going up 4.4 p.p. y-o-y to 26.8% and 3.8 p.p. y-o-y to 40.6%, respectively) as well as strong results of the new MD Group Lakhta hospital in St. Petersburg, which achieved a 18.3% utilisation rate in the reporting period.

Revenue growth was also significantly fuelled by an increase in the number of in-patient days (up 16.0% y-o-y), with revenue rising by 16.0% y-o-y in this segment. The strongest growth in in-patient utilisation rates was seen at clinical hospitals in Tyumen and Samara: the IDK multidisciplinary hospital in Samara reached a utilisation rate of 71.8%, while Avicenna hospital in Novosibirsk hit a 67.2% utilisation rate. Meanwhile, our Tyumen medical cluster, which includes the Tyumen-1 multidisciplinary hospital and Tyumen-2 facility with focus on oncology and therapy (launched in February 2022), achieved a 34.9% utilisation rate in 2022, still having a significant potential to support the Group's future growth.

Investment strategy

We continue to capitalise on our diversification strategy in terms of pricing, service range and geography: during the year, we launched two clinical hospital in St. Petersburg MD Group Lakhta and multifunctional hospital Tyumen-2.

On 16 March 2022, due to the easing of the COVID-19 pandemic, the MD Medical Lakhta clinical hospital, which had been converted into a temporary COVID treatment facility, began operating in its main area of specialisation: healthcare for women and children, with a focus on childbirth and gynaecological surgery. The hospital plans to perform up to 3,000 deliveries per year.

Less than a year in operation after MD Group Lakhta was converted back into a clinical hospital with a focus on childbirth and gynaecological surgery, the facility achieved an 18.3% utilisation rate in terms of number of deliveries, and we continue to increase patient flows.

The medical cluster in Tyumen includes two multifunctional hospitals: Tyumen-1 and Tyumen-2. The Tyumen-2 hospital was initially focused on providing medical care for patients with infectious diseases, including coronavirus. Due to the COVID-19 slowdown, the Tyumen-2 hospital currently had been converted into a multifunctional hospital specializing in oncology and therapy. In addition, the clinical hospital is occupied by infectious boxes that serve as red zones, where we provide intensive care to our patients.The Tyumen medical cluster is currently in ramp-up stage and still having a significant potential to support the Group's future growth.

Key events in 2022

We are continuing to expand our medical network in St. Petersburg, the second largest healthcare market in Russia. In January 2022, Group launched a new multidisciplinary clinical hospital MD Group Lakhta in St. Petersburg. The centre provides the following high quality medical services – obstetrics and gynecology, pediatrics, surgery, therapy, X-ray and laboratory diagnostics. The total area of the centre is 9,000 sq.m. The in-patient facility has 150 beds. Total investment in the project amounts to RUB 2 bln. Patient treatment will be treated under the VHI programme, as well as MHI.

During the pandemic, MD Group Lakhta was temporarily focused on providing medical care to patients with infections, including coronavirus. On 16 March 2022, due to the easing of the COVID-19 pandemic, the MD Group Lakhta clinical hospital began operating in its main area of specialisation: healthcare for women and children, with a focus on childbirth and gynaecological surgery.

Since 2019, the Tyumen-1 multifunctional clinical hospital has been successfully operating in Tyumen. In that regard, in February 2022 we opened the second wing with the focus on providing medical care in oncology and therapy. The total area of the centre is 4,750 sq.m. It will have 100 beds, including 12 in the emergency room. Total investments in the project amounted to RUB 1 bln. Patient treatment will be carried out under the VHI programme, as well as MHI.

Out-patient clinics in regions

High-end medical services for checks and treatments in a "close to home" format

	Regions
Number of clinics	29
Cities of presence	24
Total area, m^2	22,200
Average size of clinic, m^2	765
Out-patient visits	890,300
In-patient days	3,700
IVF cycles	19,200

Out-patient clinics in regions include 29 clinics in 24 cities of the Russian Federation. In 2022, clinics account for 12.1% of the Group's total revenue. In the reporting period, revenue of the Group’s regional clinics increased by 2.9% y-o-y to RUB 3,057 mln. Growth in revenue was mainly due to higher utilisation rate, partly because of the gradual recovery in demand for elective medical services after the COVID-19 pandemic. In 2022, the Group continues to diversify its geographical footprint: we entered into the Sverdlovsk Region by opening our first out-patient clinic with focus on IVF in Yekaterinburg.

Operational and Financial Overview

	2022	2021	Change,%
Revenue, RUB mln	**3,057**	**2,972**	**2.9**
Out-patient visits	974	901	8.1
In-patient days	71	49	44.9
IVF cycles	1,715	1,674	2.5
Other revenue	297	348	(14.7)
Operating indicators			
Out-patient visits	413,119	409,442	0.9
In-patient days	2,621	1,837	42.7
IVF cycles	7,140	7,424	(3.8)

In 2022, revenues from out-patient clinics in regions increased by 2.9% y-o-y to RUB 3,057 mln. Revenue growth in the reporting period was mainly attributable to a 0.9% y-o-y increase in number of out-patient visits thanks to the post-pandemic recovery of demand and increase of the respective average check by 7.1%, primarily on the back of indexed prices.

In 2022, IVF cycles dropped by 3.8% y-o-y mainly due to the suspension of the Novosibirsk Centre for Reproductive Medicine, which was closed for renovation. The renovated centre with an annual capacity of 1,000 IVF cycles opened its doors on

16 June 2022. This slight decrease was partially offset by an increase in the average ticket by 6.6% y-o-y mainly due to indexed prices and an growth in the number of IVF services provided using new treatment standards (EmbryoScope).

On top of that, revenue was positively influenced by a 42.7% y-o-y hike in the number of in-patient days due to the allocation of quotas under the MHI programme.

Key events in 2022

In June 2022, the Company completed the renovation of the Novosibirsk Centre for Reproductive medicine, acquired under a deal with ARTMedGroup in 2016. As part of the reconstruction project, the centre's capacity was increased, medical equipment, including embryological equipment, was modernized, and new treatment protocols were introduced. After the renovation, the total capacity of the facility has increased to 1,000 IVF cycles per year. The total investment in the project was around RUB 23 mln, of which RUB 21.6 mln were allocated for the maintenance and modernisation of the premises, and RUB 1.3 mln were invested in new modern technical equipment.

In November 2022, MD Medical Group continued to expand its presence and entered a new location – the Sverdlovsk Region, the largest and most dynamically developing region of the Ural Federal District. The new clinic in Yekaterinburg with a total area of 434 sq.m. provides a wide range of medical services to all family members, with special attention to the health of women and men. The clinic has an annual capacity for up to 400 gynaecological operations, up to 800 IVF cycles, including under the MHI programme, and more than 30,000 out-patient treatments.

CORPORATE GOVERNANCE

Board of Directors overview

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

Vladimir Mekler
Chairman of the Board of Directors, Independent Member of the Board of Directors

Vladimir Mekler was appointed as the Non-Executive Director in February 2015 and became the Chairman of the Board of Directors in June 2016.

Mr Mekler is the senior and managing partner of Mekler & Partners. Vladimir specialises in corporate law, including support and structuring complex and international transactions, development and optimisation of corporate governance and legal systems in companies, legal support of M&A transactions, settlement of corporate disputes, as well as the organisation and coordination of legal representation and defence in complex economic and property crimes.

Vladimir Mekler has been a member of the Moscow City Bar since 1980. From 2003 to 2010, he was also the Vice Chairman of the Presidium of the Moscow City Bar Association. Vladimir graduated from Lomonosov Moscow State University.

Mark Kurtser
Member of Russian Academy of Sciences, CEO and Member of the Board of Directors

Mark Kurtser is the founder of MD Medical Group, CEO and a member of the Board of Directors.

Mr Kurtser began his career at the Department of Obstetrics and Gynecology of Pirogov Russian National Research Medical University, where he went from assistant to associate professor of the Department. From 1994 to 2012, he headed the Centre for Family Planning and Reproduction, the largest state hospital with focus on OBGNY in Moscow. From 2003 to 2013, Mark Kurtser was the Chief Obstetrician-Gynecologist of the Moscow Healthcare Department.

Mark Kurtser continues to be actively involved in the activities of the Group as the company CEO and practicing physician.

Vitaly Ustimenko
Independent Member of the Board of Directors

Vitaly Ustimenko was elected to the Board of Directors in February 2015.

From 2012 to 2016, Vitaly Ustimenko was the Chief Financial Officer of the Group. Vitaly has 20 years of experience in the field of finance and investment, including eight years as a CFO. He worked in such companies as Inventure Partners fund, Solnechnye Producty, Russian Helicopters and Deloitte. Vitaly is currently the CFO of Skillbox, an online education company in Russia.

Mr Ustimenko holds a bachelor's degree from the Financial University under the Government of the Russian Federation and a PhD in Finance from the State University of Management.

Tatiana Lukina
Independent Member of the Board of Directors

Tatiana Lukina was appointed as an independent non-executive director in December 2019, bringing to the Group 19 years of experience in finance, business restructuring and project management across a wide range of industries.

Tatiana's career began at KPMG, where she spent 10 years participating and leading projects in the areas of audit, capital market transactions (IPO, SPO, and Eurobonds), debt restructuring of the largest Russian companies, and M&A services in different countries. After that, Tatiana worked in the Portfolio Asset Management Department at ALFA Group, representing shareholders' interests on boards and committees of ALFA bank (Russia, Ukraine, and Kazakhstan) and Rosvodokanal. In 2015–2016, Tatiana, as a co-leader of financial function, took part in the preparation for the IPO at OZON.ru, the leading online retailer in Russia. From 2016 to 2020, Ms Lukina worked as the CFO at GAME INSIGHT, a global developer of mobile games. From 2020–2022 Tatiana worked as the CFO of Dyninno, a group of companies providing products and services in the travel, finance, entertainment, and technology sectors in 50 countries. Since November 2022, Ms Lukina has been working as the CEO of a multi-Family office in the Middle East.

Ms Lukina graduated with honours from the Financial University under the Government of the Russian Federation with a degree in Finance, Business Valuation and Reorganisation Management and then obtained a PhD degree there. Since 2006, Tatiana has been a member of the Association of Certified Chartered Accountants (ACCA) in the UK, and successfully passed exams for obtaining the Russian Audit Licence.

Sergey Kalugin
Independent Member of the Board of Directors

Sergey Kalugin was appointed as an independent director in March 2022.

Mr Kalugin has extensive experience in organising the digital transformation of companies. From 2017 to 2018, he was the Deputy Minister of Digital Development, Communications and Mass Media of the Russian Federation, where he oversaw areas related to Smart City and Digital Health. From 2013 to 2017, he was the President of PJSC Rostelecom, where he upgraded the infrastructure, improved the quality of customer service and adopted a new strategy that launched the company's digital transformation.

Sergey Kalugin graduated from Lomonosov Moscow State University with a degree in Economics.

Simon Rowlands
Ex. Senior Independent Member of the Board of Directors

Simon Rowlands was appointed as an independent non-executive director in 2012. In March 2022, Mr Rowlands decided to step down as a member of the Company's Board of Directors.

Kirill Dmitriev
Ex. Member of the Board of Directors

Kirill Dmitriev was elected to the Board of Directors in October 2012. In March 2022, Mr Dmitriev decided to step down as a member of the Company's Board of Directors.

Report of the Board of Directors

27 agenda items were discussed in 2022

11 Board meetings held in 2022

Participation of the Directors in the Board meetings during 2022

Board Member	Number of Board meetings attended via phone	Number of Board meetings attended in person
Vladimir Mekler	1	4
Mark Kurtser	1	10
Vitaly Ustimenko	-	4
Tatyana Lukina	1	3
Sergey Kalugin	-	4
Kirill Dmitriev	1	-
Simon Rowlands	1	-

Remuneration paid to Members of the Board in 2022

Board Member total amount paid	Board Member total amount paid (before taxes)
Sergey Kalugin	RUB 4,000,000
Vitaly Ustimenko	RUB 944,000
Tatyana Lukina	RUB 944,000

Corporate Governance Report

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

Corporate governance and control structure

<table>
<tr><td colspan="2">General Meeting of Shareholders</td></tr>
<tr><td colspan="2">Board of Directors</td></tr>
<tr><td rowspan="3">CEO</td><td>Board Committees</td></tr>
<tr><td>Audit
Nomination
Remuneration</td></tr>
<tr><td>Internal auditor reports to Audit Committee</td></tr>
</table>

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

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

Composition of Board Committees

Name	Status	Audit Committee	Nomination	Remuneration
Vladimir Mekler	Independent		Chairman	■
Mark Kurtser	Executive Director		■	■
Vitaly Ustimenko	Independent	■		
Tatiana Lukina	Independent	Chairman		
Sergey Kalugin	Independent	■	■	Chairman

Audit Committee

The Audit Committee comprises three independent non-executive directors. The Audit Committee is chaired by Tatyana Lukina, an independent non-executive director, with Vitaly Ustimenko and Sergey Kalugin as other members.

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

- Reliability and appropriateness of disclosures in the financial statements and external financial communication
- 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 the monitoring and the review of the external auditors' performance, independence and objectivity
- Development and implementation of a policy on non-audit services provided by external auditors
- Monitoring compliance with laws and regulations and standard of corporate governance

The Audit Committee assists the Board of Directors in overseeing and directing the work of internal audit. Where the Audit Committee identifies problems or opportunities for improvement through monitoring and performance reviews, it shall make recommendation to the Board of Directors the actions needed to address the problems or make improvements.

Nomination Committee

The Nomination Committee comprises one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by a non-executive director, Vladimir Mekler. The other members of the Nomination Committee are a non-executive director, Sergey Kalugin[6], and an executive director, Mark Kurtser.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in fulfilling its corporate governance responsibilities in relation to the appointment of all executive and non-executive directors, as well as the Chief Operating Officer (CEO), First Deputy CEO and Chief Financial Officer of the Company.

The main objective of the Nomination Committee is to manage the process of appointing members of theBoard of Directors and presenting respective recommendations to the Board of Directors, ensuring a balanced composition of the Board of Directors and the necessary qualifications of its members.

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, Sergey Kalugin. The two other members are Mark Kurtser and Vladimir Mekler.

[6] In March 2022, Sergey Kalugin was elected to the Nomination Committee.

The Remuneration Committee meets at least once a year and is responsible for assisting the Board of Directors in fulfilling 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 of 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 or on behalf of the Head of Internal Audit to conduct investigations into any activities of the Group that 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 to the Audit Committee on its findings.

Risk management

The Board of Directors of MD Medical Group 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.

Risk overview	Risk management	Key results in 2022
Reputation risk		
• Risks of dissemination in the media of information discrediting the image of the Group, disclosure of confidential business information • Risks of dissemination in the mass media of information concerning personal data of patients **Likelihood:** Moderate **Impact:** Moderate	• Monitoring information about the Group in the media • Updating information sources • Launching new system controls • Improving personal information protection methods on a continuous basis	• We have improved the personal data protection system by increasing the share of internal electronic document management, with external contractors, patients and government regulators • We have strengthened the work of the call centre by optimising its headcount, providing continuous training and establishing key performance indicators for our staff
Risks related to government regulation		
• Introduction of new requirements, including licences and permits • Possible changes in the regulation of the Mandatory Health Insurance (MHI) programme **Likelihood:** Low **Impact:** Low	• Maintaining constructive relations with the government at both the federal and regional level • Participating in a variety of public committees on relevant health issues • Supporting the authorities and providing expert advice on relevant laws • Monitoring changes in requirements of state regulators regarding the accounting treatment for medical equipment and medicine turnover	• We have introduced unified electronic forms of information on the treatment of patients • We have strengthened the control over the registration of narcotic and psychotropic drugs • We have ensured the safety of patients' personal data by encrypting the information in accordance with the law • We have equipped our medical facilities and server storages with equipment that protects against network attacks in accordance with the law

Risk overview	Risk management	Key results in 2022
Risks associated with the quality of services		
• Inconsistency of the quality of services offered to our patients with the established requirements and standards **Likelihood:** Low **Impact:** Moderate	• Running the system for selecting the most modern and advanced equipment, medicines and medical supplies • Holding seminars and scientific conferences for doctors • Assessing the performance of medical personnel	• We have optimised the methodology for recording laboratory tests, which has significantly increased the accuracy and speed of data processing • We have established a full-fledged exchange of information about patients obtained through telemedicine • We have improved our system of work with patients, including conducting mass surveys and questionnaires
Macroeconomic risk		
• Deterioration of macroeconomic factors • Decrease in the overall standard of living with a corresponding change in the behaviour of customers **Likelihood:** Moderate **Impact:** Moderate	• Adjusting the Group's strategy and financial model • Revising investment plans	• We have monitored trends in the Russian economy with an assessment of the potential impact on the business. Our strategy is designed to enable us to adapt to changes in the general economic environment as necessary
Investment project execution risk		
• Long payback period and low level of return on investment of new facilities due to a certain lack of reliable information about the potential number of patients in a particular region **Likelihood:** Moderate **Impact:** Moderate	• Prioritising regions where we already have presence and/or the largest regions of Russia, where we can have a higher degree of certainty about the local market • Exercising budget control of implementation expenses; • Conducting tender procedures • Conducting post-investment analysis	• We have successfully opened new hospitals and clinics, expanding our presence • We have increased the number of patients receiving treatment under the government-funding programme • We have increased the number of contracts with insurance companies
Recruitment risk		
• Inability to attract or retain highly qualified personnel in the Group • Lack of IT specialists in the market **Likelihood:** Low **Impact:** Low	• Making indexation of wages • Conducting on-the-job training for employees in Moscow for new employees in the regions • Cooperating with heads of departments of leading universities in the search of talented personnel	• We have improved the quality of the recruitment process, as well as working conditions and communication within the Group • We have opened MGIMO-Med as the future base of our personnel

Risk overview	Risk management	Key results in 2022
Control and efficiency risk		
• Risk is closely related to the size of the business, which was increased in 2022 **Likelihood:** Moderate **Impact:** Moderate	• Constantly developing mechanisms for improving the effectiveness of control over all processes (budgeting, financial control, treasury, accounting, procurement, legal support, personnel management, security and IT, HR) in medical facilities	• We have implemented ERP system, thanks to which we have increased the efficiency of data collection and optimised business processes
Risks associated with lack of medicines and equipment		
• Shortage of medicines, vaccines, specific equipment, and spare parts • Inability to repair or support network equipment, including servers, network medical equipment, etc. **Likelihood:** Moderate **Impact:** Moderate	• Searching for alternative suppliers of medicines • Creating stocks of vaccines and medicines • Implementing information systems for data processing and storage on the Group's servers	• We have analysed market and procured medicines of appropriate quality through alternative suppliers • We have created stocks of vaccines and medicines taking into account their expiration date and turnover • We have started to implement information systems for processing and storing the results of X-ray examinations (CT, MRI) on our servers

Management Board

Changes in Group's Management Board in 2022

In 2022, Chief Operating Officer Elena Balashova and Chief Financial Officer Iya Lukyanova were added to the Management Board. First Deputy CEO Alexander Kotov and Head of clinical hospitals Natalia Butkevich joined the Management Board, replacing respectively Andrey Khoperskiy (step down as a member of the Company's Management Board) and Georgy Shebaev (left the Group).

