

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

C O N T E N T S

	<u>Page</u>
Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements	1
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statement of Changes in Equity	4 - 5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 - 19

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

**To the Shareholders of
MD Medical Group Investments Plc**

Introduction


We have reviewed the accompanying condensed consolidated interim statement of financial position of MD Medical Group Investments Plc (the "Company") and its subsidiaries (the "Group") as at 30 June 2022, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements (the "condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements as at 30 June 2022 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.


Elena Koliadko
JSC "Kept"
Moscow, Russia

2 September 2022



MD MEDICAL GROUP INVESTMENTS PLC**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six-month period from 1 January to 30 June


	Note	2022 <i>RUB'000</i>	2021 <i>RUB'000</i>
Revenue	4	12,158,766	12,008,939
Cost of sales	5	(7,644,350)	(7,459,243)
Gross profit		4,514,416	4,549,696
Other income		5,951	70,391
Selling, general and administrative expenses	6	(1,772,842)	(1,594,444)
Impairment loss	12, 13	(1,286,574)	-
Other expenses		(18,938)	(48,455)
Operating profit		1,442,013	2,977,188
Finance income	8	170,272	44,055
Finance expenses	8	(304,347)	(285,782)
Net foreign exchange transactions loss	8	(198,007)	(42,206)
<i>Net finance expenses</i>	8	<i>(332,082)</i>	<i>(283,933)</i>
Profit before tax		1,109,931	2,693,255
Income tax expense	9	(3,494)	(5,561)
Profit for the six-month period		1,106,437	2,687,694
Total comprehensive income for the six-month period		1,106,437	2,687,694
Profit for the six-month period attributable to:			
Owners of the Company		1,030,795	2,622,611
Non-controlling interests		75,642	65,083
		1,106,437	2,687,694
Total comprehensive income for the six-month period attributable to:			
Owners of the Company		1,030,795	2,622,611
Non-controlling interests		75,642	65,083
		1,106,437	2,687,694
Earnings per share (RUB)	10	13.72	34.91


MD MEDICAL GROUP INVESTMENTS PLC

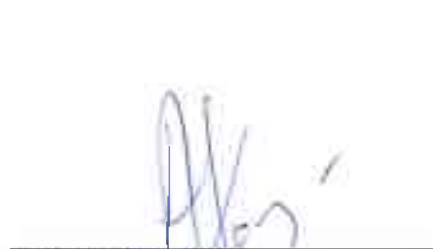
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 / 31 December 2021

	Note	30 June 2022 RUB'000	31 December 2021 RUB'000
ASSETS			
Property, plant and equipment	12	25,010,440	26,070,398
Intangible assets	13	1,936,513	2,141,945
Trade, other receivables and deferred expenses	14	136,890	339,909
Deferred tax assets		-	4,300
Total non-current assets		27,083,843	28,556,552
Inventories		1,155,521	1,164,761
Trade, other receivables and deferred expenses	14	973,550	971,341
Cash and cash equivalents	15	4,703,489	3,589,623
Total current assets		6,832,560	5,725,725
Total assets		33,916,403	34,282,277
EQUITY			
Share capital	16	180,585	180,585
Share premium		5,243,319	5,243,319
Reserves		(655,352)	(655,352)
Retained earnings		19,094,930	18,064,135
Total equity attributable to the owners of the Company		23,863,482	22,832,687
Non-controlling interests		263,224	264,505
Total equity		24,126,706	23,097,192
LIABILITIES			
Loans and borrowings	17	2,942,511	3,726,707
Trade and other payables	19	546,502	624,808
Deferred tax liabilities		730	6,234
Contract liabilities	18	401,633	460,420
Total non-current liabilities		3,891,376	4,818,169
Loans and borrowings	17	1,676,521	1,786,326
Trade and other payables	19	2,586,318	3,010,232
Contract liabilities	18	1,635,482	1,570,358
Total current liabilities		5,898,321	6,366,916
Total liabilities		9,789,697	11,185,085
Total equity and liabilities		33,916,403	34,282,277


Vladimir Melker
Chairman of the Board of Directors


Mark Kürtser
Managing Director


Andrey Khoperskiy
First Deputy CEO

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period from 1 January 2022 to 30 June 2022

	Note	Attributable to the owners of the Company				Non-controlling interests RUB'000	Total equity RUB'000	
		Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000			Total 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 six-month period		-	-	-	1,030,795	1,030,795	75,642	1,106,437
Contributions and distributions								
Dividends declared	11	-	-	-	-	-	(76,923)	(76,923)
Total contributions and distributions		-	-	-	-	-	(76,923)	(76,923)
Balance at 30 June 2022		180,585	5,243,319	(655,352)	19,094,930	23,863,482	263,224	24,126,706

Share premium is not available for distribution.

