

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

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

To the Shareholders of
MD MEDICAL GROUP INVESTMENTS PLC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of MD MEDICAL GROUP INVESTMENTS PLC and its subsidiaries (the "Group") as at 30 June 2023, and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial statements (the "condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Elena Koliadko

JSC "Kept"

Moscow, Russia

8 September 2023



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

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

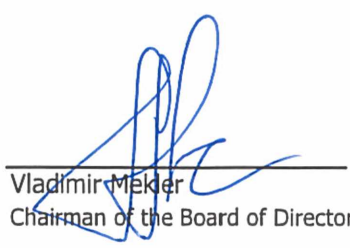
	Note	2023 <i>RUB'000</i>	2022 <i>RUB'000</i>
Revenue	4	12,852,730	12,158,766
Cost of sales	5	(7,886,579)	(7,644,350)
Gross profit		4,966,151	4,514,416
Other income		44,066	5,951
Selling, general and administrative expenses	6	(1,713,745)	(1,772,842)
Impairment loss	12, 13	-	(1,286,574)
Other expenses		(24,786)	(18,938)
Operating profit		3,271,686	1,442,013
Finance income	8	181,096	170,272
Finance expenses	8	(91,571)	(304,347)
Net foreign exchange transactions gain / (loss)	8	10,599	(198,007)
<i>Net finance income / (expenses)</i>	8	<i>100,124</i>	<i>(332,082)</i>
Profit before tax		3,371,810	1,109,931
Income tax expense	9	(3,455)	(3,494)
Profit for the six-month period		3,368,355	1,106,437
Total comprehensive income for the six-month period		3,368,355	1,106,437
Profit for the six-month period attributable to:			
Owners of the Company		3,279,262	1,030,795
Non-controlling interests		89,093	75,642
		3,368,355	1,106,437
Total comprehensive income for the six-month period attributable to:			
Owners of the Company		3,279,262	1,030,795
Non-controlling interests		89,093	75,642
		3,368,355	1,106,437
Earnings per share (RUB)	10	43.65	13.72


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


MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2023 / 31 December 2022

	Note	30 June 2023 RUB'000	31 December 2022 RUB'000
ASSETS			
Property, plant and equipment	12	24,099,731	24,527,917
Intangible assets	13	1,957,647	1,959,819
Trade, other receivables and deferred expenses	14	1,705,092	87,928
Total non-current assets		27,762,470	26,575,664
Inventories		924,235	1,212,154
Trade, other receivables and deferred expenses	14	1,055,243	911,831
Cash and cash equivalents	15	6,649,693	4,462,740
Total current assets		8,629,171	6,586,725
Total assets		36,391,641	33,162,389
EQUITY			
Share capital	16	180,585	180,585
Share premium		5,243,319	5,243,319
Reserves		(655,352)	(655,352)
Retained earnings		25,261,295	21,982,033
Total equity attributable to the owners of the Company		30,029,847	26,750,585
Non-controlling interests		174,990	212,677
Total equity		30,204,837	26,963,262
LIABILITIES			
Loans and borrowings	17	516,385	489,200
Trade and other payables	19	562,451	729,173
Contract liabilities	18	443,571	468,505
Total non-current liabilities		1,522,407	1,686,878
Loans and borrowings	17	124,660	106,426
Trade and other payables	19	2,800,624	2,822,399
Contract liabilities	18	1,739,113	1,583,424
Total current liabilities		4,664,397	4,512,249
Total liabilities		6,186,804	6,199,127
Total equity and liabilities		36,391,641	33,162,389


Vladimir Mekler
Chairman of the Board of Directors


Mark Kurtser
Managing Director


Iya Lukyanova
Chief Financial Officer

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

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six-month period from 1 January 2023 to 30 June 2023

	Attributable to the owners of the Company				Non- controlling interests RUB'000	Total equity RUB'000	
	Share capital	Share premium	Reserves	Retained earnings			Total
	RUB'000	RUB'000	RUB'000	RUB'000			RUB'000
Balance at 1 January 2023	180,585	5,243,319	(655,352)	21,982,033	26,750,585	212,677	26,963,262
Profit and total comprehensive income for the six-month period	-	-	-	3,279,262	3,279,262	89,093	3,368,355
Contributions and distributions							
Dividends declared	-	-	-	-	-	(126,780)	(126,780)
Total contributions and distributions	-	-	-	-	-	(126,780)	(126,780)
Balance at 30 June 2023	180,585	5,243,319	(655,352)	25,261,295	30,029,847	174,990	30,204,837

Share premium is not available for distribution.