Composition of the Management Board[7]

Name	Position	Joined	Background
Mark Kurtser	CEO and Member of the Board of Directors	Founder	Medicine
Alexander Kotov	First Deputy CEO	2022	Government relations
Iya Lukyanova	Chief Financial Officer	2015	Finance
Elena Balashova	Chief Operating Officer	2019	Procurement management
Yulia Kutakova	Medical Director for Organisational and Scientific-educational work	2012	Medicine
Sergey Arabadzhyan	Medical Director for Technology Innovation	2010	Medicine
Natalia Butkevich	Medical Director, Head of clinical hospitals	2018	Medicine
Natalia Yakunina	Medical Director, Head of out-patient clinics	2011	Medicine
Boris Konoplev	General Director of Lapino Medical Cluster	2010	Medicine

Dr Mark Kurtser

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

Dr Mark Kurtser is the founder of MD Medical Group, CEO, and a 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

[7] As of publication date.

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.

Alexander Kotov
First Deputy CEO

Alexander Kotov joined the Group in 2022 as the First Deputy CEO, where he is responsible for personnel management, legal issues and interaction with government authorities, as well as ensuring the security of MD Medical Group operations. Prior to joining the Group, Alexander held senior positions in government bodies.

Alexander graduated from Kutafin Moscow State Law University with a degree in Jurisprudence, and was also qualified as an adviser in social management and personnel work at the Russian Presidential Academy of National Economy and Public Administration. Alexander also holds a PhD in Pedagogy.

Iya Lukyanova
Chief Financial Officer

Iya Lukyanova joined the Group in 2015 as the Chief Accountant, where she oversaw the financial issues and projects on automation and digital transformation. In 2019, Iya appointed Deputy CFO, where she oversaw the financial direction and projects on automation and digital transformation of the Company. Since 2022, she has been holding the position of Chief Financial Officer, where she is responsible for financial, corporate, legal and IR areas of MD Medical Group. Prior to joining the Group, Iya worked as a financial manager at SG Records Management.

Iya Lukyanova graduated from Saratov Socio-Economic Institute with a degree in Finance and Credit, a member of self-regulatory organisation of auditors Non-Profit Partnership “Auditor Association Sodruzhestvo”.

Elena Balashova
Chief Operating Officer

Elena Balashova joined the Group in 2019 as the Director of Procurement. Since 2022, she has been holding the position of Chief Operating Officer, where she is responsible for procurement, information technology, marketing and advertising, design and construction of medical facilities, as well as the operation of medical and engineering equipment and other systems. Before joining the Group, Elena worked in senior positions at ERKAFARM, EVRAZ, BTK Group, as well as Head of the Department for ensuring medical organisations of the Moscow Healthcare Department.

Elena Balashova graduated from Ryazan State Radio Engineering University with a degree in Computer-Aided Design Systems. In 2015, she received an MBA degree from Moscow International Higher Business School (MIRBIS).

Dr Yulia Kutakova
PhD – Medical Director for Organisational and Scientific-Educational Work

Dr Yulia Kutakova joined the Group in 2012. She has over 11 years of practice experience in obstetrics and gynaecology. Before joining the Group, Dr Kutakova was the Chief of Maternity in the Organisational and Tutorial Department of Public Healthcare of the City of Moscow.

Dr Kutakova 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 Sergey Arabadzhyan
PhD, Assoc. Prof. – Medical Director for Technology Innovation

Dr Arabadzhyan joined the Group in 2010. Until 2012 – a doctor of the Pregnancy Pathology Department at MD Group 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 of the Lapino-1 clinical hospital. From 2018 to 2020, he held the position of Chief Physician of the IDK Mother and Child Hospital in Samara. He was appointed to the position of Medical Director for Innovative Technologies of MD Medical Group in 2020.

Mr Arabadzhyan graduated from Pirogov Russian National Research Medical University. A practicing physician, he holds a PhD in Medicine, is an Assoc. Prof. at the Department of Reproductive Medicine, Clinical Embryology and Genetics of Samara State Medical University.

Dr Natalia Butkevich
PhD – Medical Director, Head of clinical hospitals

Dr Natalia Butkevich joined the Group in 2018 as the Head of the Department of Medical Prevention for Adults. From 2018 to 2022, she was the Head of the Out-patient Treatment Department, as well as the Deputy Director of clinical hospitals of MD Medical Group. In 2022, she was appointed the Medical Director and the Head of clinical hospitals of MD Medical Group.

Dr Butkevich graduated from Pirogov Russian National Research Medical University. Practicing physician, she holds a PhD in Medicine, Honoured Doctor of the Russian Federation. Natalia Butkevich has more than 40 years of experience in medicine.

Dr Natalia Yakunina
PhD, Medical Director, Head of out-patient clinics, General Director of clinical hospital in Ufa

Natalia joined the Group in 2011 as the Chief Doctor of MD Yugo-Zapad clinic in Moscow. From 2012 to 2014, Dr Yakunina was the Head of the OBGYN Out-patient Department at MD Group hospital. From 2014 to 2016, she worked as the Chief Doctor and CEO of MD Savelovskaya clinic in Moscow. Since 2016, she has been holding the position of the Head of out-patient clinics in the Group. In 2021, she was also appointed General Director of clinical hospital in Ufa.

Before joining the Group, Dr Yakunina was the Chief Obstetrician and Gynaecologist of the Central District of Moscow. Dr Yakunina has more than 30 years of experience in medicine. She graduated from Turkmen State Medical University with a degree in General Medicine and also holds a PhD degree.

Dr Boris Konoplev
Medical Director, General Director of Lapino Medical Cluster

Dr Boris Konoplev joined the Group in 2010 as an obstetrician-gynecologist at MD Group hospital. From 2012 to 2014, he was the Head of the Obstetrics Department of Lapino hospital. From 2014 to 2017, Boris was the Chief Doctor of clinical hospital in Ufa. In 2017, he was appointed as the Deputy Chief Doctor of MD Group Hospital and the Head of clinical hospitals in the Group. Since 2021, he has been CEO of Lapino Medical Cluster.

Dr Konoplev graduated from the Pediatric Faculty of Pirogov Medical University. Boris is a practicing obstetrician-gynecologist and has received extensive training in leading European clinics.

Shareholder and Dividend Report

Structure of shareholders' equity

MD Medical Group has 75,125,010 ordinary shares with a nominal value of RUB 2.4 each. As of 31 December 2022, the authorised capital of MD Medical Group Plc amounted to RUB 180,585,000.

Since October 2012, MD Medical Group's shares have been listed on the London Stock Exchange[8] (LSE) under the ticker MDMG in the form of Global Depositary Receipts (GDRs). Each GDR represents an interest in one ordinary share of the Company. Currently, the LSE has suspended the admission to trading of the Company's GDRs listed in the London Stock Exchange.

Since November 2020, the Company's GDRs have also been traded on the Moscow Exchange (MOEX) in the first listing level. The quotation is done in Russian roubles. As at the end of 2022, Group's market capitalisation was RUB 31,845 mln on the MOEX.

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 Mark Kurtser. The investor portfolio is represented by a number of global institutional investors.

[8] Due to recent sanctions related to events in Ukraine as well as the current market environment, the London Stock Exchange has suspended the listing of the Company's GDRs in order to maintain market stability.

Top 7 Institutional Holders

Name	Number of shares as of 31.12.2022	Percentage of shares outstanding, %	Number of shares as of 31.12.2021	Percentage of shares outstanding, %
Russia Partners Advisors	3,235,000	4.3	3,235,000	4.3
Norges Bank Investment Management	2,737,843	3.6	3,037,606	4.0
East Capital Financial Services AB	1,350,479	1.8	1,338,479	1.8
Prosperity Capital Management Ltd.	1,002,565	1.3	995,809	1.3
JP Morgan Asset Management (UK) ltd.	798,394	1.1	798,394	1.1
Holberg Fondsforvaltning AS	240,000	0.3	240,000	0.3
Handelsbanken Fonder AB	163,393	0.2	163,393	0.2

Dividends and Dividend taxation

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.

On 26 October 2022, the Board of Directors approved the payment of an interim dividend in the amount of RUB 8.5 on the ordinary share / GDR of MD Medical Group which corresponds to the total payment of RUB 642 mln, based on the results of six months of 2022. On 29 November 2022, MD Medical Group made dividend payment on its GDRs following the results of six months of 2022.

MD Medical Group's dividend history

	2018	2019	H1 2020	2020	H1 2021	H1 2022
Dividend approval	23.04.2019	03.09.2020	04.09.2020	22.04.2021	06.09.2021	26.10.2022
Record date	24.05.2019	16.09.2020	18.09.2020	05.05.2021	24.09.2021	07.11.2022
Payout date	25.06.2019	13.10.2020	20.10.2020	25.05.2021	26.10.2021	29.11.2022
Total	800,081	1,389,813	736,225	1,427,375	1,352,250	642,319
Dividends per	10.65	18.5	9.8	19	18	8.55

Since 1 January 2015, all Group`s companies have 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.

Investor relations

MD Medical Group regards investor relations as an important priority and have focused on maintaining a continued active dialogue with the investment community since its successful listing on the London Stock Exchange[9] in 2012.

MD Medical Group rigorously adheres to best practices in terms of openness and transparency of its activities for investors and analysts. The Company uses various formats of interaction with investment community, including publication press releases on operational and financial results, conference calls, organisation of road shows and site visits, and participation in investment conferences and other events.

[9] Due to recent sanctions related to events in Ukraine as well as the current market environment, the London Stock Exchange has suspended the listing of the Company's GDRs in order to maintain market stability.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

MD MEDICAL GROUP INVESTMENTS PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

Board of Directors	Vladimir Mekler – Chairman Mark Kurtser Vitaly Ustimenko Tatiana Lukina Sergey Kalugin (appointed on 2 March 2022)
Secretary	Menustrust Limited
Secretary assistant	Darya Aleksandrova
Independent Auditors	JSC “Kept”
Registered Office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

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 2022.

Management report

Incorporation

MD Medical Group Investments Plc was incorporated in Cyprus on 5 August 2010 as a private limited liability company. 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.

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 2022 and its financial position at that date are set out in the consolidated statement of profit or loss and other comprehensive income on page 40-41 and in the consolidated statement of financial position on page 41 of these consolidated financial statements.

Profit for the year ended 31 December 2022 amounted to RUB 4,718,800 thousand (for the year ended 31 December 2021: RUB 6,143,026 thousand). The total assets of the Group as at 31 December 2022 were RUB 33,162,389 thousand (31 December 2021: RUB 34,282,277 thousand) and the net assets were RUB 26,963,262 thousand (31 December 2021: RUB 23,097,192 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 26 October 2022 the Board of Directors recommended the payment of RUB 642,319 thousand as interim dividends which corresponds to RUB 8.55 per share. The dividends were paid on 29 November 2022.

On 3 September 2021 the Board of Directors recommended the payment of RUB 1,352,249 thousand as interim dividends which corresponds to RUB 18 per share. The dividends were paid on 26 October 2021.

On 19 March 2021 Board of Directors recommended the payment of RUB 1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB 19 per share. The dividends were paid on 25 May 2021.

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.

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 2022, 31 December 2021 and as at the date of signing these consolidated financial statements are as follows:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (resigned on 5 March 2022)	Indirect interest in shares	5.55
Simon Rowlands (resigned on 9 March 2022)	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.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 27 May 2022 and 29 June 2022, as a result the share of his ownership increased from 0.0053% to 0.0054% of the Company's share capital.

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

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.

Sergey Kalugin was appointed as an independent director in March 2022.

Kirill Dmitriev and Africa Platforms Capital LLP (represented by Simon Rowlands) stepped down as members of the Board of Directors on 5 March 2022 and 9 March 2022 respectively.

The members of the Board of Directors who served as at the date of signing of these consolidated financial statements, are presented on page 30.

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: 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 were the other members.

Following the resignation of Mr. Simon Rowlands and Mr. Kirill Dmitriev on 5 March 2022 and 9 March 2022, respectively, Mr. Vitaly Ustimenko and Mr. Sergey Kalugin were appointed as other members of the audit committee on 14 March 2022.

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 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). Mr. Mark Kurtser and Mr. Simon Rowlands were the other members. Following the resignation of Mr. Simon Rowlands on 9 March 2022, Mr. Sergey Kalugin was appointed as other member of the audit committee on 14 March 2022.

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 was chaired by an independent non-executive director Mr. Simon Rowlands, who stepped down on 5 March 2022. Mr. Sergey Kalugin was appointed as the chairman of the Remuneration Committee on 14 March 2022. 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 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
- and 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 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 2022 the Company did not acquire any treasury shares.

Events after the reporting period

The events after the reporting date are disclosed in Note 29 to the consolidated financial statements.

Independent auditors

The independent auditors of the Company Messrs. JSC "Kept" (formerly 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,

Vladimir Mekler Chairman of the Board of Directors	Mark Kurtser Managing Director, member of the Board of Directors

Moscow, 31 March 2023

Directors' responsibility statement

The Company's Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, 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.

This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the consolidated financial statements, the Board of Directors is also 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board of Directors' confirmations

The Board of Directors confirms that, to the best of its knowledge:

a) the consolidated financial statements, which are presented on pages 40 to 74, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, 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

b) 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 it faces/they face

Further, the Board of Directors confirms that, to the best of its knowledge:

i adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Group and explain its transactions

ii all information of which it is aware that is relevant to the preparation of the consolidated financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors

By order of the Board of Directors,

Vladimir Mekler Chairman of the Board of Directors	Mark Kurtser Managing Director, member of the Board of Directors

Moscow, 31 March 2023

Independent Auditors' Report

To the Shareholders of MD MEDICAL GROUP INVESTMENTS PLC

Opinion

We have audited the consolidated financial statements of MD MEDICAL GROUP INVESTMENTS PLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and 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).

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 are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation 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

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.

Impairment of goodwill and property, plant and equipment	
Please refer to the Note 13 and 14 in the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
During the year, the Group recognized an impairment of the property, plant and equipment of one of its cash generating units (the "CGUs") in the amount of RUB 1,000,015 thousand as well as an impairment of goodwill relating to another CGU in the amount of RUB 201,034 thousand. We consider the issue as a key audit matter due to inherent estimation uncertainty in forecasting future cash flows which form the basis for the assessment of recoverability and significant management judgement involved in determination of the recoverable amount.	Our audit procedures included: - assessment of whether the CGUs were appropriately determined and evaluation of the methodology applied by management in impairment testing - assessment of appropriateness of key inputs used and assumptions applied in forming the discounted cash flows' models, such as estimated revenue and profitability growth, by comparing them to historical results and critically challenging the forecasted amounts We involved our own valuation specialists to assist us in evaluating the appropriateness of the weighted-average cost of capital (discount rate), CAPEX in post-projection period, long-term growth rate, length of the projection period. We also assessed the completeness and consistency of the disclosures in the consolidated financial statements in relation to this matter.

Revenue recognition	
Please refer to the Note 4 in the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Revenue is a material amount consisting of a high volume of individually low value transactions. The	Our audit procedures in this area included, among others, the following ones.

Group uses special Medialog system to calculate revenue, where revenue data is automatically transferred therefrom to the accounting system. Thus, the Group relies on results of operations of these systems. The most significant risks of revenue misstatement arise due to potential incorrect data on volume and value of the services provided.	We tested general IT controls and application-level controls relevant to revenue recognition. We involved our Information risk management specialists, who assisted us in performing the following procedures: - to test users' and administrators' access rights and password setting controls in Medialog - to test Medialog's automatic links of tickets issued for the provision of services to invoices and payments, including the function to link tickets to a particular service contract - to test that revenue data is accurately transferred from Medialog to the accounting system We reconciled Medialog data to accounting ledgers. Further we reconciled the recognized revenue adjusted for the balances of settlements with customers at the beginning and the end of the reporting period, with the amounts of payments recorded in the accounting system; and reconciled the amounts of payments received from customers with external bank confirmations. We also obtained confirmation letters from debtors (legal entities) on a sample basis to confirm balances and turnover. In addition, we analyzed the revenue structure, its' key trends and correlations.

Other Information

Management is responsible for the other information. The other information comprises the Management Report, the Directors' Responsibility Statement and the Annual Report, 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.

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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS-EU, and for such internal control as management 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, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 scepticism 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 management

- Conclude on the appropriateness of management's 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 fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within 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 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 unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Koliadko E.G.
Principal registration number of the entry in the Register of Auditors and Audit organizations No. 22006023423, acts on behalf of the audit organization based on the power of attorney No. 3/23 as of 17 February 2023
JSC "Kept"
Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia
31 March 2023

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	2022	2021
		RUB'000	RUB'000
Revenue	**4**	**25,222,056**	**25,219,683**
Cost of sales	5	(15,428,617)	(15,231,775)
Gross profit		**9,793,439**	**9,987,908**
Other income	8	36,141	104,424
Selling, general and administrative expenses	6	(3,513,145)	(3,402,362)
Impairment loss	13, 14	(1,286,574)	-
Other expenses	8	(60,510)	(68,007)
Operating profit		**4,969,351**	**6,621,963**
Finance income	9	355,825	93,683
Finance expenses	9	(494,039)	(549,361)
Net foreign exchange transactions loss	9	(104,751)	(8,017)
Net finance expenses	9	(242,965)	(463,695)
Profit before tax		**4,726,386**	**6,158,268**
Income tax expense	10	(7,586)	(15,242)
Profit for the year		4,718,800	6,143,026
Total comprehensive income for the year		**4,718,800**	**6,143,026**
Profit for the year attributable to:			
Owners of the Company		4,560,217	6,003,486
Non-controlling interests		158,583	139,540
		4,718,800	**6,143,026**
Total comprehensive income for the year attributable to:			
Owners of the Company		4,560,217	6,003,486
Non-controlling interests		158,583	139,540
		4,718,800	6,143,026
Earnings per share (RUB)	**11**	**60.70**	**79.91**

The Notes on pages 46 to 74 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 December 2022

	Note	31 December 2022	31 December 2021
		RUB'000	RUB'000
ASSETS			
Property, plant and equipment	13	24,527,917	26,070,398
Intangible assets	14	1,959,819	2,141,945
Trade, other receivables and deferred expenses	15	87,928	339,909
Deferred tax assets		-	4,300
Total non-current assets		**26,575,664**	**28,556,552**
Inventories		1,212,154	1,164,761
Trade, other receivables and deferred expenses	15	911,831	971,341
Cash and cash equivalents	16	4,462,740	3,589,623
Total current assets		**6,586,725**	**5,725,725**
Total assets		**33,162,389**	**34,282,277**
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	21,982,033	18,064,135
Total equity attributable to the owners of the Company		**26,750,585**	**22,832,687**
Non-controlling interests	26	212,677	264,505
Total equity		**26,963,262**	**23,097,192**
LIABILITIES			
Loans and borrowings	19	489,200	3,726,707
Trade and other payables	21	729,173	624,808
Deferred tax liabilities		-	6,234
Contract liabilities	20	468,505	460,420
Total non-current liabilities		**1,686,878**	**4,818,169**
Loans and borrowings	19	106,426	1,786,326
Trade and other payables	21	2,822,399	3,010,232
Contract liabilities	20	1,583,424	1,570,358
Total current liabilities		**4,512,249**	**6,366,916**
Total liabilities		**6,199,127**	**11,185,085**
Total equity and liabilities		**33,162,389**	**34,282,277**

The Notes on pages 46 to 74 are an integral part of these consolidated financial statements.

