Advancing the excellence of healthcare

ANNUAL 2021 REPORT

MOTHER & CHILD
GROUP OF COMPANIES

Contents

STRATEGIC REPORT

CORPORATE GOVERNANCE

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

REPORT AND FINANCIAL STATEMENTS

SUSTAINABLE DEVELOPMENT

ANNEXES

Strong investment case

ONE OF THE LARGEST HEALTHCARE COMPANIES IN RUSSIA

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

CLEAR AND BALANCED GROWTH STRATEGY

- Proven regional expansion strategy with well-defined objectives and a track record of successful investments
- Since its founding, the MDMG has constantly extended its medical products to satisfy market demand, and it has now evolved into a vertically integrated company that covers all human health needs from birth to old age
- Balanced strategy: combining large greenfield hospital projects with a wide network of clinics that provide core services and benefit from an economy of scale
- Ready to use blueprint for further expansion based on competences and available resources

BEST-IN-CLASS NETWORK ACROSS RUSSIA

- Comprehensive knowledge of the Russian private healthcare market
- Projects led by highly skilled doctors and executives with extensive experience building and launching multifunctional hospitals from the ground up
- A well-known brand with largest regional medical network, with 27 cities and 25 regions*
- The Company's ability to operate well in unusual situations was proved by its highly effective performance during the pandemic

ATTRACTIVE MARKET FUNDAMENTALS IN RUSSIA

- Consolidation and saturation are at a low level, particularly in the regions
- Still a developing market with significant growth potential
- State support for private healthcare companies is provided by a favourable regulatory environment, which includes a 0% income tax rate, a perpetual medical licence, and participation in the Mandatory Health Insurance programme
- High entry barriers

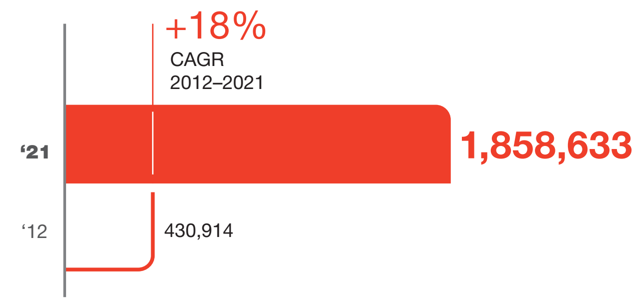
33% EBITDA margin in 2021

CONSISTENTLY ONE OF THE HIGHEST REVENUES AMONG RUSSIAN HEALTHCARE COMPANIES

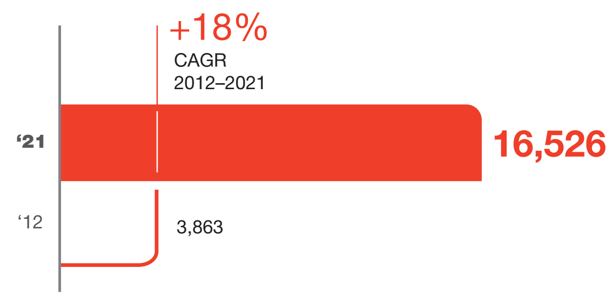
32% YoY Revenue increase in 2021

SINCE THE IPO, OUR KEY FINANCIAL AND OPERATING METRICS HAVE GROWN STEADILY

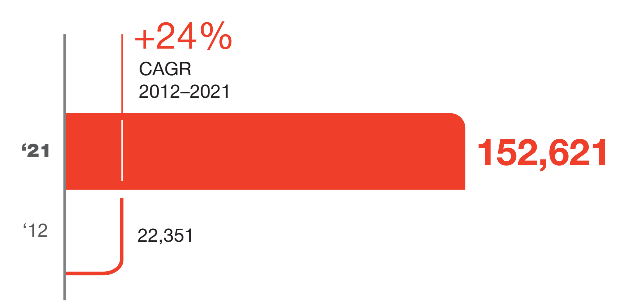
Out-patient treatments



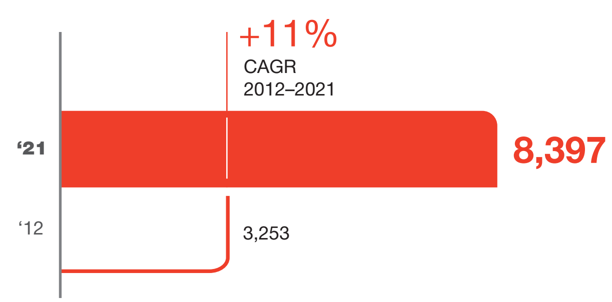
IVF cycles



In-patient days



Deliveries



1 › As of publication date

Strong sustainable growth

I would like to express my gratitude to our whole team – it is thanks to them that the Group achieved such strong results in what was a challenging year in 2021. I firmly believe that together we will continue to raise the bar in 2022.

Our business saw a successful year in 2021: our effective response to the challenges associated with COVID-19 enabled us to demonstrate excellent financial results. I am particularly pleased to note our excellent performance in areas not related to healthcare for women and children. This segment accounted for 51% of our total revenue in 2021, up from 45% a year earlier. At the same time, we continued to grow in those areas that have historically been our main focus, with revenues from healthcare for women and children increasing by 16%. We believe that our diversification strategy is being implemented successfully, and we continue to unlock the huge potential of our business.

Overall in 2021, we saw the demand for our services begin to recover. The number of in-patient and out-patient visits across the Group not only increased year-on-year but exceeded the level of 2019, before the pandemic. We believe that the demand for private medical care will continue to recover in 2022 as the COVID situation stabilises.

2021 was a record year for us despite the continuing challenges posed by the pandemic. We demonstrated strong growth in total revenue by 32%, and by 44% at our hospitals in Moscow. Performance in women's and children's health services also continues to increase despite the pandemic, the growth in respective revenue was 16%. The strong results for the Group as a whole were also due to the robust operational performance of our medical centres across the whole network in Russia.

The first full year of operations at the Lapino-2 surgical facility, which specialises in oncology, saw revenue of RUB 1,798 mln and utilisation rate of 40%, while the facility continues to have significant potential for future growth. At the same time, the Lapino-4 infectious diseases facility, which we opened last February, ramped up to full capacity. Lapino-4 is continuing to expand out-patient services for COVID-19 patients, including thanks to telemedicine services, which support a significant increase in patient flows. For COVID-19 patients we also offered high-quality emergency support and had deliveries in specially designated 'red zones', as well as carried out complex cardiological and oncological operations.

I am pleased to note that in addition to our Moscow hospitals our regional facilities also recorded robust results. In particular, our Tyumen-1 hospital demonstrated strong growth in revenue by 49% to RUB 1,287 mln in 2021, while its utilisation rate amounted to 60%.

Given this success we are continuing to develop our regional network. In January 2022, we opened the 150- bed MD Lakhta multi-disciplinary hospital in St Petersburg, Russia's second-largest market.

This new hospital will temporarily focus on treating COVID patients, and in due course will offer a full range of services for the whole family.

Moreover, in February 2022, in line with previously announced plans, we opened our second multi-disciplinary hospital in Tyumen, with 100 beds. In addition, we continued to develop our new business segment under the brand MD Lab and have already opened two laboratory test collection points.

Overall in 2021 we saw the demand for our services begin to recover. Among other metrics, the number of in-patient and out-patient visits across the Group not only increased year-on-year but exceeded the level of 2019, before the pandemic. We believe that the demand for private medical care will continue to recover in 2022 as the COVID situation stabilises.

Growth in the number of out-patient visits to 1,858,633 also confirms that we offer a nationally accessible network with high levels of coverage. Moreover, we are achieving this while maintaining robust margins.

This shows that our diversified business model is driving the sustainable development of our business. This factor, along with low debt of RUB 1,924 mln and a strong cash position, is evidence of our stable position even in the face of challenging external conditions.

I would like to express my gratitude to our whole team – it is thanks to them that the Group achieved such strong results in what was a challenging year in 2021. I firmly believe that together we will continue to raise the bar in 2022.

Dr Mark KURTSER,
CEO

Multi-disciplinary leadership

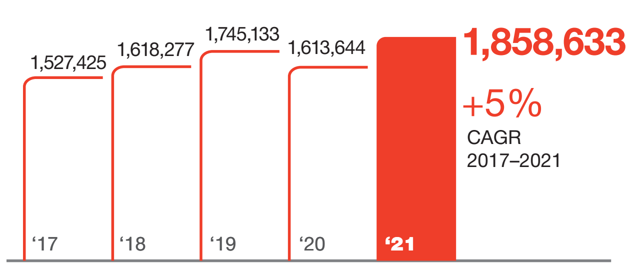
Year after year, our operational and financial performance illustrates our company's consistent growth and potential for additional expansion.

The Lapino complex, has been a crucial factor in our continued growth with its recent expansion and operational growth. Our regional hospitals and clinics also had strong results in 2021, finishing the year with a record number of in- and out-patient visits, deliveries, and IVF cycles.

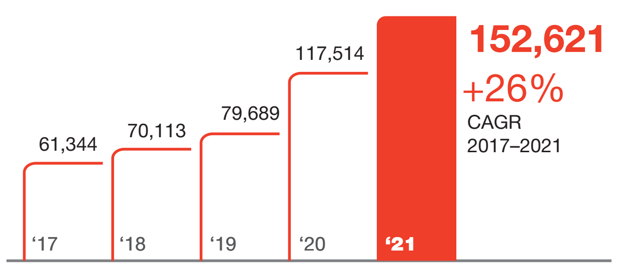
> *We were able to quickly adapt to the new reality, which allowed us to improve the group's financial and operational performance while also diversifying our businesses*
>
> **Dr Mark KURTSER,**
> CEO

OPERATIONAL KPIs

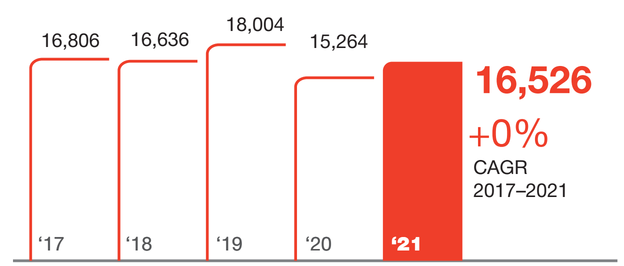
Out-patient treatments



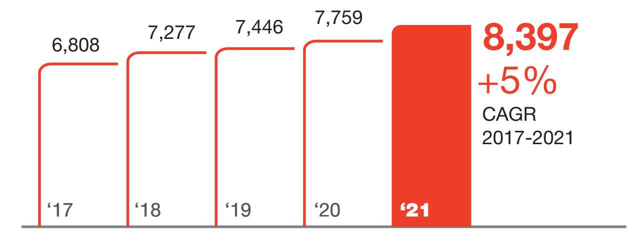
In-patient days



IVF cycles

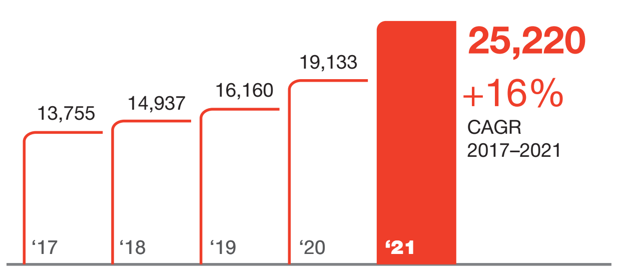


Deliveries

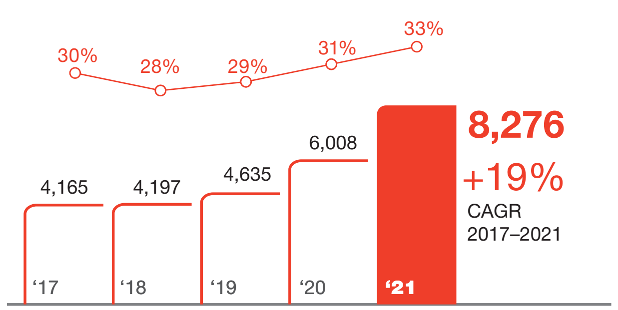


FINANCIAL KPIs RUB mln

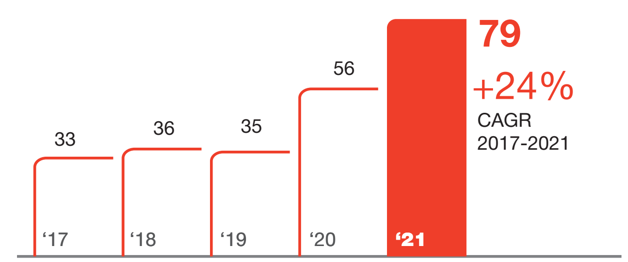
Revenue



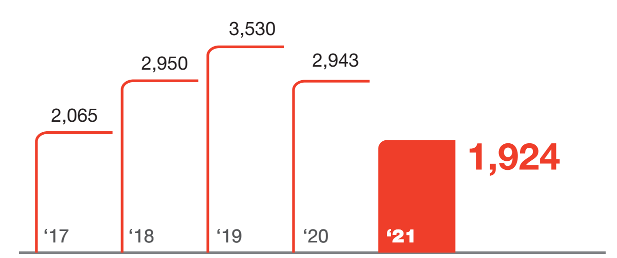
EBITDA and EBITDA margin



EPS, (RUB/GDR)



Net debt



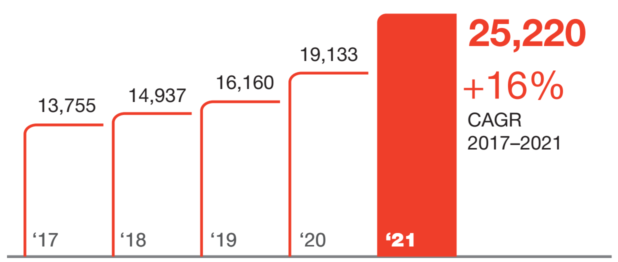
Financial overview in 2021

RUB mln

REVENUE

The Group's revenue for 2021 grew by 32% to RUB 25.2 bln. Moscow hospitals were the main growth driver, its total revenue grew by 44% bringing it up to RUB 14.0 bln. It saw a growth in oncology, surgery and traumatology as well as opening of new facilities. Regional hospitals, in addition to our Moscow hospitals, saw excellent revenue growth of 26% to a total of RUB 5.8 bln thankfully to Tyumen-1 and Samara strong results.

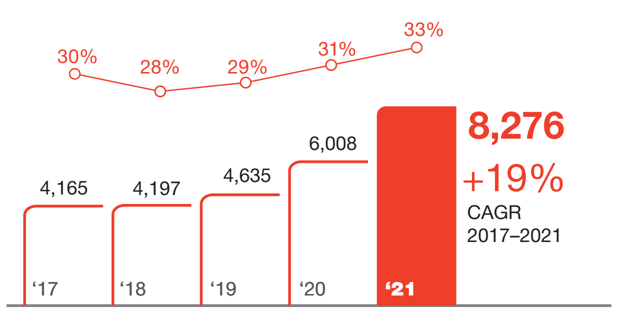
Revenue



EBITDA

In 2021, we managed to increase our EBITDA to RUB 8.3 bln, up 38% from the previous year. EBITDA margin also increased and reached 33%. These results became possible thanks to the Lapino-4 hospital opened at the beginning of the year and our hard work to diversify the list of services provided, adding more and more value-added medical services to it, such as surgery, traumatology and cardiology.

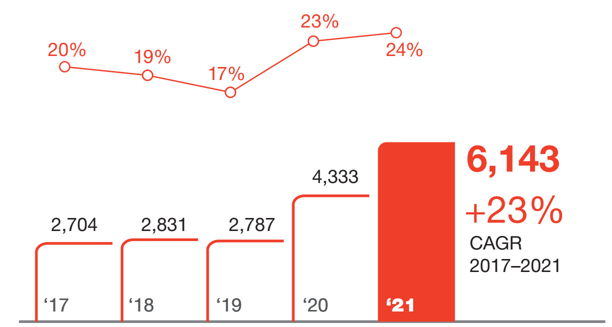
EBITDA and EBITDA margin



NET INCOME

As a result, the Company's net income in 2021 increased by 42% year-on-year and amounted to RUB 6,143 mln thanks to the growth in the scale of our business and positive EBITDA trend. Net profit margin increased by 1.7 p.p. to 24%.

Net income and Net income margin

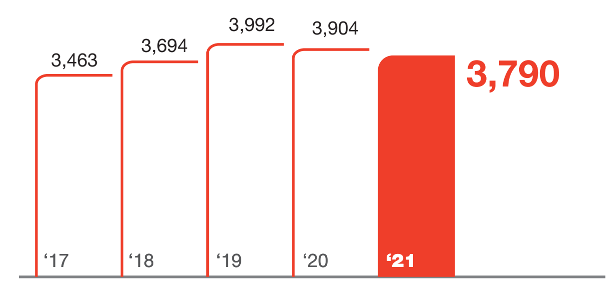


CAPEX

Total capital expenditures in 2021 decreased by 3% year-on-year to RUB 3,8 bln. The main share of capital expenditures is in the hospital segment (85%), while the construction of new clinics and renovations account for 15% of the total costs.

The Lapino-3 nuclear medical centre with commissioning in 2024 and the Lapino-5* psycho-neurological centre with a launch date in Q3 2023 are at the design stage. Both medical institutions will be part of the Lapino cluster. The planned volume of capital expenditures for the construction of centres is about RUB 6 bln. In addition, in Q4 2023, the Domodedovo* multifunctional hospital will be put into operation with a planned cost of RUB 4 bln.

CAPEX

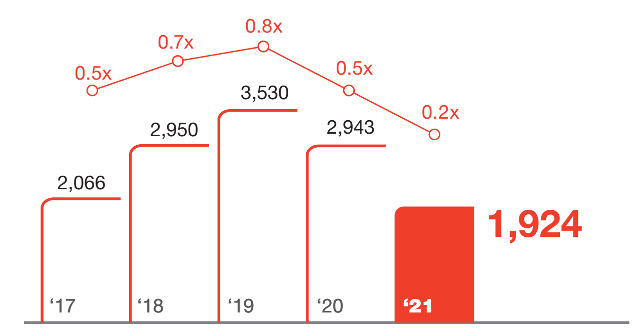


In the first half of 2022, the launch of two out-patient clinics in the Moscow Region is expected, and 3 clinics are under construction in Lipetsk, Belgorod and Yekaterinburg* with a planned launch date in 2022.

DEBT

Net debt as of December 31, 2021 decreased by RUB 1,019 mln compared to December 31, 2020 to RUB 1,924 mln. Net Debt / EBITDA as of end of 2021 was 0.2. This positions the company well, and gives us both the flexibility to choose a strategy for further growth and the ability to increase debt if necessary.

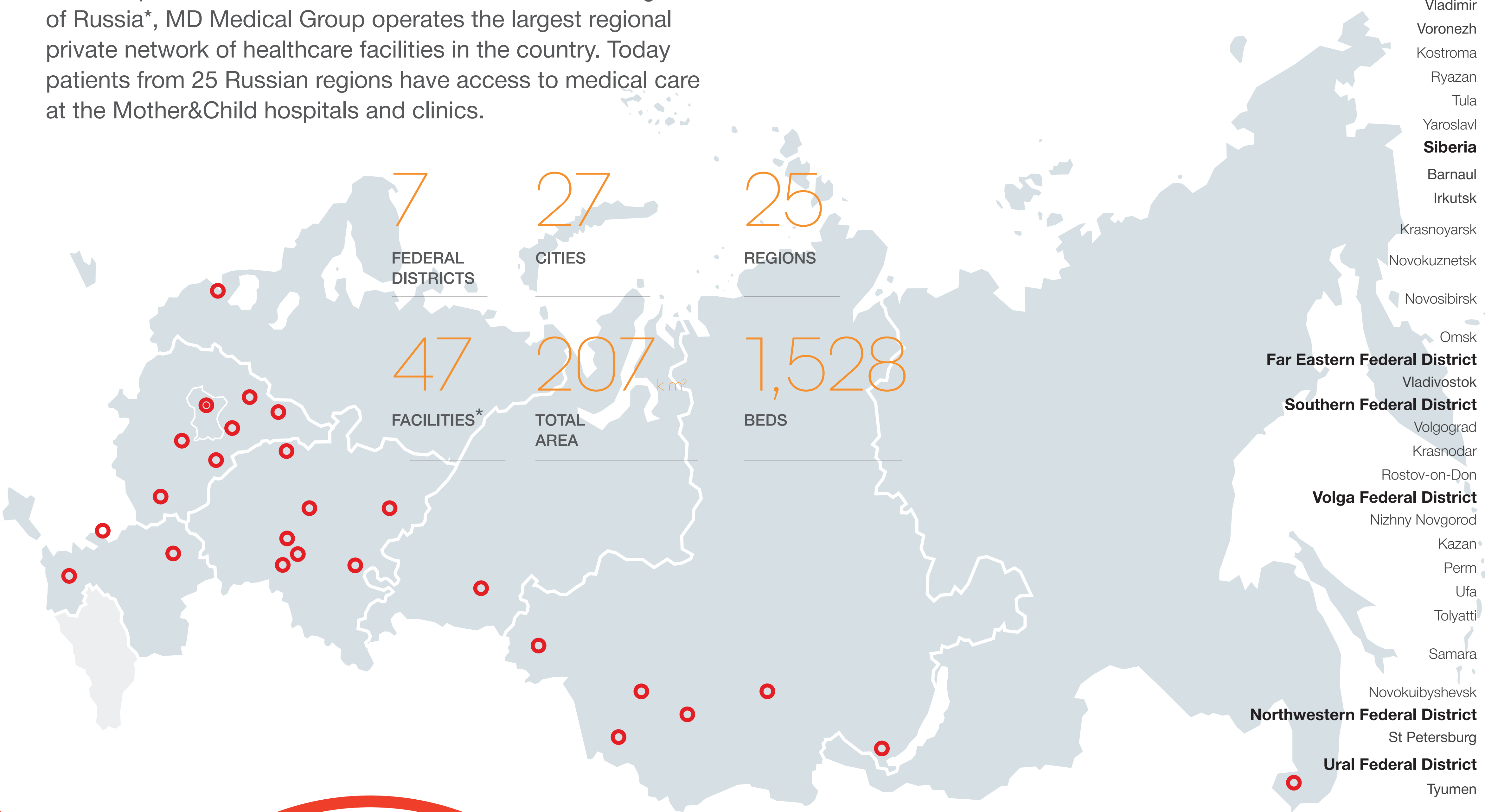
Net debt and Net debt / EBITDA ratio



*temporarily frozen

Nationwide healthcare network

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



7 FEDERAL DISTRICTS

27 CITIES

25 REGIONS

47 FACILITIES*

207 k m² TOTAL AREA

1,528 BEDS

	8 HOSPITALS	37 CLINICS	2 MD LABS
Central Federal District			
Moscow	1	6	2
Moscow Region	•	3	
Vladimir		•	
Voronezh		•	
Kostroma		•	
Ryazan		•	
Tula		•	
Yaroslavl		•	
Siberia			
Barnaul		•	
Irkutsk		•	
Krasnoyarsk		2	
Novokuznetsk		•	
Novosibirsk	•	3	
Omsk		•	
Far Eastern Federal District			
Vladivostok		•	
Southern Federal District			
Volgograd		•	
Krasnodar		•	
Rostov-on-Don		•	
Volga Federal District			
Nizhny Novgorod		•	
Kazan		•	
Perm		•	
Ufa	•		
Tolyatti		•	
Samara	•	3	
Novokuibyshevsk		•	
Northwestern Federal District			
St Petersburg	•	•	
Ural Federal District			
Tyumen	2		

*as of publication date

Business model

MD Medical Group has
a vertically integrated system supported
by technological and educational initiatives

SCIENCE

Participation in clinical research

EDUCATION

Establishing a medical university in Lapino as a joint venture with the MGIMO institute (MGIMO MED)

HEALTHCARE SERVICE

Development of Lapino as a medical cluster

Development of an out-patient network

Development of vertically integrated business processes

HOSPITALS

15,000 – 40,000 sq. m

- Out patient visits
- Diagnostics
- Surgery operations
- In-patient care
- Post treatment rehabilitation

CONSULTATIVE AND DIAGNOSTIC CENTRES

1,500 – 3,000 sq. m

- Out-patient visits general practice
- Diagnostics
- Medical manipulations

OUT-PATIENT CLINICS "CLOSE TO HOME"

150 – 300 sq. m

- Out-patient visits

Delivering on our strategic goals

STRATEGIC GOALS	OUR PROGRESS IN 2021

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

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

We received a lot of good experience working with infectious diseases as a result of the challenges we faced in 2020. And in 2021, we continued to adapt to new realities and deliver the finest level of care to our patients, especially in the treatment of COVID-19. Tyumen and St Petersburg's newly opened hospitals were called to help us in this effort.

Recruit and retain the best and the most qualified personnel

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

In 2021, we continued to hire, retain, and train new members of our staff of over 8,500 people. In addition to the existing facilities, our new Tyumen-2 and MD Lakhta hospitals have become major employers of medical staff in the region, employing both local professionals and current MDMG employees relocated from Moscow and other hospitals. Throughout the year, we continued to provide our employees with training and other opportunities for professional development.

Deliver value to our stakeholders

Ultimately, we want to ensure that all our actions and decisions will benefit all our stakeholders. As the first public healthcare company in Russia, we strive to deliver the best performance and achieve strong results which translate into high long-term value for our investors, which is impossible without providing the best possible service to our patients, creating the best conditions for our employees and maintaining our high business reputation in interaction with our corporate counterparties and the state.

We believe that our consistent investment in the business supports the creation of long-term value for our shareholders.

In the reporting year, we continued to share the results of our success with shareholders by paying interim dividends which amounted to 50% of net profit for the half-year.

We are pleased that our MOEX listing increased liquidity for our shares, which was a key role in our share price soaring by more than 75% in the previous year.

STRATEGIC GOALS	OUR PROGRESS IN 2021

Roll out our proven business model

With the largest regional medical network in Russia comprised of 47 facilities in 27 cities*, we have a deep understanding of the Russian market and a strong track record. We continue to open new facilities in the regions of our presence to expand the range of services offered.

In 2021, we further expanded and improved our vast network in Russia. The company continued to expand its network of out-patient clinics and is also started to introduce a new format – a network of test collection stations in the Moscow and Moscow Region under the "MD Lab" brand.

Additionally, in early 2022, we opened two new multifunctional hospitals in Tyumen and St Petersburg which will currently focus on treating patients with COVID-19

Provide balanced services structure including core and other medical services

While we initially focused solely on women and children's healthcare, once we were 100% confident that we were able to maintain our high level of service, we began to add other medical services to our offering to cover all family members. Today, MDMG is a diversified healthcare provider which provides a full range of services for the whole family both young and mature.

2021 marked the continued expansion of our service offering. With the addition of Lapino-4 in 2021 and MD Lakhta, Tyumen-2 hospitals in 2022, we are now providing full COVID-19 treatment in 5 regions.

Following our strategy to ensure full coverage of oncology and make our services more convenient for our patients, we have launched an oncological clinic in Mozhaisk.

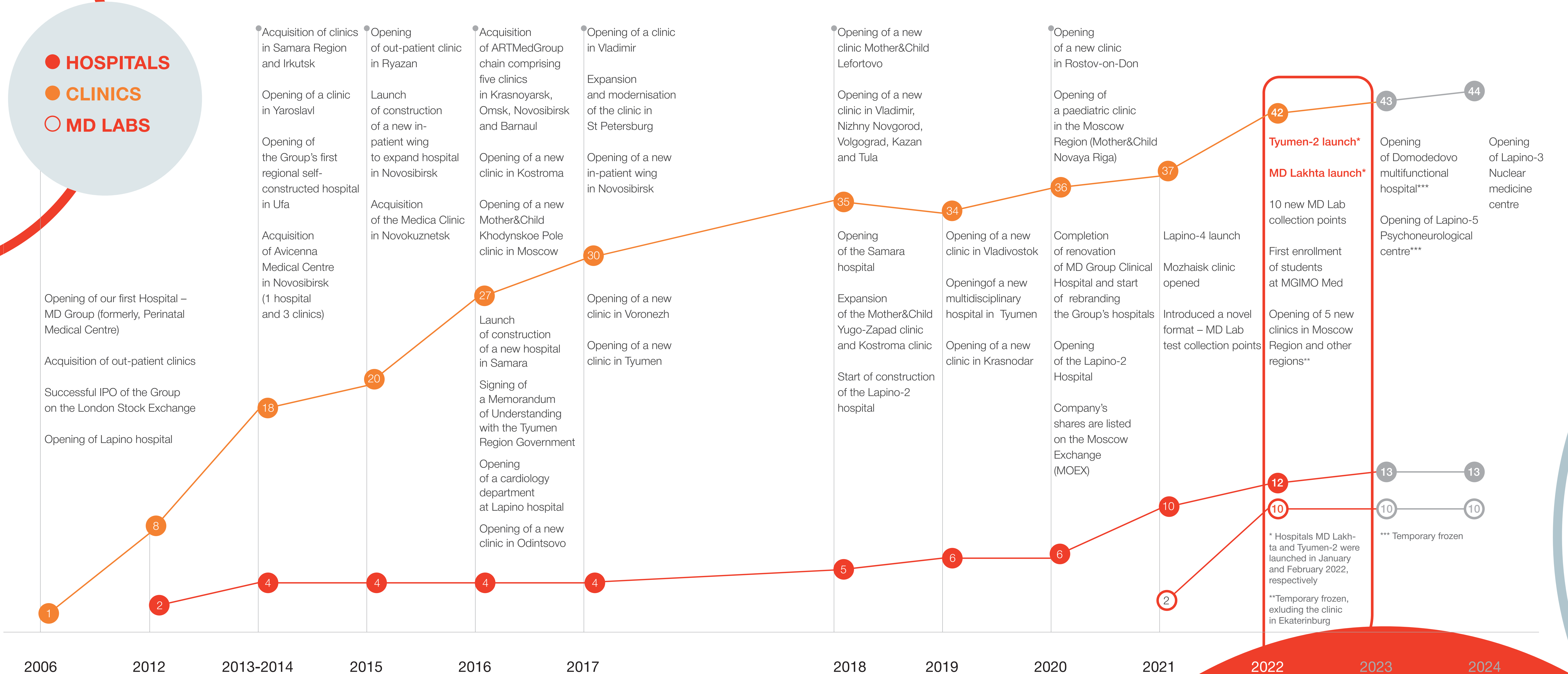
Our state of the art oncological centre – Lapino-2 began treating patients in its core area after focusing on COVID-19 in 2020. In 2021, it has already reached a 40% level of utilisation.

The popularity of our services beyond women's and children's health is growing. Surgery, cardiology and traumatology services we provide across all of our hospitals have already reached 8% of revenue, with oncology accounting for another 8%.

*as of publication date

Continuous expansion to increase client base

In 2021, we continued to enhance our network of state-of-the-art medical facilities across Russia. We opened Lapino-4 our COVID-centre located in the Lapino Cluster, one new oncology clinic, and launched a new format MD Lab. In early 2022, we have also inaugurated MD Lakhta and Tyumen-2 multifunctional hospitals.