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

MD MEDICAL GROUP INVESTMENTS PLC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the owners of the Company					Non-controlling interests RUB'000	Total equity RUB'000
	Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000	Total RUB'000		
Balance at 1 January 2022	180,585	5,243,319	(655,352)	18,064,135	22,832,687	264,505	23,097,192
Profit and total comprehensive income for the six-month period	-	-	-	1,030,795	1,030,795	75,642	1,106,437
Contributions and distributions							
Dividends declared	-	-	-	-	-	(76,923)	(76,923)
Total contributions and distributions	-	-	-	-	-	(76,923)	(76,923)
Balance at 30 June 2022	180,585	5,243,319	(655,352)	19,094,930	23,863,482	263,224	24,126,706

Share premium is not available for distribution.

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

MD MEDICAL GROUP INVESTMENTS PLC

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

	Note	2023 RUB'000	2022 RUB'000
Cash flows from operating activities			
Profit for the six-month period		3,368,355	1,106,437
<i>Adjustments for:</i>			
Depreciation		801,445	806,078
Amortisation		25,400	24,537
Loss / (gain) from the sale of property, plant and equipment		9,333	(13,240)
Write-off of property, plant and equipment		5,409	5,802
Finance income	8	(181,096)	(170,272)
Finance expenses (excluding impairment)	8	85,052	241,664
Impairment of trade and other receivables	8	6,519	62,683
Impairment loss	12, 13	-	1,286,574
Net foreign exchange transactions (gain) / loss	8	(10,599)	198,007
Income tax expense	9	3,455	3,494
		<u>4,113,273</u>	<u>3,551,764</u>
Decrease in inventories		287,919	9,240
Increase in gross trade and other receivables		(149,000)	(70,555)
Increase / (decrease) in trade and other payables		9,245	(339,546)
Increase / (decrease) in contract liabilities		113,757	(13,980)
		<u>4,375,194</u>	<u>3,136,923</u>
Cash flows from operations		4,375,194	3,136,923
Tax paid		(9,096)	(5,274)
Net cash flows from operating activities		4,366,098	3,131,649
Cash flows from investing activities			
Acquisition/construction of property, plant and equipment		(1,926,550)	(745,287)
Proceeds from sale of property, plant and equipment		2,096	48,772
Acquisition of intangible assets		(23,227)	(16,702)
Bank interest received	8	181,096	147,956
Net cash flows used in investing activities		(1,766,585)	(565,261)
Cash flows from financing activities			
Repayment of loans and borrowings		-	(857,864)
Payments of lease liabilities		(80,489)	(71,574)
Finance expenses paid		(9,006)	(158,679)
Proceeds from reimbursed VAT		-	88,755
Repayment of reimbursed VAT		(203,718)	(166,634)
Dividends paid to non-controlling interests		(133,477)	(83,244)
Net cash flows used in financing activities		(426,690)	(1,249,240)
Net increase in cash and cash equivalents		2,172,823	1,317,148
Cash and cash equivalents as at the beginning of the period	15	4,462,740	3,589,623
Effect of movements in exchange rates on cash held		14,130	(203,282)
Cash and cash equivalents as at the end of the period	15	6,649,693	4,703,489

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

1. INCORPORATION AND PRINCIPAL ACTIVITIES

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

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

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

Name	Country of incorporation	Activities	30 June 2023 Effective holding %	31 December 2022 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 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