On 31 March 2023 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

Consolidated statement of changes in equity

For the year ended 31 December 2022

		Attributable to the owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Reserves	Retained earnings	Total		
	Note	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2022		**180,585**	**5,243,319**	**(655,352)**	**18,064,135**	**22,832,687**	**264,505**	**23,097,192**
Profit and total comprehensive income for the year		-	-	-	4,560,217	4,560,217	158,583	4,718,800
Contributions and distributions								
Dividends declared	12	-	-	-	(642,319)	(642,319)	(210,411)	(852,730)
Total contributions and distributions		**-**	**-**	**-**	**(642,319)**	**(642,319)**	**(210,411)**	**(852,730)**
Balance at 31 December 2022		**180,585**	**5,243,319**	**(655,352)**	**21,982,083**	**26,750,585**	**212,677**	**26,963,262**

Share premium is not available for distribution.

The Notes on pages 46 to 74 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021

		Attributable to the owners of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Reserves	Retained earnings	Total		
	Note	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2021		**180,585**	**5,243,319**	**(655,352)**	**14,840,273**	**19,608,825**	**343,756**	**19,952,581**
Profit and total comprehensive income for the year		-	-	-	6,003,486	6,003,486	139,540	6,143,026
Contributions and distributions								
Dividends declared	12	-	-	-	(2,779,624)	(2,779,624)	(219,222)	(2,998,846)
Other changes		-	-	-	-	-	431	431
Total contributions and distributions		**-**	**-**	**-**	**(2,779,624)**	**(2,779,624)**	**(218,791)**	**(2,998,415)**
Balance at 31 December 2021		**180,585**	**5,243,319**	**(655,352)**	**18,064,135**	**22,832,687**	**264,505**	**23,097,192**

Share premium is not available for distribution.

The Notes on pages 46 to 74 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	2022	2021
		RUB'000	**RUB'000**
Cash flows from operating activities			
Profit for the year		4,718,800	6,143,026
Adjustments for:			
Depreciation	13	1,616,547	1,577,042
Amortisation	14	51,109	122,176
Gain from the sale of property, plant and equipment		(22,317)	(2,162)
Write-off of property, plant and equipment		815	27,189
Impairment loss	13,14	1,286,574	-
Finance income	9	(355,825)	(93,683)
Finance expenses (excluding impairment)	9	400,207	517,714
Impairment of trade and other receivables	9	93,832	31,647
Net foreign exchange transactions loss	9	104,751	8,017
Income tax expense	10	7,586	15,242
		7,902,079	**8,346,208**
Increase in inventories		(47,393)	(190,884)
Increase in trade and other receivables		(35,292)	(7,912)
(Decrease) / increase in trade and other payables		(55,420)	(276,341)
(Decrease) / increase in contract liabilities		(17,632)	80,278
Cash flows from operations		**7,746,342**	**8,504,031**
Tax paid		(12,624)	(4,635)
Net cash flows from operating activities		**7,733,718**	**8,499,396**
Cash flows from investing activities			
Acquisition/construction of property, plant and equipment		(1,098,983)	(3,734,757)
Proceeds from sale of property, plant and equipment		62,796	2,724
Acquisition of intangible assets	14	(70,017)	(55,466)
Placing short-term bank deposits		-	(866,831)
Proceeds from short-term bank deposits return		-	1 648 623
Bank interest received	9	257,760	93,683
Net cash flows used in investing activities		**(848,444)**	**(2,912,024)**

The Notes on pages 46 to 74 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

For the year ended 31 December 2022

	Note	2022	2021
		RUB'000	**RUB'000**
Cash flows from financing activities			
Repayment of loans and borrowings	19	(4,805,599)	(1,490,806)
Payments of lease liabilities	19	(150,743)	(152,470)
Finance expenses paid		(262,088)	(363,727)
Proceeds from reimbursed VAT		342,717	33,138
Repayment of reimbursed VAT		(166,634)	(152,123)
Dividends paid to the owners of the Company		(636,794)	(2,726,685)
Dividends paid to non-controlling interests		(224,807)	(178,177)
Net cash flows used in financing activities		**(5,903,948)**	**(5,030,850)**
Net increase in cash and cash equivalents		**981,326**	**556,522**
Cash and cash equivalents as at the beginning of the year	16	3,589,623	3,128,718
Effect of movements in exchange rates on cash held		(108,209)	(95,617)
Cash and cash equivalents as at the end of the year	**16**	**4,462,740**	**3,589,623**

The Notes on pages 46 to 74 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2022

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. In August 2012, following the special resolution passed by the shareholder, the Company was converted into a public limited liability company. 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 (the Company and its subsidiaries together referred to as the “Group”), 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 2022 Effective holding, %	31 December 2021 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	Assistance services	95	95
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
LLC Mother and Child Perm	Russian Federation	Medical services	95	95
LLC Mother and Child (Ufa)	Russian Federation	Dormant company	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
JSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Dormant company	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 Mother and Child Ryazan	Russian Federation	Medical services	100	100

Name	Country of incorporation	Activities	31 December 2022 Effective holding, %	31 December 2021 Effective holding, %
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	Pharmaceutics retail	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Medica-2	Russian Federation	Medical services	100	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 Mother and Child Vladivostok	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 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	Dormant	90	90
LLC MD Belgorod	Russian Federation	Medical services	-	100
LLC MD Lipetsk	Russian Federation	Medical services	-	100
NFP MGIMO-MED	Russian Federation	Medical university	67	67
LLC MD Group Holding	Russian Federation	Management company	100	-
JSC MD Medical Group	Russian Federation	Management company	100	-
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 2022, 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).

These consolidated financial statements were approved by the Board of Directors and were authorised for issue on 31 March 2023.

(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, all amounts have been rounded to the nearest thousand, unless otherwise indicated.

(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:

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 2022 is described in Note 3.

The significant judgements made by the management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021 except for those reflected in Notes 13, 14.

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 2021 and for the year then ended.

New standards and amendments applied for the first time in 2022 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.

<u>Acquisitions from entities under common control</u>

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.

<u>Non-controlling interests</u>

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.

<u>Loss of control</u>

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.

<u>Transactions eliminated on consolidation</u>

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
Rendering of services (except storage of stem cells and long term contracts described below)	Sales of services are recognised at point in time in which 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 is rendered. Mandatory Health Insurance (MHI), insurance and other companies usually pay in up to two months after the services are provided.
Sales of goods	Sales of goods are recognised when control over the goods has been transferred to the customer, which is usually 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.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset, or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer creditimpaired, then the calculation of interest income reverts to the gross basis.

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 at 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 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 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, as well as 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 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; and
- 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 respondence 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 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 3 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.

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 consolidated 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 issued but not yet effective:

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)

4. Revenue

	2022	2021
	RUB'000	RUB'000
Therapy, surgery and other in-patient medical services	4,643,136	5,486,629
In vitro fertilisation (IVF)	4,331,930	3,939,363
Deliveries	2,843,344	2,863,685
Oncology	2,480,842	2,131,922
Obstetrics and gynaecology out-patient treatments	2,399,259	2,217,946
Diagnostic centre and other out-patient medical services	2,321,624	2,180,239
Laboratory examinations and other medical services	1,983,791	2,493,346
Paediatrics out-patient treatments	1,637,982	1,588,170
Obstetrics and gynaecology in-patient treatments	1,224,345	1,031,978
Paediatrics in-patient treatments	714,102	676,330
Sales of goods	280,706	251,654
Storage of stem cells	170,442	162,643
Other income	190,553	195,778
Total revenue from contracts with customers	**25,222,056**	**25,219,683**

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 (76% of 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 a significant corporate client, such contracts are fully prepaid.

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 RUB 808,532 thousand was recognised in short-term contract liabilities at the beginning of the year was recognised as revenue during the year ended 31 December 2022 (31 December 2021: RUB 717,705 thousand). The amount of RUB 60,529 thousand was returned to the patients and the amount of RUB 197,295 thousand was transferred to the other contracts during the year ended 31 December 2022 (31 December 2021: RUB 67,932 thousand and RUB 271,001 thousand respectively).

5. Cost of sales

	2022	2021
	RUB'000	RUB'000
Payroll and related social taxes	8,104,750	7,517,576
Materials and supplies used	5,031,519	5,477,791
Depreciation	1,402,538	1,367,565
Medicl services	308,087	334,712
Energy and utilities	282,059	269,316
Property tax	176,071	148,058
Repair and maintenance	96,973	88,513
Other expenses	26,620	28,244
Total cost of sales	**15,428,617**	**15,231,775**

6. Selling, general and administrative expenses

	2022	2021
	RUB'000	RUB'000
Payroll and related social taxes	2,036,089	2,022,217
Utilities and materials	305,540	270,838
Depreciation	214,009	209,477
Advertising	211,196	161,968
Other professional services	174,443	134,770
Acquiring and encashment	159,461	172,536
Commission fees	118,270	90,232
IT support	77,933	20,913
Amortisation	51,109	122,176
Communication costs	45,631	39,630
Independent auditors' remuneration	19,924	22,964
Learning and development	17,582	23,433
Other expenses	81,958	111,208
Total selling, general and administrative expenses	**3,513,145**	**3,402,362**

7. Staff costs

	2022	2021
	RUB'000	RUB'000
Wages and salaries	8,050,193	7,592,490
Social insurance contributions and other taxes	2,090,646	1,947,303
Total staff costs	**10,140,839**	**9,539,793**

The number of employees as at 31 December 2022 was 8,466 (31 December 2021: 8,461).

During the year ended 31 December 2022 the Group did not receive any government grants to cover the additional payroll costs paid to doctors and other medical staff as a result of COVID-19 (for the year ended 31 December 2021: RUB 4,526 thousand, which reduced the staff costs accordingly).

8. Other income and expenses

During the year ended 31 December 2022 the Group received other income of RUB 36,141 thousand including income from fixed assets sale amounted to RUB 21,103 thousand. (During the year ended 31 December 2021 the Group received other income of RUB 104,424 thousand including a property tax refund amounted to RUB 44,966 thousand by MD Project 2010).

The Group incurred other expenses amounted to RUB 60,510 thousand in the reporting year. (During 2021 the Group incurred other expenses amounted to RUB 68,007 thousand, including write-off of fixed assets amounted to RUB 26,753 thousand).

9. Net finance expenses

	Note	2022	2021
		RUB'000	RUB'000
Finance income			
Bank interest received		257,760	93,683
Initial recognition of other payables to tax authorities at market rate		98,065	-
Finance income		**355,825**	**93,683**
Finance expenses			
Interest on bank loans		(228,607)	(339,240)
Unwinding of discount on other payables to tax authorities		(60,177)	(63,950)

	Note	2022	2021
		RUB'000	RUB'000
Interest on leases		(51,881)	(49,033)
Other interest expenses		(38,783)	(41,259)
Other finance expenses			
Impairment of trade and other receivables	15	(93,832)	(31,647)
Bank charges		(20,759)	(23,650)
Other impairment provision		-	(582)
Finance expenses		**(494,039)**	**(549,361)**
Net foreign exchange transactions loss		**(104,751)**	**(8,017)**
Net finance expenses		**(242,965)**	**(463,695)**

10. Income tax

Reconciliation between profit before tax and income tax expense:

	2022	2021
	RUB'000	RUB'000
Profit before tax	4,726,386	6,158,268
Less profit before tax of non-taxable subsidiaries	(5,048,713)	(6,447,365)
Loss before tax excluding not-taxable subsidiaries	**(322,327)**	**(289,097)**
Tax using the Group's domestic tax rate	64,465	57,819
Effect of subsidiaries taxable at lower tax rates	586	99
Non-deductible expenses	(10,138)	(20,086)
Current-year losses for which no deferred tax asset is recognised	(62,500)	(53,074)
Total income tax expense	**(7,586)**	**(15,242)**

All Group companies, that are offering medical services and are operating in the Russian Federation and meet the conditions specified in the Federal law 395-N, apply 0% corporate income tax rate. Other companies apply standard income tax rate of 20% or 15%.

As at 31 December 2022 deferred tax assets relating to tax losses carried forward in the amount of RUB 396,256 thousand (31 December 2021: RUB 333,285 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 2022, there were temporary differences (before calculating tax effect) of RUB 11,486,136 thousand (31 December 2021: RUB 9,965,811 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

	2022	2021
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	**4,560,217**	**6,003,486**
Weighted average number of ordinary shares in issue during the year	75,125,010	75,125,010
Basic and fully diluted earnings per share (RUB)	**60.70**	**79.91**

12. Dividends

On 26 October 2022 the Board of Directors recommended the payment of RUB 642,319 thousand as interim dividends which corresponds to RUB 8.55 per share. The dividends were paid on 29 November 2022.

On 3 September 2021 the Board of Directors recommended the payment of 1,352,249 thousand as interim dividends which corresponds to RUB 18 per share. The dividends were paid on 26 October 2021.

On 19 March 2021 Board of Directors recommended the payment of RUB 1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB 19 per share. The dividends were paid on 25 May 2021.

13. Property, plant and equipment

	Freehold land and buildings	Property under construction	Plant and equipment	Right-of-use of freehold land, buildings and plant and equipment	Total
	RUB'000	**RUB'000**	**RUB'000**	**RUB'000**	**RUB'000**
Initial cost					
Balance as at 1 January 2021	**21,283,540**	**158,752**	**9,158,576**	**723,077**	**31,323,945**
Additions	53,044	3,696,801	327,992	331,199	4,409,036
Disposals	(10,390)	(436)	(159,485)	(53,168)	(223,479)
Transfer from construction in progress	749,169	(1,398,872)	649,703	-	-
Balance as at 31 December 2021	**22,075,363**	**2,456,245**	**9,976,786**	**1,001,108**	**35,509,502**
Additions	49,429	981,538	151,059	65,758	1,247,784
Disposals	(33,911)	(815)	(83,205)	(54,705)	(172,636)
Impairment loss	(1,000,015)	(85,525)	-	-	(1,085,540)
Transfer from construction in progress	2,517,195	(3,192,038)	664,843	-	-
Balance as at 31 December 2022	**23,618,061**	**159,405**	**10,709,483**	**1,012,161**	**35,499,110**
Depreciation					
Balance as at 1 January 2021	**(2,231,515)**	**-**	**(5,562,862)**	**(233,030)**	**(8,027,407)**
Depreciation during the year	(461,155)	-	(991,882)	(124,005)	(1,577,042)
Accumulated depreciation on disposals	5,133	-	137,427	22,785	165,345
Balance as at 31 December 2021	**(2,687,537)**	**-**	**(6,417,317)**	**(334,250)**	**(9,439,104)**
Depreciation	(502,409)	-	(978,440)	(135,698)	(1,616,547)

	Freehold land and buildings	Property under construction	Plant and equipment	Right-of-use of freehold land, buildings and plant and equipment	Total
	RUB'000	**RUB'000**	**RUB'000**	**RUB'000**	**RUB'000**
during the year					
Accumulated depreciation on disposals	7,381	-	69,256	7,821	84,458
Balance as at 31 December 2022	**(3,182,565)**	**-**	**(7,326,501)**	**(462,127)**	**(10,971,193)**
Carrying amounts					
Balance as at 1 January 2021	**19,052,025**	**158,752**	**3,595,714**	**490,047**	**23,296,538**
Balance as at 31 December 2021	**19,387,826**	**2,456,245**	**3,559,469**	**666,858**	**26,070,398**
Balance as at 31 December 2022	**20,435,496**	**159,405**	**3,382,982**	**550,034**	**24,527,917**

Impairment loss of Ufa hospital's property, plant and equipment
As at 30 June 2022, due to macroeconomic conditions, such as a deterioration in general economic situation, and excessive capacity, the Group performed an impairment test with respect to property, plant and equipment of the regional hospital of LLC MD PROJECT 2010 located in Ufa, representing a separate CGU.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU (RUB 2,936,892 thousand) exceeded its recoverable amount (RUB 1,936,877 thousand) and an impairment loss of RUB 1,000,015 thousand was (the year ended 31 December 2021: nil). The impairment loss was allocated to property, plant and equipment.

The recoverable amount was estimated based on the value in use, which was determined using a pre-tax discount rate of 17.5% and a terminal growth rate of 4% applied after the 5.5-year projection period.

The discount rate was based on the rate of 10-year bonds issued by the Russian government, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

The long-term growth rate into perpetuity has been determined as the lower of the nominal gross domestic product (GDP) rates for Russia, where the CGU operates, and the long-term compound annual EBITDA growth rate estimated by management.

Estimated EBITDA was based on expectations of future outcomes taking into account past experience, whereas the EBITDA margin amounted to 20.4%-23.2% further adjusted for anticipated annual revenue growth of 4%-6.8%. Revenue growth was projected taking into account the estimated utilization and price growth for the next five years.

Once the impairment loss was recognised, the recoverable amount equaled the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

As at 31 December 2022 the Group considered whether there were indicators of additional impairment or reversal thereof and concluded that there were none.

Impairment loss of construction documentation in Saint-Petersburg
During the reporting period the Group recognized an impairment of previously acquired construction documentation in the amount of RUB 85,525 thousand as the Group revised its plans on construction of a clinic in Saint-Petersburg that made the documentation no longer usable (During the year ended 31 December 2021: nil). The impairment loss was allocated to construction in progress.

Impairment testing of other CGUs
On 30 June 2022 the Group performed impairment tests for all CGUs with a goodwill (see Note 14), as well as considered whether the changes in the economic environment represents impairment indicators for other CGUs. The testing was

performed for a number of CGUs. No additional impairment loss was identified. No reasonably possible change in key assumptions will cause an impairment.

As a result the Group did not recignise any additional impairment other than mentioned above.

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.

As at 31 December 2022 construction in progress mainly includes construction costs of Lapino hospital (LLC Khaven) amounting to RUB 91,148 thousand and MD Group hospital (JSC MD PROJECT 2000) amounting to RUB 26,746 thousand (31 December 2021: MD Lakhta hospital (LLC Khaven) – RUB 1,825,075 thousand and Tyumen-2 hospital (LLC Mother and Child Tyumen) – RUB 564,720 thousand).

