



**MOTHER & CHILD**  
GROUP OF COMPANIES

# **Preserving and Enhancing the Utmost Value**

Annual Report **2023**

# CONTENTS

## ABOUT THE COMPANY

CEO Statement .....	6
Investment case .....	8
Business model .....	10
Key results .....	12
Geographic reach .....	14
Group structure .....	16
Healthcare services .....	18
Patient path .....	20
Technology and digitalization .....	22

## STRATEGIC REPORT

Market overview .....	26
Strategy .....	30
Operating results .....	32
Financial performance .....	43

## SUSTAINABLE DEVELOPMENT

Sustainable development approach .....	50
Stakeholder engagement .....	56
HR management .....	64
Occupational health and safety .....	74
Environmental protection .....	78

## CORPORATE GOVERNANCE

Chairman's Statement .....	84
Corporate governance system .....	85
Risk management, internal control and audit .....	96
Share capital .....	100

## APPENDICES

Report and consolidated financial statements .....	106
2023 key risks overview .....	159
Contacts .....	163

## ABOUT THE REPORT

The Annual Report of MD MEDICAL GROUP INVESTMENTS PLC for 2023 (hereinafter referred to as the Report) is designed to inform stakeholders about the strategy, operating and financial performance, the corporate governance system and sustainability initiatives of MD MEDICAL GROUP INVESTMENTS PLC and its subsidiaries (hereinafter collectively referred to as MD Medical Group, M&C, the Group, the Company, or we). The Report contains data for the period from January 1 through December 31, 2023; it also covers comparable data for previous periods and events after the reporting date.

The list of subsidiaries included in the Annual Report and the Company's shareholding in them are disclosed in the notes to IFRS consolidated financial statements for 2023.

The Company's operating and financial indicators disclosed in the Report are based on IFRS consolidated financial statements for 2023 and on management reporting data.

### Standards and guidelines used

- Bank of Russia Regulation No 714-P dated March 27, 2020 (as amended on September 30, 2022) on Disclosing Information by Securities Issuers.
- Bank of Russia Letter No. 06-52/2463 dated April 10, 2014 on the Corporate Governance Code.
- Bank of Russia Information Letter No. IN-06-28/49 dated July 12, 2021 on Recommendations on Disclosure by Public Joint-Stock Companies of Non-Financial Information Pertaining to Their Activities.
- Methodological guidelines for sustainability reporting set out in Order No. 764 of the Ministry of Economic Development of the Russian Federation dated November 1, 2023.

### Disclaimer

The Report has been prepared based on information that, in the Company's opinion, is complete and accurate as at the date of publication of the Report. In addition, the Report contains forward-looking statements, which are based on the current expectations and assumptions of the Company's management. Forward-looking statements may include financial projections, the Company's plans and strategy. Such statements involve various risks and uncertainties that could cause actual results to differ materially from those stated herein. The Company does not assume any obligation to update or revise forward-looking statements if circumstances change.

All financial and operating information presented in the Report that has not been prepared in accordance with IFRS is intended solely for analytical purposes, and investors should not consider such information, separately or in any combination, as an alternative to the analysis of the Group's IFRS consolidated financial statements.





- 
- CEO Statement
  - Investment case
  - Business model
  - Key results
  - Geographic reach
  - Group structure
  - Healthcare services
  - Patient path
  - Technology and digitalization



# CEO STATEMENT



**Mark Kurcer,**  
Member of the Russian  
Academy of Science,  
Chief Executive Officer

## DEAR COLLEAGUES, PATIENTS, SHAREHOLDERS AND PARTNERS!

I am proud to share the remarkable results of our Company in 2023. Amid the recovery of pent-up demand for healthcare services and the resurgence of reproductive behaviour, we hit new highs by demonstrating impressive financial performance, extending the network of our medical facilities, and expanding our geography. Excellent results at the Group level were driven by robust operational performance of our medical centres across Russia.

In 2023, the Company's revenue rose by 10% to RUB 27.6 billion, while EBITDA increased by 16% to RUB 9.2 billion. Year after year, we persistently demonstrate strong efficiency, with EBITDA margin in 2023 having expanded by 2 p.p. to 33%.

I am pleased to note that women's and children's health services showed consistently high revenue growth. The number of deliveries surged by 15%, nearly reaching the milestone of 10,000. Our focus on providing a wide range of medical services coupled with the patients' care for their health drove up the number of out-patient treatments in Moscow and other regions by 11%.

Our business benefits greatly from both vertical and horizontal diversification, which contribute to its reliability, resilience, and excellent prospects. We continue to grow our network of medical facilities. We opened a new large hospital on Moscow's Michurinsky Avenue in 2023 and launched a new MD GROUP Zilart multifunctional family clinic in early 2024. This year, we plan to keep growing by starting the construction of a multifunctional hospital in Domodedovo and the Lapino-3 Nuclear Medical Centre, and opening new clinics in Moscow and other regions.

All our achievements are down to the professionalism, responsibility, and dedication of the people who work in the Company. I refer to nearly 9,000 people, including around 3,500 doctors, who constantly learn and upgrade their skills to meet the most stringent demands of our patients.

I would like to take this opportunity to express my sincere gratitude to all of you – our patients for their trust and loyalty, our shareholders and investors for their support, and our medical and management teams for their dedication and professionalism. Together we are writing this story of success, strengthening the health of people, improving the demographics, and making a significant contribution to the development of Russia's healthcare industry.



We hit new highs by demonstrating impressive performance

# PRESERVING AND ENHANCING THE UTMOST VALUE

MD Medical Group is one of the leading companies on the Russian private healthcare market with exceptional competencies in the field of maternity services, reproductive medicine, women's health and pediatrics. A unique combination of the number of medical institutions, extensive geography and a broad scope of medical expertise.

**>15 years**  
on the private healthcare market

**>11 years**  
the Company's securities have been traded on the stock market

**55**  
medical institutions

**>500,000**  
patients' per year

**~3,500**  
highly professional doctors

**1 MGIMO Med**  
medical university

## HIGH STANDARDS OF HEALTHCARE THAT CREATE VALUE



2023

High margins and stable financial position

**RUB 27.6 billion**  
Revenue

**33%**  
EBITDA margin

**RUB 9.2 billion**  
EBITDA

**RUB 9 billion**  
Net cash position

<sup>1</sup> Unique patients who have a unique ID and received at least one service during the selected period.