1. INCORPORATION AND PRINCIPAL ACTIVITIES (continued)

Name	Country of incorporation	Activities	30 June 2023 Effective holding, %	31 December 2022 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 company	90	90
NFP MGIMO-MED	Russian Federation	Medical university	67	67
LLC MD Group Holding	Russian Federation	Management company	100	100
JSC MD Medical Group	Russian Federation	Management company	100	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 30 June 2023, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser. The 32.1% of the Company's share capital is owned by Guarantee Nominee Limited, which holds the shares on behalf of the GDR holders.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2022. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements

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

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

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

The significant judgements made by the management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022 except for those reflected in Notes 12, 13.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

4. REVENUE

	30 June 2023	30 June 2022
	RUB'000	RUB'000
In vitro fertilisation (IVF)	2,517,186	2,035,002
Therapy, surgery and other in-patient medical services	2,088,704	2,300,370
Deliveries	1,431,481	1,393,184
Obstetrics and gynaecology out-patient treatments	1,329,358	1,170,474
Diagnostic centre and other out-patient medical services	1,241,936	1,137,506
Oncology	1,171,247	1,136,579
Laboratory examinations and other medical services	884,701	1,055,779
Paediatrics out-patient treatments	785,504	762,433
Obstetrics and gynaecology in-patient treatments	656,834	562,823
Paediatrics in-patient treatments	420,307	290,985
Sales of goods	142,965	140,714
Storage of stem cells	86,687	81,242
Other income	95,820	91,675
Total revenue from contracts with customers	12,852,730	12,158,766

Disaggregation of revenue

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

4. REVENUE (continued)

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 one large corporate customer, such contracts are fully prepaid.

All the Group's revenue except for the revenue from the storage of stem cells and long-term contracts is recognized at the point of time when the services are provided; the revenue from the storage of stem cells (please see above) and long-term contracts (non-significant) is recognised over the time of the contract.

5. COST OF SALES

	30 June 2023 RUB'000	30 June 2022 RUB'000
Payroll and related social taxes	4,406,528	4,104,076
Materials and supplies used	2,313,717	2,438,677
Depreciation	698,745	666,397
Energy and utilities	154,368	134,806
Medical services	152,146	151,704
Property tax	87,691	89,179
Repair and maintenance	52,482	44,495
Other expenses	20,902	15,016
Total cost of sales	7,886,579	7,644,350

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	30 June 2023 RUB'000	30 June 2022 RUB'000
Payroll and related social taxes	931,415	1,014,815
Utilities and materials	138,287	158,724
Depreciation	102,700	139,681
Other professional services	102,597	85,289
IT support	86,779	12,079
Advertising	82,938	117,674
Acquiring and encashment	80,878	77,573
Commission fees	75,704	50,681
Amortisation	25,400	24,537
Communication costs	23,659	23,907
Learning and development	8,400	8,310
Independent auditors' remuneration	6,103	6,545
Other expenses	48,885	53,027
Total selling, general and administrative expenses	1,713,745	1,772,842

7. STAFF COSTS

	30 June 2023 RUB'000	30 June 2022 RUB'000
Wages and salaries	4,151,774	4,000,193
Social insurance contributions and other taxes	1,186,169	1,118,698
Total staff costs	5,337,943	5,118,891

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six-month period from 1 January 2023 to 30 June 2023

8. NET FINANCE EXPENSES

	Note	30 June 2023 RUB'000	30 June 2022 RUB'000
<i>Finance income</i>			
Bank interest received		181,096	147,956
Initial recognition of other payables to tax authorities at market rate		-	22,283
Other finance income		-	33
Finance income		181,096	170,272
<i>Finance expenses</i>			
Interest on bank loans		-	(152,330)
Unwinding of discount on other payables to tax authorities		(33,859)	(30,617)
Interest on leases		(25,189)	(26,169)
Other interest expenses		(16,998)	(20,317)
<i>Other finance expenses</i>			
Impairment of trade and other receivables	14	(6,519)	(62,683)
Bank charges		(9,006)	(12,231)
Finance expenses		(91,571)	(304,347)
Net foreign exchange transactions gain / (loss)		10,599	(198,007)
Net finance income / (expenses)		100,124	(332,082)

9. INCOME TAX

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

The Group recognised tax expense of RUB3,455 thousand in the reporting period mostly related to tax paid by service companies during six months ended 30 June 2023 (During six months ended 30 June 2022: RUB3,494 thousand).