14. Intangible assets

	Goodwill	Patents and trademarks	Software and website	Total
	RUB'000	RUB'000	RUB'000	RUB'000
Initial cost				
Balance as at 1 January 2021	**2,032,320**	**564,812**	**253,072**	**2,850,204**
Additions	-	-	58,466	58,466
Balance as at 31 December 2021	**2,032,320**	**564,812**	**311,538**	**2,908,670**
Additions	-	-	70,017	70,017
Impairment loss	(201,034)	-	-	(201,034)
Balance as at 31 December 2022	**1,831,286**	**564,812**	**381,555**	**2,777,653**
Amortisation				
Balance as at 1 January 2021	**-**	**(511,384)**	**(133,165)**	**(644,549)**
Amortisation during the year	-	(53,426)	(68,750)	(122,176)
Balance as at 31 December 2021	**-**	**(564,810)**	**(201,915)**	**(766,725)**
Amortisation during the year	-	(2)	(51,107)	(51,109)
Balance as at 31 December 2022	**-**	**(564,812)**	**(253,022)**	**(817,834)**
Carrying amounts				
Balance as at 1 January 2021	**2,032,320**	**53,428**	**119,907**	**2,205,655**
Balance as at 31 December 2021	**2,032,320**	**2**	**109,623**	**2,141,945**
Balance as at 31 December 2022	**1,831,286**	**-**	**128,533**	**1,959,819**

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 2022	31 December 2021
	RUB'000	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	47,216	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
	1,831,286	**2,032,320**

Impairment loss of Medica-2
The Group performed an impairment test with respect to goodwill in regional clinic LLC Medica-2 as at 30 June 2022.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU (RUB 323,112 thousand) was determined to be higher than its recoverable amount (RUB 122,078 thousand) and an impairment loss of RUB 201,034 thousand was recognised during the year ended 31 December 2022 (the year ended 31 December 2021: nil). The impairment loss was allocated to goodwill.

The discount rate and terminal growth rate were as specified above in the Note 13. The EBITDA margin was assessed as 15.8%-18% and the revenue growth rate was 4%-6.1% for the 5.5 years projection period.

Impairment test of other subsidiaries
The Group performed an impairment test with respect to goodwill in other subsidiaries as at 30 June 2022.

The discount rate and terminal growth rate were as specified above in the Note 13. The revenue growth rate was 4%-9% and EBITDA margin for JSC MC Avicenna, ARTMed Group (Centres of Reproductive Medicine, located in Krasnoyarsk, Omsk, Novosibirsk and Barnaul), JSC MK IDK and other was 30.2%-30.9%, 40.5%-42.1% and 27.5%-33.4% respectively for the 5.5 years projection period.

No impairment loss was identified. No reasonably possible change in key assumptions will cause an impairment.

As a result the Group did not recignise any additional impairment other than mentioned above.

15. Trade, other receivables and deferred expenses

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Trade receivables net of impairment provision	734,938	751,604
Advances paid to suppliers	113,013	119,336
CAPEX prepayments	87,928	339,909
Deferred expenses	7,884	4,866
Property tax to be reimbursed	83	59,735
Other receivables	55,913	35,800
	999,759	**1,311,250**
Non-current portion	87,928	339,909
Current portion	911,831	971,341
	999,759	**1,311,250**

Ageing analysis of trade receivables:

	Gross amount	Impairment	Gross amount	Impairment
	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	RUB'000	RUB'000	RUB'000	RUB'000
Not past due	594,321	(1,028)	572,052	(9,434)
Past due	375,662	(234,017)	320,647	(131,661)
	969,983	**(235,045)**	**892,699**	**(141,095)**

In addition to the bad debt provision accrued as at 31 December 2022 the accounts receivable in the amount of RUB 118 thousand were written-off during the year ended 31 December 2022 (year ended 31 December 2021: RUB 2,023 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 2022.

Ageing	**Status**	**Weighted-average loss rate 2022**	**Gross carrying amount 2022**	**Loss allowance 2022**	**Gross carrying amount 2021**	**Loss allowance 2021**
			RUB'000	**RUB'000**	**RUB'000**	**RUB'000**
0-30 days	past due	18%	46,081	(8,436)	48,317	(7,685)
31-60 days	past due	33%	7,986	(2,633)	17,740	(4,757)
61-90 days	past due	44%	7,115	(3,159)	19,251	(5,840)
more than 91 days	past due	74%	243,736	(180,321)	187,059	(83,542)
TOTAL			**304,918**	**(194,549)**	**272,367**	**(101,824)**

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 2022.

Ageing	**Status**	**Weighted-average loss rate 2022**	**Gross carrying amount 2022**	**Loss allowance 2022**	**Gross carrying amount 2021**	**Loss allowance 2021**
			RUB'000	**RUB'000**	**RUB'000**	**RUB'000**
0-30 days	not past due	13%	7,636	(1,028)	37,383	(9,434)
31-60 days	past due	20%	5,993	(1,188)	17,187	(5,001)
61-90 days	past due	28%	3,142	(875)	1,553	(630)
more than 91 days	past due	58%	61,609	(36,031)	29,540	(22,833)
TOTAL			**78 380**	**(39,122)**	**85,663**	**(37,898)**

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB 67,875 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB 518,810 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 RUB 1,373 thousand was accrued as at 31 December 2022 (31 December 2021: RUB 1,373 thousand).

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 2022	**31 December 2021**
	RUB'000	**RUB'000**
Current bank accounts and cash in hand	901,000	1,536,457
Bank deposits with maturity less than 3 months	3,561,740	2,053,166
Total cash and cash equivalents	**4,462,740**	**3,589,623**

Currency:

	31 December 2022	**31 December 2021**
	RUB'000	**RUB'000**
RUB	4,399,794	2,869,105
USD	62,946	720,518
	4,462,740	**3,589,623**

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

	Number of shares	Nominal value	Share capital	Share capital
		USD	RUB'000	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 negative common control transactions reserve in the amount of RUB 682,873 thousand and positive capital contribution reserve in the amount of RUB 27,521 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 2022.

19. Loans and borrowings

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Long-term liabilities		
Bank loans	-	3,129,443
Lease liabilities	489,200	597,264
Short-term liabilities		
Bank loans	-	1,688,878
Lease liabilities	106,426	97,448
Total loans and borrowings	**595,626**	**5,513,033**

Maturity of loans and borrowings:

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Within one year	106,426	1,786,326
Between one and five years	379,761	3,515,922
More than 5 years	109,439	210,785
	595,626	**5,513,033**

In the reporting period, the Group fully repaid all its existing credit facilities by settling outstanding obligations ahead of schedule.

No property, plant and equipment is held as collateral for the bank loans as at 31 December 2021.

More information is disclosed in Note 13.

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

			31 December 2022		31 December 2021	
	Currency	**Maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
			RUB'000	**RUB'000**	**RUB'000**	**RUB'000**
Unsecured bank loan	RUB	2023	-	-	1,012,859	1,012,859
Unsecured bank loan	RUB	2024	-	-	1,128,830	1,128,830
Unsecured bank loan	RUB	2022	-	-	210,247	210,247
Unsecured bank loan	RUB	2026	-	-	2,466,385	2,466,385
Current lease liabilities	RUB	2023	106,426	106,426	97,448	97,448
Non-current lease liabilities	RUB	2024-2032	489,200	489,200	597,264	597,264
			595,626	**595,626**	**5,513,033**	**5,513,033**

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 2022		31 December 2021	
	Bank loans	**Lease liabilities**	**Bank loans**	**Lease liabilities**
	RUB'000	**RUB'000**	**RUB'000**	**RUB'000**
Balance at 1 January	**4,818,321**	**694,712**	**6,309,964**	**508,034**
Changes in cash flows				
Repayment of loans and borrowings	(4,805,599)	-	(1,490,806)	-
Payments of lease liabilities	-	(98,862)	-	(152,470)
Interest under lease agreements paid	-	(51,881)	-	-
Interest paid included in financing cash flows	(241,329)	-	(340,077)	-
Total changes in cash flows	**(5,046,928)**	**(150,743)**	**(1,830,883)**	**(152,470)**
Liability-related changes				
Additions of lease liabilities	-	65,758	-	331,199
Leases terminated	-	(65,982)	-	(41,084)
Interest accrued during the period	228,607	51,881	339,240	49,033
Total liability-related other changes	**228,607**	**51,657**	**339,240**	**339,148**
Balance at 31 December	**-**	**595,626**	**4,818,321**	**694,712**

20. Contract liabilities

	31 December 2022	31 December 2021
	RUB'000	**RUB'000**
Patient advances	**2,051,929**	**2,030,778**
including:		
Contract liabilities after more than one year	468,505	460,420
Contract liabilities within one year	1,583,424	1,570,358

Contract liabilities that relate to long term client advances represent money received from patients on stem cells storage contracts lasting from 1 to 30 years and long-term contracts for offering medical services lasting from 1 to 5 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 1 to 9 months, and other contracts valid up to 1 year.

21. Trade and other payables

	31 December 2022	31 December 2021
	RUB'000	**RUB'000**
Other payables to tax authorities	923,279	785,084
Taxes payable	814,083	278,294
Accruals	702,537	686,820
Trade payables	517,270	1,080,420
Payables to employees	462,884	462,495
CAPEX payables	66,575	268,879
Other payables	61,802	71,235
Income tax liability	3,142	1,813
	3,551,572	**3,635,040**
Non-current portion	729,173	624,808
Current portion	2,822,399	3,010,232
	3,551,572	**3,635,040**

The group received the right to postpone social insurance payments (included in taxes payable) for 2 years due to Governmental Decree #776 on 29 April 2022. However, the Group plans to settle these liabilities fully in 2023.

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 is 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 2022 was RUB 122,164 thousand (for the year ended 31 December 2021: RUB 142,277 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2022 was RUB 24,977 thousand (31 December 2021: RUB 25,338 thousand).

The Group provided medical informational services to related parties amounted to RUB 395,949 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB 310,438 thousand) and received commission services from related parties amounted to RUB 59,138 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB 41,620 thousand).

The receivables from medical informational services which remained unpaid as at 31 December 2022 was RUB 67,479 thousand (31 December 2021: RUB 36,795 thousand).

The Group purchased medical materials from related parties amounted to RUB 189,954 thousand for year ended 31 December 2022 (for the year ended 31 December 2021: RUB 140,721 thousand).

The payables for medical materials as at 31 December 2022 were RUB 15,719 thousand (the payables as at 31 December 2021: RUB 10,768 thousand).

The Group received medical services from related parties amounted to RUB 51,383 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB 71,819 thousand).

The payables from medical services which remained unpaid as at 31 December 2022 was RUB 6,759 thousand (31 December 2021: RUB 17,769 thousand).

The Group provided services to the key management personnel under non-exclusive commercial concession agreement for the year ended 31 December 2022 amounted to RUB 1,671 thousand (for the year ended 31 December 2021: RUB 1,527 thousand).

The receivables services under non-exclusive commercial concession agreements which remained unpaid as at 31 December 2022 was RUB 396 thousand (as at 31 December 2021: RUB 548 thousand).

The Group purchased intangible assets from related parties amounted to RUB 14,173 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB 5,010 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 2022, 31 December 2021 and as at the date of signing these consolidated financial statements are as follows:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (resigned on 5 March 2022)	Indirect interest in shares	5.55
Simon Rowlands (resigned on 9 March 2022)	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.

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 27 May 2022 and 29 June 2022, as a result the share of his ownership increased from 0.0053% to 0.0054% of the Company's share capital.

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

22.3. Dividends declared to related parties

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB 436,250 thousand for the year ended 31 December 2022 (31 December 2021: RUB 1,887,866 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 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 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.

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 2022	31 December 2021
	RUB'000	RUB'000
Trade and other receivables	792,817	846,706
Cash and cash equivalents excluding cash in hand	4,451,895	3,578,216
	5,244,712	**4,424,922**

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 excluding cash in hand of RUB 4,451,895 thousand as at 31 December 2022 (31 December 2021: RUB 3,578,216 thousand) which represents its maximum credit exposure on these assets. The Group maintains the majority of cash with the bank that is subject to sanctions. No rating from international rating agencies was available as at 31 December 2022. In accordance with the Russian rating agency AKRA the rating was AAA(RU).

2022		
Number of banks	**External credit rating**	**Carrying amount**
3	ruAAA	4,376,840
2	other	75,055
Total		**4,451,895**

The carrying amounts as of 31 Dcember 2021 and external ratings of 2021 were as follows:

2021		
Number of banks	**External credit rating**	**Carrying amount**
2	Baa3	2,883,927
1	A2	394,682
2	A1	299,607
Total		**3,578,216**

The cash and cash equivalents and short-term bank deposits were mostly held with bank and financial institution counterparties, which were rated Baa3-A1, based on rating agency Moody's Investors Service ratings

(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 2022	Note	Carrying amounts	Contractual cash flows	2 months or less	Between 2-12 months	Between 1-2 years	Between 2-5 years	More than 5 years
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Lease liabilities	19	595,626	735,399	27,429	135,392	144,233	292,381	135,964
CAPEX payables	21	66,575	66,575	14,094	52,481	-	-	-
Trade payables	21	517,270	517,270	517,270	-	-	-	-
Other	21	2,964,585	3,283,014	1,018,786	1,217,162	195,521	429,877	421,668

payables and accrued expenses								
		4,414,056	**4,602,258**	**1,577,579**	**1,405,035**	**339,754**	**722,258**	**557,632**

31 December 2021	Note	Carrying amounts	Contractual cash flows	2 months or less	Between 2-12 months	Between 1-2 years	Between 2-5 years	More than 5 years
		RUB'000	**RUB'000**	**RUB'000**	**RUB'000**	**RUB'000**	**RUB'000**	**RUB'000**
Bank loans	19	4,818,321	5,327,905	333,966	1,580,779	1,548,275	1,864,885	-
Lease liabilities	19	694,712	886,444	24,670	120,691	143,298	361,691	236,094
CAPEX payables	21	268,879	268,879	123,820	145,059	-	-	-
Trade payables	21	1,080,420	1,080,420	1,080,420	-	-	-	-
Other payables and accrued expenses	21	2,283,928	2,560,592	1,020,010	637,417	161,843	379,765	361,557
		9,146,260	**10,124,240**	**2,582,886**	**2,483,946**	**1,853,416**	**2,606,341**	**597,651**

(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 2022	31 December 2021
	RUB'000	**RUB'000**
Fixed rate instruments		
Financial assets	3,561,740	2,053,166
Financial liabilities	(595,626)	(5,513,033)
	2,966,114	**(3,459,867)**

The Group does not account for any fixed interest 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 2022		31 December 2021	
	USD	EUR	USD	EUR
Assets				
Cash at bank	62,946	-	720,518	-
Trade and other receivables	-	-	464	-
Liabilities				
CAPEX payables	(23,515)	(2,207)	(59,813)	(22,227)
Trade and other payables and accruals	(3,491)	(48)	-	(40)
Net exposure	**35,940**	**(2,255)**	**661,169**	**(22,267)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
USD	68.5494	73.6541	70.3375	74.2926
EUR	72.5259	87.1877	75.6553	84.0695
GBP	85.5708	101.3437	84.7919	100.0573

Sensitivity analysis

A 10% weakening of the Russian Ruble against the above currencies will result in the increase in profit and equity of RUB 3,369 thousand as at 31 December 2022 (31 December 2021: RUB 63,890 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 2022	31 December2021
		RUB'000	RUB'000
Financial liabilities	19	595,626	5,513,033
Less: cash and cash equivalents	16	(4,462,740)	(3,589,623)
Net debt		(3,867,114)	1,923,410
Total equity		26,963,262	23,097,192
Net debt to equity ratio		**(14.34%)**	**8.33%**

24. Fair values

As at 31 December 2022 and 31 December 2021 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 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 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 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. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the start of a special military operation in Ukraine by the Russian Federation, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

Further to the sanctions the London Stock Exchange has suspended the admission to trading of the Group`s instruments on 3 March 2022.

In September 2022, partial mobilization was announced in the Russian Federation. Referendums were held in the recognized republics of Donetsk and Lugansk, as well as in the Zaporozhye and Kherson regions of Ukraine, which resulted in incorporation of the territories into the Russian Federation. As a result of these events further sanctions were imposed and there is a risk of increasing pressure on the Russian economy. In response to the above , the Government of the Russian Federation has introduced a set of measures, which are countersanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy.

The imposition and subsequent strengthening of sanctions and the partial mobilization resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions as well as partial mobilization, in the long term, however, these events can have a significant negative impact on the Russian economy.

The wave-like nature of the spread of COVID-19 coronavirus infection continues to create additional 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.

Due to the business specifics purchases of medical equipment, medicines and medical consumables are generally not sanctioned at the current moment. Therefore the above situation does not negatively influence the business of the Group. The Management monitors the situation on the constant basis.

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.

	2022	2021
	RUB'000	RUB'000
Revenue	**3,740,660**	**3,569,840**
Profit and total comprehensive income	1,413,073	1,310,622
Profit and other comprehensive income allocated to non-controlling interests	**70,654**	**65,531**
Dividends paid to non-controlling interests	102,500	129,150
Non-controlling interests percentage	**5%**	**5%**

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Non-current assets	2,963,704	3,613,194
Current assets	657,396	1,022,314
Non-current liabilities	(346,889)	(269,557)
Current liabilities	(739,146)	(1,193,958)
Net assets	**2,535,065**	**3,171,993**
Carrying amount of non-controlling interests	126,753	158,600
Other non-controlling interests	85,924	105,905
	212,677	**264,505**

27. Capital commitments

Capital commitments mostly comprise of the obligations under construction and equipment purchase contracts in the amount of RUB 681,311 thousand as at 31 December 2022 (31 December 2021: RUB 1,037,548 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 out-patient medical centre "Mother&Child Mytishchi" with a focus on preparation for pregnancy and childbirth was opened on 13 January 2023.

No other significant events occurred after the reporting period.

REPORT AND FINANCIAL STATEMENTS

MD MEDICAL GROUP INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

Board of Directors	Vladimir Mekler – Chairman Mark Kurtser Vitaly Ustimenko Tatiana Lukina Sergey Kalugin (appointed on 2 March 2022)
Secretary	Menustrust Limited
Assistant Secretary	Darya Aleksandrova
Independent Auditors	GAC Auditors Ltd
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 separate financial statements of the Company for the year ended 31 December 2022.

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 2022 and its financial position as at that date are set out in the statement of profit or loss and other comprehensive income on page 85 and in the statement of financial position on page 86 of these financial statements.

Profit for the year ended 31 December 2022 amounted to RUB 2,558,425 thousand (2021: RUB 3,703,469 thousand). The total assets of the Company as at 31 December 2022 were RUB 14,511,922 thousand (31 December 2021: RUB 12,599,310 thousand) and the net assets were RUB 14,444,752 thousand (31 December 2021: RUB 12,528,646 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 26 October 2022 the Board of Directors recommended the payment of RUB 642,319 thousand as interim dividends which corresponds to RUB 8.55 per share. The dividends were paid on 29 November 2022.

On 3 September 2021 the Board of Directors recommended the payment of RUB 1,352,249 thousand as interim dividends which corresponds to RUB 18 per share. The dividends were paid on 26 October 2021.

On 19 March 2021 Board of Directors recommended the payment of RUB 1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB 19 per share. The dividends were paid on 25 May 2021.

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 fullservice 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 Note 17.

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 2022, 31 December 2021 and as at the date of signing these financial statements are as follows:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (resigned on 5 March 2022)	Indirect interest in shares	5.55
Simon Rowlands (resigned on 9 March 2022)	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 Director Vitaly Ustimenko acquired GDRs on 27 May 2022 and 29 June 2022, and as a result the share of his ownership increased from 0.0053% to 0.0054% of the Company's share capital.

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

Future developments

The Company’s goal is to continually diversify its medical services through its subsidiaries 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.