# INVESTMENT CASE

## Vertically integrated business model

- Synergy from different formats of institutions ensuring capacity utilization
- In-house training of medical personnel at MGIMO-Med University

**11**  
hospitals  
**44**  
clinics

## Effective growth strategy

- Securing the Company's foothold in its regions of operation
- Development of new types of medical services
- Development in new regions
- Improvement of performance and service quality

**19%**  
CAGR  
2012-2023

## High healthcare quality standards; brand recognition

- Highly qualified medical personnel with extensive experience
- State-of-the-art medical equipment from leading producers
- High level of digitalization of healthcare services

**~20%**  
of doctors  
have a doctorate  
or a PhD

## Wide range of medical services

- Lifelong support: from birth and for the entire life
- Competencies in the most in-demand areas: oncology, traumatology, cardiology, surgery
- Number one in women's and children's health

**78**  
medical  
specialties

## Wide geographical footprint

- A unique company with an extensive footprint across Russia
- High profit margins on services both in Moscow and in the regions
- Effective routing of patient flows

**27**  
regions  
**32**  
cities

## Flexible pricing

- A flexible pricing policy depending on the region and format of medical institutions

**77%**  
of revenue comes  
from individuals

## Attractive market fundamentals

- A fragmented market with opportunities for consolidation of assets by large players
- Government support
  - Providing medical care under CHI programs
  - Medical licensing for an unlimited period
- High barriers to entry

**0%**  
income tax rate

## Professional management motivated to drive the Company's growth

- Mark Kurtser, the founder and CEO of MD Medical Group, a member of the Russian Academy of Sciences and a practicing physician
- The management team includes experienced managers and doctors holding academic degrees

**50%**  
of managers  
have a doctorate  
or a PhD  
in medical sciences



# VERTICAL INTEGRATION BASED ON SCIENCE AND EDUCATION

Human life and health, happiness, well-being and confidence about the future are our key values. We ensure the safety and comfort of our patients and provide top-quality medical care.

## MISSION

To provide our patients with top-quality medical services and meet all their healthcare needs from birth and throughout their life

## OUR VALUES

- For patients** → We always act in the best interests of the patient. Patient care and compliance with the best standards in healthcare are our highest values
- For employees** → We create an environment for successful professional and personal development for each employee of the Company
- For partners** → In our relations with partners, we always strive for mutually beneficial cooperation and guarantee adherence to the principles of integrity, fairness and professional ethics in our partnerships
- For shareholders** → Our main strategic priorities include respecting the rights and interests of our shareholders, complying with the provisions of the dividend policy, and increasing shareholder value

## Effective growth strategy

- Strengthening market position across the regions of operation
- Pursuing growth in new Russian regions
- Improving business efficiency
- Developing new healthcare service profiles
- Achieving a high level of brand loyalty

## Sustainable performance supported by diversification

- By format of healthcare
- By type of medical services
- By geography

For more details, see p. 30

## Education

MGIMO Med  
Medical University

## Science

Scientific contribution to the development of medicine

## Medicine

Providing a wide range of medical services

## 2023 performance

### For patients

**>19,000** IVF punctures  
**~10,000** deliveries  
**>146,000** in-patient days  
**>2 million** visits

### For personnel

**RUB 11 billion** payroll  
**36 hours** of training per year per employee

### For partners

**2,000** total number of suppliers  
**RUB 5 billion** volume of procurement<sup>2</sup>

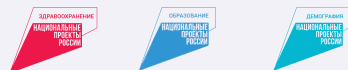
### For shareholders

**83%** increase in market capitalisation  
**RUB 9 billion** net cash position  
**up to 100%** of profit can be used for dividend payments

## Contribution to sustainable development

National development goals and national projects

UN Sustainable Development Goals (SDGs)



## Our medical institutions

### Multidisciplinary clinics

**10** clinics  
Types of services:  
• Visits  
• Diagnostics  
• Taking tests  
• Immunization

### Multidisciplinary hospitals / Diagnostic centers

**11** hospitals  
Types of services:  
• Visits  
• IVF  
• Deliveries  
• Diagnostics  
• Laboratory services  
• Surgery  
• Oncology  
• Inpatient treatment  
• Aesthetic medicine  
• Rehabilitation

### Women's and children's health clinics

**34** clinics  
Types of services:  
• Visits  
• IVF  
• Pregnancy management  
• Pediatrics

### Telemedicine

- Online consultations with doctors in the form of a text chat, a voice or video call on the DOCTIS platform

The Company operates in a diversified format, offering a wide range of flexibly priced medical services in multidisciplinary clinical hospitals and outpatient clinics.

Depending on the complexity of treatment, we can refer our patients from the clinics to our multidisciplinary clinical hospitals. Furthermore, after surgical interventions, patients can receive rehabilitation treatment and follow-up care in our outpatient centers. This combination of different formats of medical institutions ensuring their capacity utilization enables us to provide a high level of comfort and quality of medical care for our patients, and to achieve synergy, which has a positive impact on our performance.

<sup>2</sup> Procurement of medications, consumables and equipment.



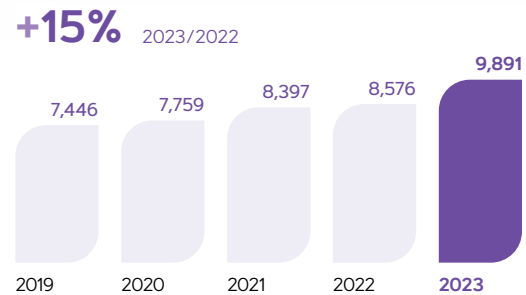
# SUSTAINABLE GROWTH REFLECTING AN EFFECTIVE STRATEGY

The recovery in purchasing power and the number of patient visits has had a positive impact on the Company's financial and operating results. MD Medical Group successfully develops its business and invests in new technologies and projects, demonstrating resilience and competitiveness in a changing market.