10. EARNINGS PER SHARE

	30 June 2023	30 June 2022
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	3,279,262	1,030,795
Weighted average number of ordinary shares in issue during the period	75,125,010	75,125,010
Basic and fully diluted earnings per share (RUB)	43.65	13.72

11. DIVIDENDS

No dividends were declared to be paid in the reporting period.

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.

12. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment during the six months ended 30 June 2023 amounted to RUB435,946 thousand (Six month ended 30 June 2022: RUB938,591 thousand).

Disposals of property, plant and equipment during the six months ended 30 June 2023 amounted to RUB152,265 thousand (Six month ended 30 June 2022: RUB147,611 thousand).

As at 30 June 2023 construction in progress mainly includes construction costs of Khaven Lapino amounting to RUB152,811 thousand (30 June 2022: Khaven Lapino - RUB86,402 thousand and M&C Yekaterinburg - RUB33,722 thousand).

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

12. 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 in six months ended 30 June 2022. The impairment loss was allocated to property, plant and equipment.

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

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

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

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

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

Impairment loss of construction documentation in Saint-Petersburg

During the six-month period of 2022 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. 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 13), as well as considered whether the changes in the economic environment represents impairment indicators for other CGUs. The testing was performed for a number of CGUs. No additional impairment loss was identified. No reasonably possible change in key assumptions will cause an impairment.

As at 30 June 2023 the Group considered whether there were indicators of additional impairment or reversal thereof and concluded that there were none.

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

MD MEDICAL GROUP INVESTMENTS PLC

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month period from 1 January 2023 to 30 June 2023

13. INTANGIBLE ASSETS

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

	30 June 2023	31 December 2022
	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	47,216
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	1,831,286

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 recognised during six months ended 30 June 2022. The impairment loss was allocated to goodwill.

The discount rate and terminal growth rate were as specified above in the Note 12. The EBITDA margin was assessed as 15.8%-18% and the revenue growth rate was 4%-6.1% for the 5.5 years projection period.

Impairment test of other subsidiaries

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

No impairment loss was identified during six months ended 30 June 2022. No reasonably possible change in key assumptions will cause an impairment.

In 2023 the Group decided to perform annual impairment testing of goodwill at the year end.

Therefore as at 30 June 2023 an analysis of impairment indicators was performed. As a result of this analysis no impairment indicators were identified.

14. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	30 June 2023	31 December 2022
	RUB'000	RUB'000
CAPEX prepayments	1,705,092	87,928
Trade receivables net of impairment provision	846,013	734,938
Advances paid to suppliers	134,544	113,013
Deferred expenses	9,847	7,884
Property tax to be reimbursed	6,336	83
Other receivables	58,503	55,913
	2,760,335	999,759
Non-current portion	1,705,092	87,928
Current portion	1,055,243	911,831
	2,760,335	999,759

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

CAPEX prepayments represent capital expenditure prepayments under contracts for construction works and acquisition of plant and equipment, mostly related to the acquisition of a ready for services hospital in Moscow in amount RUB1,607,599 thousand. Please also see note 24.

Ageing analysis of trade receivables:

	Gross amount 30 June 2023	Impairment 30 June 2023	Gross amount 31 December 2022	Impairment 31 December 2022
	RUB'000	RUB'000	RUB'000	RUB'000
Not past due	690,129	(727)	594,321	(1,028)
Past due	396,549	(239,938)	375,662	(234,017)
	1,086,678	(240,665)	969,983	(235,045)

In addition to the bad debt provision accrued as at 30 June 2023 the accounts receivable in the amount of RUB899 thousand were written-off during the period ended 30 June 2023 (for the six-month period ended 30 June 2022: RUB6,524 thousand).

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables for patients as at 30 June 2023.