Sergey Kalugin was appointed as an independent director on 2 March 2022.

Kirill Dmitriev and Africa Platforms Capital LLP (represented by Simon Rowlands) stepped down as a member of the Board of Directors on 5 March 2022 and 9 March 2022 respectively.

The members of the Board of Directors who served as at the date of signing of these financial statements, are presented on page 76.

Refer to Note 16.1. 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 the independent non-executive director Tatiana Lukina since 6 December 2019, Mr. Kirill Dmitriev and Mr. Simon Rowlands were the other members.

Following the resignation of Mr. Simon Rowlands and Mr. Kirill Dmitriev on 5 March 2022 and 9 March 2022, respectively, Vitaly Ustimenko and Sergey Kalugin were appointed as the other members of the audit committee on 14 March 2022.

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
- the preparation of recommendations to the shareholders for approval in General Meetings in relation to the appointment, reappointment and removal of the external auditors
- the 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
- the development and implementation of the policy on non-audit services provided by the external auditors
- the monitoring of 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 reviewing 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 the non-executive director Mr. Vladimir Mekler (since June 2016). Mr. Mark Kurtser and Mr. Simon Rowlands were the other members. Following the resignation of Mr. Simon Rowlands on 9 March 2022, Mr. Sergey Kalugin was appointed as the other member of the audit committee on 14 March 2022.

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 was chaired by an independent non-executive director Mr. Simon Rowlands, who stepped down on 5 March 2022.

Mr. Sergey Kalugin was appointed as the chairman of the Remuneration Committee on 14 March 2022. 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.

In order to improve 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 terms 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 vote 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 2022 the Company did not acquire any treasury shares.

Events after the reporting period

The events after the reporting date are disclosed in Note 20 to these financial statements.

Independent auditors

The independent auditors, GAC Auditors Ltd, were appointed in replacement of the previous auditors KPMG Limited and have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Vladimir Mekler Chairman of the Board of Directors	Mark Kurtser Managing Director, member of the Board of Directors

Moscow, 31 March 2023

Directors' responsibility statement

The Company's Board of Directors is responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the separate financial statements, the Board of Directors is also 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Board of Directors' confirmations

The Board of Directors confirms that, to the best of its knowledge:

(a) the financial statements, which are presented on pages 85 to 106, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union 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

(b) the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

Further, the Board of Directors confirms that, to the best of its knowledge:

i adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions

ii all information of which it is aware that is relevant to the preparation of the financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors

iii the financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required

iv the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the financial statements

v 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 Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements; and

vi the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113

By order of the Board of Directors,

Vladimir Mekler Chairman of the Board of Directors	Mark Kurtser Managing Director, member of the Board of Directors

Moscow, 31 March 2023

Independent Auditor's 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 comprise the statement of financial position as at 31 December 2022, 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

Emphasis of Matter

We draw attention to Note 19 to the financial statements, which describes the operating environment and the impact of conflict between Russia and Ukraine. Our opinion is not modified in respect of this matter.

Key Audit Matters

In addition to the matter described on Emphasis of Matter paragraph above, we have determined the matters described below to be the key audit matters to be communicated in our report.

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.

Investments in subsidiaries	
Refer to 8 of the separate financial statements (RUB12,860,242 thousand)	
Key audit matter	**How the matter was addressed in our audit**
The carrying value of the investments in subsidiaries amounts for RUB 12,860,242 thousand and accounts for more than 89% of the company's total assets as at 31 December 2022. Significant judgement is required by the management of the Company in determining whether there are any indicators for impairment and, where such indications exist, in assessing the recoverable amount of the investments. We focus on this area because of the significance of the carrying amount of the investments in the separate financial statements and because inherent uncertainty and subjectively is involved in forecasting and sicounting future cash flows, which are the basis of the assessment of the recoverable amount of the investments and hemce thir carrying	Our audit procedures included among others the following: a) Made inquiries of management regarding the indicators they assess as possible indicators of impairment for relevant assets/CGUs b) Inspected management's assessment and consider whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit c) Verified the accuracy of management's calculations for those assets/CGUs subject to impairment testing and consider whether the assets/CGUs tested are completed d) Evaluated the valuation techniques, assumptions and data used by management to make their accounting estimates used for value in use/fair values less costs of disposalse e) Evaluated the completness, accuracy and relevance of

amount recorded in the separate financial statements.	disclosres required by IAS 36, including disclosures

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's 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.

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. We have nothing to report in this regard.

Responsibilities of the Board of Directors 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 International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 scepticism 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 auditor's 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 auditor's 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 the Board of Directors 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 communicate with the Board of Directors 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.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

Comparative figures

The financial statements of the Company for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 March 2022.

Michalis Lambrianides
Certified Public Accountant and Registered Auditor
for and on behalf of
GAC Auditors Ltd
Certified Public Accountants and Registered Auditors
48, Inomenon Ethnon Street Guricon House, 1st floor 6042

Larnaca, ... 2023

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	2022	2021
		RUB'000	RUB'000
Dividend income	16.2	2,969,952	3,993,512
Revenue from recharging of expenses	16.3	102,667	98,886
Revenue from advertising		9,841	16,199
Total revenue		**3,082,460**	**4,108,597**
Other income		2,136	8,126
Other expenses		(71,749)	(5,503)
Selling, general and administrative expenses	4	(411,531)	(405,752)
Operating profit		**2,601,316**	**3,705,468**
Finance income	5	62,455	5,949
Finance expenses	5	(1,825)	(1,022)
Net foreign exchange transactions loss	5	(103,521)	(6,926)
Net finance expenses	5	(42,891)	(1,999)
Profit before tax		**2,558,425**	**3,703,469**
Income tax	6	-	-
Profit for the year		**2,558,425**	**3,703,469**
Total comprehensive income for the year		**2,558,425**	**3,703,469**

The Notes on pages 89 to 106 are an integral part of these reports and financial statements.

Statement of financial position

As at 31 December 2022

	Note	31 December 2022	31 December 2021
		RUB'000	RUB'000
ASSETS			
Property, plant and equipment	9	12,398	7,592
Intangible assets	10	31,599	15,130
Investments in subsidiaries	8	12,860,242	11,245,257
Total non-current assets		**12,904,239**	**11,267,979**
Inventories		1,911	3,396
Trade and other receivables	11	203,699	563,400
Current tax assets		4,919	4,919
Cash and cash equivalents	12	1,397,154	759,616
Total current assets		**1,607,683**	**1,331,331**
Total assets		**14,511,922**	**12,599,310**
EQUITY			
Share capital	13	180,585	180,585
Share premium	14	5,243,319	5,243,319
Other reserves	14	328,510	328,510
Retained earnings	14	8,692,338	6,776,232
Total equity		**14,444,752**	**12,528,646**
LIABILITIES			
Trade and other payables	15	5,793	-
Total non-current liabilities		**5,793**	**-**
Trade and other payables	15	61,377	70,664
Total current liabilities		**61,377**	**70,664**
Total equity and liabilities		**14,511,922**	**12,599,310**

On 31 March 2023 the Board of Directors of MD Medical Group Investments Plc approved and authorised these reports and financial statements for issue.

Vladimir Mekler	Mark Kurtser
Chairman of the Board of Directors	Managing Director

The Notes on pages 89 to 106 are an integral part of these reports and financial statements.

Statement of changes in equity

For the year ended 31 December 2022

	Note	Share capital	Share premium	Other reserves	Retained earnings	Total
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance as at 1 January 2022		180,585	5,243,319	328,510	6,776,232	12,528,646
Total comprehensive income						
Profit and other comprehensive income for the year		-	-	-	2,558,425	2,558,425
Contributions by and distributions to owners						
Dividends declared and paid	7	-	-	-	(642,319)	(642,319)
Balance as at 31 December 2022		**180,585**	**5,243,319**	**328,510**	**8,692,338**	**14,444,752**

Share premium is not available for distribution.

The Notes on pages 89 to 106 are an integral part of these reports and financial statements.

Statement of changes in equity

For the year ended 31 December 2021

	Note	Share capital	Share premium	Other reserves	Retained earnings	Total
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance as at 1 January 2021		180,585	5,243,319	328,510	5,852,387	11,604,801
Total comprehensive income						
Profit and other comprehensive income for the year		-	-	-	3,703,469	3,703,469
Contributions by and distributions to owners						
Dividends declared and paid	7				(2,779,624)	(2,779,624)
Balance as at 31 December 2021		**180,585**	**5,243,319**	**328,510**	**6,776,232**	**12,528,646**

Share premium is not available for distribution.

The Notes on pages 89 to 106 are an integral part of these reports and financial statements.

Statement of cash flows

For the year ended 31 December 2022

	Note	2022	2021
		RUB'000	RUB'000
Cash flows from operating activities			
Profit for the year		2,558,425	3,703,469
Adjustments for:			
Depreciation	4	5,024	5,710
Amortisation	4	5,845	5,351
Dividend income		(2,969,952)	(3,993,512)
Finance expenses	5	1,825	1,022
Finance income	5	(62,455)	(5,949)
Net foreign exchange loss	5	103,521	6,926
Disposal of investments in subsidiaries due to liquidation	8	155	-
Impairment of investments in subsidiaries	8	70,000	3,920
Cash flows used in operations before working capital changes		**(287,612)**	**(273,063)**
(Increase) / decrease in trade and other receivables		(263,605)	50,277
Decrease / (increase) in inventories		1,485	(1,917)
Decrease in trade and other payables		(161)	(29,762)
Cash flows used in operations		**(549,893)**	**(254,465)**
Dividends received	16.2	3,654,657	3,449,830
Net cash flows from operating activities		**3,104,764**	**3,195,365**
Cash flows from investing activities			
Capital contributions to subsidiaries	8	(1,685,140)	(768,460)
Acquisition of property, plant and equipment		(9,830)	(496)
Acquisition of intangible assets	10	(22,314)	(13,458)
Placing short-term bank deposits		-	(866,831)
Proceeds from short-term bank deposits return		-	1,648,623
Interest received	5	-	5,769
Net cash flows (used in) / from investing activities		**(1,717,284)**	**5,147**
Cash flows used in financing activities			
Finance expenses paid		(769)	(908)
Payments of lease liabilities		(3,576)	(2,940)
Dividends paid to owners of the Company		(636,794)	(2,726,685)
Net cash flows used in financing activities		**(641,139)**	**(2,730,533)**
Net increase in cash and cash equivalents		**746,341**	**469,979**
Cash and cash equivalents at the beginning of the year		759,616	385,254
Effect of movements in exchange rates on cash held		(108,803)	(95,617)
Cash and cash equivalents as at the end of the year	**12**	**1,397,154**	**759,616**

The Notes on pages 89 to 106 are an integral part of these reports and financial statements.

Notes to the financial statements

For the year ended 31 December 2022

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. The Company is domiciled in Russia. 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 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, Strovolos, 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 2022 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 reports and financial statements have been prepared under the historical cost convention.

(c) Functional and presentation currency

These reports 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 where 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:

<u>Impairment of investments in subsidiaries</u>

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 investments 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. As at the reporting date, there were no indicators of impairment.

<u>Measurement of fair values</u>

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.

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 2021 and for the year then ended.

New standards and amendments applied for the first time in 2022 did not impact these financial statements of the Company.

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.

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.

The Company recharges to subsidiaries IT, advertising, call center and other expenses, relating to services that are provided by third parties for the benefit of a number of subsidiaries. Recharging is made over time as the services are transferred by third parties to subsidiaries on the basis of a cost plus margin arrangement.

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.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer creditimpaired, then the calculation of interest income reverts to the gross basis.

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 at 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.

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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Dividends declared
Interim dividend distributions to the Company's shareholders are recognised as a liability when it is both appropriately authorised and no longer at the Company's discretion (i.e. when the Company has an obligation to pay). Final dividend distributions to the Company's shareholders are recognised in the Company's financial statements in the year in which they are approved by the Company's shareholder.

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 respondence 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 mainly represents 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.

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 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

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 issued but not yet effective:
The following new and amended standards are not expected to have a significant impact on the Company’s financial statements.

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)

4. Selling, general and administrative expenses

	Note	2022	2021
		RUB'000	RUB'000
Payroll and related social taxes		233,742	229,267
Advertising		82,370	71,186
Legal and professional expenses		39,872	37,205
Independent auditors' remuneration		14,610	20,129
IT support		11,364	8,873
Depreciation	9	5,024	5,710
Amortisation	10	5,845	5,351
Call center services		-	3,660
Other expenses		18,704	24,371
Total selling, general and administrative expenses		**411,531**	**405,752**

During the year ended 31 December 2022 the remuneration of the independent auditors included an amount of RUB 14,512 thousand regarding audit services and an amount of RUB 98 thousand regarding tax services (the year ended 31 December 2021: RUB 19,359 thousand and RUB 770 thousand respectively).

The number of employees as at 31 December 2022 was 65 (31 December 2021: 113).

5. Net finance (expenses) / income

	2022	2021
	RUB'000	RUB'000
Finance income		
Bank interest received	62,455	5,949
Finance expenses		
Bank charges	(769)	(908)
Interest on leases	(195)	(114)
Impairment of trade and other receivables	(861)	-
Net foreign exchange transactions loss	(103,521)	(6,926)
Net finance expenses	**(42,891)**	**(1,999)**

6. Income tax

	2022	2021
	RUB'000	RUB'000
Current tax	-	-
Deferred tax	-	-
Charge for the year	-	-

Reconciliation between profit before taxation and income tax expense:

	2022	2021
	RUB'000	RUB'000
Accounting profit before tax	**2,558,425**	**3,703,469**
Tax calculated at the applicable tax rates	(511,685)	(740,694)

	2022	2021
	RUB'000	RUB'000
Tax effect of allowances and income not subject to tax	573,735	791,269
Current-year losses for which no deferred tax asset is recognised	(62,050)	(50,575)
Tax as per statement of comprehensive income - charge	**-**	**-**

The corporation tax rate is 20% (2021: 20%).

In 2015, the Company 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 2022 deferred tax asset relating to tax losses carried forward in the amount of RUB 349,186 thousand (31 December 2021: RUB 287,136 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 26 October 2022 the Board of Directors recommended the payment of RUB 642,319 thousand as interim dividends which corresponds to RUB 8.55 per share. The dividends were paid on 29 November 2022.

On 3 September 2021 the Board of Directors recommended the payment of RUB 1,352,249 thousand as interim dividends which corresponds to RUB 18 per share. The dividends were paid on 26 October 2021.

On 19 March 2021 Board of Directors recommended the payment of RUB 1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB 19 per share. The dividends were paid on 25 May 2021.

8. Investments in subsidiaries

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Balance at 1 January	11,245,257	10,497,717
Capital contributions	1,685,140	763,920
Disposal on investments in subsidiaries due to liquidation	(155)	-
Impairment of investments in subsidiaries	(70,000)	(3,920)
Decrease of investment	-	(12,460)
Balance at 31 December	**12,860,242**	**11,245,257**

The details of the subsidiaries are as follows:

Name	Country of incorporation	Activities	31 December 2022 Effective holding, %	31 December 2021 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	Assistance services	95	95
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
LLC Mother and Child Perm	Russian Federation	Medical services	95	95

Name	Country of incorporation	Activities	31 December 2022 Effective holding, %	31 December 2021 Effective holding, %
LLC Mother and Child (Ufa)	Russian Federation	Dormant company	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
JSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Dormant company	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 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	Pharmaceutics retail	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Medica-2	Russian Federation	Medical services	100	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 Mother and Child Vladivostok	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 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	Dormant company	90	90
LLC MD Belgorod	Russian Federation	Medical services	-	100
LLC MD Lipetsk	Russian Federation	Medical services	-	100

Name	Country of incorporation	Activities	31 December 2022 Effective holding, %	31 December 2021 Effective holding, %
NFP MGIMO-MED	Russian Federation	Medical university	67	67
LLC MD Group Holding	Russian Federation	Management company	100	-
JSC MD Medical Group	Russian Federation	Management company	100	-
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 made additional capital contributions to its subsidiary LLC Khaven totalling of RUB 900,000 thousand in July 2022 and RUB 665,000 thousand in August 2022. The Company made the capital contribution to its subsidiary CJSC MK IDK in the amount of RUB 20,000 thousand in April 2022 and RUB 30,000 thousand in May 2022.

The capital contribution made in subsidiary LLC Mother and Child Yekaterinburg in the amount of RUB 70,000 thousand made during the year ended 31 December 2022 was impaired. The impairment is recognised in other expenses.

The Company also made capital contributions in LLC MD Group Holding and LLC MD Assistance in the total amount of RUB 140,000 thousand made during the year ended 31 December 2022.

The Company made additional capital contribution to its subsidiary LLC Khaven in the amount of RUB 650,000 thousand in September 2021. The Company made the capital contributions to its subsidiary CJSC MK IDK in the amount of RUB 50,000 thousand in January 2021 and RUB 60,000 thousand in May 2021.

The capital contributions in LLC Dilamed in the amount of RUB 2,885 thousand, in LLC Mother and Child Yekaterinburg in the amount of RUB 1,000 thousand and in LLC FimedLab in the amount of RUB 35 thousand made during the year ended 31 December 2021 were impaired. The impairment is recognised in other expenses.

The Company decreased capital contribution of it subsidiary LLC Mother and Child Kazan in the amount of RUB 12,460 thousand in March 2021.

9. Property, plant and equipment

	Note	Plant and equipment	Right-of-use of freehold buildings	Total
		RUB'000	RUB'000	RUB'000
Initial cost				
Balance as at 1 January 2021		**12,573**	**17,721**	**30,294**
Additions		936	3,104	4,040
Disposals		(1,299)	-	(1,299)
Balance as at 31 December 2021		**12,210**	**20,825**	**33,035**
Additions		359	9,562	9,921
Disposals		(223)	-	(223)
Balance as at 31 December 2022		**12,346**	**30,387**	**42,733**
Depreciation				
Balance as at 1 January 2021		**(5,734)**	**(14,858)**	**(20,592)**
Depreciation during the year	4	(2,331)	(3,379)	(5,710)
Accumulated depreciation on disposals		859	-	859
Balance as at 31 December 2021		**(7,206)**	**(18,237)**	**(25,443)**
Depreciation during the year	4	(2,171)	(2,853)	(5,024)
Accumulated depreciation on disposals		132	-	132
Balance as at 31 December 2022		**(9,245)**	**(21,090)**	**(30,335)**

	Note	Plant and equipment	Right-of-use of freehold buildings	Total
		RUB'000	RUB'000	RUB'000
Carrying amounts				
Balance as at 1 January 2021		**6,839**	**2,863**	**9,702**
Balance as at 31 December 2021		**5,004**	**2,588**	**7,592**
Balance as at 31 December 2022		**3,101**	**9,297**	**12,398**

10. Intangible assets

	Note	Software and website	Total
		RUB'000	RUB'000
Initial cost			
Balance as at 1 January 2021		**25,834**	**25,834**
Additions		13,458	13,458
Balance as at 31 December 2021		**39,292**	**39,292**
Additions		22,314	22,314
Balance as at 31 December 2022		**61,606**	**61,606**
Amortisation			
Balance as at 1 January 2021		**(18,811)**	**(18,811)**
Amortisation during the year	4	(5,351)	(5,351)
Balance as at 31 December 2021		**(24,162)**	**(24,162)**
Amortisation during the year	4	(5,845)	(5,845)
Balance as at 31 December 2022		**(30,007)**	**(30,007)**
Carrying amounts			
Balance as at 1 January 2021		**7,023**	**7,023**
Balance as at 31 December 2021		**15,130**	**15,130**
Balance as at 31 December 2022		**31,599**	**31,599**

11. Trade and other receivables

	Note	31 December 2022	31 December 2021
Receivables from subsidiary companies	16.4	197,623	559,206
Other receivables		6,076	4,194
		203,699	**563,400**

The fair value of trade and other receivables due within one year approximates to their carrying amount as presented above.