Delivering a comprehensive high-tech healthcare

ADVANCED TECHNIQUES FOR TREATING PATIENTS IN VARIOUS MEDICAL AREAS

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

WOMEN'S AND CHILDREN'S HEALTHCARE

- IVF
- Pregnancy management
- Deliveries
- Operative gynaecology
- Children's intensive care
- Perinatal diagnostics
- Older children care

SURGERY

- Neurosurgery
- Urology
- General surgery
- Plastic surgery
- Cardiology
- Traumatology and orthopedics

First in Russia endovascular heart surgery performed on a newborn

COVID-19 TREATMENT AND REHABILITATION

- Deliveries for COVID-19 positive patients
- Post-COVID check-up and rehabilitation
- COVID lab
- In-patient COVID treatment

Lapino-4 centre for infectious diseases, including COVID-19

ONCOLOGY

- Oncourology
- Oncogynaecology
- Thoracoabdominal coloproctology
- General oncology
- Head and neck tumors
- Chemotherapy
- Oncohematology

A new oncological care centre

DIAGNOSTICS

- Ultrasound diagnostics
- Lab diagnostics
- Radiation diagnostics

NEW HEALTHCARE COMPETENCIES

- Telemedicine
- Nuclear medicine centre (under construction)
- Psychoneurological centre (in preparation)

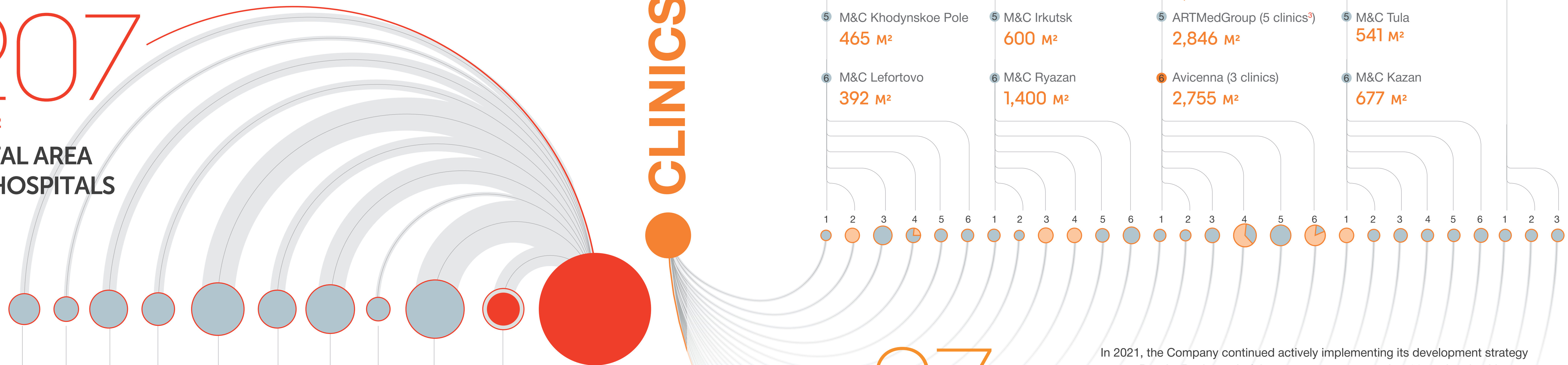
Expanding a leading nationwide network

207

K M²
TOTAL AREA OF HOSPITALS

CLINICS

1 M&C Odintsovo 142 м²	1 M&C Novogereevo 397 м²	1 M&C Vladimir 354 м²	1 M&C Novokuznetsk 800 м²	1 M&C Vladivostok 358 м²
2 M&C Kuntsevo 770 м²	2 M&C Novaya riga 117 м²	2 M&C Kostroma 209 м²	2 M&C Voronezh 343 м²	2 M&C Krasnodar 360 м²
3 M&C Savelovskaya 2,048 м²	3 M&C Saint Petersburg 893 м²	3 M&C Yaroslavl 822 м²	3 M&C Nizhny Novgorod 600 м²	3 M&C Rostov-on-Don 422 м²
4 M&C Yugo-Zapad 801 м²	4 M&C Perm 800 м²	4 IDK MedicalCompany (4 clinics) 3,860 м²	4 M&C Volgograd 380 м²	
5 M&C Khodynskoe Pole 465 м²	5 M&C Irkutsk 600 м²	5 ARTMedGroup (5 clinics[3]) 2,846 м²	5 M&C Tula 541 м²	
6 M&C Lefortovo 392 м²	6 M&C Ryazan 1,400 м²	6 Avicenna (3 clinics) 2,755 м²	6 M&C Kazan 677 м²	



HOSPITALS

Tyumen-2[2]
4,750 м²

Ufa hospital
33,000 м²

Lapino-4
4,200 м²

Tyumen-1 hospital
15,000 м²

Samara hospital (IDK hospital)
15,000 м²

Lapino hospital
42,000 м²

Mother and child Novosibisk Hospital (Avicenna+ new wing)
10,260 м²

Lapino-2
18,500 м²

MD Lakhta[1]
9,000 м²

MD Group clinical hospital (foremerly PMC)
27,600 м²

1 › Q1 2022
2 › Q1 2022

27.3

THOUSAND M²
TOTAL AREA OF CLINICS

Hospitals
Owned · Lapino-2

Clinics
Owned · Rented

In 2021, the Company continued actively implementing its development strategy across Russia. By the end of the year, we were managing 44 modern healthcare facilities, including 6 hospitals and 37 out-patient clinics and 1 MD Lab. MDMG's 2021 development was marked by the opening of Lapino-4 – a 2-storey multifunctional hospital on the Lapino medical complex grounds that is currently specialising in treating COVID-19 patients. We have also expanded our clinics' network in the Moscow Region, by opening a new oncological clinic in Mozhaisk. This is the continuation of our efforts to enter the oncological market allowing our patients to have a more comfortable experience visiting us near home. Additionally, 2021 was marked by the opening of a new format MD Lab, which is a network of collections points where our patients can not only take medical tests but also visit some of our doctors.

We are continuously growing, and at the beginning of 2022, we have already opened two new hospitals in St Petersburg and Tyumen. Both are multifunctional medical centres, which currently focus on treating COVID patients. After the pandemic passes, both will continue their operations as multifunctional hospitals offering services for mother and child health as well as traumatology, oncology and others.

3 › 2 clinics in Krasnoyarsk, Omsk, Novosibirsk, Barnaul

Hospitals in Moscow

MULTIFUNCTIONAL HOSPITALS FOR THE WHOLE FAMILY OFFERING FULL CYCLE MEDICAL CARE ON A HIGH LEVEL

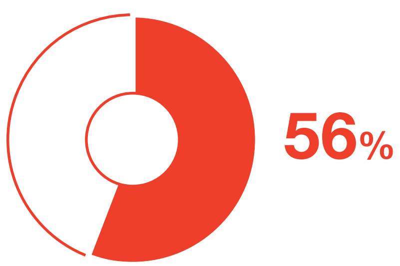
Hospitals in Moscow include two business units – Medical Cluster Lapino and MD Group Clinical Hospital. 2021 was a record year for the Company despite the ongoing challenges posed by the pandemic. Performance in women's and children's health services continues to grow despite the pandemic, as well as recovery in medical health care in general – the utilisation rate of out-patient visits grew by 7 p.p. to 49%. In 2021, the Company continued to diversify the specialisations of services offered to patients, such as surgery, traumatology and cardiology.

	MD GROUP	LAPINO-1	LAPINO-2	LAPINO-4
Beds	261	191	120	100
Area, m²	27,600	42,000	18,500	4,200
Focus	Multifunctional hospital	Multifunctional hospital	Oncology centre	COVID therapy
Patient-days	34,000	28,500	40,000	36,500
Out-patient treatments	355,000	640,000	180,000	
IVF cycles	3,000	1,000		
Deliveries	3,500	3,000		

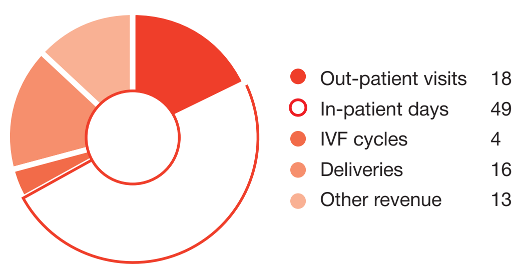
Hospitals in Moscow

FINANCIAL INDICATORS

% as of total revenue



Revenue structure, 2021, %



OPERATIONAL AND FINANCIAL OVERVIEW

The 191-bed Lapino-1 multifunctional hospital is capable of providing 639,540 out-patient treatments and 3,000 deliveries per year. In 2021, the demand for deliveries (+5% y-o-y) and IVF (+12% y-o-y) recovered to the pre-pandemic levels. Growth in revenue in the reporting period was also driven by a higher utilisation rate at in-patient facilities for such services as traumatology (+34% y-o-y) and surgery (+17% y-o-y): the number of in-patient days increased to 1,862 and 3,450 in surgery and traumatology, respectively.

Originally, Lapino-2 was launched in September 2020 with CAPEX of RUB 3.9 bln. By opening this large scale centre and its new departments, the Lapino medical cluster has become a major multifunctional medical centre, ready to provide medical help to patients with a variety of problems around the clock. The opening of the oncological centre confirms the Company's dedication to the company's strategy aimed at diversification of medical services provided to patients. In connection with the COVID-19 pandemic, in 2020, the Lapino-2 almost immediately repurposed to treat patients with COVID-19 and returned to its normal state in early 2021. The first full year of operations at the Lapino-2 oncology centre saw revenue of RUB 1,798 mln and a utilisation rate of 40%, while the facility continues to have significant potential for future growth. In the reporting period, we performed 475 oncological operations and increased our utilisation rate by 69% to 17,709 in-patient treatments.

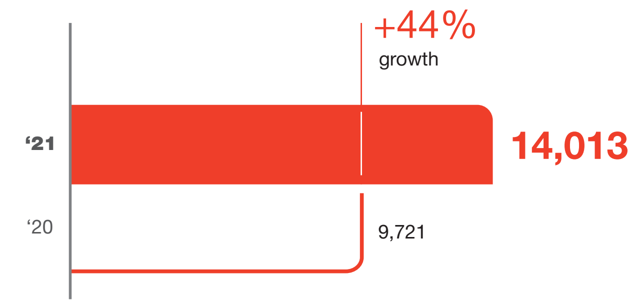
The launch of the Lapino-4 was dictated by the new realities in which the pandemic has placed us. The Group saw a great demand for the treatment of coronavirus and decided to separate this area into a new hospital. The hospital is able to provide the full range of medical services due to its location on the territory of the Lapino medical cluster. For COVID-19 patients we also offered high-quality emergency support and have had deliveries in specially designated 'red zones', as well as carried out complex cardiological and oncological operations. In 2021, therapy, which is almost entirely represented by coronavirus treatment, accounted for 14% of revenue and was the second-largest share in revenue after women's and children's health.

In 2020, the Company completed a large-scale renovation of PMC – the first private maternity hospital in Russia. Investment in the project amounted to around RUB 600 mln. Previously, the hospital specialised in the Group's core services: deliveries, OBGYN, paediatrics and IVF. Today, as a result of a largescale revamp, 5 new departments (surgery, urology, trauma, cardiology and endovascular x-ray diagnostics and treatment) have been added to expand the offering of the hospital, which has been rebranded as MD Group Clinical Hospital.

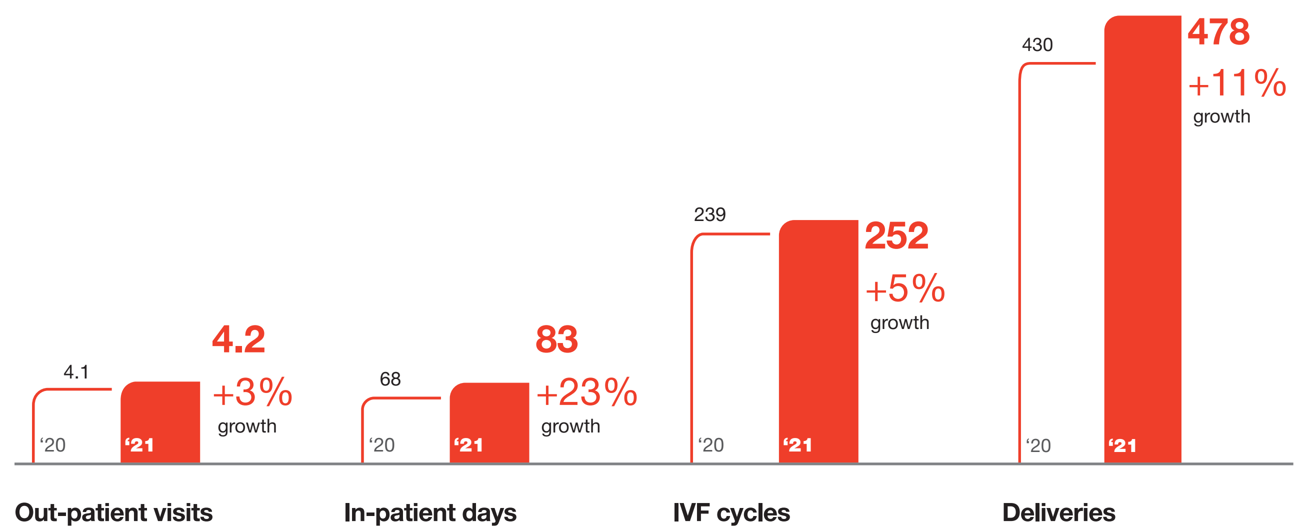
In 2021, revenue in Moscow hospitals grew by 44% y-o-y to RUB 14,013 mln. Moscow hospitals account for 56% of MDMG's total revenue. This significant growth was mainly due to the Lapino-4 hospital, focused on treating COVID-19 patients, reaching a utilisation rate of 70% over less than one year, as well as the strong ramping up at the oncology centre Lapino-2, where revenue grew to RUB 1,798 mln. For the past year, we had a significant increase in the average ticket for in-patient treatments by 23%, which was due to the expansion in the range of services offered in surgery, traumatology and cardiology.

STRONG GROWTH DRIVEN BY OUR EXCELENT STRATEGY

Revenue



Average ticket, RUB thousand

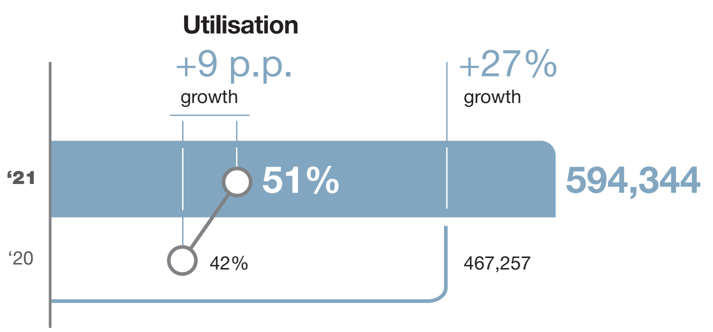


Hospitals in Moscow

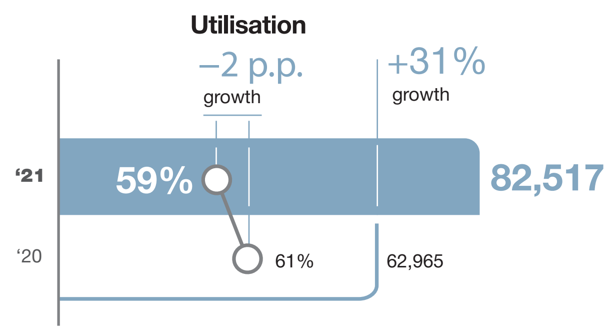
In 2021, we managed to increase the capacity due to the opening of the new Lapino-4 hospital, which entered the planned utlisation in less than a year. The opening of this hospital made it possible to resume the activities of Lapino-2 in the oncological profile there.

OPERATING INDICATORS

Out-patient visits

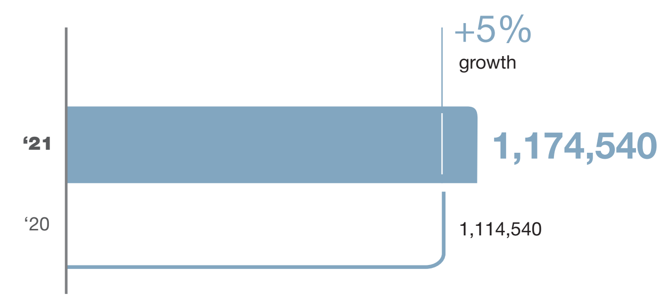


In-patient days



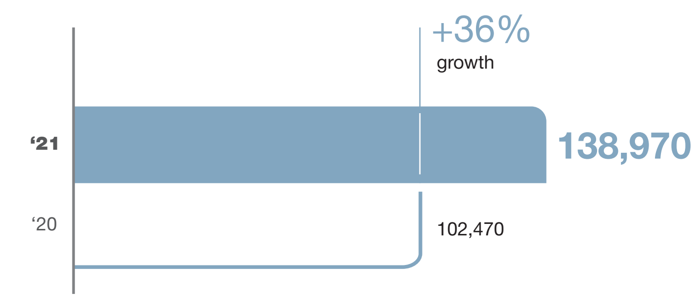
Capacity, %

Out-patient visits

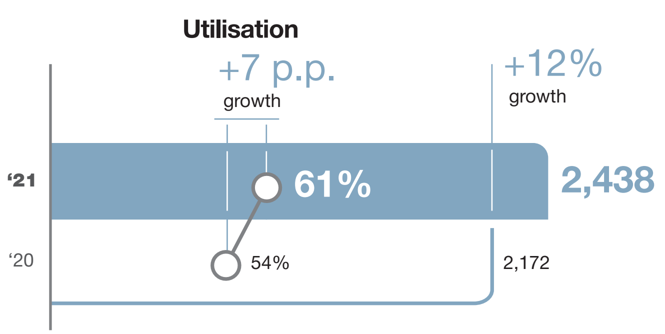


Capacity, %

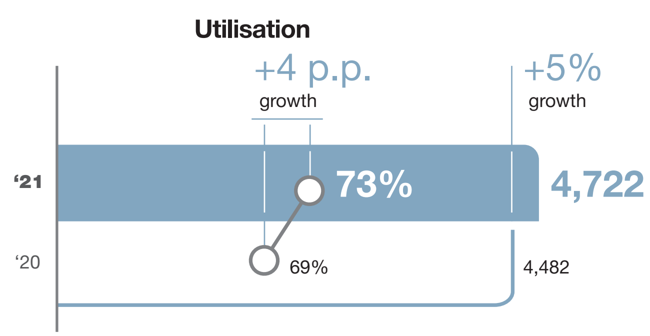
In-patient days



IVF cycles

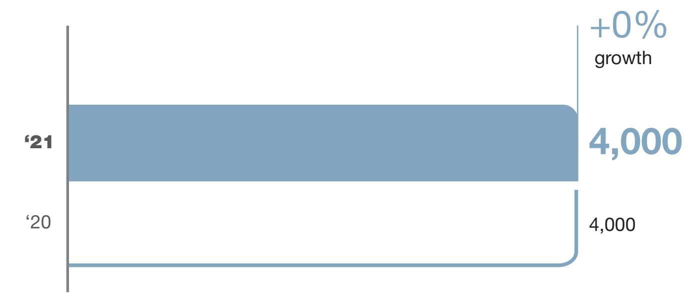


Deliveries



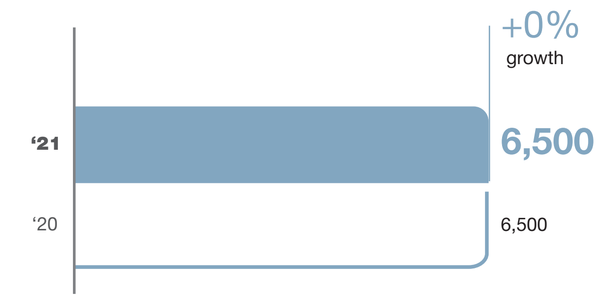
Capacity, %

IVF cycles



Capacity, %

Deliveries



Hospitals in Moscow

INVESTMENT STRATEGY

In 2023 and 2024, we are planning to further expand our Lapino medical cluster. We are currently planning two more hospitals, Lapino-3 and Lapino-5*. The first one is a nuclear medicine centre, which makes it possible to carry out full-cycle oncology treatment with PET CT, radiotherapy, theranostics equipment. We are planning to launch Lapino-3 in 2024 and we currently estimate the CAPEX of this project to be RUB 4 bln. Lapino-5* will be a psychoneurological centre with a planned CAPEX of RUB 1–1.5 bln with 100 beds available to our patients.

We also plan to enter a new market segment for us, mass-market with the opening of a hospital in Domodedovo*. The hospital will be built according to the project of already launched hospitals in Samara and Tyumen. This hospital will accommodate 164 beds and our investments will amount to approximately RUB 4 bln.

In September 2022, we plan to start training the first 50 students in our joint venture with MGIMO. MGIMO Med was registered in mid-2021, and we expect it to become a platform for training first-class personnel for our hospitals. As we expect to significantly expand our operations in the next few years, we will need to hire a large number of new doctors. We believe that on our own we will prepare them better than anyone to work in our hospitals. In addition to gaining skills in medicine, young doctors will already have knowledge of our corporate culture and the high level of competencies we demand from all of our doctors and nurses.

KEY EVENTS IN 2021

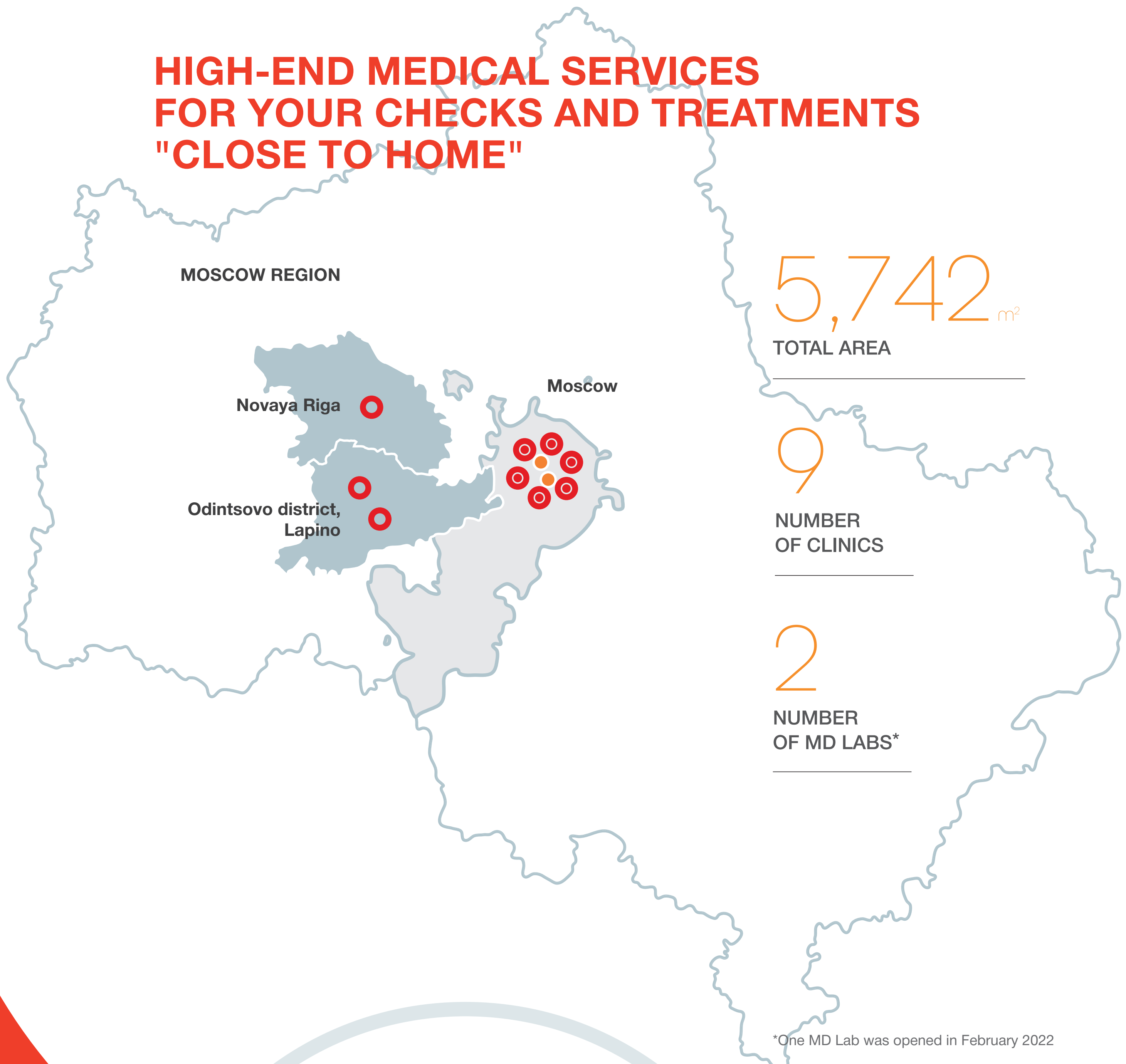
In August 2021, the MD Group Clinical hospital's specialists successfully performed an operation to close the arterial duct of a newborn (30 weeks gestation) with a weight of 880 grams on the 13th day after birth. The unique feature of the surgery is that it was performed without incisions by puncturing a vessel in the thigh area of the newborn who was implanted with a special occluder (device for closing the duct), measuring 4.0 mm. This successful operation will also further enlarge our possibilities in the sphere of paediatrics.

In June 2021, Lapino clinical hospital doctors performed a coronary artery bypass shunting on a patient with massive coronary artery damage. This operation was performed on an open heart using a heart-lung machine. After the launch of the cardiovascular surgery department at the Lapino hospital and the start of operations under cardiopulmonary bypass surgeons will perform hybrid surgery. The launch will enable endovascular implantation of heart valves, endoprosthetics of the abdominal aortic aneurysm with the support of cardiac surgeons.

*temporarily frozen

Out-patient Clinics in Moscow and Moscow Region

HIGH-END MEDICAL SERVICES FOR YOUR CHECKS AND TREATMENTS "CLOSE TO HOME"



5,742 m²
TOTAL AREA

9
NUMBER OF CLINICS

2
NUMBER OF MD LABS*

*One MD Lab was opened in February 2022

INSTALLED CAPACITY

5,600
IN-PATIENT DAYS

456,000
OUT-PATIENT VISITS

AVERAGE SIZE, m²

620
OUT-PATIENT CLINIC

80
MD LAB

Clinics in Moscow and the Moscow Region include 11 business units – 9 out-patient clinics and 2 MD Labs. In 2021, thanks to the opening of Lapino-2, based on its laboratory, we are starting to create a network of medical analysis collection points – MD Lab.

Out-patient clinics in Moscow and Moscow Region account for 10% of MDMG's total revenue.

Out-patient Clinics in Moscow and Moscow Region

In 2021, revenue at Moscow and Moscow Region clinics increased by 8% y-o-y and amounted to RUB 2,418 mln. Growth in revenue was mainly due to a higher utilisation rate in IVF reaching 69%, and partly because of the gradual recovery in demand for elective medical services – growth in out-patient visits amounted to 6% y-o-y.

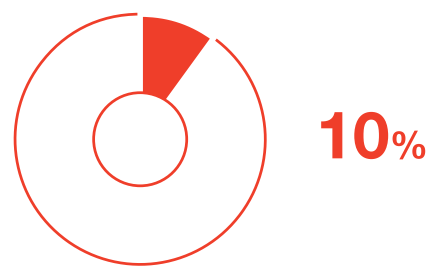
INVESTMENT STRATEGY

In 2021, the Group has also expanded its clinics' network in the Moscow Region, by opening a new oncological clinic in Mozhaisk with total area of 450 sq. m. This is the continuation of our efforts to enter the oncological market allowing our patients to have a more comfortable experience visiting us near home. Total investment in the project amounts to RUB 60 mln. Planned admission – 60 patients per shift.

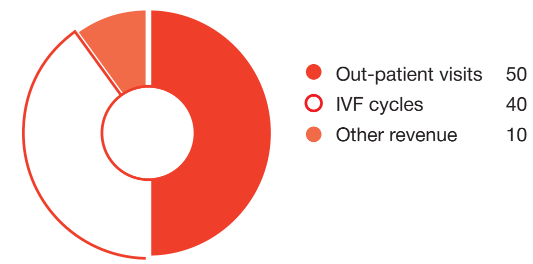
At the end of 2021, the Company launched a new format of medical centres – the network of mini-laboratories in the Moscow and Moscow Region. We opened the first such lab in 2021 and the second at the beginning of 2022. The surface of the first lab is around 80 metres. It is fully equipped with modern equipment that allows providing patients with a wide range of analyses. All analyses will be processed in the multifunctional laboratory that was opened in the Lapino-2 hospital and possesses huge diagnostic resources. In 2022, we are planning to raise this number to almost 10. These collection points will allow us to be closer to our patients providing them not only with medical tests but also with out-patient treatments near their homes.

FINANCIAL INDICATORS

% as of total revenue



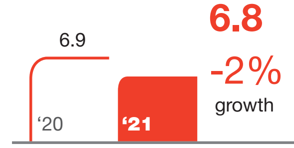
Revenue structure, 2021, %



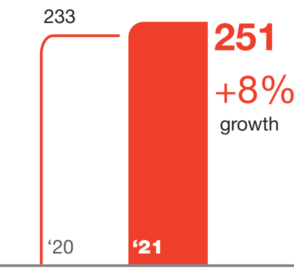
ROBUST GROWTH BACKED BY GRADUAL RECOVERY IN DEMAND FOR ELECTIVE MEDICAL SERVICES

Revenue

Average ticket, RUB thousand



Out-patient visits

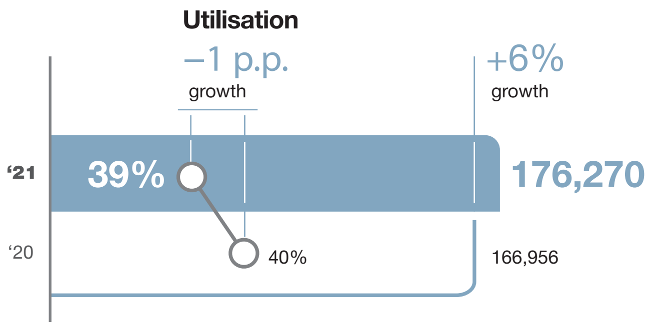


IVF cycles

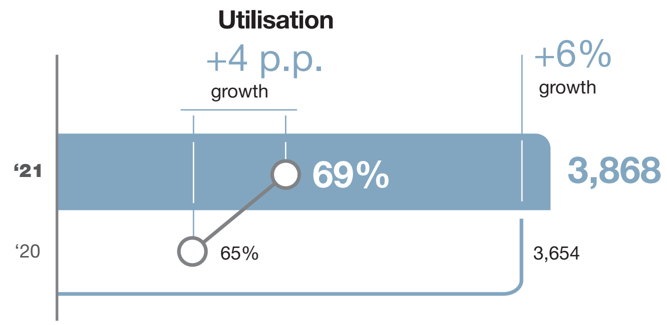
Out-patient Clinics in Moscow and Moscow Region

OPERATING INDICATORS

Out-patient visits

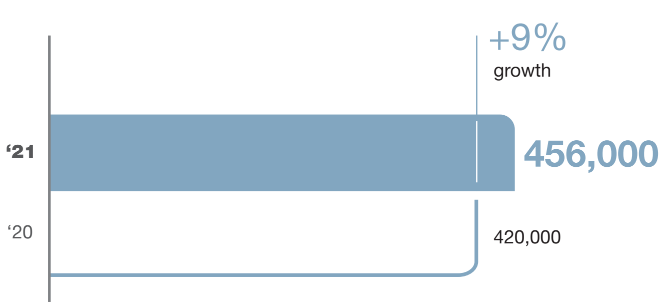


IVF cycles



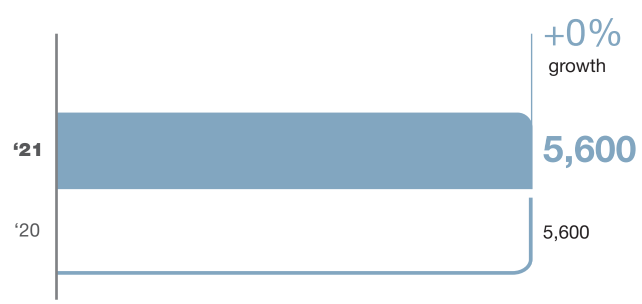
Capacity, %

Out-patient visits



Capacity, %

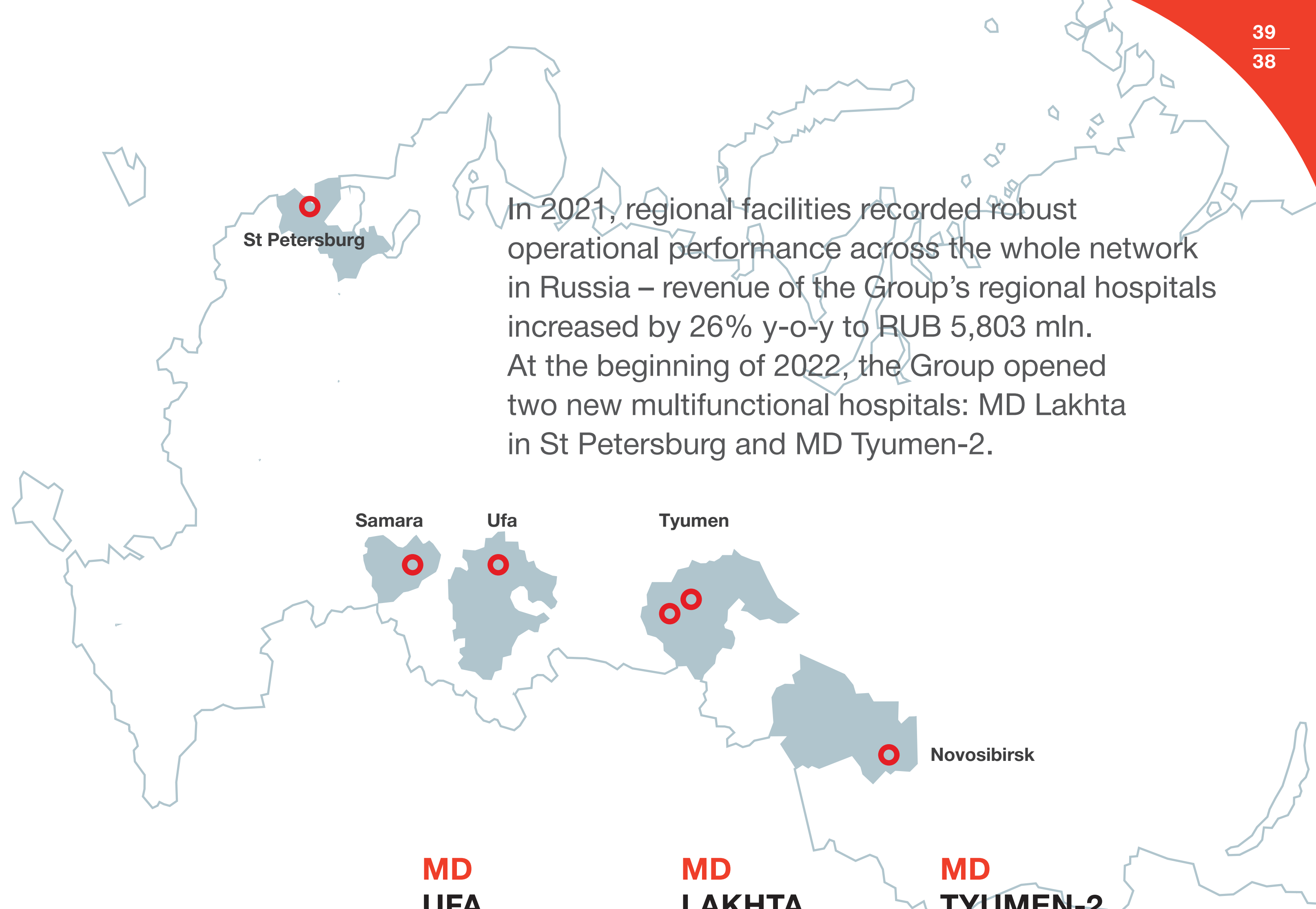
IVF cycles



Hospitals in regions

WIDE RANGE OF FIRST CLASS OUT-PATIENT MEDICAL SERVICES IN REGIONS

Hospitals in regions include six business units – MD Novosibirsk, MD Samara, MD Tyumen-1, MD Tyumen-2, MD Ufa, and MD Lakhta in St Petersburg.