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period from 1 January 2021 to 30 June 2021

	Note	Attributable to the owners of the Company				Non-controlling interests RUB'000	Total equity RUB'000	
		Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000			Total 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 six-month period		-	-	-	2,622,611	2,622,611	65,083	2,687,694
Contributions and distributions								
Dividends declared	11	-	-	-	(1,427,375)	(1,427,375)	(126,603)	(1,553,978)
Total contributions and distributions		-	-	-	(1,427,375)	(1,427,375)	(126,603)	(1,553,978)
Balance at 30 June 2021		180,585	5,243,319	(655,352)	16,035,509	20,804,061	282,236	21,086,297

Share premium is not available for distribution.

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six-month period from 1 January to 30 June

	Note	2022 RUB'000	2021 RUB'000
Cash flows from operating activities			
Profit for the six-month period		1,106,437	2,687,694
<i>Adjustments for:</i>			
Depreciation		806,078	775,352
Amortisation		24,537	69,263
Gain from the sale of property, plant and equipment		(13,240)	(1,228)
Write-off of property, plant and equipment		5,802	22,281
Finance income	8	(170,272)	(44,055)
Finance expenses (excluding impairment)	8	241,664	270,850
Impairment of trade and other receivables	8	62,683	14,932
Impairment loss	12, 13	1,286,574	-
Net foreign exchange transactions loss	8	198,007	42,206
Income tax expense	9	3,494	5,561
		<u>3,551,764</u>	<u>3,842,856</u>
Decrease in inventories		9,240	184,793
Increase in gross trade and other receivables		(70,555)	(127,710)
Decrease in trade and other payables		(339,546)	(140,030)
Decrease in contract liabilities		(13,980)	(34,056)
Cash flows from operations		3,136,923	3,725,853
Tax paid		(5,274)	(2,099)
Net cash flows from operating activities		3,131,649	3,723,754
Cash flows from investing activities			
Acquisition/construction of property, plant and equipment		(745,287)	(667,468)
Proceeds from sale of property, plant and equipment		48,772	1,322
Acquisition of intangible assets		(16,702)	(44,857)
Placing short-term bank deposits		-	(866,831)
Proceeds from short-term bank deposits return		-	775,535
Bank interest received	8	147,956	44,055
Net cash flows used in investing activities		(565,261)	(758,244)
Cash flows from financing activities			
Repayment of loans and borrowings		(857,864)	(653,894)
Payments of lease liabilities		(71,574)	(74,985)
Finance expenses paid		(158,679)	(192,458)
Proceeds from reimbursed VAT		88,755	33,138
Repayment of reimbursed VAT		(166,634)	(152,123)
Dividends paid to the owners of the Company		-	(1,424,824)
Dividends paid to non-controlling interests		(83,244)	(126,603)
Net cash flows used in financing activities		(1,249,240)	(2,591,749)
Net increase in cash and cash equivalents		1,317,148	373,761
Cash and cash equivalents as at the beginning of the period	15	3,589,623	3,128,718
Effect of movements in exchange rates on cash held		(203,282)	(63,579)
Cash and cash equivalents as at the end of the period	15	4,703,489	3,438,900

The Notes on pages 7 to 19 are an integral part of these condensed consolidated interim financial statements.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 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. In August 2012, following the special resolution passed by the shareholder, the Company was converted into a public limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its Registered Office is at Dimitriou Karatasou 15, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus.