The exposure of the Company to credit risk, currency risk and impairment losses in relation to trade and other receivables is reported in Note 17 of the financial statement.

12. Cash and cash equivalents and short-term deposits

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Current bank accounts	72,154	730,616
Bank deposits with maturity less than 3 months	1,325,000	29,000
Total cash and cash equivalents	**1,397,154**	**759,616**

Currency:

	31 December 2022	31 December 2021
	RUB'000	RUB'000
USD	62,940	720,532
RUB	1,334,214	39,104
EUR	-	(20)
	1,397,154	**759,616**

The exposure of the Company to credit risk, currency risk and impairment losses in relation to cash and cash equivalents is reported in Note 17 of the financial statements.

13. Share capital

	Number of shares	Nominal value	Share capital	31 December 2021
		USD	RUB'000	RUB'000
Authorised 1 January / 31 December	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

14. 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.

15. Trade and other payables

	31 December 2022	31 December 2021
	RUB'000	RUB'000
Accruals	8,591	22,507
Lease payables	8,329	2,724
Trade and other payables	50,250	45,433
	67,170	**70,664**
Non-current portion	5,793	-
Current portion	61,377	70,664
	67,170	**70,664**

The exposure of the Company to liquidity risk in relation to trade and other payables is reported in Note 17 of the financial statements.

16. Related party transactions

As at 31 December 2022, 67.9% of the Company's issued share capital is owned by MD Medical Holding Limited, a company beneficially owned by the Director Dr. Mark Kurtser. The remaining 32.1% of the Company's issued share capital is owned by Guarantee Nominee Limited, which holds the shares on behalf of the GDR holders.

The following transactions were carried out with related parties:

16.1. 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 2022 was RUB 51,500 thousand (for the year ended 31 December 2021: RUB 52,163 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2022 was RUB 14,700 thousand (31 December 2021: RUB 7,550 thousand).

16.2. Transactions with subsidiary companies

	2022	2021
	RUB'000	**RUB'000**
Dividend income	2,969,952	3,993,512
	2,969,952	**3,993,512**

16.3. Revenue from subsidiaries for branch operations

During the year the Company received revenue from recharging of expenses amounted to RUB 102,667 thousand (2021: RUB 98,886 thousand) which relates to licences, advertising, IT support and call center expenses recharged to its subsidiaries. The relevant expenses are presented in Note 4.

16.4. Receivables from / (Payables to) subsidiary companies

	Note	2022	2021
		RUB'000	**RUB'000**
Receivables from subsidiary companies - Dividend receivable	11	164,305	543,682
Receivables from subsidiary companies - Trade receivables	11	33,318	15,524
Payables to subsidiary companies - Other payables		(14)	(186)

Receivables from and (payables to) related parties are unsecured, interest-free and receivable / (repayable) on demand.

16.5. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2022, 31 December 2021 and as at the date of signing these financial statements are as follows:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (resigned on 5 March 2022)	Indirect interest in shares	5.55
Simon Rowlands (resigned on 9 March 2022)	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 27 May 2022 and 29 June 2022, as a result the share of his ownership increased from 0.0053% to 0.0054% of the Company's share capital.

16.6. Dividends declared to related parties
Dividends declared to the parent company MD Medical Holding Limited amounted to RUB 436,250 thousand for the year ended 31 December 2022 (31 December 2021: RUB 1,887,866 thousand).

17. 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 2022	31 December 2021
	RUB'000	RUB'000
Trade and other receivables	201,445	560,898
Cash and cash equivalents	1,397,154	759,616
	1,598,599	**1,320,514**

The Company held cash and cash equivalents excluding cash in hand of RUB 1,397,154 thousand at 31 December 2022 (31 December 2021: RUB 759,616 thousand) which represents its maximum credit exposure on these assets. The Company maintains the majority of cash with the bank that is subject to sanctions. No rating from international rating agencies was available as at 31 December 2022. In accordance with the Russian rating agency AKRA the rating was AAA(RU).

Number of banks	External credit rating	Carrying amount
2	ruAAA	1,397,154
Total		**1,397,154**

The carrying amounts as of 31 December 2021 and external ratings of 2021 were as follows:

Number of banks	External credit rating	Carrying amount
1	Baa3	70,292
1	A2	390,970
1	A1	298,354
Total		**759,616**

(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 2022	Note	Carrying amounts	Contractual cash flows	2 months or less	Between 2-12 months	Between 1-2 years	Between 2-5 years	More than 5 years
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Lease liabilities	15	8,329	9,656	568	2,840	3,408	2,840	-
Trade and other payables	15	58,841	58,841	50,427	8,414	-	-	-

31 December 2021	Note	Carrying amounts	Contractual cash flows	2 months or less	Between 2-12 months	Between 1-2 years	Between 2-5 years	More than 5 years
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Lease liabilities	15	2,724	2,800	560	2,240	-	-	-
Trade and other payables	15	67,940	67,940	59,525	8,414	-	-	-

(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	2022	2021
Fixed rate instruments		RUB'000	RUB'000
Financial assets	12	1,325,000	29,000
Financial liabilities	15	(8,329)	(2,724)
		1,316,671	**26,276**

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 2022		31 December 2021	
	USD	EUR	USD	EUR
Assets				
Cash at bank	62,940	-	720,532	(20)
Liabilities				
Trade and other payables and accruals	-	(48)	-	-
Net exposure	**62,940**	**(48)**	**720,532**	**(20)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
USD	68.5494	73.6541	70.3375	74.2926
EUR	72.5259	87.1877	75.6553	84.0695
GBP	85.5708	101.3437	84.7919	100.0573

Sensitivity analysis

A 10% stengthening of the Russian Ruble against the above currencies will result in the increase in profit and equity of RUB 6,289 thousand as at 31 December 2022 (31 December 2021: RUB 72,051 thousand).

A 10% weakening 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.

18. Fair values

As at 31 December 2022 and 31 December 2021 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.

19. 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. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the start of a special military operation in Ukraine by the Russian Federation, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

Further to the sanctions the London Stock Exchange has suspended the admission to trading of the Company's instruments on 3 March 2022.

In September 2022, partial mobilization was announced in the Russian Federation. Referendums were held in the recognized republics of Donetsk and Lugansk, as well as in the Zaporozhye and Kherson regions of Ukraine, which resulted in incorporation of the territories into the Russian Federation. As a result of these events further sanctions were imposed and there is a risk of increasing pressure on the Russian economy. In response to the above , the Government of the Russian Federation has introduced a set of measures, which are countersanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy.

The imposition and subsequent strengthening of sanctions and the partial mobilization resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions as well as partial mobilization, in the long term, however, these events can have a significant negative impact on the Russian economy.

The wave-like nature of the spread of COVID-19 coronavirus infection continues to create additional 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.

20. Events after the reporting period

No significant events occurred after the reporting period.

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 utilising 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 MD Medical Group.

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 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 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 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 2022

Educational events

Multiple conferences and master classes for held for our employees in 2022. These were held at the MDMG hospitals and other locations. Among others, such conferences were held in Lapino, Ufa, Samara and Volgograd. Fertility doctors, gynecologists and regional specialists came together to exchange knowledge and experience, further building on the expertise of our staff.

Charity events

We constantly support various organisations that help children with special needs. The Samara hospital regularly provides financial help to the Samara hospice and the local association of doctors. In 2022, in particular, the clinical hospital 'AVICENNA' continued its diverse charitable work in the Novosibirsk Region. This work included benefactor work with the Novosibirsk City Public Organisation for families with children with disabilities 'Ray of Light'. In addition, 'AVICENNA' has been an important partner for a concert series for pregnant women, 'Waiting for a Miracle'of the Novosibirsk State Philharmonic. This event is aimed at popularising the topic of motherhood and the importance of musical culture in the upbringing of the younger generation.

Annual Christmas and New Year events

Traditionally, on the eve of the New Year and Christmas, we organise various events for children. Last year was no exception, with a Christmas tree and sweet gifts waiting for our little patients. Additionally, we usually organise a Wish Tree, in which the Group and its employees collect gifts for children with disabilities across various regions. This year, the clinical hospital "AVICENNA" provided donations for the purchasing of New Year's gifts for struggling families in the villages of Beloborodovo and Vakhrushevo in the Novosibirsk Regions. On 28 December, a New Year's performance was held, where Santa Claus and Snow Maiden gave gifts to the children.

Donor's Day in Ufa

Donor's Day in March 2022 in the MDMG Ufa. Together with the blood service of the Republic of Bashkortostan, an action was held in the hospital. More than 100 people volunteered and donated blood.

Sustainable development

Sustainable development at MD Medical Group goes beyond individual activities.

It is an organisation-wide culture that 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 2021 (Core option) and the 2014/95/EU directive. Here we outline key benchmarks and activity results of our hospitals and clinics in sustainable development, with a 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 2022.

The clinics and hospitals that contributed information to this sustainability report did so according to the IFRS 10 requirements 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 2022. Benchmarking against major companies in the industry has upheld this approach. As a result, the matrix of material topics utilised in 2021 was continued in 2022.

The material topics that feature in this graph are disclosed in the sustainable development section and are referred to elsewhere within the Annual Report 2022. 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, 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

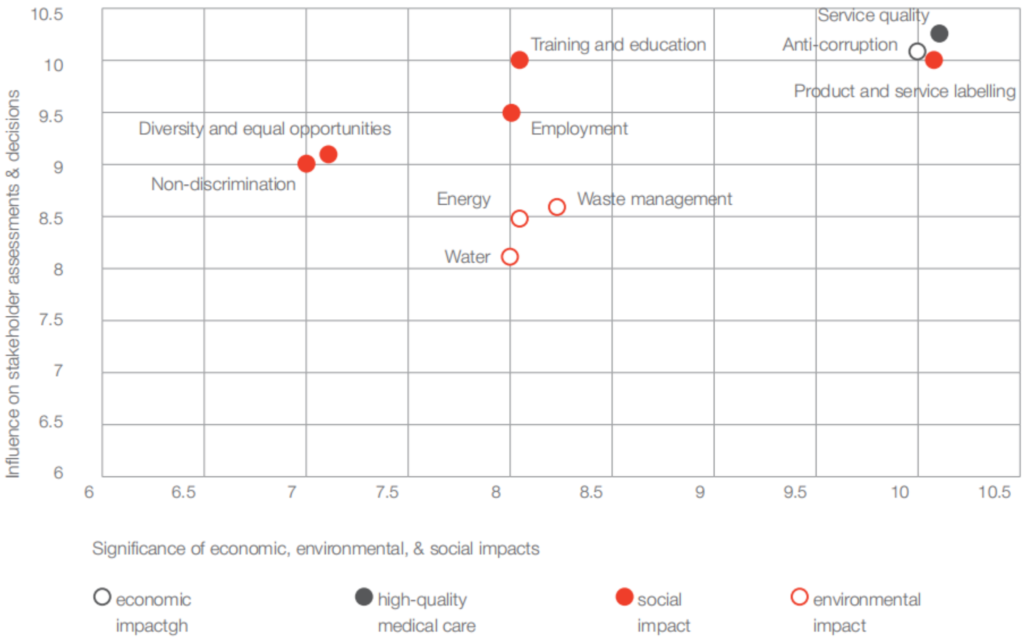
All MD Medical Group business functions were analysed to identify key stakeholders for this Annual Report. Medical health care practices were benchmarked, and the Company's internal and external impacts were evaluated. The following stakeholder list, as defined in previous annual reports, continues to apply:

- Patients and their families
- Employees
- Suppliers
- Shareholders and investors
- Government authorities

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 improve the effectiveness of its business activities and to ensure the quality of provided services is under constant scrutiny.



Stakeholder needs analysis for MD Medical Group

Clients (entire families)
- Quick and easy access to high quality medical services

Employees
- Proffesional growth
- Career opportunities
- Lucrative compensation

Suppliers
- Business sustainbility
- Procurement transparency

Shareholders and investors
- Transparent and open information
- Positive impact of business
- Business sustainabillty
- Financial results

Government authorities
- Compliance
- Patient satisfaction with care

Insurers
- Compliance
- Patient satisfaction with care

Mass media
- Willingness to cooperate
- Availabilty 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
- Quallity hotline for patients
- Feedback
- Replies to inquiries

Print
- Annual report
- Promotional material
- Publications
- Corporate magazine

Our patients

The Company adheres to the highest standards of service to provide our patients with state-of-the-art treatment.

Patient service

Patients are at the heart of everything that MD Medical Group does. We are committed to continuously improving the service we provide to patients: from the quality of medical care they receive to the user experience on the website, and the ease of confirming, changing, booking, or cancelling appointments.

We pay special attention to increasing the accessibility of clinics. All of our new facilities are being built as a barrier-free environment. There are no steps or other obstacles that hinder movement. Older facilities, which were not originally built with these principles in mind, have been upgraded to provide easier access for people with reduced mobility. In addition, all the clinics and hospitals of MD Medical Group are equipped with Braille signs.

To increase the financial availability of our services, we work both on a commercial basis and under the programme of Mandatory Health Insurance (MHI). Medical assistance under the MHI programme is provided in 44 clinics, including 9 in-patient clinical hospitals providing high-tech medical care.

In 2022, 167,428 patients were treated under the MHI programme. Infertility is also treated with the help of assisted reproductive technologies (IVF) under the MHI programme. In 2022, 12,994 patients underwent IVF cycles within this framework.

In 2022, our oncological clinics received additional support from the MHI Fund. In total, 13,226 patients received treatment for cancer under the MHI programmes.

We constantly update our equipment and improve the skills of our personnel so that our patients receive the best treatment. In 2022, we achieved this through several different means. Firstly, we optimised the methodology used for recording laboratory tests, resulting in significantly increased accuracy and speed of data processing. In addition, we are always looking to improve the expertise of our staff. More detailed information on this can be found in the section on 'Our People'. Today, as all of our hospitals are developed as large multifunctional centres, we continue to introduce advanced treatments for patients of all ages in various fields of medicine.

Patient engagement

To increase patient engagement, we are using Digital Medical Operations (Doctis) telemedicine consultation platform. As of January 2023, more than 1,500 doctors were connected to Doctis. The online format has stayed popular even after changes to consultations during the COVID-19 pandemic, allowing patients to stay in touch with their doctors. The introduction of telemedicine consultations, among other things, made it possible to provide some medical services remotely, e.g., to patients planning IVF cycles.

As a medical provider, we understand that patient engagement plays a critical role in improving health outcomes and enhancing the overall patient experience. We believe that patient engagement is a key driver of quality healthcare, and we are committed to promoting it across all aspects of our organisation. In 2022, we managed to improve our systems of patient engagement though:

- Establishing a full-fledged exchange of information about patients obtained through telemedicine
- Improving our system of work with patients, including conducting mass surveys and questionnaires
- Strengthening the work of the call centre by optimising its headcount, providing ongoing training and establishing key performance indicators to be used by staff

MD Medical Group continues 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. A comprehensive approach is taken to assessing and responding to patient feedback, ensuring all internal parties are involved.

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

These indicators are recorded and analysed regularly, as a patient might leave their feedback at any stage of a consultation process.

The mobile app is performing well in ensuring patients can make contact with relevant MD Medical Group personnel, and also continues to play a productive role in raising brand recognition. 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
- Make payments

Each year, MD Medical Group holds several events to raise public awareness of health issues, inform patients of the range of healthcare support available, and 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.

https://mamadeti.ru/news/mobile-app-mother-and-child-in-your-mobile-phone/

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 contact centre.

In 2020, MD Medical Group rolled out the strategy that underpins our robust and responsive feedback and enquiry processing system. The successful achievement of key strategy goals has been maintained from previous year, with patient communication improving year-to-year.

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. They work hard to ensure the long-term success of our business. In return, we provide our staff with a comfortable and supportive working environment, competitive wages and social packages, as well as broad possibilities for further professional growth.

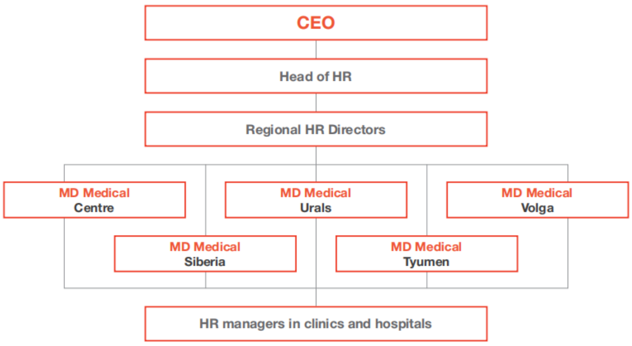
Our HR Policy focuses on:

- 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
- 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

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 practices, 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.

HR Management structure



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

Motivating members of the team to perform at their best at all times while with MD Medical Group is an essential feature of the Group's HR management landscape. MD Medical Group has a bonus system in place, including:

- Monthly performance bonus (70/30 system)
- Bonus for achieving KPIs
- Awards for individual achievements
- Incentive payments for the qualification category
- State and medical community awards and diplomas

MD Medical Group's corporate culture is based on positive engagement and encouragement. The compulsion of any kind is not permitted. Key principles of our corporate culture are set out in the MD Medical Group Code of Corporate Ethics and Employee Conduct.

Any employee who has suspicions of potentially illegal or unethical activities may report to their immediate supervisor, the head of department, or the head of the Internal Audit Department. The most complex cases are reported to the CEO, the Chairman of the Audit Committee, or the Chairman of the Board of Directors.