In 2021, regional facilities recorded robust operational performance across the whole network in Russia – revenue of the Group's regional hospitals increased by 26% y-o-y to RUB 5,803 mln. At the beginning of 2022, the Group opened two new multifunctional hospitals: MD Lakhta in St Petersburg and MD Tyumen-2.

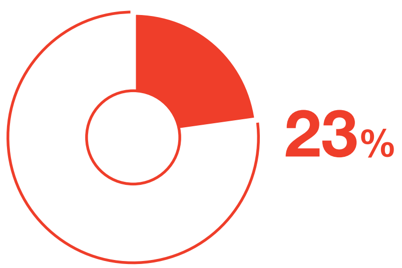
	MD NOVOSIBIRSK	MD SAMARA	MD TYUMEN-1
Beds	93	164	164
Area, m²	10,260	15,000	15,000
Focus	Multifunctional hospital	Multifunctional hospital	Multifunctional hospital
Patient-days	22,630	30,000	30,000
Out-patient treatments	228,900	220,000	220,000
IVF cycles	1,800	1,200	1,200
Deliveries	1,000	2,500	2,500

	MD UFA	MD LAKHTA	MD TYUMEN-2
Beds	185	150	80
Area, m²	33,000	9,000	4,750
Focus	Multifunctional hospital	Multifunctional hospital Currently functions as Covid-centre	Multifunctional hospital Currently functions as Covid-centre
Patient-days	30,295	54,750	29,200
Out-patient treatments	290,800		
IVF cycles	1,100		
Deliveries	2,000		

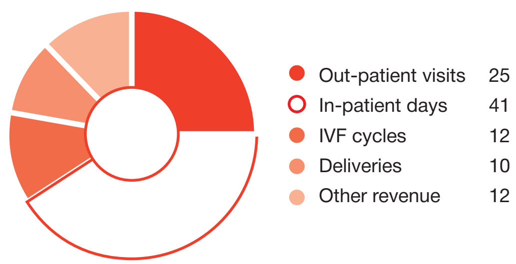
Hospitals in regions

FINANCIAL INDICATORS

% as of total revenue



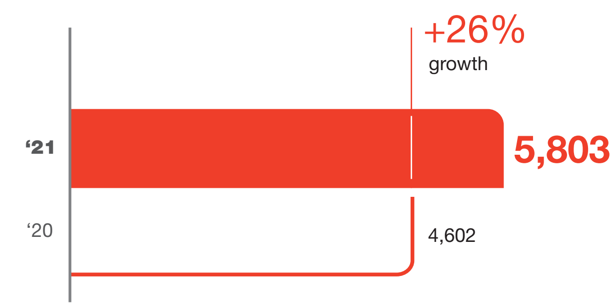
Revenue structure, 2021, %



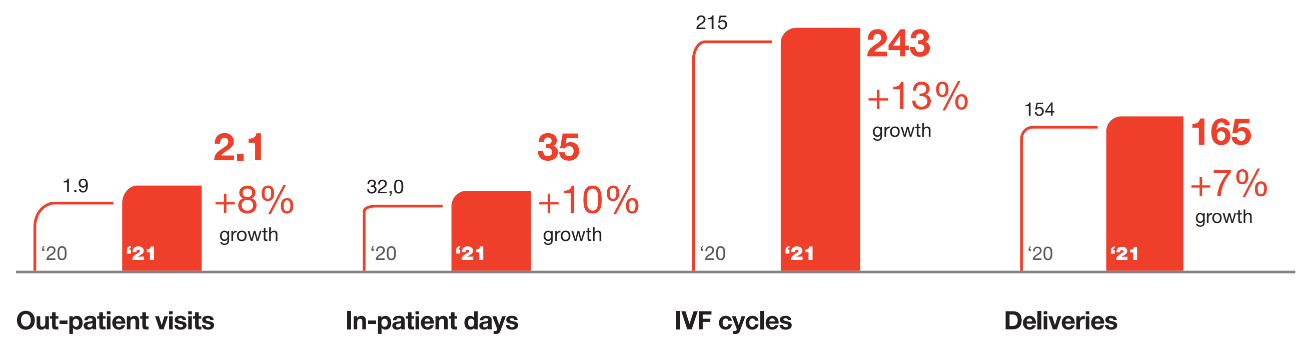
In 2021, revenue growth in the Group's regional hospitals was thanks to the increase in the utilisation rate of out-patient treatments from 47% to 52% (+10% y-o-y in the number of in-patient days) and in-patient treatments from 46% to 59% (+30% y-o-y in the number of in-patient days). Hospitals in regions account for 23% of MDMG's total revenue. The strongest growth in in-patient utilisation rates was seen at clinical hospitals in Tyumen-1 (+45% y-o-y in the number of in-patient days) and Samara (+38% y-o-y in the number of in-patient days). Growth in the average ticket for in-patient treatments by 10% was due to the expansion in the range of services offered in surgery, traumatology and cardiology.

EXCELENT PERFORMANCE BASED ON OUR WIDE REGIONAL PRESENCE

Revenue



Average ticket, RUB thousand



OPERATIONAL AND FINANCIAL OVERVIEW

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

Opened in March 2018, the **Samara** hospital is the foremost the leading facility of its kind in the Volga region – an important and growing market. The new hospital provides our core services for women and children alongside other diverse medical services suitable for the whole family. The hospital is equipped with 8 high-tech operating rooms, including one with the capacity to host online calls between doctors operating in different hospitals of the Group. In 2021, Samara hospital demonstrated significant growth in utilisation rate, increasing by 38% y-o-y to 17,616 in-patient days.

In 2019, we successfully opened the **Tyumen-1** multidisciplinary clinical hospital. In just two full years of operation, having worked most of the time during the difficult period of the pandemic, the centre showed a high quality of medical care and a steady increase in operational and financial results. In 2021, the hospital's revenue reached RUB 1.3 bln with an increase of 49% year-on-year, 560 deliveries were accepted, more than 8,000 surgical interventions were performed, and 128,000 out-patient visits were made by hospital patients. The hospital has the necessary capabilities to carry out unique organ-sparing surgeries, using endovascular technologies and is developing a range of foetal treatments, including foetal surgery. With the opening of the Tyumen-1 hospital, we are bringing the use of modern medical technologies to the region, creating new jobs and contributing to improving the quality of life.

Our first regional hospital operates in the capital of Bashkortostan – **Ufa**, one of Russia's leading regions in terms of gross regional product. This 33,000 m² hospital was funded mainly by the proceeds of our successful IPO in 2012. The project was completed on time in late 2014 following an investment of RUB 4.4 bln. MD Ufa offers services for the whole family – from deliveries, IVF, gynaecology and obstetrics, paediatrics and neonatology to surgery, urology, plastic surgery and diagnostic services. It includes Bashkortostan's first private maternity hospital and stem-cell bank.

Hospitals in regions

INVESTMENT STRATEGY

We are continuously expanding the geography of our services, and at the beginning of 2022, we have already opened two new hospitals in St Petersburg and Tyumen. Total investments in MD Lakhta and Tyumen-2 hospitals amount to RUB 2 and 1 bln, respectively. Both are multifunctional medical centres, which currently focus on treating COVID patients. The COVID-19 pandemic has given us a unique experience in the fight against infectious diseases, and we believe there is a great demand for the services provided for the treatment of infectious diseases.

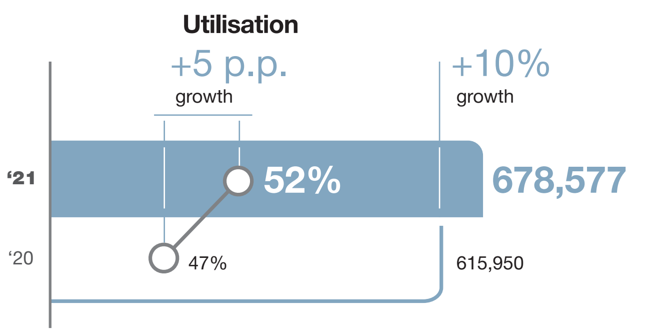
The medical centre in Tyumen was built to provide high quality general medical care. The construction of the centre was implemented with the support of the Government of the Tyumen Region and the investment agency of the Tyumen Region. The total area of the centre is 4,750 sq. m. It will have 100 beds, including 12 in the emergency room.

We are continuing to expand our medical network in St Petersburg, the second-largest healthcare market in Russia. The new two-story medical centre is a part of the Strategic Investment Project in St Petersburg. MD Lakhta in St Petersburg provides the following high-quality medical services – obstetrics and gynaecology, paediatrics, surgery, therapy, X-ray and laboratory diagnostics. The total area of the centre is 9,000 sq. m. The in-patient facility has 150 beds, including 12 in the emergency room. Patient treatment is treated under the VHI programme, as well as MHI.

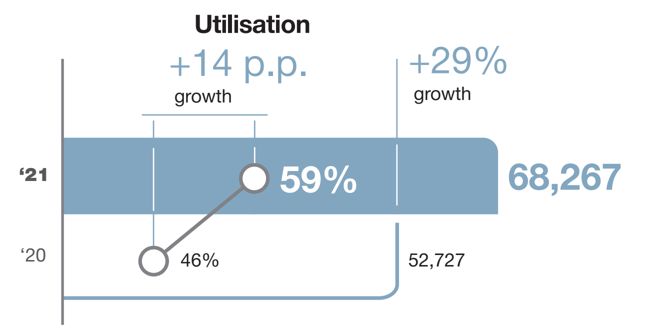
After the pandemic passes, both hospitals will continue their operations as multifunctional hospitals offering services for mother and child health as well as traumatology, oncology and others.

OPERATING INDICATORS

Out-patient visits

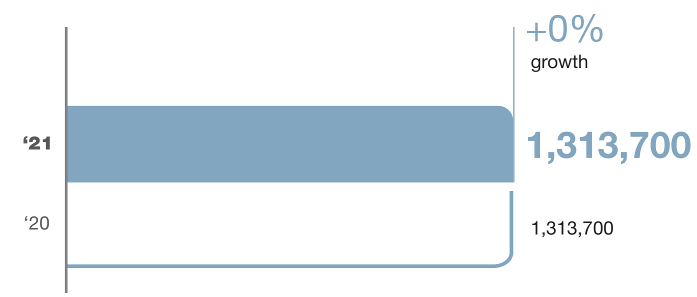


In-patient days



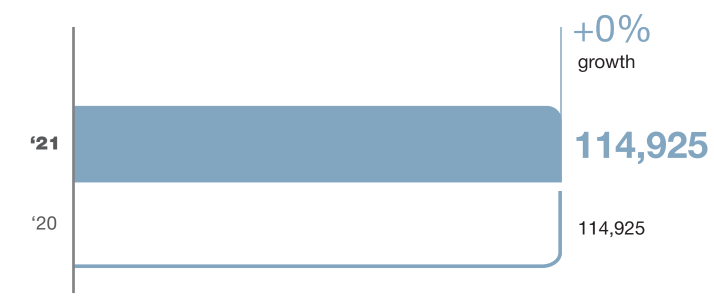
Capacity, %

Out-patient visits

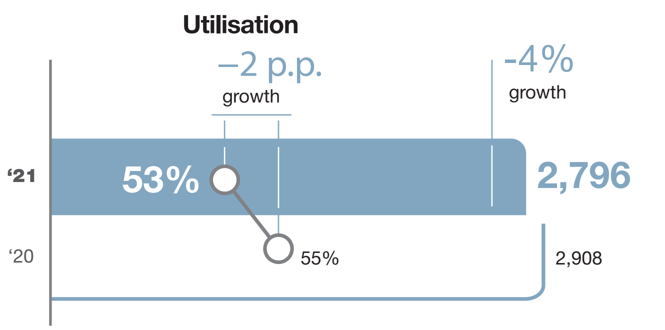


Capacity, %

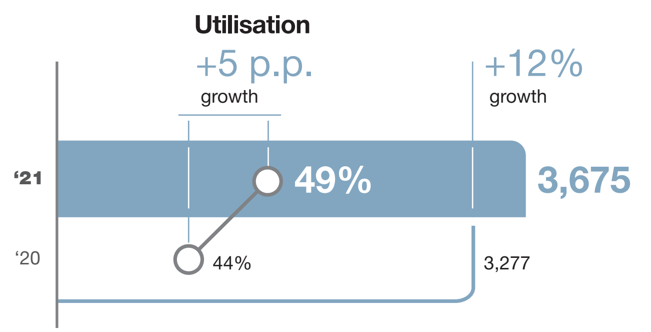
In-patient days



IVF cycles

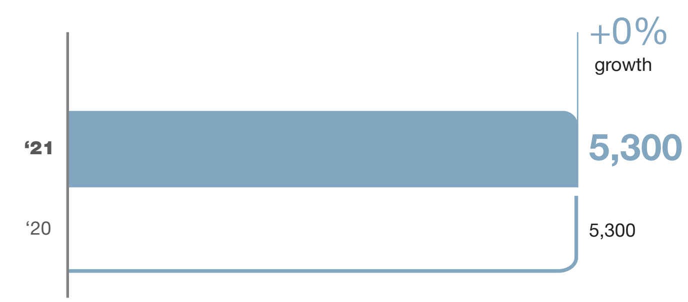


Deliveries



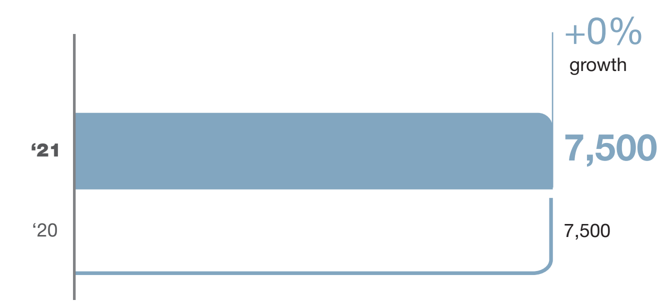
Capacity, %

IVF cycles



Capacity, %

Deliveries



Out-patient Clinics in regions

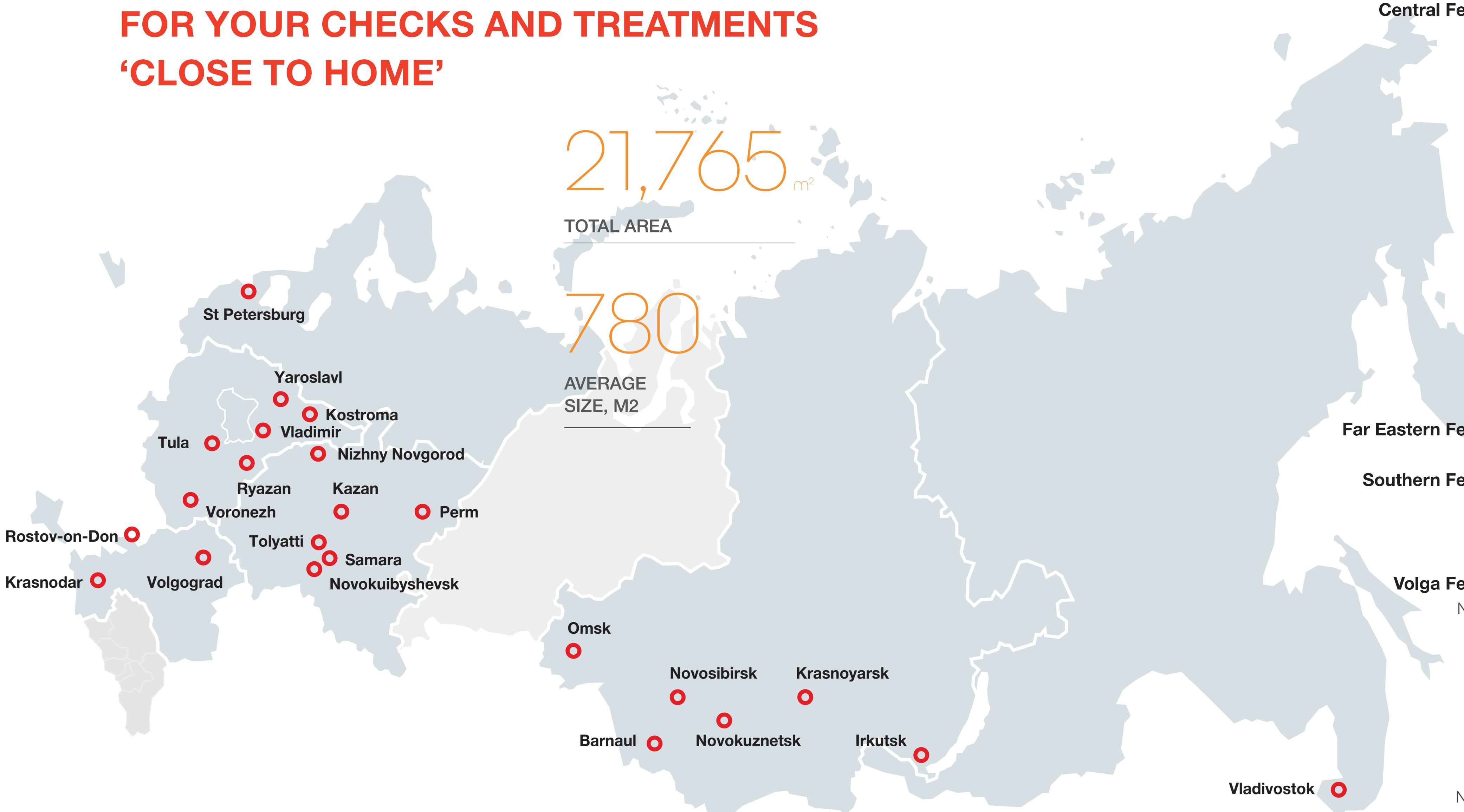
HIGH-END MEDICAL SERVICES FOR YOUR CHECKS AND TREATMENTS 'CLOSE TO HOME'

Out-patient clinics in regions include 28 business units in 23 cities of the Russian Federation. As part of our business model, clinics are the starting point of contact with patients. Here they receive an initial consultation and then, if necessary, are referred to our larger medical centres in the region, or, to Lapino, where we provide a full range of medical services in many areas.

Out-patient clinics in regions account for 12% of MDMG's total revenue.

21,765 m²
TOTAL AREA

780
AVERAGE SIZE, M2



28 CLINICS

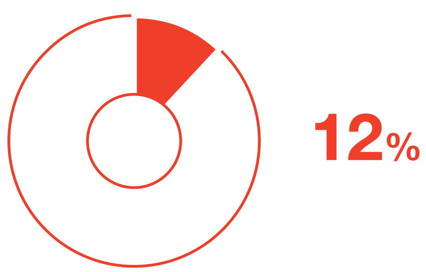
Central Federal District	1
Vladimir	
Voronezh	
Kostroma	
Ryazan	
Tula	
Yaroslavl	
Siberia	
Barnaul	
Irkutsk	
Krasnoyarsk	2
Novokuznetsk	
Novosibirsk	3
Omsk	
Far Eastern Federal District	
Vladivostok	
Southern Federal District	
Volgograd	
Krasnodar	
Rostov-on-Don	
Volga Federal District	
Nizhny Novgorod	
Kazan	
Perm	
Ufa	
Tolyatti	
Samara	3
Novokuibyshevsk	
Northwestern Federal District	
St Petersburg	

Out-patient Clinics in regions

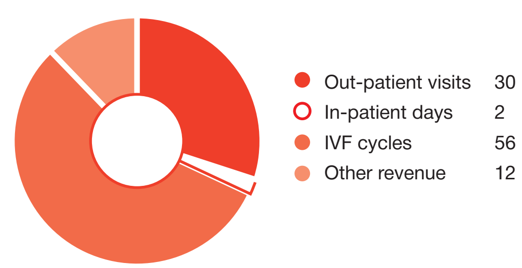
In 2021, revenue at regional clinics increased by 17% y-o-y to RUB 2,972 mln. This growth was due to the recovery in demand for elective medical services – growth out-patient number amounted to 13% y-o-y, the number of IVF cycles grew by 14% y-o-y. Along with an increase in the number of visits, utilisation rate also increased – utilisation rate at out-patient visits increased from 42% to 48% and at IVF increased from 35% to 45%.

FINANCIAL INDICATORS

% as of total revenue



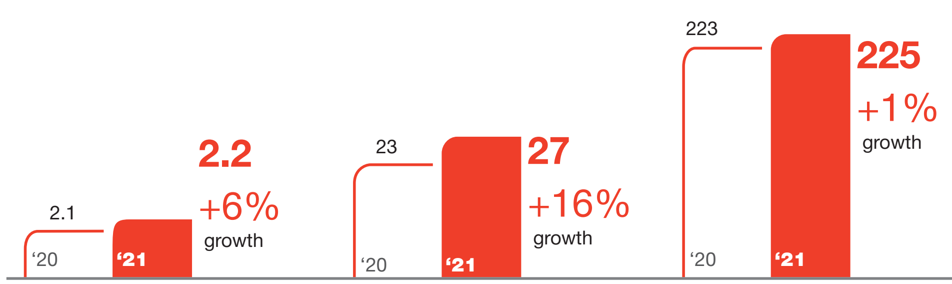
Revenue structure, 2021, %



SIGNIFICANT IMPROVEMENT AFTER TURBULENT TIMES

Revenue

Average ticket, RUB thousand



Out-patient visits **In-patient days** **IVF cycles**

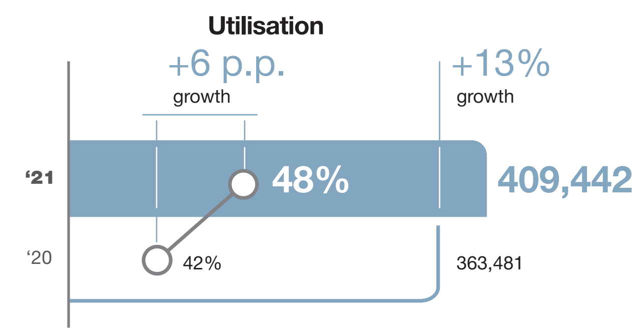
INVESTMENT STRATEGY

We are continuously expanding the geography of our service and currently have plans to open three new clinics in 2022. They will be located in Lipetsk, Belgorod and Ekaterinburg*. We estimate our investments at about RUB 40–50 mln for each. These clinics will focus on providing IVF treatment. Entering new regions will allow us to expand our TAM and increase our brand awareness, which is directly in line with our strategy and positioning as a vertically integrated company.

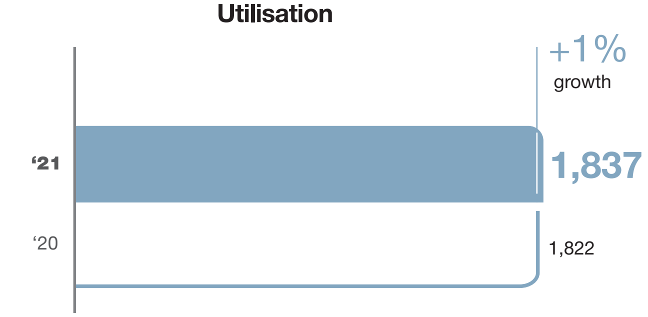
*temporarily frozen

OPERATING INDICATORS

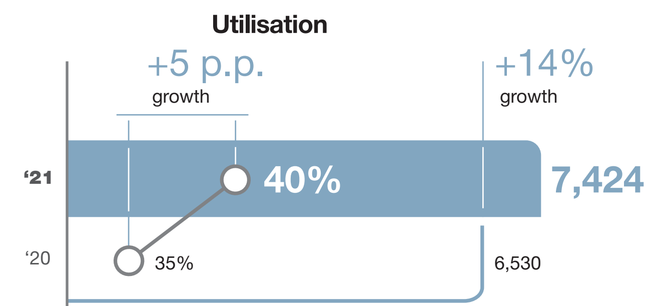
Out-patient visits



In-patient days

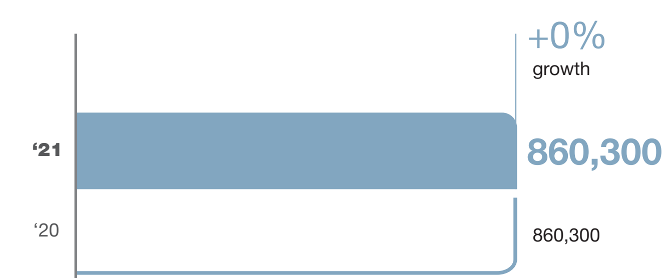


IVF cycles



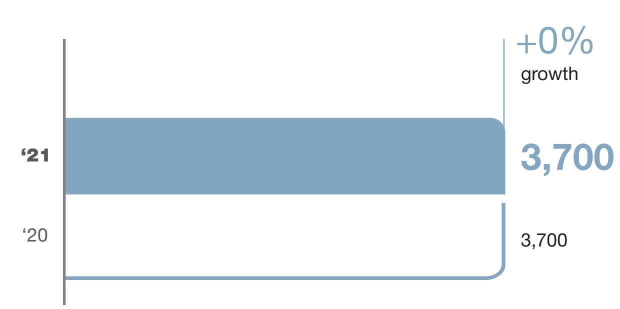
Capacity, %

Out-patient visits



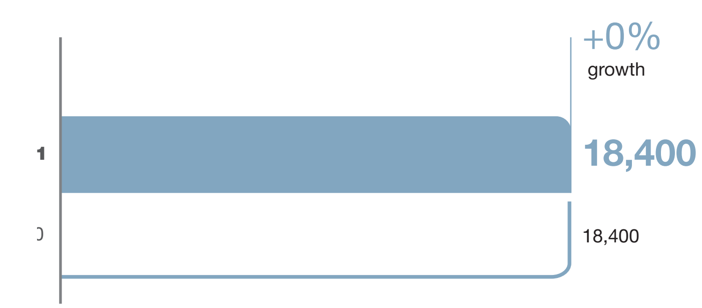
Capacity, %

In-patient days



Capacity, %

IVF cycles



Shareholder's equity and report on dividend

75,125,010* NUMBER OF SHARES

Holder Name	Number of shares as of 31.12.2021	Percentage of shares outstanding	Number of shares as of 31.12.2020	Percentage of shares outstanding
Russian Direct Investment Fund*	4,166,667	5.5%	4,166,667	5.5%
Russia Partners Advisors	3,235,000	4.3%	3,235,000	4.3%
NORGES BANK INVESTMENT MANAGEMENT	3,037,606	4.0%	2,087,168	2.8%
EAST CAPITAL FINANCIAL SERVICES AB	1,338,479	1.8%	1,338,479	1.8%
PROSPERITY CAPITAL MANAGEMENT LTD. (RUSSIA)	995,809	1.3%	1,100,262	1.5%
BARING ASSET MANAGEMENT LTD.	898,204	1.2%	898,204	1.2%
JPMORGAN ASSET MANAGEMENT (UK) LTD.	798,394	1.1%	798,394	1.1%
HOLBERG FONDSFORVALTNING AS	240,000	0.3%	240,000	0.3%
HANDELSBANKEN FONDER AB	163,393	0.2%	163,393	0.2%
ABERDEEN STANDARD INVESTMENTS (ASIA) LTD.	155,694	0.2%	155,694	0.2%
ABERDEEN ASSET MANAGERS LTD.	117,232	0.2%	117,232	0.2%
LSV ASSET MANAGEMENT	97,109	0.1%	97,109	0.1%
SEI INVESTMENTS MANAGEMENT CORP.	29,105	0.0%	41,105	0.1%
JPMORGAN INVESTMENT MANAGEMENT, INC.	23,429	0.0%	49,221	0.1%
SCHRODER INVESTMENT MANAGEMENT LTD.	10,691	0.0%	10,691	0.0%
SCHRODER INVESTMENT MANAGEMENT NORTH AMERICA, INC.	418	0.0%	418	0.0%

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

Effective 24 February 2022, MD Medical Group GDRs are suspended on the Moscow Exchange indefinitely. Also from 3 March 2022, trading in MDMG GDRs on the London Stock Exchange has been suspended.

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

32% FREE FLOAT

50% OF NET PROFIT PAID OUT AS DIVIDENDS FOR H1 2021

DIVIDENDS

MD Medical Group is adhere to its unofficial dividend policy to pay out at least 50% of a year's net profit as dividend.

Currently, the payment of dividends for the H2 2021 have been put on hold, until The Group has more clarity on the situation. The Company is closely monitoring situation and does not rule out the possibility of paying out dividends before the end of the year.

ANALYST COVERAGE

As of 31 December 2021, MDMG was covered by equity research analysts representing leading banks such as Renaissance Capital, Goldman Sachs, VTB Capital, and JP Morgan.

DIVIDEND TAXATION

Since 1 January 2015, MD Medical Group has been a Russian tax resident and pays dividends in line with the Russian Tax Code, according to which dividends paid by Russian companies are generally subject to a tax rate of 15%. A reduced rate may be applied in the case of Russian tax residents and residents of foreign jurisdictions whose governments have signed a double taxation treaty (DTT) with the Government of Russia. MD Medical Group acts as a tax agent and withholds tax in order to transfer it to the Russian tax authorities when paying dividends.

Shareholder's equity and report on dividend

INVESTOR RELATIONS

We see our investor relations as an important priority and have focused on maintaining a continued active dialogue with the investment community since our successful listing on the London Stock Exchange in 2012. Our goal is to rigorously adhere to best practices in terms of transparency and information disclosure to our investors and analysts. We regularly provide updates on operational (every quarter) and financial performance (every six months), new openings and acquisitions, key Board of Directors and shareholder meetings decisions, as well as other important corporate developments. Through our investor relations function, we are committed to ensuring that the investment community has a good understanding of our story and promptly receives all relevant information. We do that by making ourselves, including senior management, available for productive dialogue. During 2021, we held numerous meetings with investors, including 6 international investor conferences.