Ageing	Status	Weighted- average loss rate 2023	Gross carrying amount 2023	Loss allowance 2023	Gross carrying amount 2022	Loss allowance 2022
			RUB'000	RUB'000	RUB'000	RUB'000
0-30 days	past due	11%	53,906	(5,734)	46,081	(8,436)
31-60 days	past due	21%	8,133	(1,713)	7,986	(2,633)
61-90 days	past due	38%	7,344	(2,776)	7,115	(3,159)
more than 91 days	past due	76%	264,810	(201,209)	243,736	(180,321)
TOTAL			334,193	(211,432)	304,918	(194,549)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables for legal entities except insurance companies and amounts receivable from related parties as at 30 June 2023.

Ageing	Status	Weighted- average loss rate 2023	Gross carrying amount 2023	Loss allowance 2023	Gross carrying amount 2022	Loss allowance 2022
			RUB'000	RUB'000	RUB'000	RUB'000
0-30 days	not past due	14%	5,211	(727)	7,636	(1,028)
31-60 days	past due	21%	2,198	(456)	5,993	(1,188)
61-90 days	past due	31%	2,964	(917)	3,142	(875)
more than 91 days	past due	45%	57,194	(25,760)	61,609	(36,031)
TOTAL			67,567	(27,860)	78,380	(39,122)

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB127,398 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB557,520 thousand provision is accrued only for those which licences had been revoked (as the most part relates to accounts receivable for Mandatory Health Insurance services provided which payments are guaranteed by the government). Such provision of RUB1,373 thousand was accrued as at 30 June 2023 (31 December 2022: RUB1,373 thousand).

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15. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

	30 June 2023	31 December 2022
	<i>RUB'000</i>	<i>RUB'000</i>
Current bank accounts and cash in hand	978,959	901,000
Bank deposits with maturity less than 3 months	5,670,734	3,561,740
TOTAL CASH AND CASH EQUIVALENTS	6,649,693	4,462,740

Currency:

	30 June 2023	31 December 2022
	<i>RUB'000</i>	<i>RUB'000</i>
RUB	6,583,681	4,399,794
USD	66,012	62,946
	6,649,693	4,462,740

The Group maintains the majority of cash with RuAAA-rated banks (agency AKRA).

16. SHARE CAPITAL

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

17. LOANS AND BORROWINGS

Loans and borrowings represent lease liabilities as at 30 June 2023 and 31 December 2022.

Maturity of lease liabilities:

	30 June 2023	31 December 2022
	<i>RUB'000</i>	<i>RUB'000</i>
Within one year	124,660	106,426
Between one and five years	370,529	379,761
More than 5 years	145,856	109,439
	641,045	595,626

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17. LOANS AND BORROWINGS (continued)

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

	Currency	Maturity	30 June 2023		31 December 2022	
			Face value RUB'000	Carrying amount RUB'000	Face value RUB'000	Carrying amount RUB'000
Current lease liabilities	RUB	2023-2024	124,660	124,660	106,426	106,426
Non-current lease liabilities	RUB	2024-2032	516,385	516,385	489,200	489,200
			641,045	641,045	595,626	595,626

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

	30 June 2023		30 June 2022	
	Bank loans RUB'000	Lease liabilities RUB'000	Bank loans RUB'000	Lease liabilities RUB'000
Balance at 1 January	-	595,626	4,818,321	694,712
Changes in cash flows				
Repayment of loans and borrowings	-	-	(857,864)	-
Payments of lease liabilities	-	(55,300)	-	(45,405)
Interest under lease agreements paid	-	(25,189)	-	(26,169)
Interest paid included in financing cash flows	-	-	(146,448)	-
Total changes in cash flows	-	(80,489)	(1,004,312)	(71,574)
Liability-related changes				
Additions of lease liabilities	-	133,534	-	70,554
Leases terminated	-	(32,815)	-	(67,168)
Finance expenses accrued in PL	-	25,189	152,330	26,169
Total liability-related other changes	-	125,908	152,330	29,555
Balance at 30 June	-	641,045	3,966,339	652,693

18. CONTRACT LIABILITIES

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

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19. TRADE AND OTHER PAYABLES

	30 June 2023 RUB'000	31 December 2022 RUB'000
Taxes payable	852,952	814,083
Accruals	774,074	702,537
Other payables to tax authorities	753,420	923,279
Trade payables	495,840	517,270
Payables to employees	366,568	462,884
CAPEX payables	58,623	66,575
Income tax liability	64	3,142
Other payables	61,534	61,802
	3,363,075	3,551,572
Non-current portion	562,451	729,173
Current portion	2,800,624	2,822,399
	3,363,075	3,551,572

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.