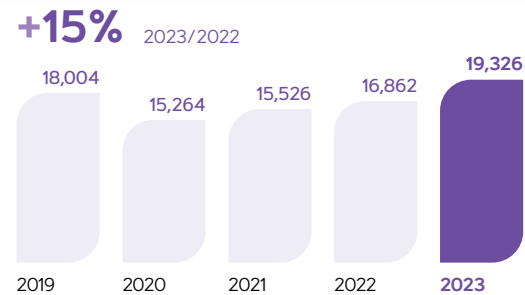


## Operating indicators

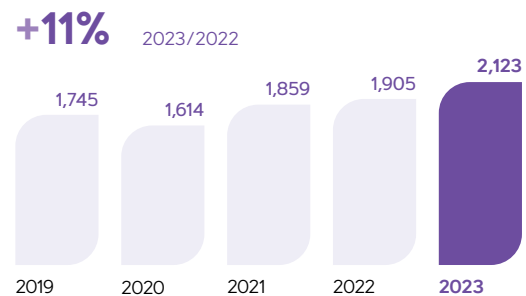
Number of deliveries



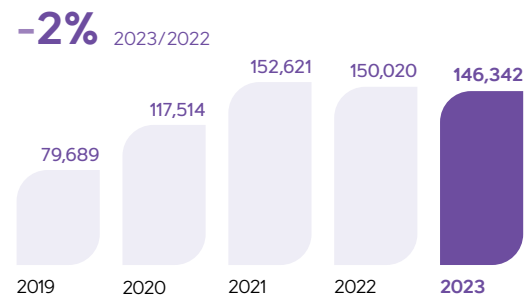
IVF, number of punctures



Visits, '000 patients

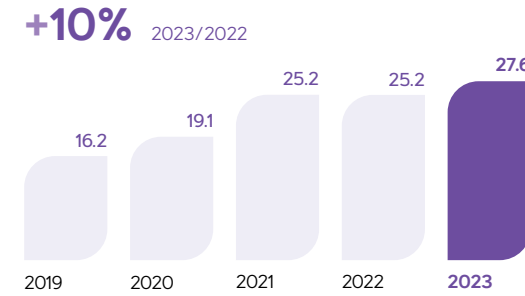


Number of in-patient days

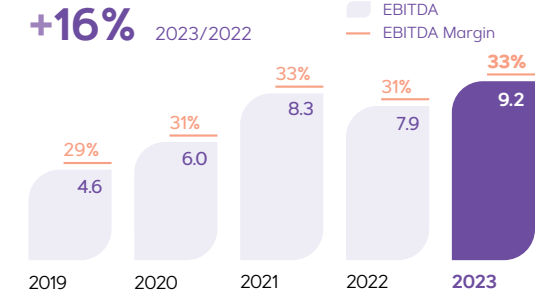


## Financial indicators

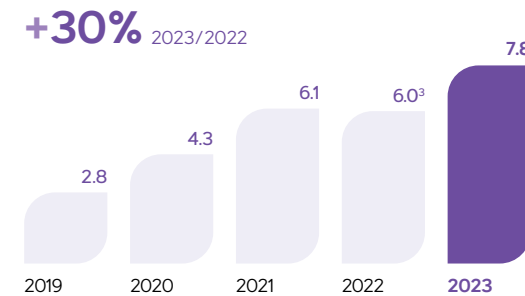
Revenue, RUB bln



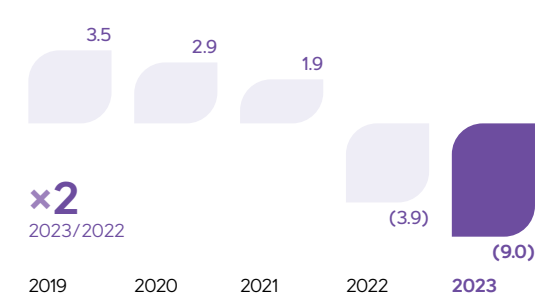
EBITDA, RUB bln



Net profit, RUB bln

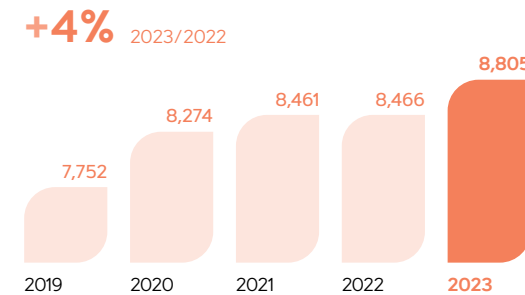


Net debt (net cash position), RUB bln

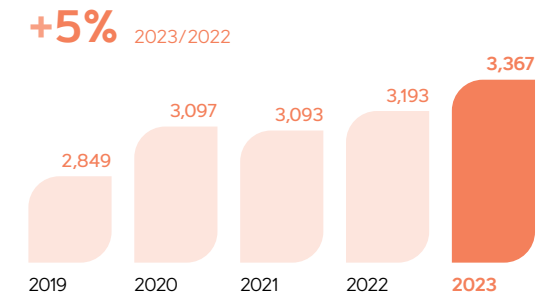


## Sustainability indicators

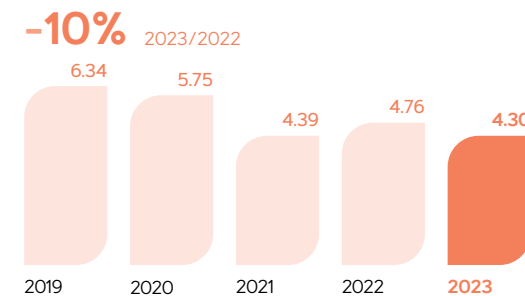
Headcount, people



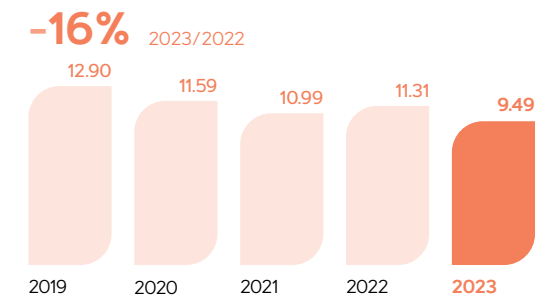
Number of doctors, people



Specific electricity consumption, GJ / RUB mln<sup>4</sup>



Specific water consumption, m<sup>3</sup> / RUB mln

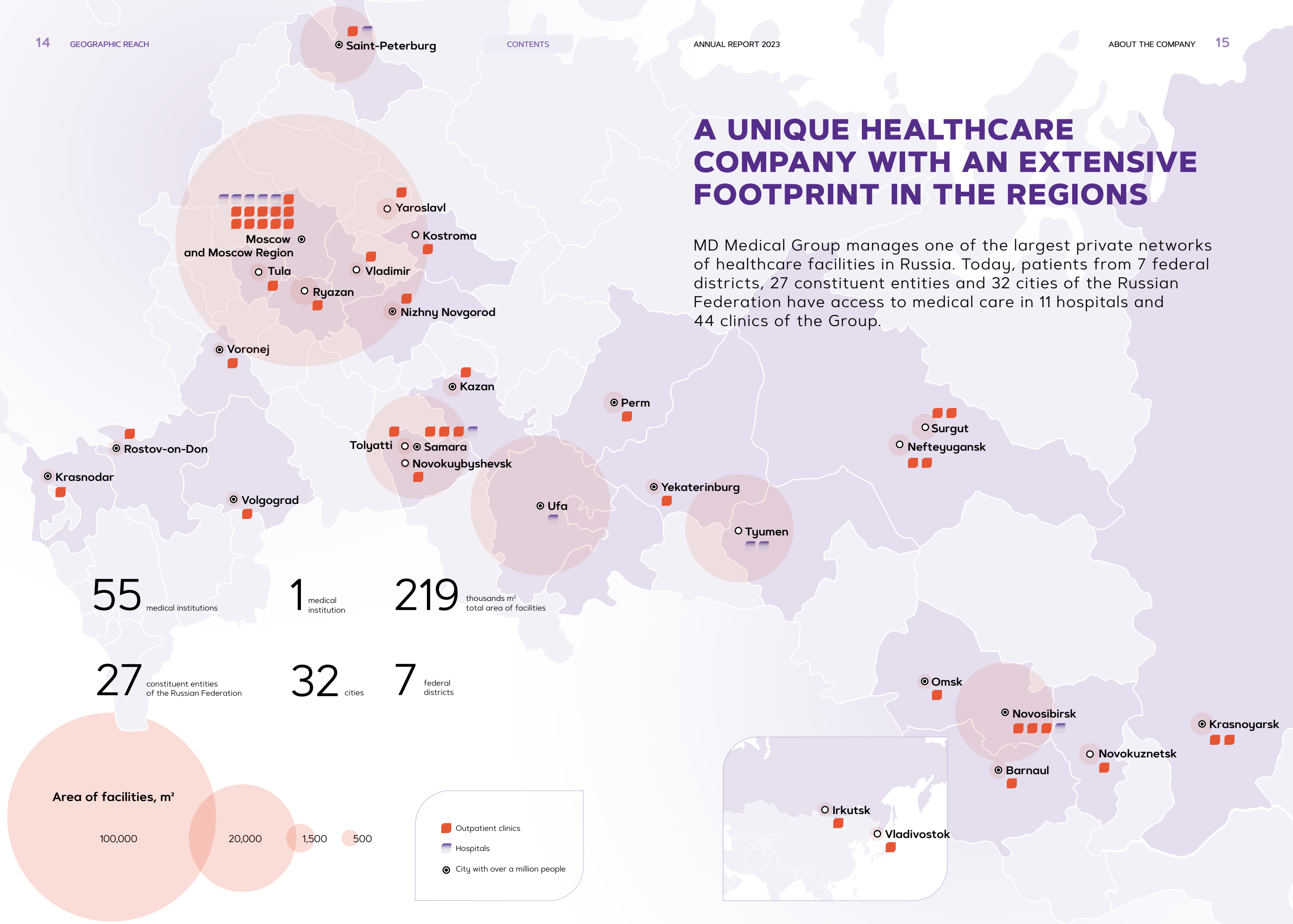


<sup>3</sup> Net profit adjusted for the impairment of past investments.  
<sup>4</sup> RUB mln of revenue.



# A UNIQUE HEALTHCARE COMPANY WITH AN EXTENSIVE FOOTPRINT IN THE REGIONS

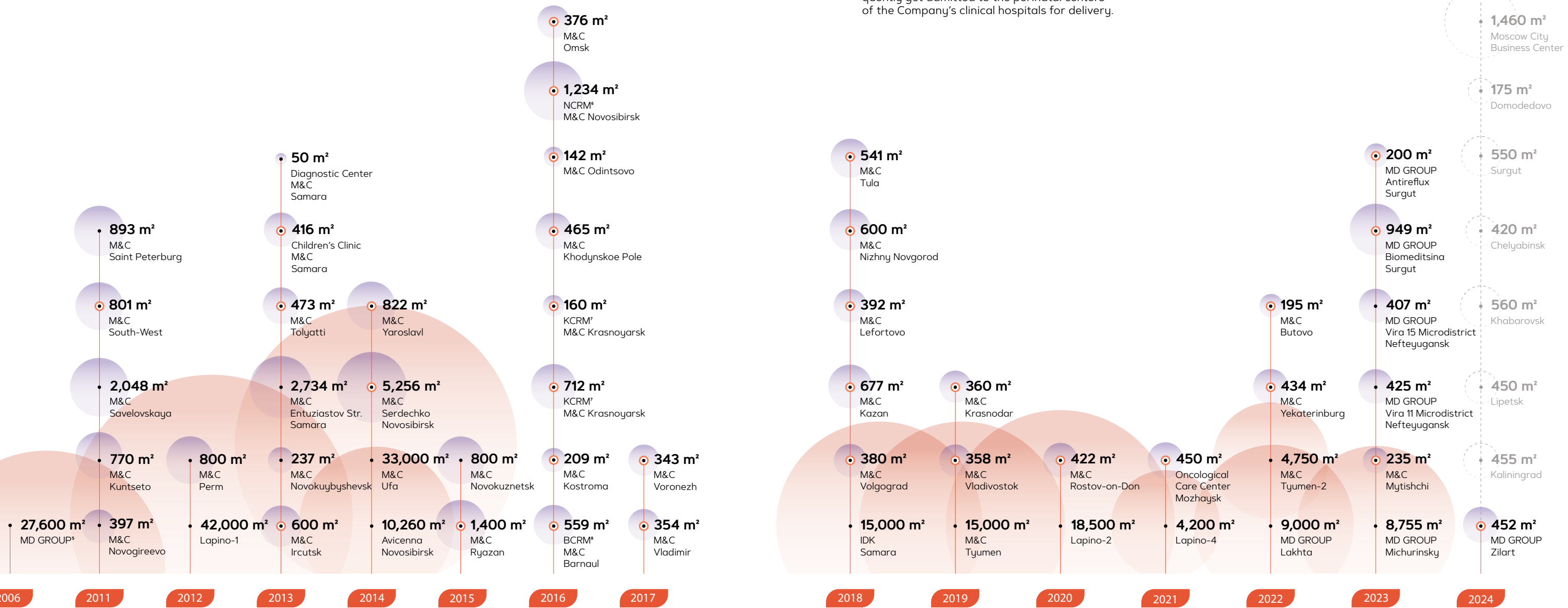
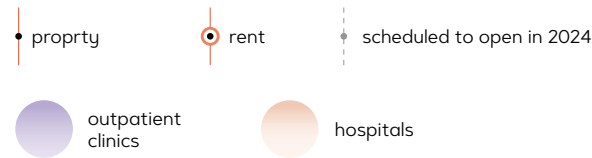
MD Medical Group manages one of the largest private networks of healthcare facilities in Russia. Today, patients from 7 federal districts, 27 constituent entities and 32 cities of the Russian Federation have access to medical care in 11 hospitals and 44 clinics of the Group.





# A NETWORK OF MEDICAL INSTITUTIONS WITH A STRONG SYNERGETIC EFFECT

## Outpatient clinics and hospitals



44