MD Medical Group's dividend history

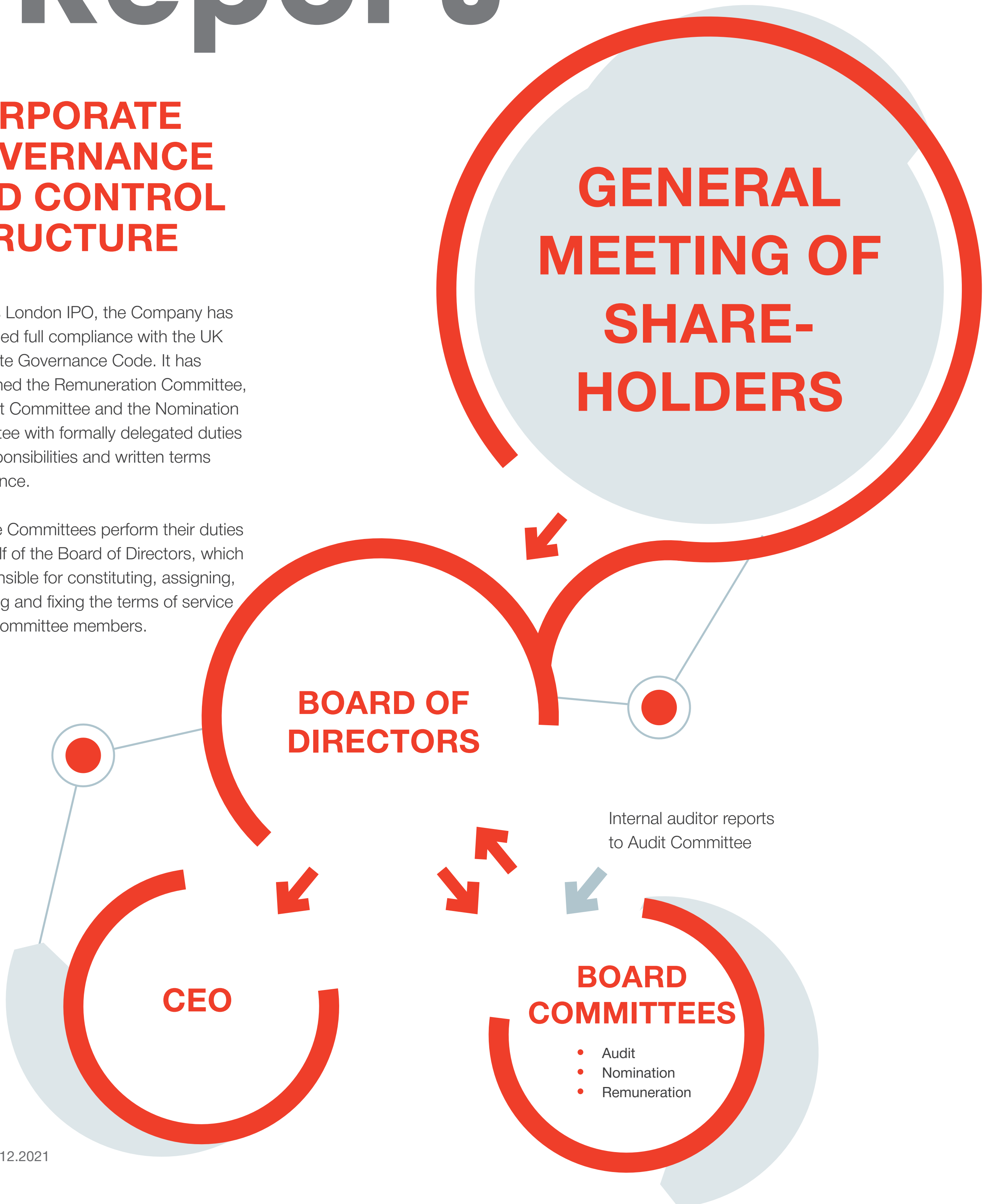
	H1 2016	2016	H1 2017	2017	2018	2019	H1 2020	2020	H1 2021
Dividend approval	02.09.2016	21.04.2017	08.09.2017	17.04.2018	23.04.2019	03.09.2020	04.09.2020	22.04.2021	**06.09.2021**
Record date	09.09.2016	28.04.2017	19.09.2017	25.04.2018	24.05.2019	16.09.2020	18.09.2020	05.05.2021	**24.09.2021**
Payout date	18.10.2016	23.05.2017	24.10.2017	22.05.2018	25.06.2019	13.10.2020	20.10.2020	25.05.2021	**26.10.2021**
Total dividends, RUB thousand	285,475	338,063	350,833	450,750	800,081	1,389,813	736,225	1,427,375	**1,352,250**
Dividends per GDR, RUB*	3.8	4.5	4.67	6	10.65	18.5	9.8	19	**18**

Corporate Governance Report*

CORPORATE GOVERNANCE AND CONTROL STRUCTURE

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

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



*as of 31.12.2021

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

Mr Vladimir MEKLER
Chairman of the Board of Directors

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

AUDIT COMMITTEE

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

In March 2022, new members were elected. The Audit Committee as of the date of publication is represented by Tatiana Lukina as the Chairman of the Committee, Sergey Kalugin and Vitaly Ustimenko.

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

the reliability and appropriateness of disclosures in the financial statements and external financial communication

the maintenance of an effective system of internal controls including financial, operational and compliance controls and risk management system

preparation of recommendations to the shareholders for approval in general meetings in relation to the appointment, reappointment and removal of the external auditors;

approval of the remuneration and terms of engagement of the external auditors in respect of audit services provided

the audit process, including the monitoring and the review of the external auditors' performance, independence and objectivity

the development of and implementation of the policy on non-audit services provided by the external auditors

and monitoring compliance with laws and regulations and standard of corporate governance

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

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

*As of publication date, Mr Dmitriev and Rowlands have stepped down as a member of the Company's Board of Directors

NOMINATION COMMITTEE

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

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

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to the appointment of all executive and non-executive directors, as well as the CEO, First Deputy 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 that the Board of Directors remains balanced and that its members possess the necessary qualifications.

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

REMUNERATION COMMITTEE

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

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

In March 2022, new members were elected. The Remuneration Committee as of the date of publication is represented by Vladimir Mekler as the Chairman of the Committee, Mark Kurtser and Sergey Kalugin.

INTERNAL AUDITOR

The Audit Committee is responsible for monitoring and reviewing the effectiveness of the Company's internal audit service. In this respect, the Audit Committee may require investigations by, or under the authority of, the Head of Internal Audit Service into any activities of the Group which may be of interest or concern to the Audit Committee. The Company's internal auditor is responsible for recommending an audit plan to the Audit Committee. The internal auditor carries out auditing assignments in accordance with this plan and oversees the Company's compliance with the plan recommendations. The internal auditor files a quarterly report with his findings to the Audit Committee.

*As of publication date, Mr Rowlands has stepped down as a member of the Company's Board of Directors

Risk management

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

POTENTIAL IMPACT | MITIGATION

REPUTATION RISK POTENTIAL IMPACT

Potential impact: The key danger of this risk is that it can be caused by a number of different factors. Therefore, it is closely related to other risks mentioned below. We endeavour to maintain a low level of reputation risk by updating information sources, launching new system controls and improving constantly ways to protect personal information. In 2022, we will implement a range of measures to reduce the level of reputational risk.

Mitigation: In 2021, we reinforced our work on dealing with risks, which we did not manage to reduce significantly in 2020. We achieved a significant effect in terms of control and effectiveness risks, compliance risk and reputation risk. The work on further reduction of the recruitment risk and of the risk to Medical Services was also carried out. In 2021, we have significantly improved the personal data protection system. We have significantly increased the share of internal electronic document management, with external contractors, patients and government regulators. We have introduced electronic signatures for staff. As a result, this has led to a reduction in reputational risk.

MEDICAL SERVICE RISK

Potential impact: Medical risk is one of the main risks affecting the Company's reputation, as well as the achievement of our goals. Our reputation is based on our work, patient satisfaction with our services, and the safety of our customers. Given the development of business and the introduction of new activities, this risk requires constant monitoring and the ability to respond as quickly as possible.

Mitigation: To reduce this risk, we need the newest and most advanced equipment, medicine and medical supplies that will allow us to minimise the likelihood of errors. We continue to place high demands on our medical staff in terms of qualification and continue to provide them with the opportunity to develop and specialise further in their respective fields. The Company's management conducts seminars and scientific conferences for doctors, as well as evaluating the effectiveness of key medical staff within the Company. In 2021, patient complaints led to the introduction of improvements in our work. In medium and complex medical cases, recommendations were carefully analysed, discussed and agreed upon by all key members of the Company. We have worked on introducing new guidelines in the treatment of patients, for example, in oncology and in dealing with Covid-19.

POTENTIAL IMPACT | MITIGATION

COMPLIANCE RISK

Potential impact: The political and regulatory environment with respect to the development of private medicine in Russia is currently relatively favourable. However, there is always a risk that governmental attitudes and policies with respect to private medicine could change. That could create difficulties for us in terms of realising our strategic objectives, including the implementation of our investment programme.

Mitigation: We maintain constructive relations with the Government at both the federal and regional level, and we work continually to make them even stronger. We participate in a variety of public committees on relevant health issues, including the development of the Russian healthcare sector as a whole. We also actively support the authorities and provide expert advice on relevant laws. At times, we actively advocate for laws aimed at supporting the development of the medical sector. We also cooperate with the UK regulatory bodies for the requirements of the London Stock Exchange. We constantly review the updates in the UK and EU legislation and update our internal standards to match. We have made efforts to ensure we comply with the requirements of state regulators in terms of the accounting treatment for medical equipment and medicine turnover.

MACROECONOMIC RISK

Potential impact: Macroeconomic risk reflects the possibility of external impact on the business and requires constant monitoring. Regular assessment of this risk allows us to predict the further development of business.

Mitigation: Given the unstable foreign policy situation in 2021, our team paid special attention to monitoring trends in the Russian economy with an assessment of the potential impact on the business. Our strategy has been designed so that we can adapt, as necessary, to changes in the overall economic environment.

CONTROL & EFFICIENCY RISK POTENTIAL IMPACT

Potential impact: The risk is closely related to the size of the business, which was significantly increased in 2021. Dealing with this risk requires significant resources, as well as a certain level of competence of the Company's management. Quality control gives us the opportunity to avoid adverse events and additional costs, and quality management gives us the opportunity to continuously develop.

Mitigation: In 2021, we achieved significant success in reducing this risk by introducing new control measures and improving existing ones. Constant business growth requires us to take new decisions and use new control technologies that allow us to control the activities of Company employees at all sites, so we use international practice, constantly developing mechanisms to increase the effectiveness of control over all processes (budgeting, financial control, treasury, accounting, procurement, legal support, personnel management, security and IT). In 2021, to achieve maximum management efficiency, additional managerial positions were introduced with control functions. We carefully interact and take into account the recommendations of world-renowned consultants.

POTENTIAL IMPACT | MITIGATION

INVESTMENT PROJECT EXECUTION RISK

Our growth depends on acquisitions of existing healthcare facilities as well as the construction of new hospitals and clinics. Our strategy is based on expanding our network throughout the regions of Russia. We are pioneers in the field of regional expansion, particularly where the effectiveness has not been fully measured and proven. It can be challenging to forecast with precision the likely return on investment and the probable payback periods due to a certain lack of reliable information on the potential number of private patients in a given region. If expansion projects are not implemented effectively, projects can either have an extremely long payback period or even fail to deliver a profit entirely.

We have a number of small clinics in regions across Russia. These operations give us an opportunity to understand the local market dynamics, including average ticket size and overall level of demand, before undertaking a major project such as the construction of a new hospital or a sizeable acquisition. We prioritise those regions where we already have out-patient clinics and/or Russia's largest regions where we can have a higher degree of certainty about the local market. We also benefit from a relative lack of competition in the regions, as currently we are practically the only sizeable provider of high quality private medical services. In 2021, we opened new hospitals and clinic, expanding our presence. We have increased the number of patients receiving treatment under the government-funding programme. The number of contracts with insurance companies has also increased.

EPIDEMIOLOGICAL RISK

Epidemiological risk is determined by the potential aggravation of the epidemiological situation; it means a higher degree of risk of infectious diseases among the medical personnel associated with the provision of medical care to patients with COVID-19. There is a high likelihood of inappropriate treatment for COVID-19 patients, which could have a negative impact on their health and the company's reputation.

When treating patients with COVID-19, we were guided by the advanced developments of the world medical community, recommendations of the WHO and the Ministry of Health of the Russian Federation, as well as the experience of leading Russian clinics. We have developed our own methods of treatment and implemented rehabilitation programmes for patients who have had COVID-19. Best practices have been adopted and proprietary patient care programmes have been developed. Currently, hospitals have been opened in St Petersburg, Tyumen and the Moscow Region specialising in It is based on the treatment of COVID-19.

RECRUITMENT RISK

The risk arises in the presence of factors leading to the inability to attract or retain highly qualified personnel in the Company. In the regions, this risk is particularly relevant due to the shortage of doctors and medical staff with the necessary qualifications, as well as the presence of competing employers, such as government agencies or other commercial organisations. The risk is also associated with the possible rotation of qualified medical and managerial personnel between employers. This risk is aggravated by the general standard of medical education in Russia, which often does not meet the standards set by private clinics, whose reputation largely depends on the quality of the services they provide. The risk requires constant activity from the HR service and Company Management.

In 2021, the work of the HR team was aimed at improving the quality of the recruitment process, as well as working conditions and communication within the Company. We continue to cooperate actively with heads of departments of leading universities in search of talented personnel, and also provide serious on-the-job training and continuous medical education, including training programmes for specialists that we conduct in Moscow for new employees in the regions.

POTENTIAL IMPACT | MITIGATION

FINANCIAL RISK

Financial risk includes significant risks such as: Credit risk – the risk arising from the likelihood that the debtors will not make the promised payments either on time or in full. Operational risk – conditional losses of the Company due to technical failures, intentional and accidental human errors. Liquidity risk – the likelihood of loss arising in a situation where (1) there is not enough cash and/or cash equivalents to meet the needs of savers and borrowers, (2) the sale of illiquid assets is lower than their fair value, or (3) illiquid assets will not be sold at the desired time due to the lack of buyers.

The Company's Management controls constantly the cash flow within the Company, as well as the quality of execution of its instructions in relation to any issues related to the Company's finances and assets. Continuous professional development of employees of the Financial Department is one of the priority requirements of Management. We centralise our procurement and conduct tenders, having, as a result, the reduction of costs on procuring services, equipment and medicine. New software was introduced for the registration of medicines and the calculation of wages, which made it possible to set up and maintain the most complete and transparent accounting. Additional tools have been developed to facilitate the implementation of a system of payment by patients. In 2021, the Company did a second listing on the Moscow stock exchange, which facilitates attracting potential additional investment.

LISTING RISK

In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries.

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

Additional information in Notes 25 and 29 to the consolidated financial statements.

Currently, the Bank of Russia, the Moscow Exchange and the Company are actively working to resume trading.

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

Board of Directors*

Mr Vladimir MEKLER

Chairman of the Board of Directors

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

He is a senior and managing partner of Mekler & Partners. Mr Mekler specialises in corporate law, including supporting and structuring complex and cross-border contracts; creating systems of corporate governance; legal structuring development; optimisation of criminal and antitrust legislation; legal support of mergers and acquisitions; settling corporate disputes; and organising and coordinating legal representation and defense in complex economic and property crimes.

Mr Mekler has been a member of the Moscow City Bar since 1980 and is listed in the Moscow Bar's Book of Honours. He also acted as Vice Chairman of the Presidium of the Moscow City Bar Association from 2003 to 2010. He graduated from Lomonosov Moscow State University

Dr Mark KURTSER

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

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

Dr Kurtser began his career as a graduate assistant to the associate professor at the Obstetrics and Gynaecology Department of Pirogov Medical University. From 1994 to 2012, he was the Head of the Centre for Family Planning and Reproduction, the largest public obstetrics hospital in Moscow.

From 2003 to 2013, Dr Kurtser was the Chief Obstetrician and Gynecologists of the City of Moscow. He holds a degree in Medicine from Pirogov Medical University in addition to a postdoctoral degree in Medicine. Dr Kurtser remains actively involved in the Group's healthcare practice and day-to-day operations.

Mr Simon ROWLANDS

Senior Independent Member of the Board of Directors

Mr Simon Rowlands was appointed as an independent non-executive director in September 2012.

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

He has an MBA in Business, a BSc in Engineering and is a chartered engineer.

*As of 31.12.2021

As of publication date, Mr Dmitriev and Rowlands have stepped down as a member of the Company's Board of Directors

Mr Kirill DMITRIEV

Member of the Board of Directors

Mr Kirill Dmitriev was elected to the Board of Directors in October 2012. He is CEO of the Russian Direct Investment Fund – one of the world's leading sovereign funds with a reserved capital of $10 billion under management. In all transactions, RDIF acts as a coinvestor alongside major international investors, playing the role of a catalyst in attracting direct investment into Russia. RDIF has successfully invested with foreign partners in more than 70 projects totalling more than RUB 1,4 trln and covering 95% of the regions of the Russian Federation. RDIF has established joint strategic partnerships with leading international co-investors from more than 15 countries totalling more than USD 40 bln. Prior to becoming CEO of RDIF in 2011, Kirill Dmitriev headed a number of large private equity funds and completed a series of landmark transactions for Russia, including the sale of Delta Bank to General Electric, Delta Credit Bank to Société Générale, STS Media to Fidelity Investments, among others. Mr Dmitriev began his career at Goldman Sachs and McKinsey & Company. He holds a BA in Economics with Honours and Distinction from Stanford University and an MBA with High Distinction (Baker Scholar) from the Harvard Business School.

Mr Vitaly USTIMENKO

PhD, Independent Member of the Board of Directors

Mr Vitaly Ustimenko was the Group's Chief Financial Officer from 2012 to 2016. He was elected to the Board of Directors in February 2015.

Mr Ustimenko has more than 20 years of experience in finance. He was CFO of Solnechnye Produkty Holding Company from 2017 to 2018. Prior to joining the Group, he was the Head of Strategic and Business Planning at Russian Helicopters and before that held the position of Senior Manager at Deloitte Touche Tomatsu Ltd.

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

Ms Tatiana LUKINA

Independent Member of the Board of Directors

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

Since 2016, Ms Lukina has been working as a CFO at GAME INSIGHT, a global mobile game developing company. Tatiana's career has begun at KPMG, where she spent 10 years participating and running projects in auditing, capital market transactions (IPO, SPO, Eurobonds) in international and stock exchanges, debt restructuring for major Russian companies, M&A transaction services in different countries. After that, Tatiana worked in the portfolio Asset Management department at ALFA Group, represented shareholders on boards and committees of ALFA bank (Russia, Ukraine, Kazakhstan) and Rosvodokanal. In 2015–2016, Tatiana, as a co-leader of finance function, headed an IPO preparatory project at OZON.ru, a leading on-line retailer in Russia. Ms Lukina graduated from the Financial Academy of the Russian Government with a first-class honours degree in Finance, Business Appraisal and Turnaround Management and then finished her PhD there.

Since 2006, Tatiana has been a member of the Association of Certified Chartered Accountants (ACCA) in the UK, and has successfully passed exams for a Russian Audit Licence.

Report of the board of directors*

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

PARTICIPATION OF THE DIRECTORS IN THE BOARD MEETINGS DURING 2021

BOARD MEMBER	NUMBER OF BOARD MEETINGS ATTENDED VIA PHONE	NUMBER OF MEETINGS HELD ATTENDED IN PERSON
Vladimir Mekler		●●●●
Mark Kurtser		●●●●
Simon Rowlands	●●●	●
Kirill Dmitriev	●●	●●
Vitaly Ustimenko		●●●●
Tatyana Lukina	●	●●●
Nikolay Ishmetov**		●●●●

* As of publication date, Mr Dmitriev and Rowlands have stepped down as a member of the Company's Board of Directors

** alternate director for Kirill Dmitriev

REMUNERATION PAID TO MEMBERS OF THE BOARD IN 2021

BOARD MEMBER TOTAL AMOUNT PAID	BOARD MEMBER TOTAL AMOUNT PAID (BEFORE TAXES), RUB
Simon Rowlands	4,500,000
Vitaly Ustimenko	944,000
Tatyana Lukina	944,000

27

AGENDA ITEMS WERE DISCUSSED IN 2021

4

BOARD MEETINGS HELD IN 2021

Management board*

Dr Mark KURTSER

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

Dr Mark Kurtser is the founder of MD Medical Group, CEO, and member of the Board of Directors. Dr Kurtser began his career as a graduate assistant to the associate professor at the Obstetrics and Gynaecology Department of Pirogov Medical University. From 1994 to 2012, he was the Head of the Centre for Family Planning and Reproduction, the largest public obstetrics hospital in Moscow.

From 2003 to 2013, Dr Kurtser was the Chief Obstetrician and Gynaecologist of the City of Moscow. He holds a degree in Medicine from Pirogov Medical University in addition to a postdoctoral degree in Medicine. Dr Kurtser remains actively involved in the Group's healthcare practice and day-to-day operations.

Mr Andrey KHOPERSKIY

First Deputy CEO

Mr Andrey Khopersky joined the Group in 2013 as Head of Financial Control and Treasury. In 2016, he was appointed Deputy CEO for Economy and Finance of the Group, where he oversaw the financial, legal, and IR areas. Since 2022, he has been holding the position of First Deputy CEO, where he is responsible for the general management of the MD Medical Group. Before joining the Group, Andrey worked at Rusagro Group and Sukhoi as a financial manager, and as an auditor at the BDO Russia.

Andrey Khopersky graduated from the Moscow State University of Economics, Statistics and Informatics with a degree in Economics.

Mr Vadim VLASOV

Deputy CEO for Development

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

Dr Yulia KUTAKOVA

PhD – Medical Director for Organisational and Scientific-educational Work

Dr Yulia Kutakova joined the Group in 2012. She has over eleven years of practice experience in obstetrics and gynaecology. Before joining the Group, Dr Kutakova was Chief of Maternity in the Organisational and Tutorial Department of Public Healthcare of the City of Moscow. She holds a degree in medicine from Pirogov Medical University, a degree in management from the Moscow Institute of Management and a PhD in medical science.

Dr Sergey ARABADZHYAN

PhD, Assoc. Prof. – Medical Director for Technology Innovation

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

Dr Natalia YAKUNINA

PhD, Deputy CEO, Director of MD Medical Centre

Dr Natalia Yakunina joined the Group in 2011. In 2019, she was appointed the Deputy CEO and the Director of MD Medical Centre.

From 2016 to2018, Dr Yakunina was Deputy CEO for Patient Care and from 2014 to 2016, she worked as the Chief Doctor and CEO of MD Savelovskaya clinic in Moscow. Before that, from 2012 to 2014 she was the Head of the OBGYN out-patient department at MD Group hospital. Natalia joined the Group in 2011 as the Chief Doctor at MD Yugo-Zapad clinic in Moscow.

Before joining the Group, Dr Yakunina was Chief Obstetrician and Gynaecologist of the Central District of Moscow. Dr Yakunina has more than 24 years of experience in obstetrics and gynaecology. She graduated from Turkmen State Medical University with a degree in General Medicine and also holds a PhD degree.

Dr Boris KONOPLEV

Medical Director of MD Medical, Head of Hospital Group

Dr Boris Konoplev joined the Group in 2010. In 2017, he was appointed the Medical Director and the Head of Hospital Group of MDMG.

Prior to that, from 2014 to 2017, Dr Konoplev was the Chief Doctor of MD Ufa hospital. Earlier, from 2012 to 2014, he was the Head of the Obstetrics Department at Lapino Hospital. Between 2010-2012, Dr Konoplev was the obstetric gynaecologist of the Maternity Department at the Perinatal Medical Centre.

Dr Konoplev graduated from the Paediatric Faculty of Pirogov Medical University. In 2015, he became an assistant at the Department of Reproductive Health, with specialised training in Immunology at Bashkir State Medical University. Dr Konoplev is a practising obstetrician-gynaecologist and has undertaken a wide range of training in leading European clinics.

*as of publication date

Report and consolidated financial statements

MD MEDICAL GROUP INVESTMENTS PLC

FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

BOARD OF DIRECTORS	• Vladimir Mekler – Chairman • Mark Kurtser • Vitaly Ustimenko • Kirill Dmitriev (resigned on 5 March 2022) • Nikolay Ishmetov (alternate director to Kirill Dmitriev – resigned on 5 March 2022) • Africa Platforms Capital LLP (appointed as a director on 22 April 2021 and represented by Simon Rowlands; resigned on 9 March 2022) • Tatiana Lukina • Sergey Kalugin (appointed on 2 March 2022) • Tony Maher (resigned on 21 April 2021) • Simon Rowlands (resigned on 21 April 2021)
SECRETARY	Menustrust Limited
SECRETARY ASSISTANT	Darya Aleksandrova
INDEPENDENT AUDITORS	KPMG Limited
REGISTERED OFFICE	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

MANAGEMENT REPORT

The Board of Directors of MD Medical Group Investments Plc (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (the Company and its subsidiaries together referred to as the "Group") for the year ended 31 December 2021.

INCORPORATION

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

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

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

The Group's financial results for the year ended 31 December 2021 and its financial position at that date are set out in the consolidated statement of profit or loss and other comprehensive income on page 74 and in the consolidated statement of financial position on page 75 of these consolidated financial statements.

Profit for the year ended 31 December 2021 amounted to RUB 6,143,026 thousand (for the year ended 31 December 2020: RUB 4,333,300 thousand). The total assets of the Group as at 31 December 2021 were RUB 34,282,277 thousand (31 December 2020: RUB 31,994,491 thousand) and the net assets were RUB 23,097,192 thousand (31 December 2020: RUB 19,952,581 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 3 September 2021 the Board of Directors recommended the payment of RUB 1,352,249 thousand as interim dividends which corresponds to RUB 18 per share. The dividends were paid on 26 October 2021.

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

On 4 September 2020, the Board of Directors recommended the payment of RUB 736,225 thousand as interim dividends which corresponds to RUB 9.8 per share. The dividends were paid on 20 October 2020.

On 11 August 2020, the Board of Directors recommended the payment of RUB 1,389,813 thousand as final dividends for the year 2019 which corresponds to RUB 18.5 per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

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, 25 and 29, 'Events after the reporting period' – Military operations in Ukraine', 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 2021, 31 December 2020 and as at the date of signing these consolidated financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (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 24 January 2022, as a result the share of his ownership increased from 0.0048% to 0.0053% of the Company's share capital.

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

FUTURE DEVELOPMENTS

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

As the Group will be growing it intends to expand its portfolio of hospital and out-patient 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.

Simon Rowlands's appointment as a member of the Board of Directors ended on 21 April 2021. On 22 April 2021, Africa Platforms Capital LLP was appointed as a director. On the same date, Africa Platforms Capital LLP was approved to be represented on the Board by Simon Rowlands.

Sergey Kalugin was appointed as an independent director in March 2022. Tony Maher, Kirill Dmitriev and Africa Platforms Capital LLP (represented by Simon Rowlands) stepped down as members of the Board of Directors on 21 April 2021, 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 the pages 60-61.

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

THE BOARD COMMITTEES

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

Audit Committee

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

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

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

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

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

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

Internal audit

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

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

Nomination Committee

The Nomination Committee comprises 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 two non-executive directors and one executive director. The Remuneration Committee was chaired by an independent non-executive director Mr Simon Rowlands, who stepped down on 5 March 2022. Mr Sergey Kalugin was appointed as the chairman of the Remuneration Committee on 14 March 2022. The two other members are Dr Mark Kurtser and Mr Vladimir Mekler.

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

CORPORATE GOVERNANCE

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

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

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

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

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

INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

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

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

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

MEETINGS OF SHAREHOLDERS

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

- in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 percent 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 2021 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. KPMG Limited have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted to the Annual General Meeting.

By order of the Board of Directors,

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director, member of the Board of Directors

Moscow, 25 March 2022

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 the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 67 to 88, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and 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
iii. The consolidated financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required
iv. The Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the consolidated financial statements
v. The information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Consolidated Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements
vi. The corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

By order of the Board of Directors,

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director, member of the Board of Directors

Moscow, 25 March 2022

KPMG Limited
Chartered Accountants
11, June 16th 1943 Street, 3022 Limassol, Cyprus
P.O.Box 50161, 3601 Limassol, Cyprus
T: +357 25 869000, F: +357 25 363842

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MD MEDICAL GROUP INVESTMENTS PLC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **MD Medical Group Investments Pic** (the "Company") and its subsidiaries (the "Group"), which are presented on pages 18 to 57 and comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

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

KPMG Limited. a private company limited by shares. registered in Cyprus under registration number HE 132822 with its registered office at 14, Esperidon Street, 1087, Nicosia, Cyprus.

Nicosia
P.O. Box 21121, 1502
T: +357 22 209000
F: +357 22 678200

Paphos
P.O. Box 60288, 8101
T: +357 26 943050
F: +357 26 943062

Polis Chrysochous
P.O. Box 66014, 8330
T: +357 26 322098
F: +357 26 322722

Larnaca
P.O. Box 40075, 6300
T: +357 24 200000
F: +357 24 200200

Paralimni / Ayia Napa
P.O. Box 33200, 5311
T; +357 23 820080 F: +357 23 820084

Emphasis of matter-Subsequent Event

We draw attention to Note 29 to the consolidated financial statements which describes the recent developments in Russia's operating environment, as a result of the military operations in Ukraine and the associated risks for the Group.

Our opinion is not modified in respect of this matter.

Key audit matters

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

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

Goodwill impairment

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

Key audit matter	How the key audit matter was addressed in our audit
The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the Group's Cash Generating Units (CGUS'), which is determined to represent the value in use, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal growth rates and the weighted-average cost of capital (discount rate).	Our audit procedures in this area included, among others: We assessed whether the recoverable amount calculations were performed at the appropriate level of CGU and we evaluated the appropriateness of the methodologies and calculations used by the Company. We evaluated the appropriateness of the key valuation inputs and assumptions applied such us estimated revenue growth rates, EBITDA estimated rates, terminal growth, after-tax profitability comparing them to historical results and forecasts. Involved our own valuation specialists to assist in evaluating the appropriateness of the weighted-average cost of capital (discount rate), CAPEX in terminal value used, long term growth rate, length of the projection period; Evaluated the adequacy of the financial statement's disclosures, including disclosures of key assumptions, judgements and sensitivities.

Revenue recognition

Refer to Note 4 of the consolidated financial statements (RUB 25,219,683 thousand).

Key audit matter	How the key audit matter was addressed in our audit
The Group has a number of revenue streams with different revenue recognition policies. The major part of the revenue is generated from individual patients who receive medical care either based on concluded contracts or based on daily tickets for one-off visits. Contracts may last for long periods. Generally, patients prepay for the whole amount of the contracts and visit doctors during the period of the contract. The number of visits in all medical centres of the Group is significant. Prices to be charged per service and discount rates offered are 'built' into the system. Therefore, the Group relies on automation within the medical IT system for complete and accurate revenue recognition through interface with the accounting system. Given the number of different revenue streams, the volume of transactions and related reliance on the medical IT system, we consider that a risk exists in relation to revenue being recorded in the correct period at the correct amount, including related contract liability in the consolidated statement of financial position. As such, revenue recognition is an area that our audit is focused on.	Our audit procedures in this area included among others: - Assessing the design and implementation and test general IT controls and IT application controls relevant to revenue recognition. Our IRM specialist were involved and carried out the following; a. Tested that the granting of access rights to Medialog system was based on the approved duties and role/position of each employee (segregation of duties) and that for employees discharged access rights to Medialog system is blocked. b. Tested that users with granted administrative access to Medialog system (database level, application level and operating system) are included in the approved list of system administrators. c. Evaluated password settings process in Medialog. d. Tested that access to input and modification of prices and discounts already 'built' in Medialog is limited to employees with appropriate job responsibilities. e. Tested Medialog automatic functioning of linking tickets issued for the provision of services to invoice and payments, including its function to link tickets to particular service contracts formed or to recognize tickets as one-off service related. f. Tested that Revenue data is accurately transferred from Medialog system to 1C system. Assessing the design and implementation and test manual application controls; a. Test that Chief cashier reconciled cash received per Z-report to encashment signed schedules and to accounting record made in 1C. b. Test that Manager checks that Medialog records agree to final signed acts and that acts are signed by patients and Manager. Obtained external confirmations from banks and compared annual cash receipts and cash balances on bank accounts to the data recorded in the accounting systems (sales, cash received and bank balances). Obtained confirmation letters from a sample of debtors (legal entities) to confirm balances and turnover. Performed analytical procedures.

Taxation

Refer to Note 10 of the consolidated financial statements.

Key audit matter	How the key audit matter was addressed in our audit
The taxation system in the Russian Federation continues to evolve and currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation. Group Companies offering medical services, operating in Russian Federation and meeting the conditions specified in Federal law 395-N ("Law"), apply 0% corporate income tax rate. There is a risk that certain entities may not meet the eligibility criteria to apply the 0% tax rate given the interpretation and or the practice to be applied by the Russian Tax Office in assessing compliance with exemption criteria. Group Companies, offering administrative/ support services to group subsidiaries and meeting the conditions specified in Federal law 395-N ("Law")/ apply 15% corporate income tax rate (Simplified Tax System). There is a risk of abolishing the simplified tax system/regime applied by those group companies given the interpretation and or the practice to be applied by the Russian Tax Office in assessing compliance with criteria.	Our audit procedures in this area included, among others: Involved our tax specialist to challenge significant assumptions/judgements relating to meeting the conditions for applying 0% income tax rate and simplified tax regime 15% rate. - Tested the mathematical accuracy of the Company's calculations over the applicable monetary criteria for applying 0% and 15% (i.e. percentage of revenue from medical activities to total revenue, percentage of employees holding medical certificates to total number of employees) For a sample of employees which according to the Company represent holders of medical certificates review those medical certificates.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report and the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

Other Matter

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

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

Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

11, June 16th 1943 Street

3022 Limassol

Cyprus

25 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RUB'000	2020 RUB'000
Revenue	4	25,219,683	19,133,499
Cost of sales	5	(15,231,775)	(12,006,620)
Gross profit		**9,987,908**	**7,126,879**
Other income	8	104,424	226,391
Selling, general and administrative expenses	6	(3,402,362)	(2,806,793)
Other expenses	8	(68,007)	(42,279)
Operating profit		**6,621,963**	**4,504,198**
Finance income	9	93,683	248,582
Finance expenses	9	(549,361)	(537,238)
Net foreign exchange transactions (loss) / gain	9	(8,017)	122,532
Net finance expenses	9	(463,695)	(166,124)
Profit before tax		**6,158,268**	**4,338,074**
Income tax expense	10	(15,242)	(4,774)
Profit for the year		**6,143,026**	**4,333,300**
Total comprehensive income for the year		**6,143,026**	**4,333,300**
Profit for the year attributable to:			
Owners of the Company		6,003,486	4,196,463
Non-controlling interests		139,540	136,837
		6,143,026	**4,333,300**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		6,003,486	4,196,463
Non-controlling interests		139,540	136,837
		6,143,026	**4,333,300**
Earnings per share (RUB)	**11**	**79.91**	**55.86**

The Notes on pages 88 to 119 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	31 December 2021 RUB'000	31 December 2020 RUB'000
ASSETS			
Property, plant and equipment	13	26,070,398	23,296,538
Intangible assets	14	2,141,945	2,205,655
Trade, other receivables and deferred expenses	15	339,909	630,626
Deferred tax assets		4,300	4,959
Total non-current assets		**28,556,552**	**26,137,778**
Inventories		1,164,761	973,877
Trade, other receivables and deferred expenses	15	971,341	1,007,973
Short-term bank deposits	16	–	746,145
Cash and cash equivalents	16	3,589,623	3,128,718
Total current assets		**5,725,725**	**5,856,713**
Total assets		**34,282,277**	**31,994,491**
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	18,064,135	14,840,273
Total equity attributable to the owners of the Company		**22,832,687**	**19,608,825**
Non-controlling interests	26	264,505	343,756
Total equity		**23,097,192**	**19,952,581**
LIABILITIES			
Loans and borrowings	19	3,726,707	5,230,477
Trade and other payables	21	624,808	679,843
Deferred tax liabilities		6,234	4,540
Contract liabilities	20	460,420	483,026
Total non-current liabilities		**4,818,169**	**6,397,886**
Loans and borrowings	19	1,786,326	1,587,521
Trade and other payables	21	3,010,232	2,630,288
Contract liabilities	20	1,570,358	1,426,215
Total current liabilities		**6,366,916**	**5,644,024**
Total liabilities		**11,185,085**	**12,041,910**
TOTAL EQUITY AND LIABILITIES		**34,282,277**	**31,994,491**

On 25 March 2022, the Board of Directors of MD Medical Group Investments Plc approved and authorised these consolidated financial statements for issue.