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

20.1. Balances and transactions with related parties

	30 June 2023		30 June 2022	
Type of transactions with related party:	Income	Purchases	Income	Purchases
Information services	261,240	34,132	177,869	23,998
Non-exclusive concession services	848	-	839	-
Medical services	-	29,313	-	29,550
Purchase of medical supply	-	85,290	-	86,031
Purchase of intangible assets	-	2,364	-	2,356

	30 June 2023		31 December 2022	
Type of transactions with related party:	Receivables	Payables	Receivables	Payables
Information services	126,007	9,471	67,479	-
Non-exclusive concession services	407	-	396	-
Medical services	984	8,657	-	6,759
Medical materials	-	8,493	-	15,719

The remuneration of the members of the key management personnel and non-executive directors for the six-month period ended 30 June 2023 was RUB38,002 thousand (for the six-month period ended 30 June 2022 was RUB56,664 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 30 June 2023 was RUB3,067 thousand (31 December 2022: RUB24,977 thousand).

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20. RELATED PARTY TRANSACTIONS (continued)

20.2. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 30 June 2023, 31 December 2022 and as at the date of signing these condensed consolidated interim financial statements are as follows:

<u>Name</u>	<u>Type of interest</u>	<u>Effective interest %</u>
Mark Kurtser	Indirect ownership of shares	67.90
Vitaly Ustimenko	Direct ownership of shares	0.005

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

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

21. CAPITAL COMMITMENTS

Capital commitments mostly comprise of the obligations under construction and equipment purchase contracts in the amount of RUB1,474,499 thousand as at 30 June 2023 (31 December 2022: RUB681,311 thousand).

22. BUSINESS ENVIRONMENT

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

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the start of a 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.

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.

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22. BUSINESS ENVIRONMENT

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.

Further to the sanctions the London Stock Exchange (the "LSE") has suspended the admission to trading of the Group's instruments on 3 March 2022. On 22 June 2023 the Group's GDRs were cancelled from the FCA's official list and admission to trading on the LSE. The Group changed the depositary bank that administers the Group's GDR program to RCS Issuer Services S.AR.L. with the relevant agreement effective as of 8 August 2023.

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 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 condensed consolidated interim financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The management believes the described above will not negatively effect the business, including financial position. The future business environment may differ from management's assessment.

23. 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.

24. EVENTS AFTER THE REPORTING PERIOD

On 17 July 2023 the Group completed the acquisition of a ready for service hospital in amount of RUB2,240,000 thousand in Moscow.

On 8 August 2023 RCS Issuer Services S.AR.L. became the new depositary for the Group's GDR program.

On 31 August 2023 the Group held an Extraordinary General Meeting of shareholders to consider and approve 6 resolutions following re-domiciliation to Special Administrative Region of Oktyabrskiy Island, Kaliningrad Region, Russian Federation. The Group intends to maintain Global Depositary Receipts program and the current listing of the GDRs on Moscow Exchange. Completion of the redomiciliation procedure is subject to certain regulatory approvals, and there can be no guarantee that these will be granted. In addition, potential legislative or regulatory changes may affect or change the process of achieving the intended objectives.

An additional tax ("windfall" tax), which is applicable to the Group and its subsidiaries was passed into law in August 2023. The tax base is defined as an excess of the average profit before tax for 2021-2022 over the average profit before tax for 2018-2019. According to a preliminary estimate, the additional tax expense for the Group may amount to RUB102,450 thousand, subject to an early payment option in 2023.

No other significant events occurred after the reporting period.