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

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

Name	Country of incorporation	Activities	30 June	31 December
			2022	2021
			Effective holding	Effective holding
			%	%
JSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
LLC Ivamed	Russian Federation	Medical services	100	100
LLC Dilamed	Russian Federation	Medical services	100	100
LLC Mother and Child Perm	Russian Federation	Medical services	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint-Petersburg	Russian Federation	Medical services	85	85
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
LLC MD Service	Russian Federation	Pharmaceutics retail	95	95
LLC Mother and Child Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services	100	100
LLC Mother and Child Tyumen	Russian Federation	Medical services	100	100
CJSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Medical services	100	100
LLC MD Assistance	Russian Federation	Assistance services	100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services	80	80
LLC Mother and Child Kostroma	Russian Federation	Medical services	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
JSC MC Avicenna	Russian Federation	Medical services	100	100
LLC H&C Medical Group	Russian Federation	Medical services	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	30 June 2022 Effective holding, %	31 December 2021 Effective holding, %
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	Medical services	90	90
LLC MD Belgorod	Russian Federation	Medical services	100	100
LLC MD Lipetsk	Russian Federation	Medical services	100	100
NFP MGIMO-MED	Russian Federation	Medical university	67	67
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 30 June 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 condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2021. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements

Preparing these condensed consolidated interim 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.

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 12, 13.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2022.

The Group has adopted "Onerous Contracts – Costs of Fulfilling a Contract" (Amendments to IAS 37) from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

4. REVENUE

	30 June 2022	30 June 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Therapy, surgery and other in-patient medical services	2,300,370	2,565,544
In vitro fertilisation (IVF)	2,035,002	1,907,774
Deliveries	1,393,184	1,340,407
Obstetrics and gynaecology out-patient treatments	1,170,474	1,068,559
Diagnostic centre and other out-patient medical services	1,137,506	1,054,234
Oncology	1,136,579	1,027,471
Laboratory examinations and other medical services	1,055,779	1,202,068
Paediatrics out-patient treatments	762,433	730,290
Obstetrics and gynaecology in-patient treatments	562,823	502,471
Paediatrics in-patient treatments	290,985	301,738
Sales of goods	140,714	125,368
Storage of stem cells	81,242	94,964
Other income	91,675	88,051
Total revenue from contracts with customers	<u>12,158,766</u>	<u>12,008,939</u>

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.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

4. REVENUE (continued)

The majority of the Group's customers are physical persons (77% 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 one large corporate customer, 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.

5. COST OF SALES

	30 June 2022	30 June 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Payroll and related social taxes	4,104,076	3,732,128
Materials and supplies used	2,438,677	2,609,800
Depreciation	666,397	674,401
Medical services	151,704	169,482
Energy and utilities	134,806	136,807
Property tax	89,179	74,532
Repair and maintenance	44,495	45,550
Other expenses	15,016	16,543
Total cost of sales	<u>7,644,350</u>	<u>7,459,243</u>

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2022	30 June 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Payroll and related social taxes	1,014,815	931,597
Utilities and materials	158,724	129,715
Depreciation	139,681	100,951
Advertising	117,674	83,632
Other professional services	85,289	70,434
Acquiring and encashment	77,573	80,674
Commission fees	50,681	30,416
Amortisation	24,537	69,263
Communication costs	23,907	19,275
IT support	12,079	10,571
Learning and development	8,310	12,589
Independent auditors' remuneration	6,545	4,918
Other expenses	53,027	50,409
Total selling, general and administrative expenses	<u>1,772,842</u>	<u>1,594,444</u>

7. STAFF COSTS

	30 June 2022	30 June 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Wages and salaries	4,000,193	3,658,307
Social insurance contributions and other taxes	1,118,698	1,005,418
Total staff costs	<u>5,118,891</u>	<u>4,663,725</u>

During six months ended 30 June 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 six months ended 30 June 2021: RUB3,766 thousand, which reduced the staff costs accordingly).

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period from 1 January 2022 to 30 June 2022

8. NET FINANCE EXPENSES

	Note	30 June 2022 RUB'000	30 June 2021 RUB'000
<i>Finance income</i>			
Bank interest received		147,956	44,055
Initial recognition of other payables to tax authorities at market rate		22,283	-
Other finance income		33	-
Finance income		170,272	44,055
<i>Finance expenses</i>			
Interest on bank loans		(152,330)	(181,148)
Unwinding of discount on other payables to tax authorities		(30,617)	(29,602)
Interest on leases		(26,169)	(21,999)
Other interest expenses		(20,317)	(20,572)
<i>Other finance expenses</i>			
Impairment of trade and other receivables	14	(62,683)	(14,932)
Bank charges		(12,231)	(11,837)
Other impairment provision		-	(5,692)
Finance expenses		(304,347)	(285,782)
Net foreign exchange transactions loss		(198,007)	(42,206)
Net finance expenses		(332,082)	(283,933)

9. INCOME TAX

All Group companies, that are offering medical services, are operating in the Russian Federation and meet certain conditions, apply 0% income tax rate. Other companies apply standard income tax rate of 20% or 15%.