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director

Andrey Khoperskiy
First Deputy CEO
Chief Financial Officer (until 31.12.2021)

The Notes on pages 88 to 119 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Attributable to owners of the Company						Total equity RUB'000
		Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000	Total RUB'000	Non-controlling interests 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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

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

Share premium is not available for distribution.

The Notes on pages 88 to 119 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RUB'000	2020 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		6,143,026	4,333,300
Adjustments for:			
Depreciation	13	1,577,042	1,413,323
Amortisation	14	122,176	110,450
Gain from the sale of property, plant and equipment		(2,162)	(6,674)
Write-off of property, plant and equipment		27,189	7,229
Impairment of trade and other receivables		–	22,308
Finance income	9	(93,683)	(248,582)
Finance expenses (excluding impairment)	9	517,714	506,279
Impairment of trade and other receivables	9	31,647	30,959
Net foreign exchange transactions loss / (gain)	9	8,017	(122,532)
Income tax expense	10	15,242	4,774
		8,346,208	6,050,834
Increase in inventories		(190,884)	(253,915)
Increase in trade and other receivables		(7,912)	(523,507)
Increase in trade and other payables		276,341	771,055
Increase in contract liabilities		80,278	480,384
Cash flows from operations		**8,504,031**	**6,524,851**
Tax paid		(4,635)	(9,438)
Net cash flows from operating activities		**8,499,396**	**6,515,413**

The Notes on pages 88 to 119 are an integral part of these consolidated financial statements

	Note	2021 RUB'000	2020 RUB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition/construction of property, plant and equipment		(3,734,757)	(3,778,215)
Proceeds from sale of property, plant and equipment		2,724	13,092
Acquisition of intangible assets		(55,466)	(126,234)
Proceeds from government grant	13	–	139,182
Placing short-term bank deposits		(866,831)	(2,097,704)
Proceeds from short-term bank deposits return		1,648,623	1,858,475
Bank interest received	9	93,683	110,796
Loans returned from third parties		–	1,000
Net cash flows used in investing activities		**(2,912,024)**	**(3,879,608)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings		–	1,193,493
Repayment of loans and borrowings		(1,490,806)	(1,319,275)
Payments of lease liabilities		(152,470)	(158,086)
Finance expenses paid		(363,727)	(375,047)
Proceeds from reimbursed VAT		33,138	337,378
Repayment of reimbursed VAT		(152,123)	(111,351)
Dividends paid to the owners of the Company		(2,726,685)	(2,211,202)
Dividends paid to non-controlling interests		(178,177)	(134,823)
Net cash flows used in financing activities		**(5,030,850)**	**(2,778,913)**
Net increase / (decrease) in cash and cash equivalents		**556,522**	**(143,108)**
Cash and cash equivalents as at the beginning of the year	16	3,128,718	3,061,448
Effect of movements in exchange rates on cash held		(95,617)	210,378
Cash and cash equivalents as at the end of the year	**16**	**3,589,623**	**3,128,718**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. INCORPORATION AND PRINCIPAL ACTIVITIES

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

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

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

Name	Country of incorporation	Activities	31 December 2021 Effective holding %	31 December 2020 Effective holding %
JSC MD Project 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC FimedLab	Russian Federation	Medical services	–	90
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
LLC Ivamed	Russian Federation	Medical services	100	100
LLC Dilamed	Russian Federation	Medical services	100	100
LLC UsticECO	Russian Federation	Medical services	–	70
LLC Mother and Child Perm	Russian Federation	Medical services	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint Petersburg	Russian Federation	Medical services	85	85
LLC MD Project 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
LLC MD Service	Russian Federation	Pharmaceutics retail	95	95
LLC Mother and Child Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services	100	100
LLC Mother and Child Tyumen	Russian Federation	Medical services	100	100
CJSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Medical services	100	100
LLC MD Assistance	Russian Federation	Assistance services	100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services	80	80
LLC Mother and Child Kostroma	Russian Federation	Medical services	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
JSC MC Avicenna	Russian Federation	Medical services	100	100
LLC H&C Medical Group	Russian Federation	Medical services	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Krasnoyarskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Novosibirskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Omskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Barnaulskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Mother and Child Vladivostok	Russian Federation	Medical services	100	100
LLC Irkutsk Clinical Hospital	Russian Federation	Medical services	–	100
LLC Mother and Child Volga	Russian Federation	Management company	100	100
LLC MD Finance	Russian Federation	Management company	100	100
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	–	100
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	100
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	100
LLC MD Group Krasnogorsk	Russian Federation	Medical services	90	90
LLC MD Belgorod	Russian Federation	Medical services	100	–
LLC MD Lipetsk	Russian Federation	Medical services	100	–
NFP MGIMO-MED	Russian Federation	Medical university	67	–
LLC Siberia service company	Russian Federation	Service company	–	–
LLC TechMedCom	Russian Federation	Service company	–	–
LLC Service Hospital Company	Russian Federation	Service company	–	–
LLC Elleprof	Russian Federation	Service company	–	–
LLC Medtechnoservice	Russian Federation	Service company	–	–

As at 31 December 2021, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr Mark Kurtser. The 32.1% of the Company's share capital is owned by Guarantee Nominee Limited, which holds the shares on behalf of the GDR holders.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

These consolidated financial statements were approved by the Board of Directors and were authorised for issue on 25 March 2022.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

These consolidated financial statements of the Group are presented in RUB, all amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgements

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

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

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

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

Going concern

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

Impairment of intangible assets and property, plant and equipment

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

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

Impairment of goodwill

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

Other

Information about judgements, assumptions and estimation uncertainties regarding revenue recognition, deferred taxes assets, provisions, leases and ECL allowance for trade receivables and contract assets as at 31 December 2021 is described in Note 3.

COVID-19

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

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

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

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

The Group started a construction of a new hospital on 29 December 2020 and launched of the new multifunctional medical centre ("Lapino-4") on the Lapino medical complex grounds on 1 February 2021. The construction of the new 2-storey multifunctional medical centre intended to treat patients with infections, including coronavirus patients, was achieved in short time using rapid construction technology.

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

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

For impairment testing purposes, the Group has determined that each subsidiary is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

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

Cash flows beyond this five-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. The forecasts used to calculate the value in use have been updated to take into account the COVID-19 scenario. This assumes an impact on 2021/22 revenues and profits.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate. The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta). The pre-tax discount rates range from 14% to 15%.

As a result, no impairment loss is recognised.

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these consolidated financial statements are consistent with those followed in the Group's consolidated financial statements as at 31 December 2020 and for the year then ended.

New standards and amendments applied for the first time in 2021 did not impact these consolidated financial statements of the Group.

Basis of consolidation

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

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

Business combinations

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

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

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

Acquisitions from entities under common control

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

Non-controlling interests

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

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

Loss of control

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

Transactions eliminated on consolidation

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

Revenue

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

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

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms
Rendering of services (except storage of stem cells and long-term contracts described below)	Sales of services are recognised at 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.

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms
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.

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

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

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

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

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

Dividends declared

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

Government grants

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

Property, plant and equipment

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

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

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

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

No depreciation is provided on land.

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

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

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

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

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

Intangible assets

(i) Goodwill

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

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

(ii) Patents and trademarks

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

(iii) Software and web site costs

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

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

Inventories

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

Provisions

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

Financial instruments

Recognition

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

Classification

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

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets
- How the performance of the portfolio is evaluated and reported to the Group's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected,

- 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 variablerate features
- Prepayment and extension features
- Terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features)

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

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

Initial measurement

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

Subsequent Measurement

Financial assets at amortised cost:

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

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

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

Financial liabilities at amortised cost:

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

Impairment of non-derivative financial assets

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

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

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

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

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

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

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor
- It is probable that the debtor will enter bankruptcy or other financial reorganisation or
- The disappearance of an active market for a security because of financial difficulties

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 3 years without movements past due based on Russian legislation. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff 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 has an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Offsetting financial instruments

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

Impairment of non-financial assets

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

Share capital

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

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

Earnings per share

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

Capitalised interest

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

Leases

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

Leases in which the Group is a lessee

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

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

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including insubstance 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
- 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 insubstance 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 rightofuse asset has been reduced to zero.

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

Short-term leases and leases of low-value assets

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

COVID-19-related rent concessions

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

Leases in which the Group is a lessor

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

Standards issued but not yet effective:

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

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018–2020;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- 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

	2021 RUB'000	2020 RUB'000
Therapy, surgery and other in-patient medical services	5,486,629	3,262,000
In vitro fertilisation (IVF)	3,939,363	3,452,087
Deliveries	2,863,685	2,433,703
Laboratory examinations and other medical services	2,493,346	1,750,231
Obstetrics and gynaecology out-patient treatments	2,217,946	1,941,813
Diagnostic centre and other out-patient medical services	2,180,239	1,735,677
Oncology	2,131,922	1,271,597
Paediatrics out-patient treatments	1,588,170	1,289,708
Obstetrics and gynaecology in-patient treatments	1,031,978	988,114
Paediatrics in-patient treatments	676,330	490,325
Sales of goods	251,654	236,429
Storage of stem cells	162,643	144,576
Other income	195,778	137,239
TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS	**25,219,683**	**19,133,499**

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 (77% of total revenue); some services are rendered through the governmental and non-governmental insurance companies and legal entities. All the contracts are fixed-price and short-term except for the contracts for the storage of stem cells and the contract for offering medical services to one of the biggest Russian oil companies such contracts are fully prepaid.

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

The contract liabilities primarily relate to the advance consideration received from patients. The amount of RUB 717,705 thousand recognised in short-term contract liabilities at the beginning of the year was recognised as revenue during the year ended 31 December 2021 (31 December 2020: RUB 777,742 thousand). The amount of RUB 67,932 thousand was returned to the patients and the amount of RUB 271,001 thousand was transferred to the other contracts during the year ended 31 December 2021 (31 December 2020: RUB 35,059 thousand and RUB 239,654 thousand respectively).

Revenue of the Group increased by 31.8% as a result of the expansion of Lapino medical cluster and growth in utilisation rate for such services as therapy, oncology, surgery and traumatology. Therapy increased mainly due to performance of Lapino-4 hospital which was launched for the treatment of patients with coronavirus.

5. COST OF SALES

	2021 RUB'000	2020 RUB'000
Payroll and related social taxes	7,517,576	6,052,868
Materials and supplies used	5,477,791	3,771,140
Depreciation	1,367,565	1,240,335
Medical services	334,712	398,160
Energy and utilities	269,316	221,117
Property tax	148,058	190,102
Repair and maintenance	88,513	101,046
Other expenses	28,244	31,852
TOTAL COST OF SALES	**15,231,775**	**12,006,620**

During the year ended 31 December 2021 the Government granted RUB 4,526 thousand to cover the additional payroll costs paid to doctors and other medical staff as a result of COVID-19. This amount reduced the staff costs accordingly.

During the year ended 31 December 2020 the Government granted RUB 108,915 thousand to cover extra payments to doctors and other medical staff and RUB 7,535 thousand in respect of materials used as a result of COVID-19. These amounts reduced the staff and materials costs accordingly.

6. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2021 RUB'000	2020 RUB'000
Payroll and related social taxes	2,022,217	1,619,580
Utilities and materials	270,838	249,588
Depreciation	209,477	172,988
Acquiring and encashment	172,536	127,240
Advertising	161,968	142,865
Other professional services	134,770	142,740
Amortisation	122,176	110,450
Commission fees	90,232	45,336
Communication costs	39,630	45,413
Independent auditors' remuneration	22,964	25,078
Learning and development	23,433	30,356
IT support	20,913	40,088
Other expenses	111,208	55,071
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**3,402,362**	**2,806,793**

During the year ended 31 December 2021 the remuneration of the independent auditors included an amount of RUB 21,334 thousand regarding audit services and an amount of RUB 1,630 thousand regarding tax services (the year ended 31 December 2020: RUB 22,812 thousand and RUB 2,266 thousand respectively).

7. STAFF COSTS

	2021 RUB'000	2020 RUB'000
Wages and salaries	7,592,490	6,091,278
Social insurance contributions and other taxes	1,947,303	1,581,170
TOTAL STAFF COSTS	**9,539,793**	**7,672,448**

The number of employees as at 31 December 2021 was 8,461 (31 December 2020: 8,274).

8. OTHER INCOME AND EXPENSES

During the year ended 31 December 2021 the Group received other income of RUB 104,424 thousand. This income arose mostly from the property tax refund amounted to RUB 44,966 thousand by MD Project 2010. During the year ended 31 December 2020 the Group received other income of RUB 226,391 thousand. This income arose mostly from the receipt of the compensation of costs caused by COVID-19 pandemic amounted to RUB 134,999 thousand and property tax refund amounted to RUB 41,868 thousand by Lapino hospital.

The Group incurred other expenses amounted to RUB 68,007 thousand in the reporting year. These expenses arose mostly due to fixed assets written-off amounted to RUB 26,753 thousand. During 2020 the Group incurred other expenses amounted to RUB 42,279 thousand. These expenses arose mostly due to an impairment of construction in progress in LLC Mother and Child Kazan amounted to RUB 21,146 thousand as the Group abandoned the hospital construction in this city.

9. NET FINANCE EXPENSES

	Note	2021 RUB'000	2020 RUB'000
FINANCE INCOME			
Bank interest received		93 683	110 796
Initial recognition of other payables to tax authorities at market rate		–	137 645
Other finance income		–	141
Finance income		**93 683**	**248 582**
FINANCE EXPENSES			
Interest on bank loans		(339 240)	(337 014)
Unwinding of discount on other payables to tax authorities		(63 950)	(66 011)
Interest on leases		(49 033)	(53 962)
Other interest expenses		(41 259)	(23 770)
Other finance expense			
Impairment of trade and other receivables	15	(31 647)	(30 959)
Bank charges		(23 650)	(25 522)
Other impairment provision		(582)	–
Finance expenses		**(549 361)**	**(537 238)**
Net foreign exchange transactions (loss) / gain		**(8 017)**	**122 532**
Net finance expenses		**(463 695)**	**(166 124)**

10. INCOME TAX

Reconciliation between profit before tax and income tax expense:

	2021 RUB'000	2020 RUB'000
Profit before tax	6 158 268	4 338 074
Less profit before tax of non-taxable subsidiaries	(6 447 365)	(4 435 091)
Loss before tax excluding not-taxable subsidiaries	**(289 097)**	**(97 017)**
Tax using the Group's domestic tax rate	57 819	19 403
Effect of subsidiaries taxable at lower tax rates	99	259
Non-deductible expenses	(20 086)	(8 010)
Current-year losses for which no deferred tax asset is recognised	(53 074)	(16 426)
TOTAL INCOME TAX EXPENSE	**(15 242)**	**(4 774)**

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

As at 31 December 2021 deferred tax assets relating to tax losses carried forward in the amount of RUB 333,285 thousand (31 December 2020: RUB 280,211 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 2021, there were temporary differences (before calculating tax effect) of RUB 9,965,811 thousand (31 December 2020: RUB 7,595,057 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

	2021	2020
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	6,003,486	4,196,463
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)	**79.91**	**55.86**

12. DIVIDENDS

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

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

On 4 September 2020, the Board of Directors recommended the payment of RUB 736,225 thousand as interim dividends which corresponds to RUB 9.8 per share. The dividends were paid on 20 October 2020.

On 11 August 2020, the Board of Directors recommended the payment of RUB 1,389,813 thousand as final dividends for the year 2019 which corresponds to RUB 18.5 per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings RUB'000	Property under construction RUB'000	Plant and equipment RUB'000	Right-of-use of freehold land, buildings and plant and equipment RUB'000	Total RUB'000
INITIAL COST					
Balance at 1 January 2020	**16,772,921**	**2,128,362**	**8,136,162**	**759,192**	**27,796,637**
Additions	1,027,126	2,002,553	609,649	85,863	3,725,191
Disposals	(5,438)	(2,362)	(45,797)	(121,978)	(175,575)
Impairment loss	–	(22,308)	–	–	(22,308)
Transfer from construction in progress	3,488,931	(3,947,493)	458,562	–	–
Balance at 31 December 2020	**21,283,540**	**158,752**	**9,158,576**	**723,077**	**31,323,945**
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 at 31 December 2021	**22,075,363**	**2,456,245**	**9,976,786**	**1,001,108**	**35,509,502**
DEPRECIATION					
Balance at 1 January 2020	**(1,839,883)**	**–**	**(4,704,324)**	**(122,048)**	**(6,666,255)**
Depreciation during the year	(395,250)	–	(891,312)	(126,761)	(1,413,323)
Accumulated depreciation on disposals	3,618	–	32,774	15,779	52,171
Balance at 31 December 2020	**(2,231,515)**	**–**	**(5,562,862)**	**(233,030)**	**(8,027,407)**
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 at 31 December 2021	**(2,687,537)**	**–**	**(6,417,317)**	**(334,250)**	**(9,439,104)**
CARRYING AMOUNTS					
Balance at 1 January 2020	**14,933,038**	**2,128,362**	**3,431,838**	**637,144**	**21,130,382**
Balance at 31 December 2020	**19,052,025**	**158,752**	**3,595,714**	**490,047**	**23,296,538**
Balance at 31 December 2021	**19,387,826**	**2 456,245**	**3,559,469**	**666,858**	**26,070,398**

In 2019, the Government granted RUB 500,000 thousand as support for the construction of Tyumen hospital, while RUB 360,818 thousand was received in cash. The remaining amount of RUB 139,182 thousand was received in 2020.

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

As at 31 December 2021, construction in progress mainly includes construction costs of Saint Petersburg hospital amounting to RUB 1,825,075 thousand and Tyumen hospital amounting to RUB 564,720 thousand.

The amount of borrowing costs capitalised during the year ended 31 December 2021 was nil (RUB 131,779 thousand for the year ended 31 December 2020). Capitalisation rate for loans was 7.19% for the year ended 31 December 2020.

On 31 August 2020, the Group released all collateral of property, plant and equipment. So the total net book value of property, plant and equipment which is held as collateral for the loans and borrowings was nil as at 31 December 2021 and 31 December 2020.

14. INTANGIBLE ASSETS

	Goodwill RUB'000	Patents and trademarks RUB'000	Software and website RUB'000	Total RUB'000
INITIAL COST				
Balance at 1 January 2020	**2,032,320**	**564,812**	**129,598**	**2,726,730**
Additions	–	–	123,474	123,474
Balance at 31 December 2020	**2,032,320**	**564,812**	**253,072**	**2,850,204**
Additions	–	–	58,466	58,466
Balance at 31 December 2021	**2,032,320**	**564,812**	**311,538**	**2,908,670**
AMORTISATION				
Balance at 1 January 2020	**–**	**(440,146)**	**(93,953)**	**(534,099)**
Amortisation during the year	–	(71,238)	(39,212)	(110,450)
Balance at 31 December 2020	**–**	**(511,384)**	**(133,165)**	**(644,549)**
Amortisation during the year	–	(53,426)	(68,750)	(122,176)
Balance at 31 December 2021	**–**	**(564,810)**	**(201,915)**	**(766,725)**
CARRYING AMOUNTS				
Balance at 1 January 2020	**2,032,320**	**124,666**	**35,645**	**2,192,631**
Balance at 31 December 2020	**2,032,320**	**53,428**	**119,907**	**2,205,655**
Balance at 31 December 2021	**2,032,320**	**2**	**109,623**	**2,141,945**

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

	31 December 2021 RUB'000	31 December 2020 RUB'000
JSC MC Avicenna	1,055,593	1,055,593
ARTMed Group (Centres of Reproductive Medicine, located in Krasnoyarsk, Omsk, Novosibirsk and Barnaul)	360,154	360,154
LLC Medica-2	248,250	248,250
CJSC MK IDK	211,303	211,303
LLC Centre of Reproductive Medicine	142,193	142,193
Subsidiaries acquired in 2011	14,827	14,827
	2,032,320	**2,032,320**

Goodwill has been allocated for impairment testing purposes to 6 groups of cash generating units.

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

The recoverable amount is determined as value in use. The calculation of the fair values of each subsidiary is based on the current and estimated future after-tax profitability.

The management has projected cash flows for the period of the five years based on the approved financial forecasts. The growth rate in terminal period for the calculation of the terminal value is estimated to be 4%. Discount after-tax rate applied to the cash flow projections is 14.8%. The values assigned to the key assumptions represent management's assessment of future trends and have been based on historical data from both external and internal sources.

No impairment of goodwill was recognised in 2021 and in 2020.

15. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	31 December 2021 RUB'000	31 December 2020 RUB'000
Trade receivables net of impairment provision	751,604	836,756
CAPEX prepayments	339,909	630,626
Advances paid to suppliers	119,336	116,807
Property tax to be reimbursed	59,735	–
Deferred expenses	4,866	6,081
Other receivables	35,800	48,329
	1,311,250	**1,638,599**
Non-current portion	339,909	630,626
Current portion	971,341	1,007,973
	1,311,250	**1,638,599**

Ageing analysis of trade receivables:

	Gross amount 31 December 2021 RUB'000	Impairment 31 December 2021 RUB'000	Gross amount 31 December 2020 RUB'000	Impairment 31 December 2020 RUB'000
Not past due	572,052	(9,434)	717,114	(3,188)
Past due	320,647	(131,661)	231,113	(108,283)
	892,699	**(141,095)**	**948,227**	**(111,471)**

In addition to the bad debt provision accrued as at 31 December 2021 the accounts receivable in the amount of RUB 2,023 thousand were written-off during the year ended 31 December 2021 (year ended 31 December 2020: RUB 15,849 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 2021.

Ageing	Status	Weighted-average loss rate	Gross carrying amount 2021 RUB'000	Loss allowance 2021 RUB'000	Gross carrying amount 2020 RUB'000	Loss allowance 2020 RUB'000
0–30 days	past due	16%	48,317	(7,685)	55,940	(8,837)
31–60 days	past due	27%	17,740	(4,757)	16,781	(5,558)
61–90 days	past due	30%	19,251	(5,840)	12,254	(6,770)
more than 91 days	past due	45%	187,059	(83,542)	96,870	(56,077)
TOTAL			**272,367**	**(101,824)**	**181,845**	**(77,242)**

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 2021.

Ageing	Status	Weighted-average loss rate	Gross carrying amount 2021 RUB'000	Loss allowance 2021 RUB'000	Gross carrying amount 2020 RUB'000	Loss allowance 2020 RUB'000
0–30 days	not past due	25%	37,383	(9,434)	30,971	(3,188)
31–60 days	past due	29%	17,187	(5,001)	13,952	(2,074)
61–90 days	past due	41%	1,553	(630)	6,173	(1,147)
more than 91 days	past due	77%	29,540	(22,833)	29,143	(26,300)
TOTAL			**85,663**	**(37,898)**	**80,239**	**(32,709)**

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB 37,344 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB 497,325 thousand provision is accrued only for those whose licences had been revoked (as the most part relates to accounts receivable for MHI services provided whose payments are guaranteed by the Government). Such provision of RUB 1,373 thousand was accrued as at 31 December 2021 (31 December 2020: RUB 1,520 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 2021 RUB'000	31 December 2020 RUB'000
Current bank accounts and cash in hand	1,536,457	921,812
Bank deposits with maturity less than 3 months	2,053,166	2,206,906
Total cash and cash equivalents	**3,589,623**	**3,128,718**
Other short-term bank deposits with maturity more than 3 months	–	746,145
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**3,589,623**	**3,874,863**

Currency:	31 December 2021 RUB'000	31 December 2020 RUB'000
RUB	2,869,105	2,822,660
USD	720,518	1,052,197
EUR	–	6
	3,589,623	**3,874,863**

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 RUB 682,873 thousand and positive capital contribution reserve in the amount of RUB 27,521 thousand.

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

There were no changes during 2021.

19. LOANS AND BORROWINGS

	31 December 2021 RUB'000	31 December 2020 RUB'000
LONG-TERM LIABILITIES		
Bank loans	3,129,443	4,801,332
Lease liabilities	597,264	429,145
SHORT-TERM LIABILITIES		
Bank loans	1,688,878	1,508,632
Lease liabilities	97,448	78,889
TOTAL LOANS AND BORROWINGS	**5,513,033**	**6,817,998**

Maturity of loans and borrowings:

	31 December 2021 RUB'000	31 December 2020 RUB'000
Within one year	1,786,326	1,587,521
Between one and five years	3,515,922	4,626,670
More than 5 years	210,785	603,807
	5,513,033	**6,817,998**

No property, plant and equipment is held as collateral for the bank loans. More information is disclosed in Note 13.

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

	Currency	Maturity	31 December 2021		31 December 2020	
			Face value RUB'000	Carrying amount RUB'000	Face value RUB'000	Carrying amount RUB'000
Unsecured bank loan	RUB	2023	1,012,859	1,012,859	1,551,652	1,551,652
Unsecured bank loan	RUB	2024	1,128,830	1,128,830	1,373,737	1,373,737
Unsecured bank loan	RUB	2022	210,247	210,247	420,490	420,490
Unsecured bank loan	RUB	2026	2,466,385	2,466,385	2,964,085	2,964,085
Current lease liabilities	RUB	2022	97,448	97,448	78,889	78,889
Non-current lease liabilities	RUB	2023–2031	597,264	597,264	429,145	429,145
			5,513,033	**5,513,033**	**6,817,998**	**6,817,998**

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

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

	31 December 2021		31 December 2020	
	Bank loans RUB'000	Lease liabilities RUB'000	Bank loans RUB'000	Lease liabilities RUB'000
Balance at 1 January	**6,309,964**	**508,034**	**6,448,257**	**649,990**
CHANGES IN CASH FLOWS				
Proceeds from loans and borrowings	–	–	1,193,493	–
Repayment of loans and borrowings	(1,490,806)	–	(1,319,275)	–
Payments of lease liabilities	–	(152,470)	–	(158,086)
Interest paid included in financing cash flows	(340,077)	–	(349,525)	–
Interest paid included in investment cash flows	–	–	(131,779)	–
Total changes in cash flows	**(1,830,883)**	**(152,470)**	**(607,086)**	**(158,086)**
LIABILITY-RELATED CHANGES				
Discounts on lease agreements	–	–	–	(10,216)
Additions of lease liabilities	–	331,199	–	85,863
Leases terminated	–	(41,084)	–	(113,479)
Finance expenses accrued in PL	339,240	49,033	337,014	53,962
Finance expenses capitalised in PPE	–	–	131,779	–
Total liability-related other changes	**339,240**	**339,148**	**468,793**	**16,130**
Balance at 31 December	**4,818,321**	**694,712**	**6,309,964**	**508,034**

20. CONTRACT LIABILITIES

	31 December 2021 RUB'000	31 December 2020 RUB'000
Patient advances	2,030,778	1,909,241
including:		
Contract liabilities after more than one year	460,420	483,026
Contract liabilities within one year	1,570,358	1,426,215

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 2021 RUB'000	31 December 2020 RUB'000
Trade payables	1,080,420	1,058,858
Other payables to tax authorities	785,084	840,119
Accruals	686,820	561,839
Payables to employees	462,495	418,204
Taxes payable	278,294	204,962
CAPEX payables	268,879	193,731
Income tax liability	1,813	1,384
Other payables	71,235	31,034
	3,635,040	**3,310,131**
Non-current portion	624,808	679,843
Current portion	3,010,232	2,630,288
	3,635,040	**3,310,131**

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 2021 was RUB 142,277 thousand (for the year ended 31 December 2020: RUB 132,290 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2021 was RUB 25,338 thousand (31 December 2020: RUB 32,365 thousand).

The Group provided medical informational services to related parties amounted to RUB 310,438 thousand for the year ended 31 December 2021 (for the year ended 31 December 2020: RUB 158,321 thousand) and received commission services from related parties amounted to RUB 41,620 thousand for the year ended 31 December 2021 (for the year ended 31 December 2020: RUB 15,609 thousand).

The receivables from medical informational services which remained unpaid as at 31 December 2021 was RUB 36,795 thousand (31 December 2020: RUB 31,132 thousand).

The Group purchased medical materials from related parties amounted to RUB 55,251 thousand for year ended 31 December 2021 (for the year ended 31 December 2020: RUB 15,379 thousand).

The prepayments for medical materials as at 31 December 2021 were RUB 10,768 thousand (the payables as at 31 December 2020: RUB 45,626 thousand).

The Group received medical services from related parties amounted to RUB 71,819 thousand for the year ended 31 December 2021 (for the year ended 31 December 2020: RUB 60,627 thousand).

The payables from medical services which remained unpaid as at 31 December 2021 was RUB 17,769 thousand (31 December 2020: RUB 8,523 thousand).

The Group provided services to the key management personnel under non-exclusive commercial concession agreement for the year ended 31 December 2021 amounted to RUB 1,527 thousand (for the year ended 31 December 2020: RUB 1,220 thousand).

The receivables services under non-exclusive commercial concession agreements which remained unpaid as at 31 December 2021 was RUB 549 thousand (as at 31 December 2020: RUB 496 thousand).

The Group purchased intangible assets from related parties amounted to RUB 5,010 thousand for the year ended 31 December 2021 (for the year ended 31 December 2020: RUB 967 thousand).

22.2. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2021, 31 December 2020 and as at the date of signing these consolidated financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (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 24 January 2022, as a result the share of his ownership increased from 0.0048% to 0.0053% of the Company's share capital.

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

22.3. Dividends declared to related parties

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB 1,887,866 thousand for the year ended 31 December 2021 (31 December 2020: RUB 1,443,963 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. Cash balances are held with various financial institutions.

Exposure to credit risk

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

	31 December 2021 RUB'000	31 December 2020 RUB'000
Trade and other receivables	846,706	879,759
Cash and cash equivalents and short-term bank deposits excluding cash in hand	3,578,216	3,863,592
	4,424,922	**4,743,351**

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 case.

Cash and cash equivalents and short-term bank deposits

The Group held cash and cash equivalents and short-term bank deposits excluding cash in hand of RUB 3,578,216 thousand as at 31 December 2021 (31 December 2020: RUB 3,863,592 thousand) which represents its maximum credit exposure on these assets. The cash and cash equivalents and short-term bank deposits are mostly held with bank and financial institution counterparties, which are rated Baa3-A1, based on rating agency Moody's Investors Service ratings.

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 carrying amounts as of 31 Dcember 2020 and external ratings of 2020 were as follows:

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

ii. Liquidity risk

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

31 December 2021	Note	Carrying amounts RUB'000	Contractual cash flows RUB'000	2 months or less RUB'000	Between 2–12 months RUB'000	Between 1–2 years RUB'000	Between 2–5 years RUB'000	More than 5 years RUB'000
Bank loans	19	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**

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

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

iii. Market risk

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

Interest rate risk

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

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

	31 December 2021 RUB'000	31 December 2020 RUB'000
Fixed rate instruments		
Financial assets	2,053,166	2,953,051
Financial liabilities	(5,513,033)	(6,817,998)
	(3,459,867)	**(3,864,947)**

In particular, fixed-rate financial liabilities include fixed interest rate bank loans amounted to RUB 4,818,321 thousand for which the banks have the option to revise the interest rate following the change of key rate set by the CBR and the Group has an option to either accept the revised rate or redeem the loan at par without penalty.

The Group does not account for any fixed 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 2021		31 December 2020	
	USD	EUR	USD	EUR
Assets				
Cash at bank	720,518	–	306,052	6
Short-term bank deposits	–	–	746,145	–
Trade and other receivables	464	–	330	38
Liabilities				
CAPEX payables	(59,813)	(22,227)	(1,748)	(6,700)
Trade and other payables and accruals	–	(40)	(531)	(706)
Net exposure	**661,169**	**(22,267)**	**1,050,248**	**(7,362)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
USD	73,6541	72,1464	74,2926	73,8757
EUR	87,1877	82,4488	84,0695	90,6824
GBP	101,3437	92,5689	100,0573	100,0425

Sensitivity analysis

A 10% weakening of the Russian Rouble against the above currencies will result in the increase in profit and equity of RUB 63,890 thousand as at 31 December 2021 (31 December 2020: RUB 104,289 thousand). A 10% strengthening of the Russian Rouble 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 2021 RUB'000	31 December 2020 RUB'000
Financial liabilities	19	5,513,033	6,817,998
Less: cash and cash equivalents	16	(3,589,623)	(3,128,718)
Net debt		1,923,410	3,689,280
Total equity		23,097,192	19,952,581
Net debt to equity ratio		**8.33%**	**18.49%**

The net debt including short-term bank deposits equals to RUB 1,923,410 thousand as at 31 December 2021 (31 December 2020: RUB 2,943,135 thousand). The net debt ratio adjusted by short-term bank deposits is 8.33% (31 December 2020: 14.75%)

24. FAIR VALUES

As at 31 December 2021 and 31 December 2020 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. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine. Refer to Note 29 of these consolidated financial statements for current situation.

