MD MEDICAL GROUP INVESTMENTS PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

C O N T E N T S

MD MEDICAL GROUP INVESTMENTS PLC

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.

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 13 and in the consolidated statement of financial position on page 14 of these consolidated financial statements.

Profit for the year ended 31 December 2022 amounted to RUB4,718,800 thousand (for the year ended 31 December 2021: RUB6,143,026 thousand). The total assets of the Group as at 31 December 2022 were RUB33,162,389 thousand (31 December 2021: RUB34,282,277 thousand) and the net assets were RUB26,963,262 thousand (31 December 2021: RUB23,097,192 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 RUB642,319 thousand as interim dividends which corresponds to RUB8,55 per share. The dividends were paid on 29 November 2022.

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.

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 multi-disciplinary 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.

DIRECTORS' INTEREST (continued)

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 1.

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.

<u>Audit Committee</u>

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. Kirill Dmitriev and Mr. Simon Rowlands 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 BOARD COMMITTEES *(continued)*

Audit Committee (continued)

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 9 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 BOARD COMMITTEES *(continued)*

Remuneration Committee (continued)

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	Mark Kurtser
Chairman of the Board of Directors	Managing Director, member of the Board of Directors
Moscow, 31 March 2023	

MD MEDICAL GROUP INVESTMENTS PLC

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 19 to 52, 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
Moscow, 31 March 2023

Mark Kurtser
Managing Director, member of the Board of Directors

JSC "Kept"
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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	Our audit procedures included: - assessment of whether the CGUs were appropriately determined and evaluation of the methodology applied by management in impairment testing;

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.	- 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 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.	Our audit procedures in this area included, among others, the following ones. 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.

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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:

Акционерное общество * Москва * ОГРН 1027700125628
Кэпт
Kept

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

MD MEDICAL GROUP INVESTMENTS PLC

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**

MD MEDICAL GROUP INVESTMENTS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**31 December 2022** *RUB'000*	**31 December 2021** *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**

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

MD MEDICAL GROUP INVESTMENTS PLC

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)**	**21,982,033**	**26,750,585**	**212,677**	**26,963,262**

Share premium is not available for distribution.

MD MEDICAL GROUP INVESTMENTS PLC

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.

MD MEDICAL GROUP INVESTMENTS PLC

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)**

MD MEDICAL GROUP INVESTMENTS PLC

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**

MD MEDICAL GROUP INVESTMENTS PLC

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
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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	31 December 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	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.

2. BASIS OF PREPARATION (continued)

(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:

- <u>Impairment of intangible assets and property, plant and equipment</u>

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.

- <u>Impairment of goodwill</u>

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.

- <u>Other</u>

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

Business combinations

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

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

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

Acquisitions from entities under common control

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

Non-controlling interests

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

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

Loss of control

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

Transactions eliminated on consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

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

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

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms
Rendering of services (except storage of stem cells and long term contracts described below)	Sales of services are recognised at 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 credit-impaired, then the calculation of interest income reverts to the gross basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Leases in which the Group is a lessee (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 RUB808,532 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: RUB717,705 thousand). The amount of RUB60,529 thousand returned to the patients and the amount of RUB197,295 thousand was transferred to the other contracts during the year ended 31 December 2022 (31 December 2021: RUB67,932 thousand and RUB271,001 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
Medical 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: RUB4,526 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 RUB36,141 thousand, including income from fixed assets sale amounted to RUB21,103 thousand. (During the year ended 31 December 2021 the Group received other income of RUB104,424 thousand, including a property tax refund amounted to RUB44,966 thousand by MD Project 2010).

The Group incurred other expenses amounted to RUB60,510 thousand in the reporting year. (During 2021 the Group incurred other expenses amounted to RUB68,007 thousand, including write-off of fixed assets amounted to RUB26,753 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)
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 entities of the Group are the tax resident of Russian Federation.

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 RUB395,785 thousand (31 December 2021: RUB333,285 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 RUB11,486,136 thousand (31 December 2021: RUB9,965,811 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 RUB642,319 thousand as interim dividends which corresponds to RUB8,55 per share. The dividends were paid on 29 November 2022.

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.