The Group recognised tax expense of RUB3,494 thousand in the reporting period mostly related to tax paid by service companies during six months ended 30 June 2022 (During six months ended 30 June 2021: RUB5,561 thousand).

10. EARNINGS PER SHARE

	30 June 2022	30 June 2021
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	1,030,795	2,622,611
Weighted average number of ordinary shares in issue during the period	75,125,010	75,125,010
Basic and fully diluted earnings per share (RUB)	13.72	34.91

11. DIVIDENDS

On 3 September 2021 the Board of Directors recommended the payment of RUB1,352,249 thousand as interim dividends which corresponds to RUB18 per share. The dividends were paid on 26 October 2021.

On 19 March 2021 Board of Directors recommended the payment of RUB1,427,375 thousand as final dividends for the year 2020 which corresponds to RUB19 per share. The dividends were paid on 25 May 2021.

12. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment during the six months ended 30 June 2022 amounted to RUB938,591 thousand (Six month ended 30 June 2021: RUB1,255,700 thousand).

Disposals of property, plant and equipment during the six months ended 30 June 2022 amounted to RUB147,611 thousand (Six month ended 30 June 2021: RUB59,761 thousand).

As at 30 June 2022 construction in progress mainly includes construction costs of Khaven Lapino amounting to RUB86,402 thousand and M&C Yekaterinburg amounting to RUB33,722 thousand.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment loss of Ufa hospital's property, plant and equipment

During six months ended 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 (RUB2,936,892 thousand) exceeded its recoverable amount (RUB1,936,877 thousand) and an impairment loss of RUB1,000,015 thousand was recognised in six months ended 30 June 2022 (six months ended 30 June 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.

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 RUB85,525 thousand as the Group revised its plans on construction of a clinic in Saint-Petersburg that made the documentation no longer usable (During six months ended 30 June 2021: nil). The impairment loss was allocated to construction in progress.

Impairment testing of other CGUs

The Group performed impairment tests for all CGUs with a goodwill (see Note 13), 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.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

13. INTANGIBLE ASSETS

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

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
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
	<u>1,831,286</u>	<u>2,032,320</u>

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 (RUB323,112 thousand) was determined to be higher than its recoverable amount (RUB122,078 thousand) and an impairment loss of RUB201,443 thousand was recognised during six months ended 30 June 2022 (six months ended 30 June 2021: nil). The impairment loss was allocated to goodwill.

The discount rate and terminal growth rate were as specified above in the Note 12. 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 discount rate and terminal growth rate were as specified above in the Note 12. The EBITDA margin for JSC MC Avicenna was 30.2%-30.9% and the revenue growth rate was 4%-9% for the 5.5 years projection period.

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

14. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Trade receivables net of impairment provision	732,587	751,604
CAPEX prepayments	136,890	339,909
Advances paid to suppliers	118,423	119,336
Property tax to be reimbursed	59,661	59,735
Deferred expenses	7,014	4,866
Other receivables	55,865	35,800
	<u>1,110,440</u>	<u>1,311,250</u>
Non-current portion	136,890	339,909
Current portion	973,550	971,341
	<u>1,110,440</u>	<u>1,311,250</u>

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

14. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES (continued)

Ageing analysis of trade receivables:

	Gross amount 30 June 2022	Impairment 30 June 2022	Gross amount 31 December 2021	Impairment 31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>	<i>RUB'000</i>	<i>RUB'000</i>
Not past due	586,198	(2,258)	572,052	(9,434)
Past due	343,643	(194,996)	320,647	(131,661)
	929,841	(197,254)	892,699	(141,095)

In addition to the bad debt provision accrued as at 30 June 2022 the accounts receivable in the amount of RUB6,524 thousand were written-off during the period ended 30 June 2022 (for the six-month period ended 30 June 2021: RUB963 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 30 June 2022.

Ageing	Status	Weighted- average loss rate	Gross carrying amount 2022	Loss allowance 2022	Gross carrying amount 2021	Loss allowance 2021
			<i>RUB'000</i>	<i>RUB'000</i>	<i>RUB'000</i>	<i>RUB'000</i>
0-30 days	past due	14%	45,755	(6,569)	48,317	(7,685)
31-60 days	past due	16%	9,988	(1,604)	17,740	(4,757)
61-90 days	past due	30%	5,751	(1,738)	19,251	(5,840)
more than 91 days	past due	71%	240,329	(171,157)	187,059	(83,542)
TOTAL			301,823	(181,068)	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 30 June 2022.