Also, the COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment.

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

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.

	2021 RUB'000	2020 RUB'000
Revenue	3,569,840	3,535,701
Profit and total comprehensive income	1,310,622	1,428,837
Profit and other comprehensive income allocated to non-controlling interests	**65,531**	**71,442**
Dividends paid to non-controlling interests	129,150	65,000
Non-controlling interests percentage	**5%**	**5%**

	31 December 2021 RUB'000	31 December 2020 RUB'000
Non-current assets	3,613,194	4,300,934
Current assets	1,022,314	1,067,896
Non-current liabilities	(269,557)	(221,840)
Current liabilities	(1,193,958)	(702,619)
Net assets	**3,171,993**	**4,444,371**
Carrying amount of non-controlling interests	158,600	222,219
Other non-controlling interests	105,905	121,537
	264,505	**343,756**

27. CAPITAL COMMITMENTS

Capital commitments mostly comprise of the obligations under construction and equipment purchase contracts in the amount of RUB 1,037,548 thousand as at 31 December 2021 (31 December 2020: RUB 456,013 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

Military operations in Ukraine

In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries. This may have significant adverse impact on Russia's economy.

In recent days and weeks, following the commencement of military operations in Ukraine by the Russian Federation, additional severe sanctions were imposed by the United States of America, the European Union and some other countries on the Russian Government, as well as major financial institutions and certain other entities and individuals in Russia. In addition, restrictions were introduced on supply of various goods and services to Russian entities. In response to the sanctions described above, the Russian Government introduced certain currency control measures while the Russian Central Bank increased the key rate to 20%.

These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

Liquidity risk

As at 31 December 2021 the Group has capital commitments in USD of RUB 597,382 thousand, CAPEX Payables in USD of RUB 59,813 thousand and cash at bank in USD of RUB 720,518 thousand. The Group may face difficulties to access foreign currency that could result in liquidity risk in relation to foreign currency needs. The Group maintains cash with banks that are subject to sanctions.

Moreover, the Group presents a significant amount due from the Government – MHI services. A deterioration of the economy could result in delays for the Government to repay the particular debt.

Currency risk

Significant depreciation of the Russian Rouble has resulted in upward revaluation of USD denominated cash and cash equivalents. The net effect on profit or loss (before the effect of income taxes) in case of a 50% weakening of the Russian Rouble against USD will be RUB 330,585 thousand (based on currency exposure as at 31 December 2021).

Interest rate risk

A large portion of borrowings, amounting to RUB 4,818,321 thousand as at 31 December 2021, are linked to Russian Central Bank's key rate. The increase in the key rate to 20% will result in interest expense being increased by RUB 624,424 thousand on an annualised basis, assuming balances remain consistent with those outstanding at 31 December 2021.

Credit risk

The sanctions imposed are likely to have a direct impact on the ability of certain customers to repay the outstanding receivables amounting to RUB 840,079 thousand as at 31 December 2021.

The negative impact on the Russian economy is also likely to increase the credit risk for many customers and result in significant additional amount of expected credit losses being recognised; however, the financial effect is not possible to quantify.

Impairment

The events described are likely to reduce the Group's revenue, and also increase the discount rate. This may result in impairment of the Group's CGUs; however, the financial effect is not possible to quantify.

Revenue

Already imposed and potential future sanctions are likely to have an adverse effect on the Russian economy which is likely to have a negative impact on the Group's sales. However, the financial effect is not possible to quantify.

Operating expenses

Although most of the Group`s operational costs are incurred in RUB, the management expects that due to high volatility of foreign currency exchange rates operating expenses of the Group will increase in 2022. Also, due to restrictions introduced by various countries, the Group is likely to face difficulties in supply of some medical inventories necessary for the treatment services. The Group is currently in search of potential alternatives.

Other consequences

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

Sergey Kalugin was appointed as an Independent Non-Executive Director of the Board of Directors. The changes came into force on 2 March 2022.

Kirill Dmitriev and Simon Rowlands decided to step down as a member of the Board of Directors. The changes came into effect on 5 March 2022 and 9 March 2022 respectively.

Other events after reporting period

In January 2022, MD Medical Group opened the clinical hospital for patients in Lakhta area, a historical district of St Petersburg.

On 11 February 2022 the Group launched a new multifunctional hospital Tyumen-2 in Tyumen.

On 21 February 2022, the Group opened the second medical office of the MD Lab laboratory network in the North-Eastern Administrative District of Moscow.

Report
and financial statements

MD MEDICAL GROUP INVESTMENTS PLC

FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

BOARD OF DIRECTORS	• Vladimir Mekler – Chairman • Mark Kurtser • Vitaly Ustimenko • Kirill Dmitriev (resigned on 5 March 2022) • Nikolay Ishmetov (alternate director to Kirill Dmitriev – resigned on 5 March 2022) • Africa Platforms Capital LLP (appointed as a director on 22 April 2021 and represented by Simon Rowlands; resigned on 9 March 2022) • Tatiana Lukina • Sergey Kalugin (appointed on 2 March 2022) • Tony Maher (resigned on 21 April 2021) • Simon Rowlands (resigned on 21 April 2021)
SECRETARY	Menustrust Limited
SECRETARY ASSISTANT	Darya Aleksandrova
INDEPENDENT AUDITORS	KPMG Limited
REGISTERED OFFICE	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus

MANAGEMENT REPORT

The Board of Directors of MD Medical Group Investments Plc (the "Company") presents to the members its Annual Report together with the audited separate financial statements of the Company for the year ended 31 December 2021.

INCORPORATION

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

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

The Company's financial results for the year ended 31 December 2021 and its financial position as at that date are set out in the statement of profit or loss and other comprehensive income on page 14 and in the statement of financial position on page 15 of these financial statements.

Profit for the year ended 31 December 2021 amounted to RUB 3,703,469 thousand (2020: RUB 2,866,548 thousand). The total assets of the Company as at 31 December 2021 were RUB 12,599,310 thousand (31 December 2020: RUB 11,722,264 thousand) and the net assets were RUB 12,528,646 thousand (31 December 2020: RUB 11,604,801 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 3 September 2021, the Board of Directors recommended the payment of RUB 1,352,249 thousand as interim dividends which corresponds to RUB 18 per share. The dividends were paid on 26 October 2021.

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

On 4 September 2020, the Board of Directors recommended the payment of RUB 736,225 thousand as interim dividends which corresponds to RUB 9.8 per share. The dividends were paid on 20 October 2020.

On 11 August 2020, the Board of Directors recommended the payment of RUB 1,389,813 thousand as final dividends for the year 2019 which corresponds to RUB 18.5 per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE COMPANY

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

Details in relation to principal risks and uncertainties and steps taken to manage these risks and uncertainties are presented in Notes 17 and 20 'Events after the reporting period – Military operations in Ukraine' of these financial statements.

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

DIRECTORS' INTEREST

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2021, 31 December 2020 and as at the date of signing these financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (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 24 January 2022, as a result the share of his ownership increased from 0.0048% to 0.0053% of the Company's share capital.

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

FUTURE DEVELOPMENTS

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

The Company intends through its subsidiaries to expand its portfolio of hospital and out-patient 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 its subsidiaries as a whole.

SHARE CAPITAL

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

BOARD OF DIRECTORS

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

Simon Rowlands's appointment as a member of the Board of Directors ended on 21 April 2021. On 22 April 2021, Africa Platforms Capital LLP was appointed as a director. On the same date, Africa Platforms Capital LLP was approved to be represented on the Board by Simon Rowlands.

Sergey Kalugin was appointed as an independent director in March 2022. Tony Maher, Kirill Dmitriev and Africa Platforms Capital LLP (represented by Simon Rowlands) stepped down as members of the Board of Directors on 21 April 2021, 5 March 2022 and 9 March 2022 respectively.

The members of the Board of Directors who served as at the date of signing of these financial statements, are presented on page 1.

Refer to Note 16.1. of these financial statements for the remuneration of the directors and other key management personnel.

THE BOARD COMMITTEES

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

Audit Committee

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

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

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

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

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

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

Internal audit

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

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

Nomination Committee

The Nomination Committee comprises 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 two non-executive directors and one executive director. The Remuneration Committee was chaired by an independent non-executive director Mr. Simon Rowlands, who stepped down on 5 March 2022. Mr Sergey Kalugin was appointed as the chairman of the Remuneration Committee on 14 March 2022. The two other members are Dr Mark Kurtser and Mr Vladimir Mekler.

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

INTERNAL CONTROL IN RELATION TO THE FINANCIAL REPORTING PROCESS

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

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

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

MEETINGS OF SHAREHOLDERS

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

- In the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote, and
- In the case of any other meeting, by a majority in number of the members having a right to attend and at the meeting, being a majority together holding not less than 95 percent 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 2021 the Company did not acquire any treasury shares.

EVENTS AFTER THE REPORTING PERIOD

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

INDEPENDENT AUDITORS

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

By order of the Board of Directors,

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director, member of the Board of Directors

Moscow, 25 March 2022

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

THE BOARD OF DIRECTORS' CONFIRMATIONS

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

a. The financial statements, which are presented on pages 121 to 136, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
b. The management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

i. Adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions
ii. All information of which it is aware that is relevant to the preparation of the financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors
iii. The financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required
iv. The Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the financial statements
v. The information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the financial statements
vi. The corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

By order of the Board of Directors,

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director, member of the Board of Directors

Moscow, 25 March 2022

KPMG Limited
Chartered Accountants
11, June 16th 1943 Street, 3022 Limassol, Cyprus
P.O.Box 50161, 3601 Limassol, Cyprus
T: +357 25 869000, F: +357 25 363842

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MD MEDICAL GROUP INVESTMENTS PLC

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate financial statements of the parent company **MD Medical Group Investments Plc** (the "Company"), which are presented on pages 14 to 40 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the parent Company MD Medical Group Investments Pic as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

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

Emphasis of matter- Subsequent Event

We draw attention to Note 20 to the separate financial statements which describes the recent developments in Russia's operating environment, as a result of the military operations in Ukraine and the associated risks for the Company.

Our opinion is not modified in respect of this matter.

Key audit matters

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

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

KPMG Limited. a private company limited by shares.
registered in Cyprus under registration number
HE 132822 with its registered office at 14, Esperidon Street,
1087, Nicosia, Cyprus.

Nicosia	Paphos	Polis Chrysochous	Larnaca	Paralimni / Ayia Napa
P.O. Box 21121, 1502	P.O. Box 60288, 8101	P.O. Box 66014, 8330	P.O. Box 40075, 6300	P.O. Box 33200, 5311
T: +357 22 209000	T: +357 26 943050	T: +357 26 322098	T: +357 24 200000	T; +357 23 820080 F:
F: +357 22 678200	F: +357 26 943062	F: +357 26 322722	F: +357 24 200200	+357 23 820084

Investment in subsidiaries

Refer to Note 8 of the separate financial statements (RUB 11,245,257 thousand)

Key audit matter	How the key audit matter was addressed in our audit
The carrying value of the investments in subsidiaries amounts to RUB 11,245,257 thousand and accounts for more than 89% of the Company's total assets as at 31 December 2021. Significant judgement is required by the management of the Company in determining whether there are any indications for impairment and, where such indications exist, in assessing the recoverable amount of the investments. We focused on this area because of the significance of the carrying amount of the investments in the separate financial statements and because inherent uncertainty and subjectivity is involved in forecasting and discounting future cash flows, which are the basis of the assessment of the recoverable amount of the investments and hence their carrying amount recorded in the separate financial statements.	Our audit procedures included among others the following: Made inquiries of management regarding the indicators they assess as possible indicators of impairment for relevant assets/CGUs Inspected management's assessment and consider whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit Verified the accuracy of management's calculations for those assets/CGUs subject to impairment testing and consider whether the assets/CGUs tested are complete Evaluated the valuation techniques, assumptions and data used by management to make their accounting estimates (and range thereof) used for value in use/fair value less costs of disposal. Evaluated the completeness, accuracy and relevance of disclosures required by IAS 36, including disclosures.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report.

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

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

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

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

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

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

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

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

Auditors' responsibilities for the audit of the separate financial statements (continued)

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

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

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

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

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

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

Other Matter

Reporting responsibilities

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

Consolidated financial statements

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021.

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

Certified Public Accountant and Registered Auditor[7]

for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

11, June 16th 1943 Street

3022 Limassol

Cyprus

25 March 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RUB'000	2020 RUB'000
Dividend income	16.2	3,993,512	3,028,184
Revenue from recharging of expenses	16.3	98,886	150,968
Revenue from advertising		16,199	15,455
Total revenue		**4,108,597**	**3,194,607**
Other income		8,126	9,195
Other expenses		(5,503)	(54,793)
Selling, general and administrative expenses	4	(405,752)	(411,188)
Operating profit		**3,705,468**	**2,737,821**
Finance income	5	5,949	8,901
Finance expenses	5	(1,022)	(1,764)
Net foreign exchange transactions (loss) / gain	5	(6,926)	121,590
Net finance (expenses) / income	5	(1,999)	128,727
Profit before tax		**3,703,469**	**2,866,548**
Income tax	6	–	–
Profit for the year		**3,703,469**	**2,866,548**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,703,469**	**2,866,548**

The Notes on pages 136 to 155 are an integral part of these report and financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	31 December 2021 RUB'000	31 December 2020 RUB'000
ASSETS			
Property, plant and equipment	9	7,592	9,702
Intangible assets	10	15,130	7,023
Investments in subsidiaries	8	11,245,257	10,497,717
Total non-current assets		**11,267,979**	**10,514,442**
Inventories		3,396	1,479
Trade and other receivables	11	563,400	70,025
Current tax assets		4,919	4,919
Short-term bank deposits	12	–	746,145
Cash and cash equivalents	12	759,616	385,254
Total current assets		**1,331,331**	**1,207,822**
Total assets		**12,599,310**	**11,722,264**
EQUITY			
Share capital	13	180,585	180,585
Share premium		5,243,319	5,243,319
Other reserves		328,510	328,510
Retained earnings		6,776,232	5,852,387
Total equity		**12,528,646**	**11,604,801**
LIABILITIES			
Trade and other payables	15	70,664	117,463
Total current liabilities		**70,664**	**117,463**
TOTAL EQUITY AND LIABILITIES		**12,599,310**	**11,722,264**

On 25 March 2022, the Board of Directors of MD Medical Group Investments Plc approved and authorised these report and financial statements for issue.

Vladimir Mekler
Chairman of the Board of Directors

Mark Kurtser
Managing Director

Andrey Khoperskiy
First Deputy CEO
Chief Financial Officer (until 31.12.2021)

The Notes on pages 136 to 155 are an integral part of these report and financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital RUB'000	Share premium RUB'000	Other reserves RUB'000	Retained earnings RUB'000	Total RUB'000
Balance at 1 January 2021		180,585	5,243,319	328,510	5,852,387	11,604,801
TOTAL COMPREHENSIVE INCOME						
Profit and other comprehensive income for the year		–	–	–	3,703,469	3,703,469
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS						
Dividends declared	7	–	–	–	(2,779,624)	(2,779,624)
Balance at 31 December 2021		**180,585**	**5,243,319**	**328,510**	**6,776,232**	**12,528,646**

Share premium is not available for distribution.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Share capital RUB'000	Share premium RUB'000	Other reserves RUB'000	Retained earnings RUB'000	Total RUB'000
Balance at 1 January 2020		180,585	5,243,319	328,510	5,111,877	10,864,291
TOTAL COMPREHENSIVE INCOME						
Profit and other comprehensive income for the year		–	–	–	2,866,548	2,866,548
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS						
Dividends declared	7	–	–	–	(2,126,038)	(2,126,038)
Balance at 31 December 2020		**180,585**	**5,243,319**	**328,510**	**5,852,387**	**11,604,801**

The Notes on pages 136 to 155 are an integral part of these report and financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RUB'000	2020 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		3,703,469	2,866,548
Adjustments for:			
Depreciation	4	5,710	7,862
Amortisation	4	5,351	5,107
Dividend income	16.2	(3,993,512)	(3,028,184)
Finance expenses	5	1,022	1,764
Finance income	5	(5,949)	(8,901)
Net foreign exchange loss / (gain)	5	6,926	(121,590)
Disposal of investments in subsidiaries due to liquidation	8	–	15,156
Impairment of investments in subsidiaries	8	3,920	38,930
Cash flows used in operations before working capital changes		**(273,063)**	**(223,308)**
Decrease / (increase) in trade and other receivables		50,277	(45,293)
Increase in inventories		(1,917)	(310)
(Decrease) / increase in trade and other payables		(29,762)	31,647
Cash flows used in operations		**(254,465)**	**(237,264)**
Dividends received	16.2	3,449,830	3,028,184
Tax paid		–	(4,919)
Net cash flows from operating activities		**3,195,365**	**2,786,001**

The Notes on pages 136 to 155 are an integral part of these report and financial statements

	Note	2021 RUB'000	2020 RUB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital contributions to subsidiaries		(768,460)	(294,338)
Acquisition of property, plant and equipment		(496)	(1,369)
Acquisition of intangible assets		(13,458)	(4,456)
Placing short-term bank deposits		(866,831)	(2,097,704)
Proceeds from short-term bank deposits return		1,648,623	1,845,257
Interest received	5	5,769	9,917
Net cash flows from / (used in) investing activities		**5,147**	**(542,693)**
CASH FLOWS USED IN FINANCING ACTIVITIES			
Finance expenses paid		(908)	(1,570)
Payments of lease liabilities		(2,940)	(5,440)
Dividends paid to owners of the Company		(2,726,685)	(2,211,202)
Net cash flows used in financing activities		**(2,730,533)**	**(2,218,212)**
Net increase in cash and cash equivalents		**469,979**	**25,096**
Cash and cash equivalents at the beginning of the period	12	385,254	153,339
Effect of movements in exchange rates on cash held		(95,617)	206,819
Cash and cash equivalents as at the end of the year	**12**	**759,616**	**385,254**

The Notes on pages 136 to 155 are an integral part of these report and financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. INCORPORATION AND PRINCIPAL ACTIVITIES

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

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

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2021 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

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

Impairment of investments in subsidiaries

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write down to fair value is necessary. As at the reporting date, there were no indicators of impairment.

Measurement of fair values

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

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

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

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

COVID-19

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

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

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

Impairment of non-financial assets

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

For impairment testing purposes, the Company has determined that each subsidiary is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

The value in use of each CGU tested for impairment is calculated based on the Company's latest forecast cash flows, covering a five-year period, which have regard to historic performance and knowledge of the current market, together with the Company's views on the future achievable growth and the impact of committed initiatives. The cash flows include ongoing capital expenditure required to maintain the healthcare network, but exclude any growth capital initiatives not committed. Cash flows beyond this five-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. The forecasts used to calculate the value in use have been updated to take into account the COVID-19 scenario. This assumes an impact on 2021/22 revenues and profits.

As a result, an impairment loss amounting to RUB 3,920 thousand was recognised during the year ended 31 December 2021.

Impairment of financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these financial statements are consistent with those followed in the Company's financial statements as at 31 December 2020 and for the year then ended.

New standards and amendments applied for the first time in 2021 did not impact these financial statements of the Company.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Dividend income

Dividend income is recognised in the statement of profit or loss and other comprehensive income when the right to receive payment is established.

Revenue

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer excluding amounts collected on behalf of third parties (for example, value added tax). The Company transfers control over its services at a point in time. The Company recharges to subsidiaries IT, advertising, call centre and other expenses, relating to services that are provided by third parties for the benefit of a number of subsidiaries. Recharging is made over time as the services are transferred by third parties to subsidiaries on the basis of a cost plus margin arrangement.

Finance income

Finance income includes interest income which is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses

Finance expenses include bank charges and interest expense. Bank charges are recognised as expenses in the period in which they fall due and interest expense is recognised as it accrues in profit or loss using the effective interest method.

The ‘effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- The gross carrying amount of the financial asset, or
- The amortised cost of the financial liability

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

Foreign currency transactions

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

Tax

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

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

Dividends declared

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

Financial instruments

Recognition

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

Classification

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

The Company's financial assets comprise of trade and other receivables and cash and cash equivalents. They are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. All of the Company's financial assets are measured at amortised cost. They are classified as current assets unless the Company has an unconditional responsibility to accept deferral of receipt for at least twelve months after the balance sheet date, in which case they are classified as non-current assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets
- How the performance of the portfolio is evaluated and reported to the Company's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

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

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

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

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

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

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

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

Initial measurement

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

Subsequent measurement

Financial assets at amortised cost:

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

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

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

Financial liabilities at amortised cost:

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

Impairment of non-derivative financial assets

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor
- It is probable that the debtor will enter bankruptcy or other financial reorganisation or
- The disappearance of an active market for a security because of financial difficulties

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

Based on the analysis of the historical data the accounts receivable mainly represents by receivable from related parties and no provision is accrued.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

Derecognition of financial liabilities

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

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

Offsetting financial instruments

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

Impairment of non-financial assets

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

Share capital

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

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

Provisions

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

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

Leases

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

Leases in which the Company is a lessee

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

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

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

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

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

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

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

COVID-19-related rent concessions

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

Leases in which the Company is a lessor

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

Standards issued but not yet effective:

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

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)

4. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2021 RUB'000	2020 RUB'000
Payroll and related social taxes	229,267	199,703
Advertising	71,186	59,410
Legal and professional expenses	37,205	29,072
Independent auditors' remuneration	20,129	20,244
IT support	8,873	24,004
Depreciation	5,710	7,862
Amortisation	5,351	5,107
Call centre services	3,660	6,000
Licences	–	45,106
Other expenses	24,371	14,680
TOTAL SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**405,752**	**411,188**

During the year ended 31 December 2021 the remuneration of the independent auditors included an amount of RUB 19,359 thousand regarding audit services and an amount of RUB 770 thousand regarding tax services (the year ended 31 December 2020: RUB 20,114 thousand and RUB 130 thousand respectively).

The number of employees as at 31 December 2021 was 113 (31 December 2020: 107).

5. NET FINANCE (EXPENSES) / INCOME

	2021 RUB'000	2020 RUB'000
FINANCE INCOME		
Bank interest received	5,949	8,901
Finance expenses		
Bank charges	(908)	(1,570)
Interest on leases	(114)	(194)
Net foreign exchange transactions (loss) / gain	(6,926)	121,590
Net finance (expenses) / income	**(1,999)**	**128,727**

6. INCOME TAX

	2021 RUB'000	2020 RUB'000
Current tax	–	(4,919)
Deferred tax	–	4,919
Charge for the year	**–**	**–**

Reconciliation between profit before taxation and income tax expense:

	2021 RUB'000	2020 RUB'000
Accounting profit before tax	**3,703,469**	**2,866,548**
Tax calculated at the applicable tax rates	(740,694)	(573,310)
Tax effect of allowances and income not subject to tax	791,269	590,293
Current-year losses for which no deferred tax asset is recognised	(50,575)	(16,983)
Tax as per statement of comprehensive income – charge	**–**	**–**

The corporation tax rate is 20% (2020: 20%).

The Company in 2015 changed its tax residency from Cyprus to Russian and opened a branch in Moscow.

As a result the Company is taxable under Russian Tax Code which impose corporation tax at the rate of 20%.

As at 31 December 2021, deferred tax asset relating to tax losses carried forward in the amount of RUB 287,136 thousand (31 December 2020: RUB 236,561 thousand) has not been recognised in the financial statements since it is expected that no sufficient taxable profits will be available to allow it to be recovered.

7. DIVIDENDS

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

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

On 4 September 2020, the Board of Directors recommended the payment of RUB 736,225 thousand as interim dividends which corresponds to RUB 9.8 per share. The dividends were paid on 20 October 2020.

On 11 August 2020, the Board of Directors recommended the payment of RUB 1,389,813 thousand as final dividends for the year 2019 which corresponds to RUB 18.5 per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020. The dividends were paid on 13 October 2020.

8. INVESTMENTS IN SUBSIDIARIES

	31 December 2021 RUB'000	31 December 2020 RUB'000
Balance at 1 January	10,497,717	10,240,465
Capital contribution	763,920	311,338
Disposal of investments in subsidiaries due to liquidation	–	(15,156)
Impairment of investments in subsidiaries	(3,920)	(38,930)
Decrease of investment	(12,460)	–
Balance at 31 December	**11,245,257**	**10,497,717**

The details of the subsidiaries are as follows:

Name	Country of incorporation	Activities	31 December 2021 Effective holding, %	31 December 2020 Effective holding, %
JSC MD Project 2000	Russian Federation	Medical services	95	95
LLC Khaven	Russian Federation	Medical services	100	100
LLC Velum	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Pharmaceutics retail	95	95
LLC FimedLab	Russian Federation	Medical services	–	90
LLC Clinic Mother and Child	Russian Federation	Holding of trademarks	100	100
LLC Clinica Zdorovia	Russian Federation	Medical services	80	80
LLC Ivamed	Russian Federation	Medical services	100	100
LLC Dilamed	Russian Federation	Medical services	100	100
LLC UsticECO	Russian Federation	Medical services	–	70
LLC Mother and Child Perm	Russian Federation	Medical services	95	95
LLC Mother and Child Ufa	Russian Federation	Medical services	95	95
LLC Mother and Child Saint Petersburg	Russian Federation	Medical services	85	85
LLC MD PROJECT 2010	Russian Federation	Medical services	100	100
LLC Mother and Child Ugo-Zapad	Russian Federation	Medical services	90	90
LLC MD Service	Russian Federation	Pharmaceutics retail	95	95
LLC Mother and Child Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mother and Child Yekaterinburg	Russian Federation	Medical services	100	100
LLC Mother and Child Tyumen	Russian Federation	Medical services	100	100
CJSC MK IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC CSR	Russian Federation	Medical services	100	100
LLC MD Assistance	Russian Federation	Assistance services	100	100
LLC Mother and Child Yaroslavl	Russian Federation	Medical services	80	80
LLC Mother and Child Kostroma	Russian Federation	Medical services	80	80
LLC Mother and Child Vladimir	Russian Federation	Medical services	80	80
LLC Mother and Child Ryazan	Russian Federation	Medical services	100	100
LLC Mother and Child Kazan	Russian Federation	Medical services	100	100
JSC MC Avicenna	Russian Federation	Medical services	100	100
LLC H&C Medical Group	Russian Federation	Medical services	100	100
LLC Centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Medica-2	Russian Federation	Medical services	100	100
LLC Krasnoyarskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Novosibirskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Omskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Barnaulskii centre of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Mother and Child Vladivostok	Russian Federation	Medical services	100	100
LLC Irkutsk Clinical Hospital	Russian Federation	Medical services	–	100
LLC Mother and Child Volga	Russian Federation	Management company	100	100
LLC MD Finance	Russian Federation	Management company	100	100
LLC Mother and Child Vladikavkaz	Russian Federation	Medical services	–	100
LLC Mother and Child Krasnodar	Russian Federation	Medical services	100	100
LLC Mother and Child Rostov-on-Don	Russian Federation	Medical services	100	100
LLC MD Group Krasnogorsk	Russian Federation	Medical services	90	90
LLC MD Belgorod	Russian Federation	Medical services	100	–
LLC MD Lipetsk	Russian Federation	Medical services	100	–
NFP MGIMO-MED	Russian Federation	Medical university	67	–
LLC Siberia service company	Russian Federation	Service company	–	–
LLC TechMedCom	Russian Federation	Service company	–	–
LLC Service Hospital Company	Russian Federation	Service company	–	–
LLC Elleprof	Russian Federation	Service company	–	–
LLC Medtechnoservice	Russian Federation	Service company	–	–

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

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

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

The Company increased the authorized and issued capital of its subsidiaries LLC Mother and Child Ryazan in the amount of RUB 94,600 thousand and LLC Mother and Child Kazan in the amount of RUB 6,000 thousand in March 2020, LLC Mother and Child Nizhny Novgorod in the amount of RUB 63,800 thousand and LLC MD PROJECT 2010 in the amount of RUB 8 thousand in April 2020, LLC Mother and Child Volga in the amount of RUB 8,000 thousand in June 2020. The company made the capital contribution in its subsidiary CJSC MK IDK in the amount of RUB 50,000 thousand in April 2020 and RUB 50,000 thousand in October 2020.

The capital contributions in LLC Mother and Child Yekaterinburg in the amount of RUB 28,600 thousand and in LLC Dilamed in the amount of RUB 10,330 thousand made during the year ended 31 December 2020 were impaired.

LLC Mother and Child Siberia, LLC Nika and LLC Stroy Vector Pluss were merged to LLC Khaven during the year ended 31 December 2020. LLC MD Management and CJSC Listom were liquidated on 26 May 2020 and 16 March 2020 accordingly.

9. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment RUB'000	Right-of-use of freehold buildings RUB'000	Total RUB'000
INITIAL COST			
Balance at 1 January 2020	**11,258**	**12,954**	**24,212**
Additions	1,537	4,767	6,304
Disposals	(222)	–	(222)
Balance at 31 December 2020	**12,573**	**17,721**	**30,294**
Additions	936	3,104	4,040
Disposals	(1,299)	–	(1,299)
Balance at 31 December 2021	**12,210**	**20,825**	**33,035**
DEPRECIATION			
Balance at 1 January 2020	**(3,665)**	**(9,118)**	**(12,783)**
Depreciation during the year	(2,122)	(5,740)	(7,862)
Accumulated depreciation on disposals	53	–	53
Balance at 31 December 2020	**(5,734)**	**(14,858)**	**(20,592)**
Depreciation during the year	(2,331)	(3,379)	(5,710)
Accumulated depreciation on disposals	859	–	859
Balance at 31 December 2021	**(7,206)**	**(18,237)**	**(25,443)**
CARRYING AMOUNTS			
Balance at 1 January 2020	**7,593**	**3,836**	**11,429**
Balance at 31 December 2020	**6,839**	**2,863**	**9,702**
Balance at 31 December 2021	**5,004**	**2,588**	**7,592**

10. INTANGIBLE ASSETS

	Software and website RUB'000	Total RUB'000
INITIAL COST		
Balance at 1 January 2020	**21,378**	**21,378**
Additions	4,456	4,456
Balance at 31 December 2020	**25,834**	**25,834**
Additions	13,458	13,458
Balance at 31 December 2021	**39,292**	**39,292**
AMORTISATION		
Balance at 1 January 2020	**(13,704)**	**(13,704)**
Amortisation during the year	(5,107)	(5,107)
Balance at 31 December 2020	**(18,811)**	**(18,811)**
Amortisation during the year	(5,351)	(5,351)
Balance at 31 December 2021	**(24,162)**	**(24,162)**
CARRYING AMOUNTS		
Balance at 1 January 2020	**7,674**	**7,674**
Balance at 31 December 2020	**7,023**	**7,023**
Balance at 31 December 2021	**15,130**	**15,130**

11. TRADE, OTHER RECEIVABLES AND DEFERRED EXPENSES

	31 December 2021	31 December 2020
Receivables from related parties	559,206	59,973
Other receivables	4,194	10,052
	563,400	**70,025**

12. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

	31 December 2021 RUB'000	31 December 2020 RUB'000
Current bank accounts	730,616	310,754
Bank deposits with maturity less than 3 months	29,000	74,500
Total cash and cash equivalents	**759,616**	**385,254**
Other short-term bank deposits (with maturity more than 3 months)	-	746,145
TOTAL CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS	**759,616**	**1,131,399**

Currency:	31 December 2021 RUB'000	31 December 2020 RUB'000
USD	720,532	1,052,192
RUB	39,104	79,201
EUR	(20)	6
	759,616	**1,131,399**

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

13. SHARE CAPITAL

	Number of shares	Nominal value 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

14. SHARE PREMIUM, RESERVES AND RETAINED EARNINGS

Share premium

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

Retained earnings

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

Other reserves

Exchange differences relating to the translation of the net assets of the Company from its functional currency to the presentation currency before changing the functional currency from the United States Dollar to the Russian Rouble were recognised directly in other comprehensive income and accumulated in the other reserves.

Other reserves also include the results of common control transactions recognised in equity and the 'gains/loss' from mergers.

15. TRADE AND OTHER PAYABLES

	31 December 2021 RUB'000	31 December 2020 RUB'000
Accruals	22,507	22,009
Lease payables	2,724	2,857
Other payables	45,433	92,597
	70,664	**117,463**

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

16. RELATED PARTY TRANSACTIONS

As at 31 December 2021, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr Mark Kurtser. The 32.1% of the Company's share capital is owned by Guarantee Nominee Limited, who holds the shares on behalf of the GDR holders.