Personnel figures (as of 31 December 2022)

Figures for hires, turnover and parental leave do not represent external staff

1. Total number of employees		
	2022	**2021**
Headcount	8,466	8,461
Full-time equivalent (FTE)	7,713	7,756
2. Employees by employment type		
		2022
	Full-time	**Part-time**
Total	6,465	2,001
Women	5,593	1,393
Men	872	608
3. Employees by gender		
	2022	**2021**
Women	83%	81%
Men	17%	19%
4. Personnel structure		
	2022	**2021**
Doctors	3,193	3,093
Other medical staff	2,863	2,817
Professors	8	2
Administrative staff	2,402	2,549
5. Employees by age		
	2022	**2021**
younger than 30	1,194	1,269
from 30 to 50	5,028	5,068
older than 50	2,244	2,124
6. Payroll structure		
	2022	**2021**
Doctors	51%	50%
Other medical staff	26%	24%
Other staff	23%	26%
7. Staff hires by gender		
	2022	**2021**
Men	208	261
Women	1,304	1,400
8. Staff turnover by gender		
	2022	**2021**
Men	309	224
Women	1,270	1,202
9. Staff hires by age group		
	2022	**2021**
younger than 30	436	527
from 30 to 50	778	844
older than 50	298	290
10. Staff turnover by age group		
	2022	**2021**

younger than 30	346	360
from 30 to 50	848	756
older than 50	385	310
11. Staff on maternity and/or parental leave at year end		
	2022	**2021**
Men	2	-
Women	428	434
12. Total number of doctors		
	2022	**2021**
Doctors, total	3,193	3,093
Doctors, presented as full-time equivalent (FTE)	2,305	2,286
13. Doctors by speciality (FTE, as of 31 December 2022)		
	2022	**2021**
Obstetrician	360	347
Reproductologist	255	245
Pediatrician	259	259
Oncologist	51	50
Surgeon	111	67
Cardiologist	42	42
Other speciality	1,226	1,277
14. Doctor's qualifications (as of 31 December 2022)		
	2022	**2021**
PhD	544	583
Professors	70	61

Professional development

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 practices 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.

We are always striving to improve an already exceptional level of knowledge that our doctors and other staff have. All the training and courses are fully paid for by the Company.

Over the last ten years, our physicians have completed residency training in OBGYN, neonatology and oncology. Competition for residency training is widely announced each year, resulting in more than 100 applications from participants across all country regions. The competition takes place in several stages; the finalists are carefully selected and trained at the clinical facilities of the Lapino Central Hospital and the MD Medical Group Central Hospital.

In 2022, nine participants won the competition and entered the programme, and five participants graduated. Upon completion of their residency, doctors are employed by the Group’s clinics and hospitals, including those in the regions. In this way, by training doctors from their student benches, we maintain continuity in the level of qualification and quality of medical care inherent in the Group.

Continuous training and professional development of doctors and nursing staff take place both offline and online. On a regular basis throughout the year, leading specialists give lectures to doctors, share their experience and highlight current trends in medicine.

At MD Medical Group, staff are encouraged to learn from each other. In 2022, among our training programmes we have provided staff with:

- 7 lectures for nurses with more than 250 participants each, on the topics of professional errors and responsibilities of the nursing staff, conducting sterilisation work according to new sanitary regulations, early rehabilitation of patients, observation and monitoring of patients with arterial hypertension, amongst others
- 2 offline conferences for nurses on the hospital grounds in Novosibirsk
- 45 lectures for doctors on OBGYN, reproductive medicine, surgery, oncology and other areas
- Online conference for all Group clinics and hospitals with the participation of Michel Oden, on the topic of 'Careful Health'
- 2 offline conferences in the Lapino Clinical Hospital, a conference of the Moscow Society of Geneticists and a conference on 'Laboratory trends in reproduction. The art of choosing the best'
- Ffull-time training course with master classes (14 days) on ultrasound diagnostics in obstetrics, in the MD Medical Group Clinical Hospital
- 11 offline conferences on current issues in reproductive medicine at the Ufa Clinical Hospitals
- Several international scientific and practical conferences on OBGYN, urology, paediatrics, including the international annual scientific-practical conference 'Controversial issues of Reproductive Medicine: Polycystic ovary syndrome (PCOS)'
- Masterclasses in hospitals on OBGYN, reproductive medicine and surgery, including topics like laparoscopic treatment of diastasis recti and surgical tactics during cesarean sections
- Several All-Russian scientific-practical conferences held at the Samara sites on diverse topics, including: legal and clinical aspects of pregnancy management, working with patients in the embryological laboratory and more
- 4 offline conferences at the St. Petersburg hospital grounds on placenta accreta in the scar on the uterus after cesarean section, integration conference of perinatal specialists 'Natural childbirth' and more

In addition, MD Medical Group provided:

- Career development courses
- Short-term advanced thematic training
- Interaction between healthcare professionals in Moscow and those in other regions to ensure a 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

Human resource changes

MD Medical Group is always looking to ensure that its HR policies and processes are kept up to date with best practices, and are improved year-to-year. The Company maintains several targets related to the topic of human resources; these include:

- Ensuring the enterprise has personnel considering the prospects for further development
- Formation and development of a reserve of top doctors (personnel potential)
- Development and implementation of proprietary personnel training programmes to improve their qualifications (training for medical and administrative personnel)
- Regulation of working conditions in accordance with market needs, optimising staff motivation and ensuring retention of professionals
- Development and maintenance of effective communication systems between management and other employees, departments and divisions

Several changes to the personnel management structure were implemented during the reporting period. One of these consisted of the creation of four deputies within the management structure, allocated based on scope of activity. Such deputies were assigned to the Medical Director, the Operations Director, the Financial Director and to the CEO.

The client service area of personnel management was transitioned towards a medical department structure, allowing the Group to expand this area and to provide more comprehensive support. Alongside this transition, MD Medical Group has begun to shift IT services to outsourcing, freeing up resources and gaining exposure to IT talent.

Building on targets set in the previous reporting year, we have managed to successfully improve our HR processes. This was done alongside the Group hospital additions in Lakhta and Tyumen-2, as well as clinics in Butovo, Mytishchi and Yekaterinburg.

In 2022, we increased the number of areas in our residency programme, including OBGYN, oncology, anaesthesiology, surgery and therapy. Additionally, the Group successfully centralised its distance learning programmes in nurse training and OBGYN.

The Continuous Medical Education (CME) programme includes the centralisation of programmes and educational institutions for distance learning in the following areas: obstetrics, pediatrics, ultrasound diagnosis, neonatology, general medical practice, therapy, allergology and immunology, dermatology and venereology and endocrinology. These topic areas are being developed with the participation of employees of the MD Medical Group.

MD Medical Group is constantly seeking to continue offering various opportunities for professional development and acquisition of relevant knowledge and qualifications. We are aiming to provide:

- More than 14 lectures for doctors for 60 minutes each
- More than 30 lectures for nursing staff for 60 minutes each
- More than 12 lectures for junior medical staff for 120 minutes each
- Comprehensive training of all medical personnel in the ISMP programmes

MD Medical Group assigns particular focus to ensuring that our staff are continuously up-to-date on their qualifications and expertise. In 2022, we continued to maintain that all employees, whose work requires professional training, have undergone the necessary preparation. This includes training on labour protection and industrial safety programmes.

Occupational health and safety

MD Medical Group is committed to providing a safe and healthy working environment for all its employees. The organisation's system of occupational safety is based on a comprehensive approach that involves various measures; these include:

- **Legal measures** for occupational safety involve creating a system of legal norms establishing standards for safe and healthy working conditions and legal means to ensure compliance. This system of legal norms is based on the Russian Constitution and includes laws, sub-legal normative acts, as well as local normative acts in force in the organisation.
- **Social-economic measures** for occupational safety include government incentives for employers to improve labour protection, establishment of compensation and benefits for work in hazardous working conditions, mandatory social insurance and compensation payouts for work-related illnesses and injuries.
- **Organisational-technical measures** for occupational safety include implementing a system for occupational safety management (SOSM[10]) – a unified complex of interrelated and interacting elements that establish the policy and goals in the area of labour safety within the organisation and procedures for achieving those goals.
- **Sanitary-hygienic measures** for occupational safety are carried out with the aim to reduce the impact on workers of harmful and dangerous production factors, with the aim of providing favourable working conditions and preventing occupational illnesses.
- **Medical preventive measures** for occupational safety include organising preliminary and periodic medical exams, mandatory psychiatric evaluations of employees and the provision of milk.
- **Rehabilitation measures** for occupational safety include implementing a set of interventions aimed at restoring the health and working ability of employees who have suffered from an accident at work or occupational illness.

As a medical healthcare provider, we understand the importance of creating a safe and healthy working environment for our employees. Occupational safety principles provide the framework for creating and maintaining this environment. By

[10] System for Occupation Safety Management

establishing and adhering to these principles, we ensure that our employees are protected from harm and that our organisation is in compliance with applicable laws and regulations.

Principles for occupational safety help us to identify and mitigate potential hazards, implement effective safety training and protocols, and provide the necessary resources to support our employees' physical and mental well-being. Ultimately, having strong principles for occupational safety not only protects our employees but also contributes to our organisation's overall success by minimising the risks of accidents, injuries and work-related illnesses.

The main governing occupational safety principles of MD Medical Group include the following:

- Ensuring the preservation of life, health and working capacity of workers in the course of work activity
- Guaranteeing workers' rights to safe and healthy working conditions in accordance with standards established by the organisation through the assessment of the system for occupational safety management (SOSM)
- Determining and paying compensation for work in hazardous working conditions, providing milk to employees working in hazardous conditions, according to SOSM
- Providing social insurance for workers from workplace accidents and occupational diseases
- Offering medical, social and professional rehabilitation of workers affected by workplace accidents and occupational diseases, if necessary

Occupational safety management system

At MD Medical Group, we recognise the importance of implementing a system for occupational safety management (SOSM). The benefits of having a SOSM are numerous and include creating a comprehensive approach to occupational safety, establishing clear policies and procedures, identifying and mitigating potential hazard and more. By implementing such a system, we are better equipped to protect our employees, reduce the risk of accidents and work-related illnesses, and ensure our long-term success.

More specifically, the SOSM is utilised in order to solve the following tasks:

1. Selection of professionals with documented and confirmed qualifications
2. Training of personnel in innovative working methods
3. Training of employees in management positions at occupational health and safety training centres,
4. with the issuance of occupational health and safety certificates;
5. Systematic briefings on occupational health and safety (introductory, primary on the job, targeted, unscheduled)
6. Safe use of equipment, inventory, and auxiliary elements, as well as their disposal according to regulatory documents
7. Creation of safe technological processes and operating conditions for buildings and structures on the enterprise property
8. Creation of sanitary and epidemiological conditions in accordance with rules and regulations
9. Ensurance ofan optimal work and rest regime
10. Provision of personnel with personal protective equipment (PPE)
11. Organisation and conduct of professional risk assessment in production

Ensuring workplace safety

By prioritising the safety of our employees, we not only create a healthy work environment, but we also reduce the risk of workplace accidents and injuries. We believe that by taking preventative actions, we can create a safer and healthier work environment for our employees, which ultimately benefits everyone involved. Some of the key activities taken by the Group on workplace safety include:

- Carrying out regular briefings and safety training for all employees (at least once every six months, and quarterly for employees working in hazardous conditions)

- Holding pre-shift, pre-employment and periodic medical examinations, with verification of final reports by authorised organisations (Rospotrebnadzor), as per Order of the Ministry of Health of Russia No. 29 dated 28 January 2021
- Developing safe routes for movement on the organisation's property, with separate personnel and patient movement, and provision of transportation for employees
- Installing and labelling safety signs throughout the organisation's property, in accordance with GOST 12.4.026-2015
- Providing individual and collective protective equipment for employees working in hazardous working conditions; procurement, issuance, storage and accounting of PPE, according to Order of the Ministry of Health and Social Development of the Russian Federation No. 777 from 1 September 2010.
- Testing the equipment implemented in production processes and medical activities in the context of commissioning, for compliance with safety requirements
- Carrying out high-risk work, fire hazard work and work at heights is carried out through the permit-admission system. Work by 'external' entities in the organisation is also carried out through the permit-admission system and with the necessary training

Staff training

Providing our staff with the most up-to-date, comprehensive training on health and safety is a top priority for MD Medical Group. 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 Labour Code. Every three years each employee must pass the relevant occupational safety test, and each year non-medical staff members must complete first-aid courses.

To guarantee that MD Medical Group facilities are safe for patients, staff and third parties, the following training is 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 2022, training was provided to 456 technical service personnel as part of MD Medical Group, in such areas as:

- Occupational health and safety for managers and specialists within the organisation
- Fundamentals of industrial safety
- Operation of dangerous production facilities using steam pipelines and hot water
- Operation of dangerous production facilities using vessels under excess pressure
- Road safety
- Boiler operator
- General issues of occupational health and safety and the function of the SOSM
- Fire safety and many more

Moving forward, we will continue to prioritise occupational health and safety training for all our staff to ensure the highest level of workplace safety.

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 is 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 the 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 as MD Medical Group.

In 2022, MD Medical Group cooperated with over 1,500 supply companies, among which 210 provide medications, 1,138 are suppliers of consumables, and 350 are suppliers of medical equipment. This year, we have managed to reduce the number of supply companies used by the Group by more than 50%, further consolidating our supply chain. The total number of companies involved in the supply chain in every area is kept to under two (as the diagram explains). The Procurement 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.

Centralisation plays an important role in supply chain management at MD Medical Group. Every year the Procurement Department establishes a list of procurement categories that 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's entities.

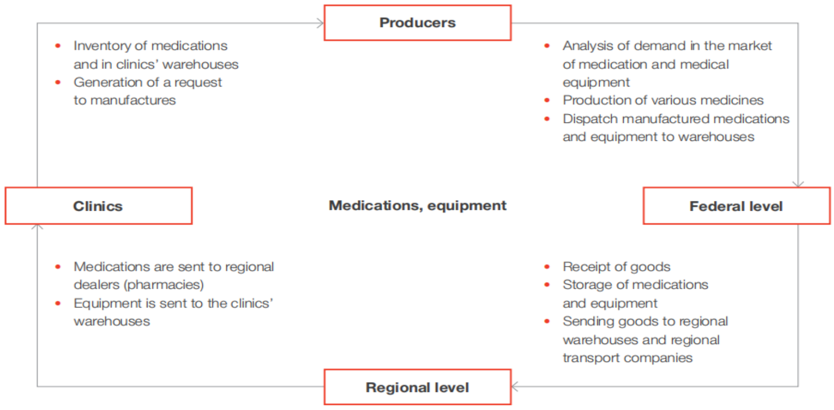
In addition to centralisation, supply chain management goals are:

- To identify alternative materials which would deliver the same high quality at a lower price point
- To conclude supply contracts directly with producers to exclude middle parties that would inflate the costs of any purchase contract

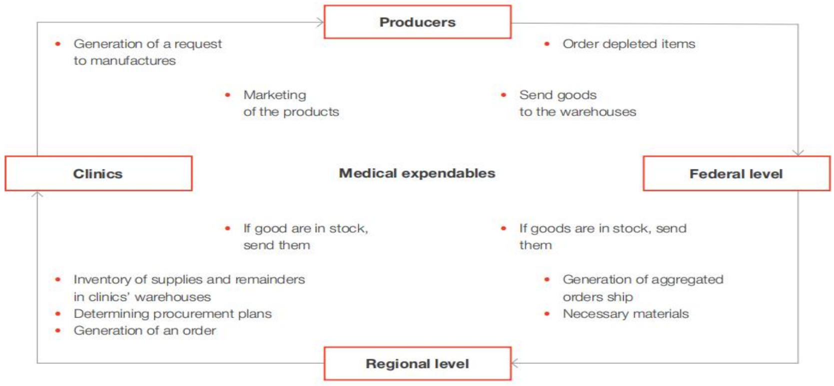
Procurement

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 adopting these innovations at its centres. Before adopting them, rigorous performance and quality reviews are 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.

Supply chain of medications and equipment



Supply chain of medical expendables



In 2022, MD Medical Group collaborated with more than 1,500 suppliers. The Procurement Department aims to reduce the number of levels in the supply chain to a maximum of two for maximum efficiency. It primarily focuses on large distributors that can meet the complex needs of MD Medical Group.

Suppliers by category (2022), %

Consumables	Medications	Equipment	Total
67	12	21	1,698

In 2022, MD Medical Group has continued to act according to its unified procurement regulation, which was developed and approved during the previous reporting period. This regulation defines a unified procedure for all procurement activities, the rights and obligations of their participants, the scope of responsibility and more. The regulation goals are:

- Replenishing the material and technical base necessary to ensure its functioning in a timely manner
- Improving the required quality of supplies and efficiency in the use of funds
- Ensuring transparency of procurement procedures and objectivity of decisions made
- Ensuring the mandatory requirements of an open tender, preventing a conflict of interest among procurement participants

Following the change in intensity of the COVID-19 pandemic, MD Medical Group has been able to begin transitioning towards a lower level of medication purchasing. During the previous reporting period, the volume of purchases was increased by 50% compared to 2020. This decrease in volume can similarly be seen in the Groups significant reduction of total suppliers compared to last year.

Centralised procurement procedures cover 92% of the volume. Meanwhile, 100% of purchases are made locally, which makes it possible to significantly improve the operation of the supply chain by monitoring the fulfilment of contractual obligations. The sum of procurement of domestic medicines and medical supplies is approximately RUB 700 mln per year, which amounts to approximately 15% of all procurement in these categories. Direct contracts are also signed with Pfizer, Biocad, Medisorb, Pharmasyntez. Meanwhile, 66% of consumables were purchased through centralised purchasing procedures.

Last year, MD Medical Group became one of the first companies in Russia to sign direct contracts with major manufacturers of medical equipment and consumables, including Johnson & Johnson and Medtronic. MD Medical Group assigns particular importance on the quality of its contracts with counterparties and suppliers, carrying forward these important relationships with manufacturers into 2022. Additionally, recent partnerships have also been expanded with B. Braun, Karl Storz, Olympus, Origio, Roche, Beckman Coulter, Abbott and others.

Sustainable development risk management

As a responsible company, we recognise the importance of managing sustainability risks in order to protect our business and create value for our stakeholders.

Through managing sustainability risks, we are able to improve our operational efficiency, enhance our reputation and contribute to a more sustainable future for all. In line with a clearly defined and robust long-term strategy, MD Medical Group acts to minimise such risks. 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. Alongside the Board of Directors, the Group identifies the most significant risks to the Company, discusses the current methodology for compensating identified risks, and decides on the need for any additional measures.

During this reporting period, MD Medical Group has identified five 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
- Security and IT risks

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.

Environment

Risk	Mitigation	Key results in 2022
Incorrect hazardous waste disposal	MD Medical Group continuously improves its 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. MD Medical Group monitors compliance with sanitary and epidemiological standards in its hospitals and clinics. The Group equips clinical hospitals with installations for disposing of medical waste, which reduces the risk of epidemiological infection and the costs of disposal. The Group monitors and ensures the timely completion of staff training.	Automated the process of monitoring the timely completion of staff training. Installed waste disposal facilities in the clinical hospitals MD Group Lakhta in St. Petersburg and Tyumen-2, both of which opened in 2022.
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 is installed and operational at all Group's facilities.	Replaced fluorescent lamp fixtures with LED fixtures in the Lapino medical cluster and in several out-patient clinics.
Substantial increase in water consumption	MD Medical Group closely monitors the condition of water and heat supply pipelines.	Drilled our own well in the Lapino medical cluster, which helped reduce water consumption.
Increase in paper consumption	MD Medical Group fulfils the requirements of the official Electronic Government programme in Russia focused on supporting the shift to electronic external document flow. MD Medical Group actively develops online, digital and mobile forms of record keeping and information exchange with key stakeholders.	Increased the share of electronic document circulation both with external contractors and within the organisation. Implemented control over printer usage, while having the ability to compare usage between different departments and organisations.
Incorrect disposal of defective or unsuitable medical products	MD Medical Group monitors compliance with standard operating procedures for medical product disposal across its hospitals and clinics. MD Medical Group is continuously looking at its medical products and equipment to ensure it is working as intended.	Communicated an internal order on the rules for disposing of unused and defective medications to responsible employees. Kept logs to document the disposal of medications. Installed waste disposal facilities in the clinical hospitals MD Group Lakhta in St. Petersburg and Tyumen-2, both of which opened in 2022.