Ageing	Status	Weighted- average loss rate	Gross carrying amount 2022	Loss allowance 2022	Gross carrying amount 2021	Loss allowance 2021
			<i>RUB'000</i>	<i>RUB'000</i>	<i>RUB'000</i>	<i>RUB'000</i>
0-30 days	not past due	10%	22,899	(2,258)	37,383	(9,434)
31-60 days	past due	12%	10,113	(1,231)	17,187	(5,001)
61-90 days	past due	29%	4,314	(1,269)	1,553	(630)
more than 91 days	past due	37%	27,393	(10,055)	29,540	(22,833)
TOTAL			64,719	(14,813)	85,663	(37,898)

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB63,539 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB499,760 thousand provision is accrued only for those which licences had been revoked (as the most part relates to accounts receivable for MHI services provided which payments are guaranteed by the government). Such provision of RUB1,373 thousand was accrued as at 30 June 2022 (31 December 2021: RUB1,373 thousand).

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

15. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Current bank accounts and cash in hand	1,297,619	1,536,457
Bank deposits with maturity less than 3 months	3,405,870	2,053,166
TOTAL CASH AND CASH EQUIVALENTS	<u>4,703,489</u>	<u>3,589,623</u>

Currency:

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
RUB	4,242,271	2,869,105
USD	461,218	720,518
	<u>4,703,489</u>	<u>3,589,623</u>

16. SHARE CAPITAL

	Number of shares	Nominal value USD	Share capital RUB'000	Share capital USD'000
Authorised	<u>125,250,000</u>	<u>0.08</u>	<u>-</u>	<u>10,020</u>
Issued and fully paid ordinary shares 1 January / 30 June	<u>75,125,010</u>	<u>0.08</u>	<u>180,585</u>	<u>6,010</u>

17. LOANS AND BORROWINGS

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Long-term liabilities		
Bank loans	2,398,006	3,129,443
Lease liabilities	544,505	597,264
Short-term liabilities		
Bank loans	1,568,333	1,688,878
Lease liabilities	108,188	97,448
Total loans and borrowings	<u>4,619,032</u>	<u>5,513,033</u>

Maturity of loans and borrowings:

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Within one year	1,676,521	1,786,326
Between one and five years	2,793,512	3,515,922
More than 5 years	148,999	210,785
	<u>4,619,032</u>	<u>5,513,033</u>

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

17. LOANS AND BORROWINGS (continued)

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

	Currency	Maturity	30 June 2022		31 December 2021	
			Face value	Carrying amount	Face value	Carrying amount
			RUB'000	RUB'000	RUB'000	RUB'000
Unsecured bank loan	RUB	2023	745,689	745,689	1,012,859	1,012,859
Unsecured bank loan	RUB	2024	916,584	916,584	1,128,830	1,128,830
Unsecured bank loan	RUB	2022	84,269	84,269	210,247	210,247
Unsecured bank loan	RUB	2026	2,219,797	2,219,797	2,466,385	2,466,385
Current lease liabilities	RUB	2022-2023	108,188	108,188	97,448	97,448
Non-current lease liabilities	RUB	2023-2031	544,505	544,505	597,264	597,264
			4,619,032	4,619,032	5,513,033	5,513,033

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

	30 June 2022		30 June 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	(857,864)	-	(653,894)	-
Payments of lease liabilities	-	(45,405)	-	(52,986)
Interest under lease agreements paid	-	(26,169)	-	(21,999)
Interest paid included in financing cash flows	(146,448)	-	(180,621)	-
Total changes in cash flows	(1,004,312)	(71,574)	(834,515)	(74,985)
Liability-related changes				
Additions of lease liabilities	-	70,554	-	59,419
Leases terminated	-	(67,168)	-	(41,083)
Finance expenses accrued in PL	152,330	26,169	181,148	21,999
Total liability-related other changes	152,330	29,555	181,148	40,335
Balance at 30 June	3,966,339	652,693	5,656,597	473,384

18. CONTRACT LIABILITIES

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.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period from 1 January 2022 to 30 June 2022