The following transactions were carried out with related parties:

16.1. Operations with key management personnel

The remuneration of the members of the key management personnel and non-executive directors for the year ended 31 December 2021 was RUB 52,163 thousand (for the year ended 31 December 2020: RUB 61,535 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2021 was RUB 7,550 thousand (31 December 2020: RUB 6,405 thousand).

16.2. Transactions with subsidiary companies

	2021 RUB'000	2020 RUB'000
Dividends received	3,993,512	3,028,184
	3,993,512	**3,028,184**

LLC Mother and Child Siberia, LLC Nika and LLC Stroy Vector Pluss were merged to LLC Khaven during the year ended 31 December 2020. The relevant information is disclosured in Note 8.

16.3. Revenue from subsidiaries for branch operations

During the year the Company received revenue from recharging of expenses amounted to RUB 98,886 thousand (2020: RUB 150,968 thousand) which relates to licences, advertising, IT support and call centre expenses recharged to its subsidiaries. The relevant expenses are presented in Note 4.

16.4. Receivables from / (Payables to) subsidiary companies

	2021 RUB'000	2020 RUB'000
Receivables from subsidiary companies – Dividend receivable	543,682	–
Receivables from subsidiary companies – Trade receivables	15,524	59,973
Payables to subsidiary companies – Other payables	(186)	(17,014)

16.5. Directors' interests

The direct and indirect interests of the members of the Board in titles of the Company as at 31 December 2021, 31 December 2020 and as at the date of signing these financial statements are as follows, except for Vitaly Ustimenko:

Name	Type of interest	Effective interest %
Mark Kurtser	Indirect ownership of shares	67.90
Kirill Dmitriev (resigned on 5 March 2022)	Indirect interest in shares	5.55
Simon Rowlands (resigned on 9 March 2022)	Direct ownership of shares	0.33
Vitaly Ustimenko	Direct ownership of shares	0.005

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

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

Member of the Board of Directors Vitaly Ustimenko acquired GDRs on 24 January 2022, as a result the share of his ownership increased from 0.0048% to 0.0053% of the Company's share capital.

16.6. Dividends declared to related parties

Dividends declared to the parent company MD Medical Holding Limited amounted to RUB 1,887,866 thousand for the year ended 31 December 2021 (31 December 2020: RUB 1,443,963 thousand).

17. FINANCIAL RISK MANAGEMENT

Financial risk factor

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

- Credit risk
- Liquidity risk
- Market risk

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

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

(i) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. Cash balances are held with various financial institutions.

Exposure to credit risk

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

	31 December 2021 RUB'000	31 December 2020 RUB'000
Trade and other receivables	560,898	64,198
Cash and cash equivalents and short-term bank deposits	759,616	1,131,399
	1,320,514	**1,195,597**

The Company held cash and cash equivalents and short-term bank deposits excluding cash in hand of RUB 759,616 thousand at 31 December 2021 (31 December 2020: RUB 1,131,399 thousand) which represents its maximum credit exposure on these assets.

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

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

The carrying amounts as of 31 Dcember 2020 and external ratings of 2020 were as follows:

Number of banks	External credit rating	Carrying amount
1	Baa3	15,915
1	A3	818,619
1	Aa3	296,865
TOTAL		**1,131,399**

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Company has procedures to minimise such losses including maintaining sufficient cash and other highly liquid current assets. The following are the contractual maturities of financial liabilities including estimated interest payments:

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

31 December 2020	Note	Carrying amounts RUB'000	Contrac-tual cash flows RUB'000	2 months or less RUB'000	Between 2–12 months RUB'000	Between 1–2 years RUB'000	Between 2–5 years RUB'000	More than 5 years RUB'000
Lease liabilities	15	2,857	2,940	560	2,380	–	–	–
Trade and other payables	15	114,606	114,606	114,606	–	–	–	–

(iii) Market risk

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

Interest rate risk

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

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

Fixed rate instruments	Note	2021 RUB'000	2020 RUB'000
Financial assets	12	29,000	820,645
Financial liabilities	15	(2,724)	(2,857)
		26,276	**817,788**

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

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar.

The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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

	31 December 2021		31 December 2020	
	USD	EUR	USD	EUR
ASSETS				
Cash at bank	720,532	(20)	306,047	6
Short-term bank deposits	–	–	746,145	–
Trade and other receivables	–	–	294	–
Net exposure	**720,532**	**(20)**	**1,052,486**	**6**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
USD	73.6541	72.1464	74.2926	73.8757
EUR	87.1877	82.4488	84.0695	90.6824
GBP	101.3437	92.5689	100.0573	100.0425

Sensitivity analysis

A 10% weakening of the Russian Rouble against the above currencies will result in the increase in profit and equity of RUB 72,051 thousand as at 31 December 2021 (31 December 2020: RUB 105,249 thousand).

A 10% stengthening of the Russian Rouble would have an opposite impact.

Capital management

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

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

18. FAIR VALUES

As at 31 December 2021 and 31 December 2020 the Company had no financial assets or liabilities measured at fair value.

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date except the investments in subsidiaries which are presented at cost less impairment.

19. OPERATING ENVIRONMENT

(a) Russian business environment

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

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

Also, the COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment.

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

(b) Russian tax environment

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

20. EVENTS AFTER THE REPORTING PERIOD

Military operations in Ukraine

In February 2022, following the recognition of self-proclaimed republics of Donetsk and Lugansk by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries.

In recent days and weeks, following the commencement of military operations in Ukraine by the Russian Federation, additional severe sanctions were imposed by the United States of America, the European Union and some other countries on the Russian Government, as well as major financial institutions and certain other entities and individuals in Russia. In addition, restrictions were introduced on supply of various goods and services to Russian entities. In response to the sanctions described above, the Russian Government introduced certain currency control measures while the Russian Central Bank increased the key rate to 20%.

Liquidity risk

The Company maintains cash with banks that are subject to sanctions.

Currency risk

Significant depreciation of the Russian Rouble has resulted in upward revaluation of USD denominated cash and cash equivalents. The net effect on profit or loss (before the effect of income taxes) in case of a 50% weakening of the Russian Rouble against USD will be RUB 360,266 thousand (based on currency exposure as at 31 December 2021).

Credit risk

The negative impact on the Russian economy is also likely to increase the credit risk for many customers and result in significant additional amount of expected credit losses being recognised; however, the financial effect is not possible to quantify.

Impairment

The events described are likely to reduce the Company's revenue, and also increase the discount rate. This may result in impairment of the Company's CGUs; however, the financial effect is not possible to quantify.

Revenue

Already imposed and potential future sanctions are likely to have an adverse effect on the Russian economy which is likely to have a negative impact on the Company's results. However, the financial effect is not possible to quantify.

Operating expenses

Although the Comany's operational costs are incurred in RUB, the management expects that due to high volatility of foreign currency exchange rates operating expenses of the Company will increase in 2022.

Other consequences

Sergey Kalugin was appointed as an Independent Non-Executive Director of the Board of Directors. The changes came into force on 2 March 2022.

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

Kirill Dmitriev and Simon Rowlands decided to step down as a member of the Board of Directors. The changes came into effect on 5 March 2022 and 9 March 2022 respectively.

Corporate social responsibility

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

OUR MISSION

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

OUR PEOPLE

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

OUR TECHNOLOGY

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

OUR PROFESSION

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

OUR COMMUNITIES

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

KEY CSR ACTIVITIES IN 2021

In 2021, the pandemic still was an obstacle in holding public events. However, in spite of restrictions, the medical centres of the Group's did everything in their means to safely continue charity and social work in various areas. The following events were particularly noteworthy.

Donor's Day in Ufa

Donor's Day in January 2021 in the MD Ufa. Together with the blood service of the Republic of Bashkortostan, an action was held in the hospital. More than 100 people volunteered and donated blood.

Various educational events

Conference of reproductive specialists were held in 2021 at the MD hospitals and other locations. Among others, such conferences were held in Lapino, Ufa, Samara and Volgograd. Fertility doctors, gynecologists of our hospitals and regional specialists came together to exchange knowledge and experience.

Charity events

We constantly support various organizations that help children with special needs. In 2021, in particular, we helped to purchase necessary equipment for kindergarten 364 in Novosibirsk. New equipment will give teachers and children new opportunities for development, allow them to better prepare for school and socialize in society, as well as increase the number of children in the kindergarten as well as the effectiveness of classes.

Annual Christmas and New Year events

Traditionally, on the eve of the New Year and Christmas, we organize various events for children, last year was no exception, and a Christmas tree and sweet gifts were waiting for our little patients.

In addition, we traditionally organize a Wish Tree, in which the Group and our employees collect gifts for children with disabilities in various regions. This year, such events were held in the city of Ob, the villages of the Novosibirsk and Kochenevsky districts, we collected more than 400 gifts and organized celebrations for the kids.

Sustainable development

Sustainable development at MD Medical Group goes beyond individual activities. It is an organisation-wide culture that reflects the fundamental identity of MD Medical Group as both innovative and socially responsible.

Since 2017, sustainable development has had its own section of the Annual Report and is prepared in accordance with the GRI Standards 2016 (Core option) and the 2014/95/EU directive. Here we outline key benchmarks and activity results of our hospitals and clinics in sustainable development, with a focus on their social and environmental performance.

The key indicators we track each year are electricity use, heating, and water consumption. The information provided in this section covers the period 1 January to 31 December 2021. The clinics and hospitals that contributed information to this sustainability report did so according to the IFRS 10 requirements unless stated otherwise.

IDENTIFYING MATERIAL TOPICS

Material topics were identified for the previous year's annual report in a robust, coherent manner, and the same approach was taken with regards to the MD Medical Group's Annual Report 2021. Benchmarking against major companies in the industry has upheld this approach. As a result, the matrix of material topics created in 2020 was continued in 2021.

The material topics that feature in this graph are disclosed in the sustainable development section and referred to elsewhere in the Annual Report 2021. The sustainable development section discloses one material topic, Quality of Service Provision, that is not covered by the GRI Standards but is considered essential at MD Medical Group. Both internal and external stakeholders identified this topic as highly important since it reflects the level of customer satisfaction.

Ensuring patients receive the highest quality of care is a key priority for MD Medical Group. Therefore, the report discloses several indicators that MD Medical Group included in its previous Annual Reports, including Development and extension of the list of services (MD1), Annual capacity of the hospitals (MD2), Development of hi-tech medical care (MD3), Highly-qualified personnel (MD4), Dialogue with patients (MD5).

INTERACTION WITH STAKEHOLDERS

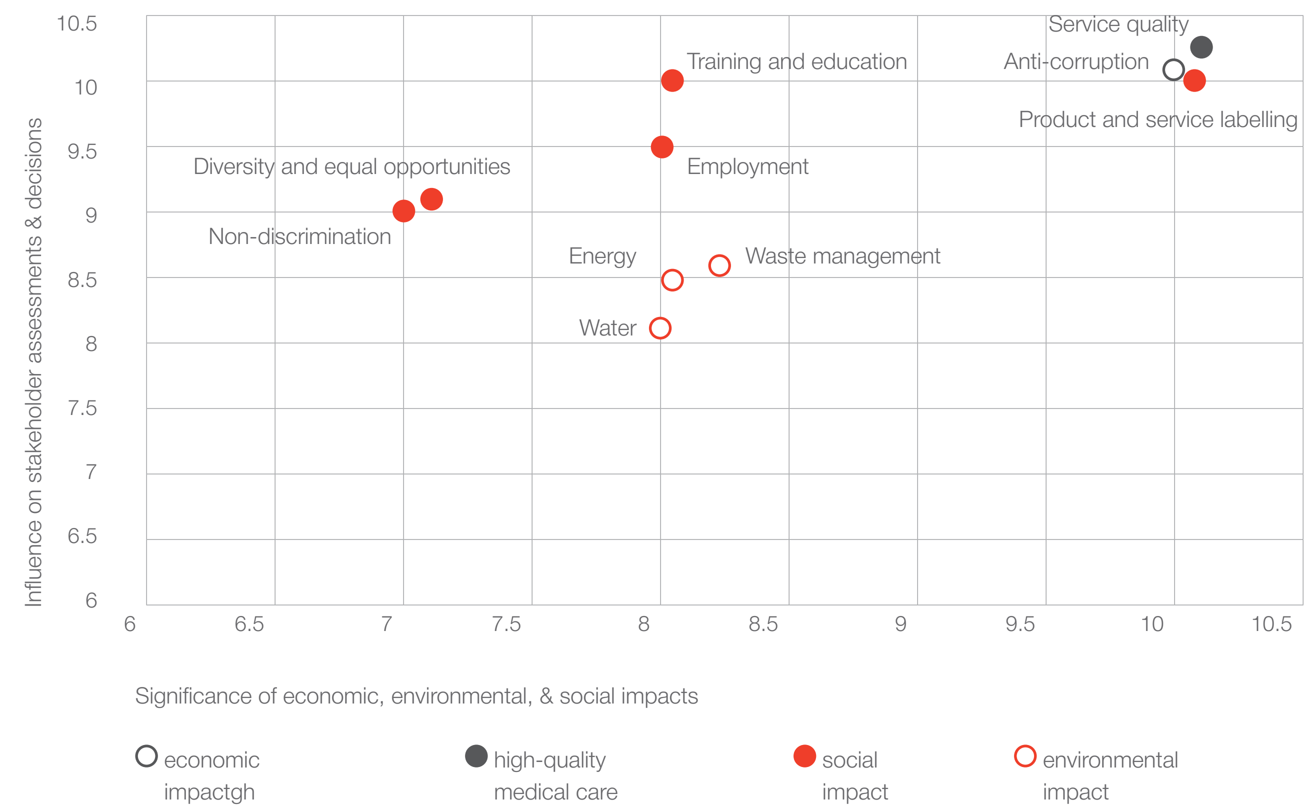
All business functions of MD Medical Group were analysed to identify key stakeholders for this Annual Report. Medical health care practices were benchmarked, and the Company's internal and external impacts were evaluated. The following stakeholder list, as defined in previous annual reports, continues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

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

In addition, MD Medical Group adds the following category of stakeholder, whose interests are broadly aligned with those of the other two stakeholder groups – patients and authorities:

- Insurers.

MD Medical Group regularly interacts with all stakeholders to ensure the quality of the services provided is under constant scrutiny and to improve the effectiveness of its business activities.



STAKEHOLDER NEEDS ANALYSIS FOR MD MEDICAL GROUP

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

Employees
- Proffesional growth
- Career opportunities
- Lucrative compensation

Suppliers
- Business sustainbility
- Procurement transparency

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

Government authorities
- Compliance
- Patient satisfaction with care

Insurers
- Compliance
- Patient satisfaction with care

Mass media
- Willingness to cooperate
- Availability of information
- Transparency and clarity of information

MAIN COMMUNICATION CHANNELS

Online
- Corporate website
- Clinics' individual websites
- Mobile app
- Webinars

Internal
- Intranet
- Employee hotline
- Corporate magazine

Direct
- Quallity hotline for patients
- Feedback
- Replies to inquiries

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

OUR PATIENTS

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

PATIENT SERVICE

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

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

To increase the financial availability of our services, we work both on a commercial basis and under the programme of Mandatory Health Insurance (MHI). Medical assistance under the MHI programme is provided in 31 clinics, including 6 in-patient clinical hospitals providing high-tech medical care.

In 2021, 137,543 patients were treated under the MHI programme, with 3,202 patients receiving high-tech medical services. Infertility is also treated with the help of assisted reproductive technologies (IVF) under the MHI programme. In 2021, 12,275 patients underwent IVF cycles within this framework.

In 2021, our oncological clinics received additional support from the MHI Fund. 9,720 patients received treatment for cancer under the MHI programmes, including 223 cases of high-tech treatment.

We constantly update our equipment and improve the skills of our personnel so that our patients receive the best treatment. In 2021, one of the most striking examples was endovascular heart surgery on a premature newborn, performed by specialists from the MD Group Clinical Hospital. A unique operation was performed without incisions by puncturing a vessel in the thigh area of a newborn, who was implanted with a special occluder with a diameter of 4.0 mm (a device for closing the duct). On the day of the operation, the patient's weight was only 1,050 grams.

In June 2021, for the first time in the practice of the Lapino Clinical Hospital, a patient with massive coronary artery damage underwent a coronary bypass shunting. This operation was performed on an open heart using a heart-lung machine (AIC). The successful operation on a beating heart opened a new page in our work and strengthened the interdisciplinary skills of the Lapino hospital team. Today, as all of our hospitals are developed as large multifunctional centres, we continue to introduce advanced treatments for patients of all ages in various fields of medicine.

PATIENT ENGAGEMENT

To increase patient engagement, we are using Digital Medical Operations (Doctis) telemedicine consultation platform. As of January 2022, more than 1,000 doctors were connected to Doctis. The demand for the platform has doubled since 2020 to reach 50,000 remote consultations. The online format has become especially popular during the COVID-19 pandemic, allowing patients to stay in touch with their doctors. The introduction of telemedicine consultations, among other things, made it possible to provide some medical services remotely, e.g. to patients planning IVF cycles.

MD Medical Group continues to take a data-driven approach to its website, constantly reviewing it for changes that can be made and improvements that can positively impact user experience. A comprehensive approach is taken to assessing and responding to patient feedback, ensuring all internal parties are involved.

Feedback mechanisms that monitor patients' perception of the quality of service provided by MD Medical Group have been in place since 2017. Central to this is the customer satisfaction score (CSAT) for consultations over the telephone and hotline performance, which seeks customer input on:
- Speed and convenience of a consultation
- Completeness and comprehensiveness
- Politeness of an employee during a consultation

These indicators are recorded and analysed regularly, as a patient might leave their feedback at any stage of a consultation process. Patients can also use the hotline to share their feedback on services received at MD Medical Group, by filling out a form on the website, sending an email to quality@mcclinics.ru or via the contact centre.

In 2020, MD Medical Group rolled out the strategy that underpins robust and responsive feedback and enquiry processing system. Despite the challenges presented by the COVID-19 pandemic, MD Medical Group is pleased to report that the key goals of this strategy were achieved, as planned, in 2021.

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

- Quickly contact members of staff at any clinic
- Book a doctor's appointment online
- Receive results of medical tests online
- Make payments

Each year, MD Medical Group holds several events to raise public awareness of health issues, inform patients of the range of healthcare support available, and increase the accessibility of medical services. Subjects such as obstetrics (pregnancy planning and delivery), infertility treatment, IVF, and paediatrics are areas where MD Medical Group truly excels. Its medically trained staff regularly take part in events, initiatives, and public outreach projects on these and related topics.

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

OUR PEOPLE

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

EMPLOYEE ENGAGEMENT

MD Medical Group's market-leading status relies on the outstanding professionals who make up our staff. We invest in our employees and offer diverse opportunities for professional development for all members of staff, whatever their role within the company.

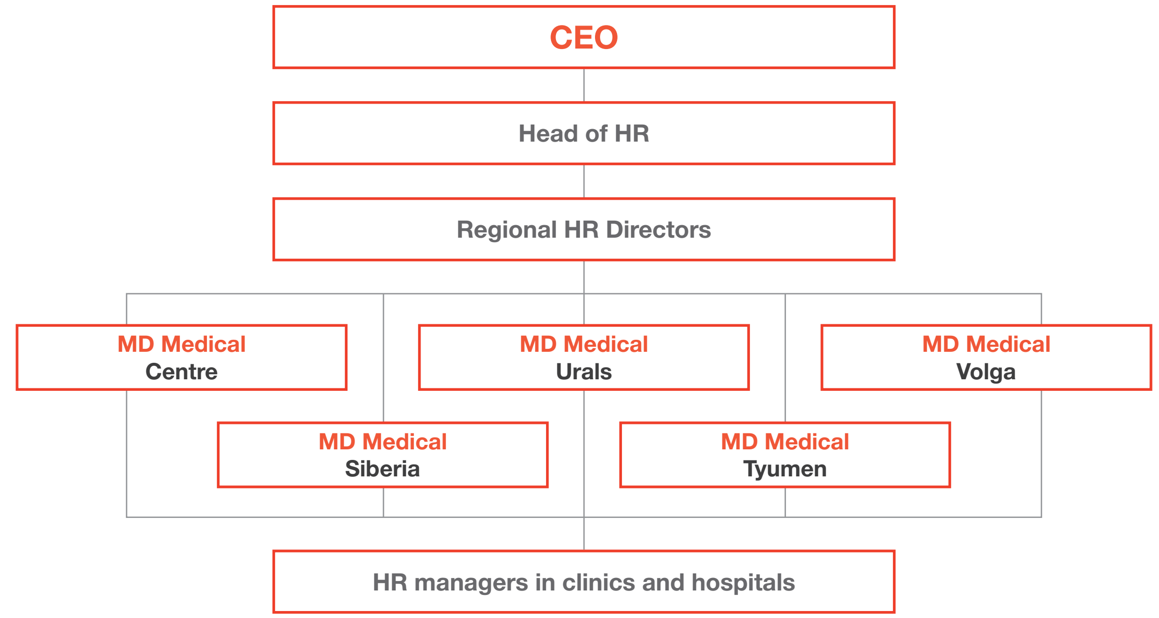
Our people are essential in driving our ongoing success. MD Medical Group's employees are highly qualified and talented in all fields: from medically qualified healthcare professionals to management and administrative support teams. They work hard to ensure the long-term success of our business. In return, we provide our staff with a comfortable and supportive working environment, competitive wages and social packages, as well as broad possibilities for further professional growth.

Our HR Policy focuses on:
- Retaining existing staff and searching for new highly skilled employees
- Developing our personnel management system
- Selecting talented students and inviting them to study with residence at our facilities.
- Creating opportunities for personal and career growth
- Constantly monitoring and adopting the best available technologies
- Regularly updating our equipment so it remains state-of-the-art
- Ensuring our best employees are in key positions to maximise potential and stimulate internal growth
- Providing better working conditions to ensure low staff turnover
- Providing incentive programmes for employees
- Offering training programmes in a range of fields, as part of our corporate education system

As an employer, MD Medical Group prioritises further professional development for all its employees. Key company values, such as transparency, innovation, and adherence to best practices – in the real world mean that we carry out regular training sessions for employees in clinics across the country. These training sessions help ensure that, at each MD Medical Group location, patients and staff can expect the same high-quality level of operation.

MD Medical Group's HR management structure reflects features of the industry, specific aspects of key business functions, type of facilities and geographic location of hospitals and clinics. The Company's corporate culture and business goals are also reflected in the HR management structure, presented in the chart below.

HR MANAGEMENT STRUCTURE



Personnel management at MD Medical Group focuses on:
- Attracting high-qualified, talented, and motivated professionals into the workforce
- Developing a talent pool of qualified medical professionals and managers
- Offering them a supportive, inclusive environment in which they can further develop their skills
- Incentivising and motivating staff to grow their skills and achieve more
- Adopting lean management practices and processes across the Group
- Providing continuous access to further professional education for staff in all areas at MD Medical Group
- Ensuring all members of staff are valued equally and have equal opportunities to speak up about issues that affect them in their workplace

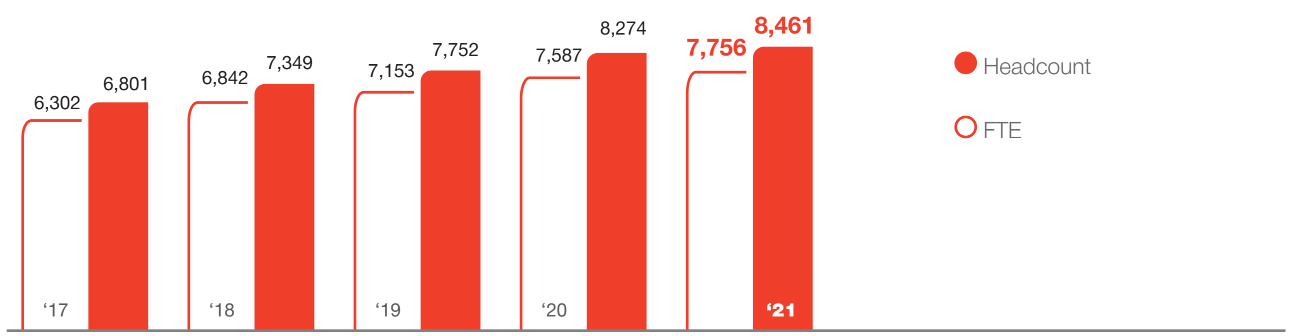
Motivating members of the team to perform at their best at all times while with MD Medical Group is an essential feature of the Group's HR management landscape. MD Medical Group has a bonus system in place, including:
- Monthly performance bonus (70/30 system)
- Bonus for achieving KPIs
- Awards for individual achievements
- Incentive payments for the qualification category
- State and medical community awards and diplomas
  In 2021, more than 50 employees of the Company were awarded state awards and commendations for their fight against COVID-19.

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

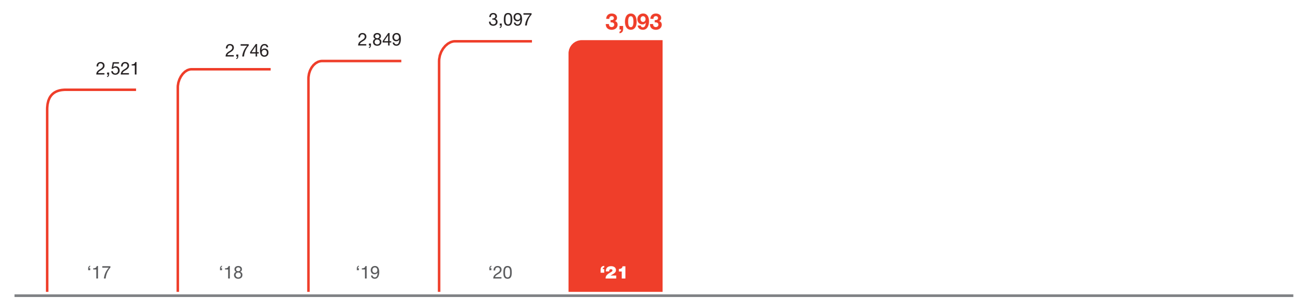
Any employee who has suspicions of potentially illegal or unethical activities may report to her immediate supervisor, the head of department, or the head of the Internal Audit Department. The most complex cases are reported to the CEO, the Chairman of the Audit Committee, or the Chairman of the Board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

PERSONNEL FIGURES (AS OF 31 DECEMBER 2021)

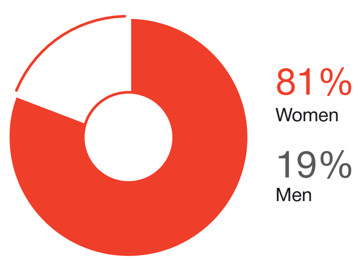
Total number of employees



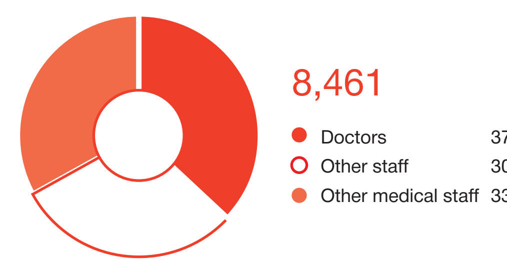
Total number of doctors (FTE)



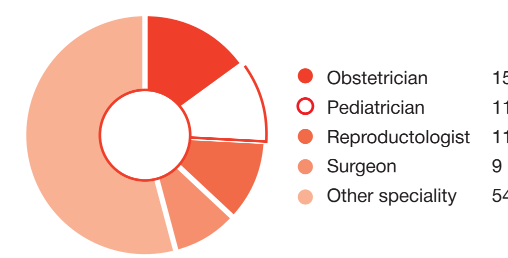
Employees by gender (as of 31 December 2021)



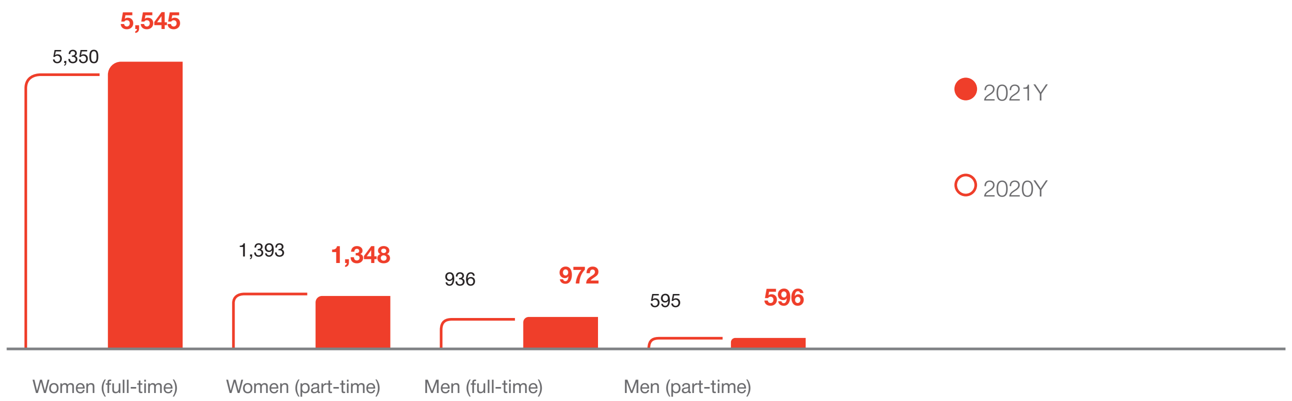
Personnel structure (as of 31 December 2021)



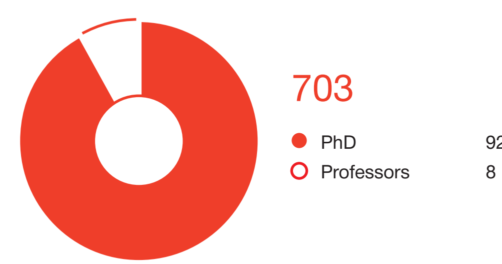
Doctors by speciality (FTE, as of 31 December 2021)



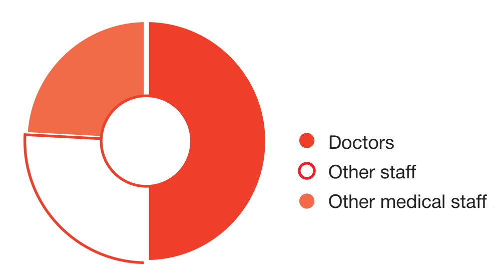
Employees by employment type



Doctor’s qualifications (as of 31 December 2021)



Payroll structure



PROFESSIONAL DEVELOPMENT

As an employer, MD Medical Group prioritises further professional development for all its employees. Key company values, such as transparency, innovation, and adherence to best practices – in the real world mean that we carry out regular training sessions for employees in clinics across the country. These training sessions help ensure that, at each MD Medical Group location, patients and staff can expect the same high-quality level of operation.

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

Over the last 10 years, our physicians have completed residency training in OBGYN, neonatology, and oncology. Competition for residency training is widely announced each year, resulting in more than 100 applications from participants from all regions of the country. The competition takes place in several stages; the finalists are carefully selected and trained at the clinical facilities of the Lapino Central Hospital and the MD Group Central Hospital.

In 2021, seven participants won the competition and entered the programme, and four participants graduated. Upon completion of their residency, doctors are employed by the Group's clinics and hospitals, including those in the regions. In this way, by training doctors from their student benches, we maintain continuity in the level of qualification and quality of medical care inherent in the GC.

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

At MD Medical Group, staff are encouraged to learn from each other. In 2021, among our training programmes we have provided staff with:

- 13 lectures for nurses, with more than 350 participants each, on the topics of monitoring the patient in various conditions, an overview of changes in sanitary rules and regulations, requirements for the safe handling of medical waste, professional mistakes and responsibility of nurses, etc.;
- 48 lectures for doctors on OBGYN, reproductive medicine, surgery, oncology, etc.;
- 3 webinars on genetic pathology;
- 3 offline conferences in Lapino Clinical Hospital on reproductology and oncology;
- a full-time training course with master classes (14 days) on ultrasound diagnostics in obstetrics, in the MDG Clinical Hospital;
- a conference on rehabilitation and monitoring of children born prematurely, in the Avicenna Clinical Hospital;
- offline conferences on OBGYN problems, in Samara, Tyumen. and Ufa Clinical Hospitals;
- several international scientific and practical conferences on OBGYN, urology, paediatrics, and so on;
- masterclasses in hospitals on OBGYN, reproductive medicine, surgery, including bariatric surgery, urology and traumatology.

In addition, MD Medical Group provided:

- career development courses;
- short-term thematic advanced training;
- interaction between healthcare professionals in Moscow and those in the regions to ensure one consistently high quality of care at all MD Medical Group facilities;
- participation in international forums, conferences, exhibitions, where possible, and training centre support for improving soft skills and knowledge acquisition across different areas and competencies.

In 2022, we are going to increase the number of areas in our residency programme, including OBGYN, oncology, anesthesiology, surgery, and therapy. We are also planning to centralise our distance learning programmes in nurse training and OBGYN.

The Company enhances its cooperation with higher education facilities. In September 2022, the first admission to MGIMO Medicine Institute is planned within the joint project between MGIMO and MD Medical Group.

WORKPLACE SAFETY

Medical and non-medical employees at MD Medical Group are offered courses in occupational safety and related areas as specified under Article 225 of the Russian Federation Labour Code. Every three years each employee must pass the relevant occupational safety test and each year non-medical staff members complete first-aid courses.