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2022

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	2,527,195	(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 during the year	(502,409)	-	(978,440)	(135,698)	(1,616,547)
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**

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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 (RUB2,936,892 thousand) exceeded its recoverable amount (RUB1,936,877 thousand) and an impairment loss of RUB1,000,015 thousand was recognised (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 revenue 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 have led 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 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 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 the annual 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.

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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 RUB91,148 thousand and MD Group hospital (JSC MD PROJECT 2000) amounting to RUB26,746 thousand (31 December 2021: MD Lakhta hospital (LLC Khaven) - RUB1,825,075 thousand and Tyumen-2 hospital (LLC Mother and Child Tyumen) - RUB564,720 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 an 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**

14. INTANGIBLE ASSETS (continued)

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 RUB201,034 thousand was recognized 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 recognise 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**

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

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 RUB118 thousand were written-off during the year ended 31 December 2022 (year ended 31 December 2021: RUB2,023 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 RUB67,875 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB518,810 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 RUB1,373 thousand was accrued as at 31 December 2022 (31 December 2021: RUB1,373 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 *USD*	Share capital *RUB'000*	Share capital *USD'000*
Authorised	125,250,000	0.08	-	10,020
Issued and fully paid ordinary shares 1 January / 31 December	75,125,010	0.08	180,585	6,010

18. SHARE PREMIUM, RESERVES AND RETAINED EARNINGS

Share premium

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

Retained earnings

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

Reserves

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

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

There were no changes during 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 was 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.

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19. LOANS AND BORROWINGS (continued)

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
Income tax liability	3,142	1,813
Other payables	61,802	71,235
	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**

21. TRADE AND OTHER PAYABLES (continued)

The group received the right to postpone a portion of 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 RUB122,164 thousand (for the year ended 31 December 2021: RUB142,277 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2022 was RUB24,977 thousand (31 December 2021: RUB25,338 thousand).

The Group provided medical informational services to related parties amounted to RUB395,949 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB310,438 thousand) and received commission services from related parties amounted to RUB59,138 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB41,620 thousand).

The receivables from medical informational services which remained unpaid as at 31 December 2022 was RUB67,479 thousand (31 December 2021: RUB36,795 thousand).

The Group purchased medical materials from related parties amounted to RUB189,954 thousand for year ended 31 December 2022 (for the year ended 31 December 2021: RUB140,721 thousand).

The payables for medical materials as at 31 December 2022 were RUB15,719 thousand (the payables as at 31 December 2021: RUB10,768 thousand).

The Group received medical services from related parties amounted to RUB51,383 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB71,819 thousand).

The payables from medical services which remained unpaid as at 31 December 2022 was RUB6,759 thousand (31 December 2021: RUB17,769 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 RUB1,671 thousand (for the year ended 31 December 2021: RUB1,527 thousand).

The receivables for services under non-exclusive commercial concession agreements which remained unpaid as 31 December 2022 was RUB396 thousand (as at 31 December 2021: RUB548 thousand).

The Group purchased intangible assets from related parties amounted to RUB14,173 thousand for the year ended 31 December 2022 (for the year ended 31 December 2021: RUB5,010 thousand).

22. RELATED PARTY TRANSACTIONS

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 RUB436,250 thousand for the year ended 31 December 2022 (31 December 2021: RUB1,887,866 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.

23. FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

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 RUB4,451,895 thousand as at 31 December 2022 (31 December 2021: RUB3,578,216 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).

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:

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.

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23. FINANCIAL RISK MANAGEMENT (continued)

(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 payables and accrued expenses	21	2,964,585	3,283,014	1,018,786	1,217,162	195,521	429,877	421,668
		4,144,056	**4,602,258**	**1,577,579**	**1,405,035**	**339,754**	**722,258**	**557,632**

31 December 2021		**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**

23. FINANCIAL RISK MANAGEMENT (continued)

(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)**

23. FINANCIAL RISK MANAGEMENT (continued)

(iii) Market risk (continued)

Currency risk (continued)

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 RUB3,369 thousand as at 31 December 2022 (31 December 2021: RUB63,890 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 December 2021
		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 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 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.

25. OPERATING ENVIRONMENT (continued)

(b) Russian business environment (continued)

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 RUB681,311 thousand as at 31 December 2022 (31 December 2021: RUB1,037,548 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.