### Outpatient clinics

Outpatient clinics of MD Medical Group provide high-quality medical examination and treatment services at multidisciplinary centers and centers for women's and children's health.

In accordance with our business model, outpatient clinics are the starting point for engagement with patients. This is where patients receive an initial consultation; subsequently, if necessary, they are referred to our clinical hospitals, where we provide a full range of clinical and diagnostic services in various areas. In addition to a wide range of medical care services for women and children, women's centers provide IVF and pregnancy management services; patients can subsequently get admitted to the perinatal centers of the Company's clinical hospitals for delivery.

11

### Hospitals

Multidisciplinary hospitals of MD Medical Group offer a full range of inpatient and outpatient medical services for all family members. Hospitals have the necessary equipment for all types of diagnostics, conservative and surgical treatment.

In addition to a perinatal center and a fertility and IVF center, which was initially a primary focus area for the Company, the hospitals have cardiology, surgery, urology, neurology, traumatology and orthopedics centers, as well as diagnostic and treatment, otorhinolaryngology and children's centers, and a department of aesthetic medicine and rehabilitation.

<sup>5</sup> Known as Perinatal Medical Center before.  
<sup>6</sup> Novosibirsk Center for Reproductive Medicine.

<sup>7</sup> Krasnoyarsk Center for Reproductive Medicine.  
<sup>8</sup> Barnaul Center for Reproductive Medicine.