To guarantee that MD Medical Group facilities are safe for patients, staff, and third parties, the following training is also provided on-site: fire-safety, heating and energy supply systems, servicing high-pressure equipment, safe lift usage and maintenance, gas and water heating system safety.

SUPPLY CHAIN DEVELOPMENT

Effective supply chain management is essential to patient safety and the economic stability of MD Medical Group's operations. The Group benefits from a robust and resilient supply chain. At its core is the analysis of material and equipment demand at all facilities.

MD Medical Group's core values of good faith, transparency, impartiality and fairness permeate all dealings with suppliers and other stakeholders in the supply chain. In supplier selection, particular emphasis is placed on a candidate's experience and the quality of the product or service they offer. Successful candidates must be able to demonstrate a significant and successful track record in providing medical products and services, particularly for international-level private medical facilities. They must also share the same values, principles and work ethics as MD Medical Group.

In 2021, MD Medical Group cooperated with over 3,200 supply companies, among which 199 provide medical expendables, 2,710 are suppliers of medications, and 350 are suppliers of medical equipment. The total number of companies involved in the supply chain in every area is kept to under two (as the diagram explains). The procurement and supply department seeks to reduce the number of entities in the supply chain to ensure maximum efficiency and is primarily focused on major distributors able to meet MD Medical Group's complex needs.

Centralisation plays an important role in supply chain management at MD Medical Group. Every year the procurement department establishes a list of procurement categories that will be handled centrally. Suppliers are identified and selected in a transparent selection process, which ensures a continuum of high-quality care between the different locations in MD Medical Group's structure. The working environment, conditions, and equipment are therefore brought up to a shared level across all MD Medical Group entities.

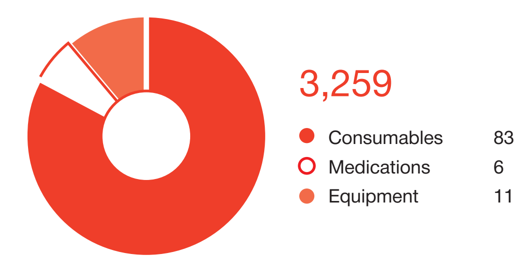
In addition to centralisation, supply chain management goals are:

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

The purchase of medications and medical equipment is carried out under this centralised approach. The goal here is to ensure competing producers are invited to participate in any single opportunity to supply the Group. This means MD Medical Group actively seeks to stimulate competition for each supply opportunity and is always open to new entities. As this is a fast-growing area, in which innovative products appear on the market regularly, it is essential to MD Medical Group's standing as an innovation driver in its field that it is open to adopting these innovations at its centres. Before adopting them, rigorous performance and quality reviews are carried out. MD Medical Group also works directly with producers to gain access to the latest unique developments which are not already on the market, but which meet specific and identified needs.

In 2021, MD Medical Group collaborated with more than 3,000 suppliers. The purchasing department aims to reduce the number of levels in the supply chain to a maximum of two for maximum efficiency. It primarily focuses on large distributors that can meet the complex needs of MD Medical Group.

Suppliers by category (2021), %



Centralisation plays an important role in supply chain management at MD Medical Group. Every year, the purchasing department establishes a list of categories that will be handled centrally. Suppliers are identified and selected in a transparent selection process, which ensures a continuum of high-quality care between the different locations in MD Medical Group's structure. The working environment, conditions, and equipment are therefore brought up to a shared level across all MD Medical Group entities.

In addition to centralisation, supply chain management goals are:

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

The purchase of medications and medical equipment is carried out under this centralised approach. The goal here is to ensure competing producers are invited to participate in any single opportunity to supply the Group. This means MD Medical Group actively seeks to stimulate competition for each supply opportunity and is always open to new entities. As this is a fast-growing area, in which innovative products appear on the market regularly, it is essential to MD Medical Group's standing as an innovation driver in its field that it is open to adopting these innovations at its centres. Before adopting them, rigorous performance and quality reviews are carried out. MD Medical Group also works directly with producers to gain access to the latest unique developments which are not already on the market, but which meet specific and identified needs.

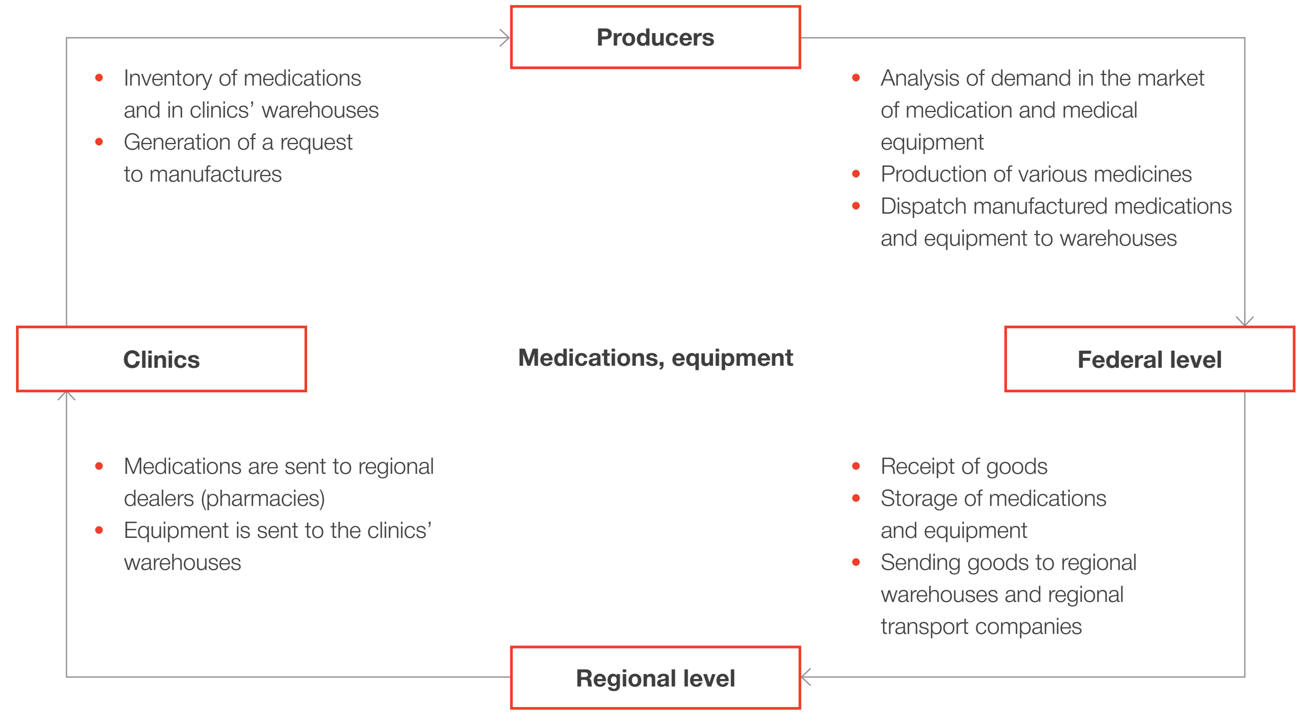
In 2021, a unified procurement regulation of MD Medical Group was developed and approved. This regulation defines a unified procedure for all procurement activities, the rights and obligations of their participants, the scope of responsibility, etc. The regulation goals are:

1. Timely replenishment of the material and technical base necessary to ensure its functioning.
2. Improving the required quality of supplies and efficiency in the use of funds.
3. Ensuring transparency of procurement procedures and objectivity of decisions made.
4. Ensuring the mandatory requirements of an open tender, preventing a conflict of interest among procurement participants.

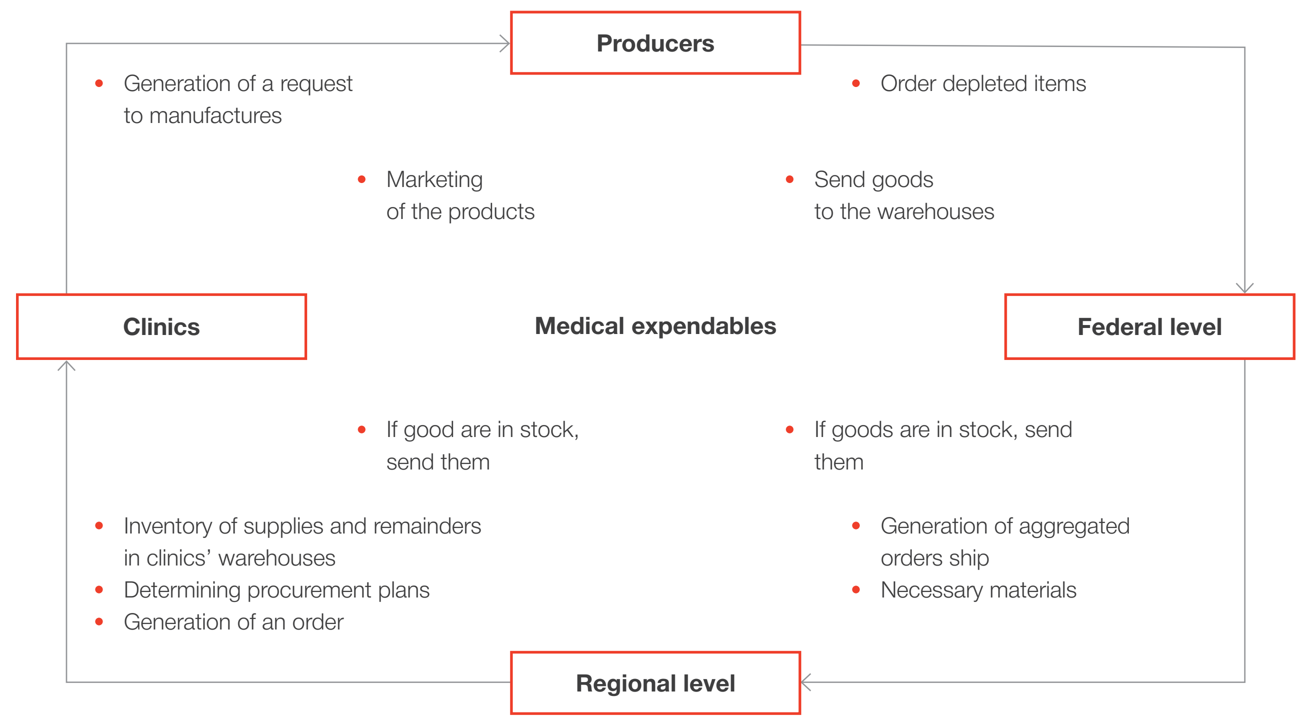
Due to the emergence of new areas of activity (oncology, treatment of COVID-19, etc.), the volume of purchases of medications has significantly increased (by 55% compared to 2020). Centralised procurement procedures cover 92% of the volume. 100% of purchases are made locally, which makes it possible to significantly improve the operation of the supply chain by monitoring the fulfilment of contractual obligations. Direct contracts have been signed with Pfizer, Biocad, Medisorb, Pharmasyntez.

66% of consumables were also purchased through centralised purchasing procedures. In 2021, MD Medical Group became one of the first companies in Russia to sign direct contracts with major manufacturers of medical equipment and consumables, including Johnson & Johnson and Medtronic. Partnerships have also been expanded with B. Braun, Karl Storz, Olympus, Origio, Roche, Beckman Coulter, Abbott and others. In the category of consumables, 40% of the range is purchased under direct contracts with manufacturers

SUPPLY CHAIN OF MEDICATIONS AND EQUIPMENT



SUPPLY CHAIN OF MEDICAL EXPENDABLES



ENVIRONMENTAL MANAGEMENT

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

First, it allows more resources to be re-focused on the Group's core business, enabling increased reinvestment in its healthcare facilities across the Russian Federation and benefiting patients and local communities. Second, it goes hand in hand with MD Medical Group's stated commitment to being an innovative leader in healthcare. Third, it shows the communities, where MD Medical Group has a presence, that it is dedicated to being a good partner in all respects.

The compliance with applicable federal, regional, and local environmental legislation is as essential to MD Medical Group's successful operations as is its compliance with other rules, regulations, and benchmarked best practices. The Company's management system meets the international requirement ISO 14001-2004 Environmental management systems and ISO 50001:2011 Energy management systems.

ENERGY EFFICIENCY

Heating at MD Medical Group facilities primarily draws on the electricity supply. However, clinics and hospitals are also equipped with diesel generators, to serve as backup power supply units in case of unforeseen electricity outages.

Common energysaving practices among both clinics and hospitals include ensuring, wherever possible, energy-efficient settings on general (non-medically critical) equipment and devices are used such as air-conditioning and motion-responsive lighting. In addition, clinics adopt halogen and fluorescent lamps with LED energy-saving light sources.

By adopting energy-saving practices MD Medical Group ensures more resources are directed to those operationally critical areas, and supports the communities in which it has operations by setting an example for other entities of responsible resource and facilities management.

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

	2020	2021	Change
Clinics	13,564	11,269	-17%
Hospitals	96,321	110,519	15%
TOTAL	**109,885**	**121,788**	**11%**

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

	2020	2021	Change
Clinics	22,715	35,352	56%
Hospitals	182,126	211,893	16%
TOTAL	**204,841**	**247,245**	**21%**

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

	2020	2021	Change
Clinics	36,279	46,621	29%
Hospitals	278,447	322,413	16%
TOTAL	**314,726**	**357,764**	**14%**

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

	2020	2021	Change
PETROL			
Clinics	14,512	15,736	8%
Hospitals	115,279	119,878	4%
TOTAL	**129,790**	**135,614**	**4%**
DIESEL			
Clinics	44,020	55,508	26%
Hospitals	90,241	81,689	-9%
TOTAL	**134,261**	**137,198**	**2%**

RATIONAL WATER CONSUMPTION

MD Medical Group clinics and hospitals receive water from municipal water supply systems, which meets State Standard GOST P 51232–98 (2002). Efficient water use is a key component in MD Medical Group's approach towards sustainable operations. The Company is dedicated to improving its water management system as shown by the individual facilities.

Water consumption by MD Medical Group, cubic metres

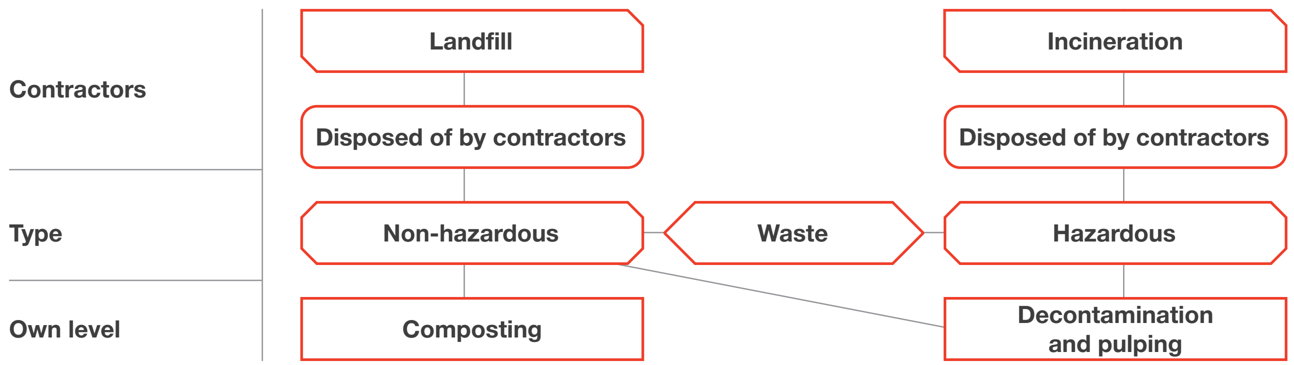
	2020	2021	Change
Clinics	30,772	29,435	-4%
Hospitals	190,538	245,776	29%
TOTAL	**221,310**	**275,211**	**24%**

WASTE MANAGEMENT

MD Medical Group takes a responsible approach to managing medical waste, following the applicable legislation. The waste disposal procedures and practices in place in MD Medical Group hospitals and clinics fall under the Sanitary and Epidemiological Requirements for Treating Medical Waste (SanPin 2.1.7.2790-10). Waste is categorised as hazardous or non-hazardous, and subject to treatment as defined below. The necessary response to the COVID-19 pandemic, such as the introduction of additional protective measures for staff and patients, meant that all medical facilities saw a greater volume of waste.

Hazardous waste is either treated in-house and disposed of using special equipment, or this is done by external contractors. Where this is handled in-house, hazardous waste undergoes decontamination processes to remove harmful substances or render them inert, until it becomes non-hazardous, whereupon it is processed as non-hazardous waste. External contractors use landfills for non-hazardous waste or incineration for hazardous waste.

WASTE MANAGEMENT IN HOSPITALS



Waste by disposal method (hospitals), metric tonnes

	2020	2021	Change
Non-hazardous	**4,703**	**4,954**	**5%**
Landfill	4,703	4,954	5%
Bulk incineration	0	0	—
Hazardous	**79**	**241**	**205%**
Landfill	0	184	—
Bulk incineration	79	56	-29%
TOTAL	**4,782**	**5,195**	**9%**

Waste by disposal method (clinics), metric tonnes

	2020	2021	Change
Non-hazardous	**985**	**1,215**	**23%**
Landfill	862	1,110	29%
Bulk incineration	123	105	-15%
Hazardous	**112**	**59**	**-47%**
Landfill	3	20	580%
Bulk incineration	109	39	-65%
TOTAL	**1,097**	**1,274**	**16%**

Annexes

ANNEX 1.

GRI INDEX DISCLOSURES

This report has been prepared in accordance with the GRI Standards: Core option.

Number	Title	Page in the Report and/or Reference
GRI 102: GENERAL DISCLOSURES		
102-1	Name of the organisation	Strong investment case
102-2	Activities, brands, products, and services	Strong investment case
102-3	Location of headquarters	Nationwide healthcare network
102-4	Location of operations	Nationwide healthcare network
102-5	Ownership and legal form	Shareholder's equity and report on dividend
102-6	Markets served	Private healthcare market in Russia
102-7	Scale of the organisation	Our people, Financial overview in 2021, Multidisciplinary leadership
102-8	Information on employees and other workers	Our people
102-9	Supply chain	Supply chain development
102-10	Significant changes to the organisation and its supply chain	Supply chain development
102-11	Precautionary Principle or approach	Risk management
102-12	External initiatives	Sustainable development
102-13	Membership of associations	Clinics of the Group and their employees are members of the following national and international organisations: • Russian Association of Human Reproduction • Russian Association of Obstetricians and Gynecologists • Chamber of Commerce and Industry of the Samara Region • Chamber of Commerce and Industry of the Urban District of Togliatti, Samara Region • European Society of Human Reproduction and Embryology • Association of Obstetricians and Gynecologists of endocrinologists of the Perm Region • Moscow Society of Obstetricians and Gynecologists • Association of Obstetricians and Gynecologists of the Irkutsk Region • Association of Gynecologist-Endoscopists of Russia • International Academy of Perinatal Medicine
102-14	Statement from senior decision-maker	Statement from the CEO
102-15	Key impacts, risks, and opportunities	Delivering on our strategic goals, Risk management
102-16	Values, principles, standards, and norms of behaviour	Our people
102-18	Governance structure	Corporate governance report

Number	Title	Page in the Report and/or Reference
102-19	Delegating authority	Corporate governance report
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate governance report
102-21	Consulting stakeholders on economic, environmental, and social topics	Interaction with stakeholders, Identifying material topics
102-22	Composition of the highest governance body and its committees	Board of Directors
102-23	Chair of the highest governance body	Board of Directors
102-24	Appointing and selecting the highest governance body	Board of Directors
102-25	Conflicts of interest	Information unavailable
102-26	Role of highest governance body in setting purpose, values, and strategy	
102-27	Collective knowledge of highest governance body	Board of Directors
102-28	Evaluating the highest governance body's performance	Board of Directors
102-29	Identifying and managing economic, environmental, and social impacts	
102-30	Effectiveness of risk management processes	Risk management
102-31	Review of economic, environmental, and social topics	Sustainable development
102-32	Highest governance body's role in sustainability reporting	
102-33	Communicating critical concerns	
102-34	Nature and total number of critical concerns	
102-35	Remuneration policies	Remuneration committee
102-36	Process for determining remuneration	
102-37	Stakeholders' involvement in remuneration	
102-38	Annual total compensation ratio	Board of Directors report
102-39	Percentage increase in annual total compensation ratio	
102-40	List of stakeholder groups	Interaction with stakeholders
102-41	Collective bargaining agreements	There are no collective bargaining agreements within the organisation.
102-42	Identifying and selecting stakeholders	Interaction with stakeholders
102-43	Approach to stakeholder engagement	Interaction with stakeholders
102-44	Key topics and concerns raised	Identifying material topics
102-45	Entities included in the consolidated financial statements	Consolidated financial statements
102-46	Defining the report's content and topic boundaries	About this report
102-47	List of material topics	Identifying material topics
102-48	Restatements of information	There were no restatements in the reporting period.
102-49	Changes in reporting	There were no significant changes
102-50	Reporting period	2021
102-51	Date of the most recent report	
102-52	Reporting cycle	Annual cycle
102-53	Contact point for questions regarding the report	Contacts
102-54	Claims of reporting in accordance with GRI Standards	This report has been prepared in accordance with GRI Standards: Core option
102-55	GRI content index	Annex 1
102-56	External assurance	None

Number	Title	Page in the Report and/or Reference
GRI 103: MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	Identifying material topics
103-2	The management approach and its components	Sustainable development
103-3	Evaluation of the management approach	Information unavailable
GRI 204: PROCUREMENT PRACTICES		
204-1	Proportion of spending on local suppliers	Supply chain development
GRI 205: ANTI-CORRUPTION		
205-1	Operations assessed for risks related to corruption	Risk management
GRI 302: ENERGY		
302-1	Energy consumption within the organisation	Environmental management
302-2	Energy consumption outside of the organisation	N/a
302-3	Energy intensity	Information unavailable
302-4	Reduction of energy consumption	Environmental management
302-5	Reductions in energy requirements of products and services	Environmental management
GRI 303: WATER		
303-1	Water withdrawal by source	Environmental management
GRI 306: WASTE		
306-1	Waste generation and significant waste-related impacts	Environmental management
306-2	Management of significant waste-related impacts	Environmental management
306-3	Waste generated	Environmental management
GRI 404: TRAINING AND EDUCATION		
404-2	Programmes for upgrading employee skills and transition assistance programmes	Our people
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Our people, Board of Directors
GRI 416: CUSTOMER HEALTH AND SAFETY		
416-1	Assessment of the health and safety impacts of product and service categories	Our patients
GRI 417: MARKETING AND LABELLING		
417-2	Incidents of non-compliance concerning product and service information and labelling	When preparing marketing and communication materials, MD Medical Group complies with the provisions of the Federal Law N 383-FZ on Advertising dated 30.10.2018 and Law No. 2300-1 of the Russian Federation on Protection of Consumer Rights dated 7 February 1992 (as amended on 1 May 2017). As part of measures to monitor compliance with the statutory requirements for products and services information and labelling, all advertising contracts are signed by the marketing director (deputy CEO, marketing) and the legal department.

ANNEX 2.

SUSTAINABLE DEVELOPMENT RISK MANAGEMENT AT MD MEDICAL GROUP IN 2021

In line with a clearly defined and robust long-term strategy, MD Medical Group acts to minimise risks related to sustainable development. It achieves this by regularly reviewing its risk management approaches. Corporate governance and effective management are essential elements in MD Medical Group's continued success. The Board of Directors is committed to upholding the highest standards in all interaction with stakeholders. As in previous Annual Reports, MD Medical Group has identified four types of sustainable development risk, related to its business operations and the broader healthcare sector. These general risks are:

- Environmental impact risks
- Social and employment risks
- Human rights risks
- Corruption and bribery risks

MD Medical Group has implemented targeted preventive measures regarding all identified risks, and notes that there is a low likelihood that any of these risks will transpire as real events.

TYPE OF RISK	RELEVANT RISK MANAGEMENT MECHANISM
ENVIRONMENTAL IMPACT RISKS	
Incorrect hazardous waste disposal	MD Medical Group continuously improve the procedure for selecting contractors, who are required to have all the necessary resources and skills to dispose of hazardous medical wastes in a proper way.
Substantial increase in energy consumption and decrease in energy efficiency	MD Medical Group is aware of the importance of using a modern high-performance power supply system. MD Medical Group applies a number of energy-saving measures in accordance with internal standards and procedures. Energy-saving equipment are installed and operational at all Group facilities.
Substantial increase in water consumption	MD Medical Group closely monitors the condition of water and heat supply pipelines.
Increase in paper consumption	MD Medical Group fulfils the requirements of the official Electronic Government programme in Russia focused on supporting the move to electronic external document flow. MD Medical Group actively develops online, digital, and mobile first forms of record keeping and information exchange with key stakeholders.

TYPE OF RISK	RELEVANT RISK MANAGEMENT MECHANISM

SOCIAL AND EMPLOYMENT RISKS

Statutory restrictions related to employment	MD Medical Group monitors changes in relevant legislation and reacts promptly.
Insufficient availability of Company's care services facilities	MD Medical Group is expanding the geography of its presence, opening new facilities to boost accessibility and expand patient reach. MD Medical Group's price points in each new location are selected factoring in the income level of the local population. In addition, the Group is committed to meeting the requirements of the federal IVF programme under obligatory health insurance policies.
Deterioration of the Group's relations with staff	MD Medical Group monitors employee engagement and satisfaction levels in regular surveys and creates conditions for the development and realisation of its employees' professional potential. Employee development and retention were clear focus areas in the period under review, and MD Medical Group continued to cooperate actively with department heads in leading universities on recruitment drives. MD Medical Group has continued to develop the continuous medical education it offers its people – in particular training in Moscow for regional employees.

HUMAN RIGHTS RISKS

Discrimination	MD Medical Group does not tolerate any form of discrimination.
Work under compulsion	MD Medical Group's corporate culture and ethics are based on positive engagement and encouragement. Compulsion of any kind is not permitted.
Remuneration discrimination	MD Medical Group has a strict policy on bonuses and rewards as performance based, corresponding to clearly set and agreed KPIs.

TYPE OF RISK	RELEVANT RISK MANAGEMENT MECHANISM

CORRUPTION AND BRIBERY RISKS

Risk of corrupt actions and payments to government authorities	MD Medical Group ensures that any interaction with supervisory and regulatory authorities is fully documented. The Company's CEO and shareholders are immediately notified of any disputes or differences arising between the Company and supervisors or regulators. All financial operations in the Group are reflected in appropriate financial records which are subject to financial audit. MD Medical Group has a clear zero-tolerance policy on any form of bribery and corruption.
Risk of bribery of the Group's employees for the benefit of third parties	MD Medical Group's procurement procedures are sufficiently transparent to reduce the risk of corruption and fraud. Moreover, the Company has developed and uses an efficient and transparent procedure for selecting suppliers.

COVID-19 AND EPIDEMIOLOGICAL RISK

Risk of deteriorating epidemiological situation, increased risk of infectious disease transmission among medical personnel as a result of their patient treatment duties	MD Medical Group provided its healthcare professionals and essential workers with personal protective equipment that meet the standards required. MD Medical Group opened a new healthcare facility on-site at Lapino, specifically for patients with COVID-19.
Risk of external factors impacting the ability of MD Medical Group facilities and staff being able to provide treatment to COVID-19 patients at the required level	When treating COVID-19 patients, MD Medical Group ensured it acted in line with developing international best practice and healthcare authority (WHO, Russian Federation Ministry of Health) guidance, and expertise shared by leading Russian clinics.

ANNEX 3.

INFORMATION ON THE GENDER AND AGE OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2021

Gender:

Men — 85%; Women — 15%

Age:

30–50 years of age — 40%

Over 50 years of age — 60%

ANNEX 4.

INFORMATION ON THE GENDER AND AGE OF EMPLOYEES AS OF 31 DECEMBER 2021

Gender:

Men — 19%; Women — 81%

Age:

Under 30 years of age — 13%;

30–50 years of age — 61%;

Over 50 years of age — 26%.

ANNEX 5.

INFORMATION ON STAFF

	Mother & Child Centre	Mother & Child Urals	Mother & Child Siberia	Mother & Child Volga	Total	%
2020						
Male	884	297	148	297	1,531	18.6
Female	3,603	1,127	1,080	933	6,743	81.4
TOTAL	**4,487**	**1,242**	**1,228**	**1,230**	**8,280**	**100**
2021						
Male	921	204	293	150	1,568	18.5
Female	3,691	1,178	1,062	962	6,893	81.5
TOTAL	**4,612**	**1,382**	**1,355**	**1,112**	**8,461**	**100**

ANNEX 6.

SANPIN 2.1.7.2790-10 SANITARY AND EPIDEMIOLOGICAL REQUIREMENTS FOR TREATING MEDICAL WASTE

SanPin 2.1.7.2790-10 Sanitary and Epidemiological Requirements for Treating Medical Waste is a regulatory legal act, registered by the Ministry of Justice of the Russian Federation on February 17, 2011 (registration number: 19871). According to this document, there are five major classes of medical waste:

- Class A (А) – epidemiologically non-hazardous waste close in composition to municipal solid waste (packaging, paper, cardboard, etc.)
- Class B (Б) – epidemiologically hazardous waste. This class includes human blood and blood products as well as other biological liquids
- Class V (В) – extremely epidemiologically hazardous waste (materials that were in contact with patients with infectious diseases)
- Class G (Г) – toxicologically hazardous waste of classes from 1 to 4. This class includes medicines, diagnostics, and disinfectants that cannot be used, namely those medical supplies that have been damaged or expired
- Class D (Д) – radioactive waste

ANNEX 7.

MAIN METHODS FOR OBTAINING INFORMATION

Most of the data is originated from the clinics' and hospitals'own records of actual water use, energy, and fuel consumption. However, for several clinics and hospitals some indicators were calculated, due to the fact that a number of facilities are located in rented premises; and because of the lack of detailed accounting data or non-relevance of such information for decision-making by the MD Group or stakeholders.

All calculations were made by applying some of the following indicators:

- Water consumption – average water consumption per square metre for clinics and hospitals.
- Electricity and heating – the amount of money spent on utilities and average heating energy consumption per square metre for clinics. Regional tariffs were used for the calculations.

The share of data on water, energy and fuel consumption, obtained from calculations was insignificant in the overall dataset.

Electricity	2020	2021	change
Clinics	13,564	11,269	-17%
Hospital	96,321	110,519	15%
TOTAL	**109,885**	**121,788**	**1%**

Heating	2020	2021	change
Clinics	22,715	35,352	56%
Hospital	182,126	211,893	16%
TOTAL	**204,841**	**247,245**	**21%**

Petrol	2020	2021	change
Clinics	14,512	15,736	8%
Hospital	115,279	119,878	4%
TOTAL	**129,790**	**135,614**	**4%**

Diesel	2020	2021	change
Clinics	44,020	55,508	26%
Hospital	90,241	81,689	-9%
TOTAL	**134,261**	**137,198**	**2%**

Water	2020	2021	change
Clinics	30,772	29,435	-4%
Hospital	190,538	245,776	29%
TOTAL	**221,310**	**275,211**	**24%**

Waste Hospitals	2020	2021	change
Non-hazardous	**4,703**	**4,954**	**5%**
Landfill	4,703	4,954	5%
Bulk incineration	0	0	
Hazardous	**79**	**241**	**205%**
Landfill	0	184	
Bulk incineration	79	56	-29%
TOTAL	**4,782**	**5,195**	**9%**

Waste Clinics	2020	2021	change
Non-hazardous	**985**	**1,215**	**23%**
Landfill	862	1,110	29%
Bulk incineration	123	105	-15%
Hazardous	**112**	**59**	**-47%**
Landfill	3	20	580%
Bulk incineration	109	39	-65%
TOTAL	**1,097**	**1,274**	**16%**

Appendix

Electricity	2020	2021	change
Clinics	**13,564**	**11,269**	**-17%**
Hospital	**96,321**	**110,519**	**16%**
MD Group	17,494	16,769	-4%
Lapino	33,717	43,145	28%
Ufa	13,667	16,961	24%
Avicenna	9,189	9,963	8%
Samara	10,122	11,159	10%
Tyumen	12,132	12,522	3%

Heating	2020	2021	change
Clinics	**22,715**	**35,352**	**56%**
Hospital	**182,126**	**211,893**	**16%**
MD Group	20,992	22,354	6%
Lapino	49,692	65,916	33%
Ufa	49,055	54,747	12%
Avicenna	11,071	12,627	14%
Samara	18,021	21,525	19%
Tyumen	33,296	34,725	4%

Petrol	2020	2021	
Clinics	**14,512**	**15,736**	**8%**
Hospital	**115,279**	**119,878**	**4%**
MD Group	21,697	22,087	2%
Lapino	34,300	45,521	33%
Ufa	7,539	4,747	-37%
Avicenna	12,506	17,023	36%
Samara	35,934	30,500	-15%
Tyumen	3,303	0	-100%

Diesel	2020	2021	change
Clinics	**44,020**	**55,508**	**26%**
Hospital	**90,241**	**81,689**	**-9%**
MD Group	18,724	19,340	3%
Lapino	49,997	47,016	-6%
Ufa	3,032	503	-83%
Avicenna	7,162	10,631	48%
Samara	4,260	3,000	-30%
Tyumen	7,066	1,200	-83%