Employment and social issues

Risk	Mitigation	Key results in 2022
Statutory restrictions related to employment	MD Medical Group monitors changes in relevant legislation and reacts promptly. The Group monitors our staff's professional qualifications and records them in the 1C SPM (Salary and Personnel Management) information system to keep track of this information.	Continuously monitored changes in legislation.
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. The Group is committed to meeting the requirements of the federal IVF programme under obligatory health insurance policies.	Continued to successfully diversify both the range of services we provide and the geography of our presence. During this year, we have launched two clinical hospitals in St. Petersburg and Tyumen, while also entering the market of the Sverdlovsk Region for the first time. Strengthened our position in Moscow and the Moscow regional market by opening two medical centres in Butovo and Mytishchi.
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. 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.	Improved the quality of the recruitment process, as well as working conditions and communication within the Group. Opened MGIMO-Med Medical University as a future personnel base, where acting doctors train students in the Lapino medical cluster.
Insufficient availability of staff necessary to fulfil medical obligations	MD Medical Group is expanding the geography of its presence, opening new facilities and exposing itself to additional talent for hiring. MD Medical Group is constantly looking for opportunities to hire personnel with relevant expertise. Internal educational and training programmes are constantly being provided to employees in order to maintain competencies and improve skills.	Opened the MGIMO-MED Medical University, improving our ability to train personnel.
Initiating contracts with unreliable or unverified counterparties	MD Medical Group closely monitors the various counterparties with which it may enter into contract with.	Established system for conducting internal accreditation of tender winners in accordance with the regulation on procurement activities.

Risk	Mitigation	Key results in 2022
	The Group constantly updates its internal policies on procurement strategies, including those on internal accreditation of tender winners. Contract approvals are processed through an internal electronic document management system, which minimises the risk of entering into a contract with an unverified counterparty.	Maintained the procurement policy where contracts for an amount exceeding RUB 500,000 for clinics, and RUB 1 mln for hospitals, undergo additional verification measures by financial control employees.
Risk of deteriorating epidemiological situation and increased disease transmission between staff	MD Medical Group is constantly improving its internal safety guidelines and measures to ensure the safety of our staff. The Company dedicates significant resources to replacing faulty equipment, running safety training programmes for its employees and on industry-leading PPE.	Provided its healthcare professionals and essential workers with personal protective equipment that meet the standards required. Carried out extensive training programmes relating to H&S and the prevention of disease spread. Implemented internal policies and regulations to reduce the risk of pathological situations and to be in line with governing regulations and best practices.

Human rights

Risk	Mitigation	Key results in 2022
Discrimination	MD Medical Group does not tolerate any form of discrimination and any incidents are to be recorded.	There were no recorded cases of discrimination within the Company in 2022. Continued to monitor and enhance our anti-discrimination policies, to ensure that our employees come to no harm from such issues.
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.	Continuously assessed whether our corporate culture reflects modern working practices and that it does not negatively impact our employees
Remuneration discrimination	MD Medical Group has a strict policy on bonuses and rewards as performance based, corresponding to clearly set and agreed KPIs.	Continued to utilise our specific remuneration policy, ensuring that employees are aware of how it functions.

Corruption and bribery risks

Risk	Mitigation	Key results in 2022
Risk of corrupt actions and payments to government authorities	MD Medical Group carries out the setup of its own information systems, equips organisations with equipment and manages the necessary document flow. The Company also hires qualified personnel and trains them in accordance with legal requirements. The Group conducts internal audits to ensure compliance with legislation.	Approved the updated version of the MD Medical Group Anti-Corruption Policy. In 2022, over 120 employees received training on anti-corruption measures.

Risk	Mitigation	Key results in 2022
Risk of bribery of the Group's employees for the benefit of third parties	MD Medical Group implements a centralised purchasing process for all medical institutions within the Group. The Company has implemented a process for approving counterparties and contracts, as well as financial control over payments.	Increased the level of centralisation in the procurement processes managed by the Company. Implemented a control system for the use of materials and medications in accordance with the treatment provided. This helps facilitate the monitoring of the appropriateness of purchases and write-offs.

Security and it

Risk	Mitigation	Key results in 2022
Inadequate protection of personal data	MD Medical Group has installed equipment for encrypting collected personal data and protecting our organisation from network attacks. The Company has strictly separate user access rights to financial information and patient treatment information. Internal policies for personal data protection are regulated. Antivirus software is installed. All modifications undergo rigorous testing, and server data is backed up daily for quick recovery.	Transferred our server storage to a data processing centre and network protection was added to server hardware to prevent external attacks. Data is backed up every day to a physical medium, which minimises the risk of data loss. Regulatory documents have been implemented: policies and instructions for users on the protection of personal data, instructions on password and antivirus protection, and more. Developed an internal policy for the protection of personal data, which employees become familiar with when they are employed.
Protection of critical IT infrastructure	MD Medical Group has installed equipment for encrypting collected personal data and protecting our organisation from network attacks. MD Medical Group has implemented restrictions on the installation of programmes by users and the use of memory cards. The Company has developed documentation on protecting critical infrastructure, to put in place contingency plans.	The data processing centre and server of Lapino Hospital are equipped with protective network shielding. Equipment has been installed in organisations for encrypting incoming and outgoing traffic. Objects of critical infrastructure have been classified, and the data has been submitted to the Federal Service for Technical and Export Control of Russia (FSTEC).

Environmental management

Reducing environmental impact is essential for MD Medical Group for several business-critical reasons.

This has many benefits, as 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 benefitting patients and local communities. Additionally, good environmental management goes hand in hand with MD Medical Group's stated commitment to being an innovative leader in healthcare. Lastly, it shows the communities, where MD Medical Group has a presence, that it is dedicated to being a good partner in all respects.

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 practices. The Company's management system meets the international requirement ISO 14001-2004 Environmental Management Systems and ISO 50001:2011 Energy Management Systems.

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 energy saving 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.

Electricity consumption by MD Medical Group's clinics and hospitals, GJ (gigajoule)

	2022	2021[11]	change,%
Clinics	10,751	10,607	1.4
Hospital	109,301	110,519	(1.1)
Total	**120,053**	**110,519**	**8.6**

Heating energy consumption by MD Medical Groups clinics and hospitals, GJ

	2022	2021[9]	change,%
Clinics	37,420	32,023	16.9
Hospital	296,578	290,077	2.2
Total	**333,998**	**322,100**	**3.7**

Total energy consumption by MD Medical Groups clinics and hospitals, GJ

	2022	2021[9]	change,%
Clinics	48,172	42,630	13.0
Hospital	405,879	400,597	1.3
Total	**454,051**	**443,226**	**2.4**

Fuel consumption by MD Medical Group's clinics and hospitals, litres

Petrol, litres	2022	2021[9]	change,%
Clinics	19,177	17,204	11.5
Hospital	71,937	119,878	(40.0)
Total	**91,114**	**119,878**	**(24.0)**
Diesel, litres	**2022**	**2021[9]**	**change,%**
Clinics	38,990	54,040	38.6
Hospital	33,339	81,689	(59.2)
Total	**72,329**	**135,729**	**(46.7)**

[11] Adjustments in 2021 are associated with a change in the methodology

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.

Waste management in hospitals

Water consumption by MD Medical Group, cubic metres

	2022	2021[12]	change,%
Clinics	33,348	31,112	7.2
Hospital	251,734	245,776	2.4
Total	**285,082**	**276,888**	**3.0**

Waste management

MD Medical Group takes a responsible approach to managing medical waste, following the applicable legislation. The waste disposal procedures and practices in place in MD Medical Group hospitals and clinics fall 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 continued effect of the COVID-19 pandemic and resulting medical practice changes, 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 landfills for non-hazardous waste or incineration for hazardous waste.

Waste by disposal method (hospitals), metric tonnes

	2022	2021[10]	change,%
Non-hazardous	**4,190**	**3,259**	**28.5**
Landfill	4,190	3,259	28.5
Bulk incineration	-	-	-
Hazardous	**333**	**266**	**24.9**
Landfill	-	-	-
Bulk incineration	333	266	24.9
Total	**4,522**	**3,525**	**28.3**

[12] Adjustments in 2021 are associated with a change in the methodology

Waste by disposal method (clinics), metric tonnes

	2022	2021[10]	change,%
Non-hazardous	**175**	**183**	**(4.2)**
Landfill	159	165	(3.7)
Bulk incineration	16	18	(8.7)
Hazardous	**87**	**78**	**12.3**
Landfill	14	13	5.8
Bulk incineration	73	65	13.6
Total	**262**	**261**	**0.7**

ANNEXES

Annex 1: GRI index disclosure

GRI content index

Statement of use	MD Medical Group has reported the information cited in this GRI content index for the period 31 December 2021 to 31 December 2022 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI standard	**Disclosure**	**Location**
GRI 2: General Disclosures 2021	2-1 Organizational details	Management report
	2-4 Restatements of information	There were no restatements in the reporting period
	2-6 Activities, value chain and other business relationships	Delivering a comprehensive hi-tech medical service, Supply chain development
	2-7 Employees	Our People, Annex 3
	2-9 Governance structure and composition	Corporate governance report, Annex 2
	2-10 Nomination and selection of the highest governance body	Corporate governance report
	2-11 Chair of the highest governance body	Board of Directors
	2-17 Collective knowledge of the highest governance body	Corporate governance report – Board of Directors information
	2-19 Remuneration policies	Remuneration Committee
	2-22 Statement on sustainable development strategy	Sustainable Development
	2-27 Compliance with laws and regulations	Annex 4,6,7
	2-28 Membership associations	Corporate governance report - Membership in associations
	2-29 Approach to stakeholder engagement	Our Patients, Sustainable development – Interaction with Stakeholders
	2-30 Collective bargaining agreements	There are no collective bargaining agreements within the organisation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainable development – Identifying material topics
	3-2 List of material topics	Sustainable development – Identifying material topics
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Expanding a leading nationwide network
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply chain development

GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Corporate governance report – Anti-corruption measures
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption
GRI standard	**Disclosure**	**Location**
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no such legal actions
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental management – Energy efficiency
GRI 303: Water and Effluents 2018	303-5 Water consumption	Environmental management – Rational water consumption
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental management – Waste management
	306-3 Waste generated	Environmental management – Waste management
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our People – Personnel figures
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Medical personnel working in another commercial structure as their primary job are not guaranteed privileged medical seniority (early retirement)
	401-3 Parental leave	Our People – Personnel figures
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational safety management system
	403-5 Worker training on occupational health and safety	Occupational Health and Safety – Staff training
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Our People – Professional development, Occupational Health and Safety – Staff training
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Annex 2, Our People – Personnel figures, Board of Directors information
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination in the reporting period
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Annex 7
	417-2 Incidents of non-compliance concerning product and service information and labeling	There were no such incidents
	417-3 Incidents of non-compliance concerning marketing communications	There were no such incidents
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no complaints

Annex 2:

Information on the gender, age and diversity of the Board of Directors as of 31 December 2022
Currently the Board of Directors consists of 80% men and 20% women, namely Tatiana Lukina. Tatiana is the Group's independent non-executive directors since December 2019. The Board of Directors also contains two ethnic minority members on the basis of nationality, through Mark Kurzer and Vadim Mekler.

The Board composition currently contains Tatiana Lukina as a non-executive director, additionally there are two other women in C-Suite positions within the Group. These are: Iya Lukyanova as Chief Financial Officer and Elena Balashova as Chief Operating Officer.

Age composition:

30–50 years of age — 40%

Over 50 years of age — 60%

Annex 3:

Information on staff

	MD Medical Centre	MD Medical Ural	MD Medical Siberia	MD Medical Volga	Total
2022					
Female	3,775	1,238	1,020	953	**6,986**
Male	852	213	271	144	**1,480**
2021					
Female	3,691	1,178	1,062	962	**6,893**
Male	921	204	293	150	**1,568**
	MD Medical Centre	**MD Medical Ural**	**MD Medical Siberia**	**MD Medical Volga**	**Total**
2022					
Full-time employment	3,393	1,208	958	906	**6,465**
External part-time	1,234	243	333	191	**2,001**
2021					
Full-time employment	3,441	1,147	1,016	912	**6,516**
External part-time	1,171	235	339	200	**1,945**

Annex 4:

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 17 February 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 5:

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 Medical Group or stakeholders.

It should be noted that there were changes made to the methodology for the recording of data, resulting in adjusted values for the year 2021. All calculations were made by applying some of the following indicators:

- Water consumption – average water consumption per square metre for clinics and hospitals
- Electricity and heating – the amount of money spent on utilities and average heating energy consumption per square metre 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, GL	**2022**	**2021[13]**	**change,%**
Clinics	**10,751**	**10,607**	**1.4**
Hospitals	**109,301**	**110,519**	**(1.1)**
Lapino medical culster	39,123	43,145	(9.3)
MD Group hospital	16,452	16,769	(1.9)
MD Group Lakhta	3,637	-	-
Samara	10,860	11,159	(2.7)
Novosibirsk	9,127	9,963	(8.4)
Tyumen medical cluster	13,980	12,522	11.6
Ufa	16,123	16,961	(4.9)
Heating, GL	**2022**	**2021[11]**	**change,%**
Clinics	**37,420**	**32,023**	**16.9**
Hospitals	**296,578**	**290,077**	**2.2**
Lapino medical culster	139,072	145,581	(4.5)
MD Group hospital	23,704	22,354	6.0
MD Group Lakhta	4,921	-	-
Samara	23,638	21,238	11.3
Novosibirsk	11,321	12,627	(10.3)
Tyumen medical cluster	39,340	34,262	14.8
Ufa	54,583	54,017	1.0
Petrol	**2022**	**2021[12]**	**change,%**
Clinics	**19,177**	**17,204**	**11.5**
Hospitals	**71,937**	**119,878**	**(40.0)**
Lapino medical culster	-	45,521	(100.0)
MD Group hospital	17,380	22,087	(21.3)
MD Group Lakhta	3,258	-	-
Samara	32,863	30,500	7.7
Novosibirsk	15,989	17,023	(6.1)
Tyumen medical cluster	-	-	-
Ufa	2,447	4,747	(48.5)

[13] Adjustments in 2021 are associated with a change in the methodology

Diesel	2022	2021[12]	change,%
Clinics	**38,990**	**54,040**	**(27.8)**
Hospitals	**33,339**	**81,689**	**(59.2)**
Lapino medical culster	2,500	47,016	(94.7)
MD Group hospital	11,351	19,340	(41.3)
MD Group Lakhta	1,000	-	-
Samara	3,160	3,000	5.3
Novosibirsk	11,228	10,631	5.6
Tyumen medical cluster	4,100	1,200	241.7
Ufa	-	503	-

Annex 6:

Patient consent and legislative compliance

The matter of acquiring informed patient consent is a fundamental issue for all medical service providers. MD Medical Group closely monitors its systems for presenting relevant information to its patients regarding the provision of medical service to ensure that their decisions are informed. MD Medical Group maintains complete compliance with established regulations regarding patient consent.

In accordance with Federal Law No. 323-FL dated 21 November 2011, ‘On the Basics of Protecting the Health of Citizens in the Russian Federation’ (hereinafter referred to as Law No. 323-FL), the necessary prior condition for medical intervention is the provision of informed consent (hereinafter referred to as IC) by the citizen or their legal representative for medical intervention based on full information provided by the medical worker in an accessible form about the purposes, methods of providing medical assistance, the associated risks, possible options for medical intervention, its consequences, and the expected results of providing medical assistance (part 1, article 20 of Law No. 323-FL).

Informed voluntary consent for medical intervention or refusal of medical intervention is contained in the medical documentation of the citizen and is made in the form of a document on a paper carrier, signed by the citizen, one of the parents, or another legal representative, a medical worker, or is formed in the form of an electronic document, signed by the citizen, one of the parents, or another legal representative using a strengthened qualified electronic signature or a simple electronic signature through the use of a unified system of identification and authentication, and also by a medical worker using a strengthened qualified electronic signature.(Chapter 7, Article 20 of Federal Law No. 323-FL).

Order of the Russian Ministry of Health No. 1051n dated 12 November 2021 establishes the procedure for giving informed consent for medical intervention and refusal of medical intervention, as well as the forms of informed consent for medical intervention and refusal of medical intervention. According to this Order, citizens give informed consent when choosing a doctor and medical organisation for primary medical assistance.

Additionally, in accordance with Article 22 of Federal Law 323, everyone has the right to receive in a form accessible to them, information on their health available in any medical organisation, including information on the results of a medical examination, the presence of illness, the established diagnosis, and the forecast of the development of the illness, methods of providing medical assistance, the risks associated with them, possible forms of medical intervention, its consequences and the results of providing medical assistance.

MD Medical Group ensures compliance with the relevant law requirements as follows:

1. Informed consent in the form approved by Order of the Ministry of Health of the Russian Federation No. 1051n dated 12 November 2021 is signed by each patient (their legal representative) who visits the Company's medical organisation and is an annex to the contract for paid medical services. The same informed consent is signed by the patient upon their initial visit for medical assistance under Mandatory Health Insurance (MHI).

The Company has developed an additional form of Informed Consent, providing a list and description of medical interventions that patients give consent for during initial visits, for the purpose of providing information to patients in an accessible form.

2. In the Group, lawyers and leading medical specialists developed informed consents for various medical interventions by medical profiles (obstetrics, VRT, anaesthesia and transfusiology, HIV, etc.), containing information on the objectives, methods of providing medical assistance, related risks, potential benefits, alternative treatments and potential consequences of refusal.

The informed consents are reviewed and updated regularly in accordance with changes in medical practices and legislation. The medical organisations in the Group ensure that patients receive accurate and understandable information about the medical intervention and their rights to make informed decisions.

Annex 7:

Approach to medical service advertising

The requirements for advertising medical services are contained in Article 24 FL ‘On advertising’, according to which it should not contain references to specific cases of curing of diseases, improvement of human health as a result of the application of the object of advertising; contain expressions of gratitude of individuals in connection with the use of the object of advertising; create an idea of the benefits of the object of advertising by reference to the fact of conducting research, that are mandatory for the state registration of the object of advertising; contain allegations or assumptions about the presence of certain diseases or health disorders among consumers.

Advertising should be accompanied by a warning about the presence of contraindications to their application and use, as well as the need to familiarise oneself with the instructions for use or to receive expert advice. In advertisements broadcast on radio programmes, such a warning should last at least three seconds; in advertisements for television programmes and for film and video services – at least five seconds and must be allocated at least seven percent of the frame area, and in advertising distributed by other means – at least five percent of the advertising area (advertising space).

Fulfilment of these requirements is controlled by the organisation of the Heads of Marketing and Advertising of medical organisations MD Medical Group, as well as by the Director of Marketing and Advertising of MD Medical Group. Contracts for advertising are approved by lawyers of MD Medical Group.