# HEALTHCARE SERVICES FOR EVERY NEED

## Reproductive medicine, obstetrics and neonatology

- Conservative and surgical treatment in gynecology
- Pregnancy planning:
  - Comprehensive examinations
  - Infertility treatment and IVF, including:
    - ICSI
    - IMSI
    - PICSI
    - Donor programs
- Pregnancy:
  - Management
  - High-Risk Pregnancy Preservation Center
  - Prenatal diagnosis
- Delivery (types):
  - With a partner
  - Natural childbirth
  - In an upright position
  - Water birth
  - «Home birth» in a hospital
  - Surgical delivery
- Neonatal intensive care unit
- Premature infant care department
- Fetal surgery

MD Medical Group provides a full range of medical care services. Today we can offer services across 78 medical specialties, including socially important areas such as oncology, cardiology, traumatology and all types of surgery. We are ready to promptly conduct high-quality diagnostics and prescribe optimal treatment for cancer. Our professional cardiologists and cardiac surgeons help prevent and manage cardiovascular diseases. The Company provides a wide range of surgical diagnostic and treatment procedures. We perform various types of surgery, including minimally invasive procedures. In July 2023, the Company opened a Neurosurgery Center at the Lapino Clinical Hospital, which specializes in diagnostics and surgical treatment of lesions of the central and peripheral nervous system.

At the same time, the Company is the undisputed leader in Russia in the field of women's health and pediatrics. We leverage the highest level of qualification of our doctors, state-of-the-art equipment, advanced medical technologies and high-quality service to provide professional support to enable a safe delivery even in complex cases. In May 2023, a Home Obstetrics Center was opened at the Lapino Clinical Hospital, where special attention is paid to the psychological and emotional state of a woman in labor, and childbirth takes place in an environment which is as home-like as possible.

We are proud to employ outstanding professionals with world-class expertise and to provide our clients with top-quality services.

## Diagnostics

- Computer tomography
- Magnetic resonance imaging
- Multispiral computed tomography
- X-ray
- Ultrasound
- Functional diagnosis, including endoscopic ultrasound
- Endoscopy, including endoscopic ultrasound
- Laboratory tests
- Comprehensive diagnostic programs (check-ups)

## Multidisciplinary care for children and adults

- All types of care: planned and emergency, outpatient and inpatient
- A full range of medical services:
  - Allergology
  - Gastroenterology
  - Dermatology
  - Hematology
  - Immunology
  - Cardiology
  - Speech therapy
  - Neurology
  - Nephrology
  - Otorhinolaryngology
  - Ophthalmology
  - Psychology
  - Pulmonology
  - Dentistry/Orthodontics
  - Urology
  - Physiotherapy
  - Endocrinology
  - Treatment of infections, including coronavirus
- Family medicine



### Surgery

- Neurosurgery
- Surgical treatment in gynecology
- Plastic surgery: reconstructive and cosmetic surgery of any degree of complexity
- Cardiovascular and endovascular surgery
- Coloproctology
- Abdominal surgery
- Surgical urology
- Surgical otolaryngology



### Traumatology and orthopedics

- Endoprosthesis
- Treatment of fractures and injuries of varying degrees of complexity
- Hallux valgus and flat feet treatment
- Arthritis treatment
- Arthrosis treatment
- Osteopathic manipulation treatment (OMT)
- Kinesio Taping®



### Rehabilitation

- Recovery after childbirth
- Physiotherapy
- Recovery after injuries and surgeries
- Massage
- Heat therapy and hydrotherapy, swimming pool
- Kinesiotherapy
- Thalassotherapy
- Cosmetology and skin care
- Hirudotherapy



### Oncology

- Colorectal oncology
- Thoracoabdominal oncology
- Urologic oncology
- Hepatic oncology
- Endocrine oncology
- Gynecologic oncology
- Treatment of skin and soft tissue cancer
- Hematologic oncology
- Orthopedic oncology
- Head and neck oncology
- Breast oncology
- Drug treatment
  - Hormone treatment
  - Immunotherapy
  - Targeted therapy
  - Chemotherapy

More information about the services of MD Medical Group

>>> <https://mamadeti.ru/services>



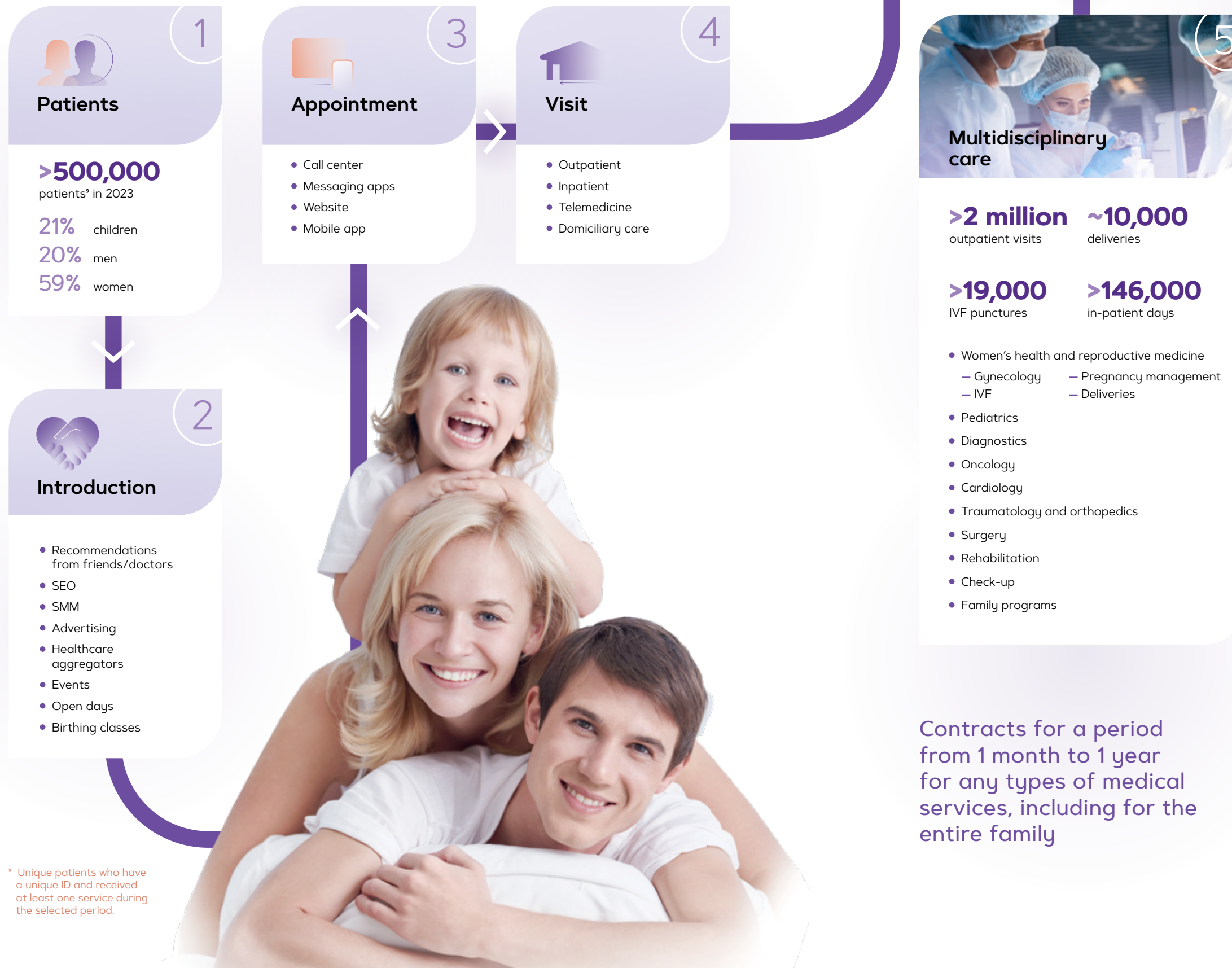


### Auxiliary areas

- Emergency care
  - Emergency and urgent care for adults and children
  - Hospitalization and patient transportation
  - Mobile intensive care units
- Domiciliary care
  - Professional therapeutic care for adults and children in a comfortable home environment
  - Taking samples and performing laboratory tests at home
- Telemedicine
  - Online consultations with doctors in the form of a text chat, a voice or video call on the DOCTIS platform at [www.doctis.ru](http://www.doctis.ru)



# ALWAYS AVAILABLE AND CLOSE TO THE PATIENT



\* Unique patients who have a unique ID and received at least one service during the selected period.