19. TRADE AND OTHER PAYABLES

	30 June 2022	31 December 2021
	<i>RUB'000</i>	<i>RUB'000</i>
Accruals	779,725	686,820
Other payables to tax authorities	715,539	785,084
Taxes payable	661,031	278,294
Trade payables	385,121	1,080,420
Payables to employees	358,857	462,495
CAPEX payables	155,003	268,879
Income tax liability	6,363	1,813
Other payables	71,181	71,235
	<u>3,132,820</u>	<u>3,635,040</u>
Non-current portion	546,502	624,808
Current portion	<u>2,586,318</u>	<u>3,010,232</u>
	<u>3,132,820</u>	<u>3,635,040</u>

The group received the right to postpone social insurance payments (included in taxes payable) for 1 year due to Decree #776 on 29 April 2022.

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

20.1. Balances and transactions with related parties

The remuneration of the members of the key management personnel and non-executive directors for the six-month period ended 30 June 2022 was RUB56,664 thousand (for the six-month period ended 30 June 2021 was RUB60,711 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 30 June 2022 was RUB4,690 thousand (31 December 2021: RUB25,338 thousand).

The Group provided medical informational services to related parties amounted to RUB177,869 thousand for the six-month period ended 30 June 2022 (for the six-month period ended 30 June 2021: RUB117,323 thousand) and received commission services from related parties amounted to RUB23,998 thousand for the six-month period ended 30 June 2022 (for the six-month period ended 30 June 2021: nil).

The receivables from medical informational services which remained unpaid as at 30 June 2022 was RUB57,853 thousand (31 December 2021: RUB36,796 thousand).

The Group purchased medical supply from related parties amounted to RUB86,031 thousand for the six-month period ended 30 June 2022 (for the six-month period ended 30 June 2021: RUB66,790 thousand).

The prepayments for medical supply as at 30 June 2022 were RUB5,283 thousand (the payables as at 31 December 2021: RUB10,768 thousand).

The Group received medical services from related parties amounted to RUB29,550 thousand for the six-month period ended 30 June 2022 (for the six-month period ended 30 June 2021: RUB34,309 thousand).

The payables from medical services which remained unpaid as at 30 June 2022 was RUB29,939 thousand (31 December 2021: RUB17,769 thousand).

The Group provided services to the key management personnel under non-exclusive commercial concession agreement for the six-month period ended 30 June 2022 amounted to RUB839 thousand (for the six-month period ended 30 June 2021: RUB730 thousand).

The receivables services under non-exclusive commercial concession agreements which remained unpaid as at 30 June 2022 was RUB403 thousand (as at 31 December 2021: RUB549 thousand).

The Group purchased intangible assets from related parties amounted to RUB2,356 thousand for the six-month period ended 30 June 2022 (for the six-month period ended 30 June 2021: RUB5,010 thousand).

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

20. RELATED PARTY TRANSACTIONS (continued)

20.2. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 30 June 2022, 31 December 2021 and as at the date of signing these condensed consolidated interim financial statements are as follows, except for Vitaly Ustimenko:

<u>Name</u>	<u>Type of interest</u>	<u>Effective interest %</u>
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.

21. CAPITAL COMMITMENTS

Capital commitments mostly comprise of the obligations under construction and equipment purchase contracts in the amount of RUB588,908 thousand as at 30 June 2022 (31 December 2021: RUB1,037,548 thousand).

22. 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 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 some 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. Moreover, there is a risk of imposition of further sanctions and similar forms of pressure. In response to the above pressure, the Government of the Russian Federation has introduced a set of measures, which are counter-sanctions, 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 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, procedural difficulties for Russian Eurobond issuers in making payments, 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.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2022 to 30 June 2022

22. BUSINESS ENVIRONMENT

It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term, however, sanctions 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 condensed consolidated interim 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 management believes the described above will not negatively effect the business, including financial position. The future business environment may differ from management's assessment.

On 3 March 2022 in connection with events in Ukraine, in light of market conditions, and in order to maintain orderly markets, the London Stock Exchange suspended the admission to trading of the Group's Global Depository Receipts (GDRs) listed in London Stock Exchange.

23. EVENTS AFTER THE REPORTING PERIOD

In 3rd quarter of 2022 Khaven Lapino closed VTB bank loan, repaid the entire obligation ahead of schedule in the amount of RUB2,166,000 thousand.

No other significant events occurred after the reporting period.