## Continuous communication



**Access to medical records**



### Reminders

- About upcoming appointments
- About the expiration dates of contracts
- About the deposit account balance



**A chat with a doctor**



**Collecting feedback from patients**

# MODERN TECHNOLOGIES THAT DRIVE PROGRESS

Medical institutions of MD Medical Group use equipment that meets high international standards and apply advanced diagnosis and treatment techniques based on global best practice.

The Group constantly invests in automation, the introduction of state-of-the-art control systems and advanced equipment, striving to be a leading private provider of medical services.

The Company creates Competence Centers applying advanced technology and focusing on specific areas of medicine.

Digitalization in healthcare is an important area. For instance, the Company is developing telemedicine, introducing artificial intelligence into diagnostic processes, and providing patients with an opportunity to remotely monitor their health.

2023

**RUB 1.2 billion**

invested in new equipment, technologies and digitalization

**~10,000**

patients have used remote medical services

**4**

new Competence Centers opened



## Women's and children's health

- Center for Innovative Reproductive Technologies / IVF
- Oncofertility
- Neonatal intensive care and premature infant care unit
- High-Risk Pregnancy Preservation Center
- Stem cell bank

### Fetal medicine

#### Fetal Spina Bifida Surgery

The operations are performed by a joint team of **highly qualified** obstetricians-gynecologists, neurosurgeons, and anesthesiologists.

#### Fetal Heart Disorder Surgery

### The largest EmbryoScope network in the country

A state-of-the-art technology which makes it possible to monitor the development of the embryo in **real time to address the most complex IVF challenges more effectively** by creating an optimal stable environment for the development of embryos and increasing the success rate of IVF procedure.



## Surgery

- Neurosurgery Center
- Cardiac surgery
- Endovascular surgery
- Center for Reconstructive Plastic Surgery

## Neurosurgery Center

The new Center is equipped with a full range of **modern neurosurgical and diagnostic equipment**, which makes it possible to give an **accurate and timely** diagnosis of disorders in the nervous system and perform the most **complex** surgeries.



## Digitalization

- Mobile application for patients and doctors
- At-home fetal monitor
- Telemedicine
- Business intelligence system

## Remote patient monitoring

Patients are provided with equipment for home use that enables them to monitor the health of the fetus, measure blood sugar levels and blood pressure, etc. The devices **constantly monitor** the patient's indicators, which enables the doctor to detect health problems in a **timely manner**.



## Diagnostics

- Magnetic resonance imaging
- Computed tomography
- Multislice computed tomography
- Ultrasound

### Senographe Pristina 3D

A unique digital system for thorough examination of mammary glands **to find microscopic neoplasms**. The built-in tomosynthesis function is designed to detect malignancies at the **earliest stage**, which **increases the chances of complete healing**.

### SPECT/CT

Single-photon emission computed tomography is used to identify the primary tumor and metastases in the lymph nodes and to predict chemosensitivity. This makes it possible to **determine the stage of the disease** and plan further treatment.

### SIGNA Architect 3T MRI scanner

A new tomography scanner with the gantry aperture of 70 cm and open architecture **guarantees the highest quality of images** with a wide field of view due to excellent magnetic field uniformity, a powerful gradient system and a 97-channel RF system.





# STRATEGIC REPORT

- Market overview
- Strategy
- Operating results
- Financial performance



# MARKET OVERVIEW

## Segments of the Russian healthcare market in 2023

### State healthcare

**67%**

This includes the compulsory health insurance (CHI) system and direct budget financing

### Private healthcare

**33%**

A large number of players and a low level of consolidation. The segment includes voluntary health insurance (VHI)

The Russian healthcare market is growing rapidly: in 2023, its volume was estimated at RUB 4.1 trillion (+RUB 180.3 billion, or +4.6% compared to 2022). The strong performance was driven primarily by the performance of the private segment of the market (+RUB 136.9 billion).

Major trends in the medical services market included a decrease in the share of public funding from 73% in 2021 to 67% in 2023 and a corresponding increase in the share of paid services from 27% to 33%. The decrease in the share of public funding is due to several factors: the growth of budget spending on medical services is slowing down; the number of hospitals and beds in public healthcare institutions is decreasing, and the popularity of paid medical services is growing.

### Financing of the medical services market in Russia, RUB bln, %

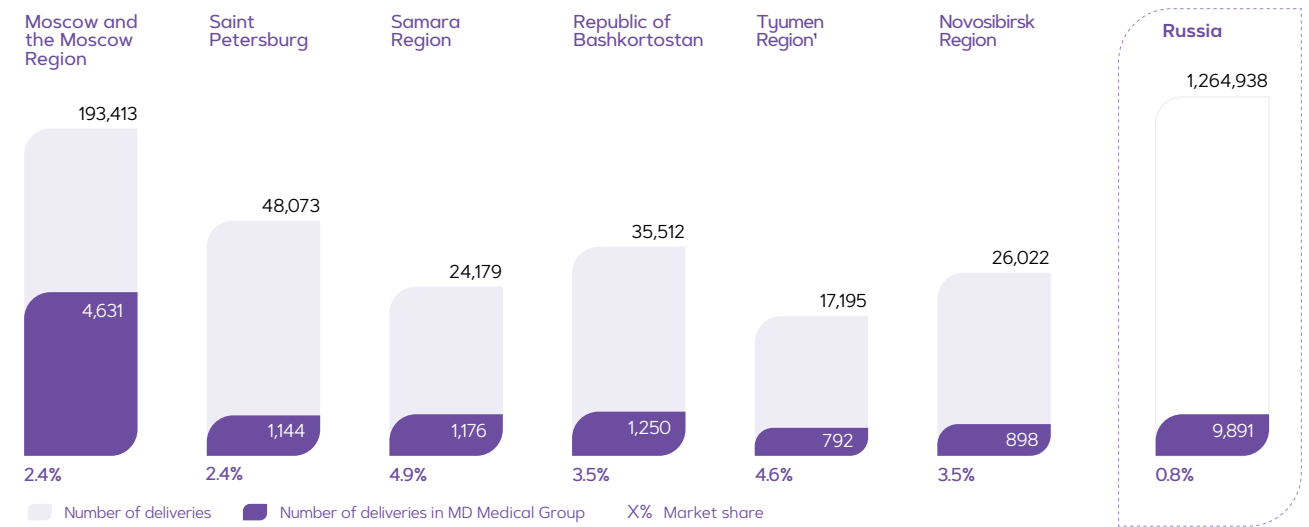
	2021	2022	2023	Change 2023/2022
State healthcare	2,975.7	2,713.7	2,756.8	1.6%
Share	73%	69%	67%	-2 p.p.
Paid medical services, including VHI	1,096.8	1,218.9	1,355.8	11.3%
Share	27%	31%	33%	2 p.p.
<b>Total</b>	<b>4,072.5</b>	<b>3,932.6</b>	<b>4,112.9</b>	<b>4.6%</b>

Source: Federal State Statistics Service (Rosstat)

### Drivers of 2023 healthcare spendings increase:

- Increased fiscal spending in the healthcare sector
- A growing number of private clinics;
- A growing share of elderly people in Russia;
- A 4.6% increase in real household income.
- Heightened attention from the government to the treatment of complex diseases (primarily cancer) and high-technology medical care;

## Obstetrics market in 2023



Sources: Rosstat, the Company

In 2023, MD Medical Group's share in the Russian obstetrics market stood at 0.8%. In the regions where the Company's hospitals operate, the share varies from 2.4% in Moscow and Saint Petersburg to 4.9% in the Samara Region.

Infertility treatment is one of the core areas of MD Medical Group's business. The Company is a leader in this segment of medical services: the share of IVF punctures performed in our institutions exceeds 18% of the total number of Infertility treatment punctures in Russia.

## PRIVATE HEALTHCARE

The private healthcare market is highly fragmented: there are more than 200 players, while the share of the five largest companies does not exceed 10%. Private medical institutions compete both with each other and with public clinics and hospitals, where equipment is being upgraded and the focus on patient centricity is increasing.

Private companies enjoy a zero-income tax rate and a zero-value-added tax on medical services. Starting from 2020, medical institutions have been using this benefit indefinitely. Previously, it had been a temporary measure, but its validity period was regularly extended.

➔ Data as at year-end 2023 show that the number of medical institutions in Russia totaled 64,600 (+2% compared to 2022), of which 53,600 were private (83%). At the same time, private medical companies have the following competitive advantages:

- ➔ High service standards
- ➔ Patient comfort: availability of appointments, prompt provision of services, a personalized approach
- ➔ Innovative treatment methods, rapid introduction of new technologies and techniques

<sup>1</sup> Excluding autonomous districts.



## Trends in the paid medical services market in Russia

### Favorable trends for the market

#### → Reduction in the share of public funding of healthcare

Public funding does not fully cover the population's demand on medicine. This is a long-term trend. In 2023, the share of public funding decreased by another 2 percentage points. At the same time, the overall decrease in the number of hospital beds in public institutions increases the demand for them in private medical institutions.

#### → Increased purchasing power

Household spending on paid medical services increased by 11.2% in 2023. Real household income increased by 4.6% in 2023. It can be expected that in 2024, the upward trend in household spending on paid medical services will continue, driven primarily by pent-up demand due to the COVID-19 pandemic (as the provision of general physicians' services was suspended) and the turbulent year of 2022.

#### → Increase in the average age of the population

The demographic projection in the base-line scenario suggests that the share of people over working age (57 years for women and 62 years for men) will increase from 24.5% in 2023 to 27% in 2046. Elderly people are more likely to visit medical institutions. The demand is expected to be especially high in the fields such as cardiology, oncology and geriatrics.

#### → Growing number of private companies in the CHI system

The CHI system, which includes high-technology medical procedures, provides a stable influx of patients and funds, and helps to ensure the patient flow when opening new medical institutions.

### Unfavorable trends for the market

#### → Decline in the number of women of childbearing age and fertility

The trend has a negative impact on business areas related to obstetrics, gynecology, IVF and pediatrics. This trend is expected to continue in the coming years. In 2023, the number of births decreased by 2.9%.

#### → Population decline

In 2023, the population continued to decline: during the year, it decreased by 243,800 people to 146.2 million people.

#### → Sanctions

Sanctions have a negative impact on the Russian economy, which adversely affects the demand for medical services. In addition, the sanctions have forced companies to reorganize logistics and search for suppliers of the necessary products in friendly and neutral countries.

#### → Changes in the exchange rate

A significant share of imports in the total volume of procurement of medical consumables, medications and equipment means that medical institutions are exposed to exchange rate fluctuations.

The healthcare sector is non-cyclical. The demand for medical services is stable, except for force majeure events, such as the coronavirus pandemic.

Russian public healthcare companies have high profitability and growth rates, which sets them apart from foreign competitors. According to Sberbank, between 2019 and 2023, the EBITDA margin of public

healthcare institutions in developed and emerging markets averaged 15-20% and 20-25% respectively, which is lower than the results of Russian companies. The revenue growth rate over the same period averaged about 5-10% for companies in developed markets and 10-15% in emerging markets.



## THE COMPANY'S POSITION ON THE MARKET

In 2023, MD Medical Group ranked second among private healthcare institutions in Russia in terms of revenue, surpassed only by MEDSI, with the Company's revenue totaling RUB 27.6 billion. The revenue of the ten largest companies totals 10% of the cost of paid medical services. In 2023, MD Medical Group accounted for 2% of the total cost of paid medical services. It is important to note that the highly fragmented commercial healthcare market provides its leaders with opportunities for rapid inorganic growth.

MD Medical Group has an established reputation and is highly trusted due to top-quality medical services, modern equipment and comprehensive patient care. This is why the Company's operating indicators in terms of the number of deliveries and IVF punctures performed grow year on year, despite the downward demographic trend in the country. An important strategic focus area for the Company is to expand its footprint in the regions, where the level of economic development is broadly com-parable to that in Moscow. Moreover, for some types of medical services, the capacity utilization rate of regional medical institutions is higher than in Moscow clinics and hospitals.

# STRATEGY



## Expanding our geographical reach

Over the past 10 years, the number of MD Medical Group's medical institutions has increased from 12 to 55.

We continue to actively develop in the regions with high demand and growth potential.

We select regions for the opening of new medical institutions based on the population density, per capita income and the availability of qualified medical personnel.

### Projects implemented in 2023

- Opening of a clinic in Mytishchi (Moscow Region)
- Opening of a family clinic, MD GROUP Zilart, in January 2024
- Acquisition and opening of a new multidisciplinary hospital in Michurinsky Avenue
- Acquisition of four clinics in the Khanty-Mansi Autonomous District – Yugra

### Plans for 2024/2025

- Increasing the total number of medical institutions to 77 over the next two years: opening new medical institutions in Moscow and the Moscow Region, in the Lipetsk, Chelyabinsk and Kaliningrad Regions, in the Khabarovsk Territory and the Khanty-Mansi Autonomous District



## Developing new types of medical services

Currently, MD Medical Group is a multidisciplinary medical company that provides medical services for the entire family.

By expanding the range of healthcare services that we provide, we are able to improve brand recognition and patient loyalty, provide an important incentive for the personnel and ensure the resilience of our operations amid external uncertainty.

### Projects implemented in 2023

- Opening of the new Neurosurgery Center at the Lapino Clinical Hospital
- Currently, 78 medical specialties are available to our patients
- In 2023, medical services not related to women's and children's health accounted for 43% of revenue

### Plans for 2024/2025

- Starting the construction of the Lapino-3 Nuclear Medicine Center to provide comprehensive treatment of oncological diseases
- Continuing the development of multidisciplinary family clinics: opening an outpatient center in the Moscow International Business Center (MIBC Moscow City)



## Improving service quality and achieving a high level of brand loyalty

Our efforts are focused on ensuring high quality of medical care.

Our marketing policy and the work of our customer service are aimed at increasing brand loyalty.

To achieve this, we systematically analyze patients' needs and preferences and develop our marketing policy taking into account all the features and aspects of today's market.

### Projects implemented in 2023

- Opening of the Home Obstetrics Center in Lapino in order to make childbirth even more comfortable for our patients
- Development of telemedicine
- Development of remote patient monitoring

### Plans for 2024/2025

- Further development of home obstetrics in the Group's hospitals
- Launching a special loyalty program as an additional driver of brand loyalty



## Improving performance

The Company focuses on improving profitability; this includes increasing capacity utilization, as well as cost control and efficient pricing.

Individuals generate 77% of the Group's revenue, which makes it possible to promptly price in inflation and other social and economic changes.

### Projects implemented in 2023

- Increase in the Group's capacity utilization in terms of the number of deliveries, IVF punctures and visits
- The EBITDA margin increased from 31% in 2022 to 33% in 2023

### Plans for 2024/2025

- Continuous cost minimization and following a flexible pricing policy while maintaining the quality of our services and patient satisfaction
- Improving logistics and increasing the degree of centralization in procurement



## Creating shareholder value

As the first Russian public medical company, we focus on achieving the best results that translate into long-term value for our shareholders and investors.

We can only achieve this by providing our patients with top-quality services, creating the best working conditions for our employees and maintaining a high business reputation among our target audiences.

### Projects implemented in 2023

- RUB 3.6 billion invested in business development in 2023
- Start of the redomiciliation to Russia
- Approval of the dividend policy by the Board of Directors; the policy provides for allocating up to 100% of the Group's consolidated profit for dividends

### Plans for 2024/2025

- Strong revenue growth, including through gradual ramp-up of new projects to capacity
- Initiating the approval of profit distribution for dividends after completing the redomiciliation process



# OPERATING RESULTS

The Group operates in Russian Federation and has one primary reporting segment: provision of medical services. We make strategic decisions, evaluate performance and make investments based on the profitability analysis for the Group as a whole, without grouping subsidiaries by location or area of business.

At the same time, for the convenience of reviewing and assessing the Company's performance, we traditionally single out operational indicators and a number of financial indicators for the main business formats by geography. Due to diversification and flexible redistribution of resources between them, the Group remains resilient in any market environment. Our core business areas include:

- Hospitals in Moscow and the Moscow Region;
- Outpatient clinics in Moscow and the Moscow Region;
- Hospitals in the regions;
- Outpatient clinics in the regions.

To understand the impact of changes in operating indicators on financial results, this section presents revenue in relation to operational indicators\*.

## The Group's operating results in 2023

2023 saw a recovery in purchasing power, reproductive behavior and regular outpatient visits, which had a positive impact on the operational performance of MD Medical Group. Areas such as women's and children's health demonstrated consistently strong revenue growth.

The number of deliveries in 2023 increased by 15.3% compared to 2022 and almost reached 10,000. Moscow hospitals made the greatest contribution to these results, with their capacity utilization rate exceeding 60%. In addition, regional hospitals, mainly those in Ufa and Novosibirsk, contributed significantly to performance in this area.

In 2023, the number of IVF punctures increased by 14.6%. All of the Group's institutions reported strong results in this area.

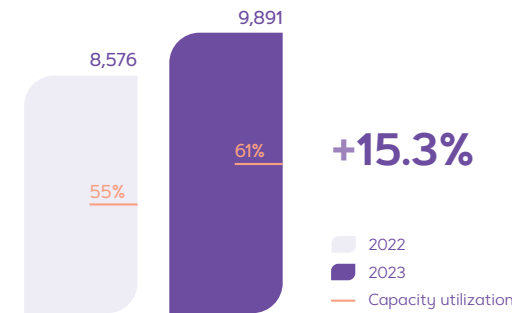
MD Medical Group is the leading provider of IVF services in Russia using new treatment standards. EmbryoScope<sup>2</sup> equipment helps increase the success rate of the procedure

In 2023, the Company increased the number of procedures performed using EmbryoScope devices. Among other things, this resulted in a higher average bill for IVF procedures in the Group.

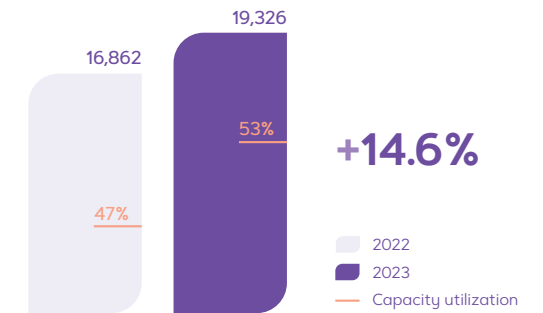
The fact that our patients pay attention to their health contributed to an increase in visits to medical institutions both in Moscow and in the regions. In 2023, the number of visits across all of the Group's institutions increased by 11.4%, while the average bill added 2.2%.

In 2023, the total number of in-patient days across the Group decreased by 2.5%. This was due to the weakening of the COVID-19 pandemic, the impact of which remained significant in 2022. At the same time, the average bill for in-patient days increased by 3.6% due to an increase in the provision of gynecological and pediatric care, as well as the performance of complex surgeries.

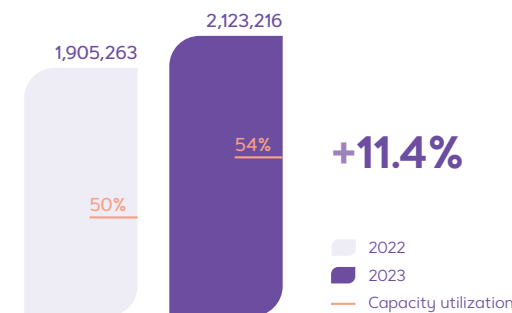
Number of deliveries



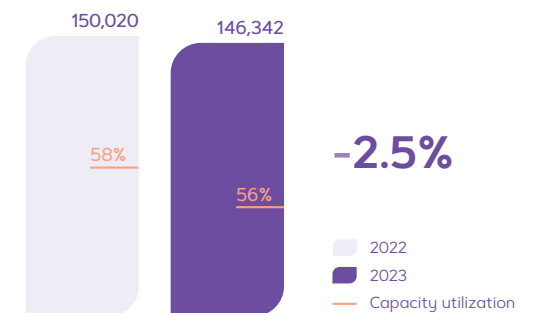
Number of IVF punctures



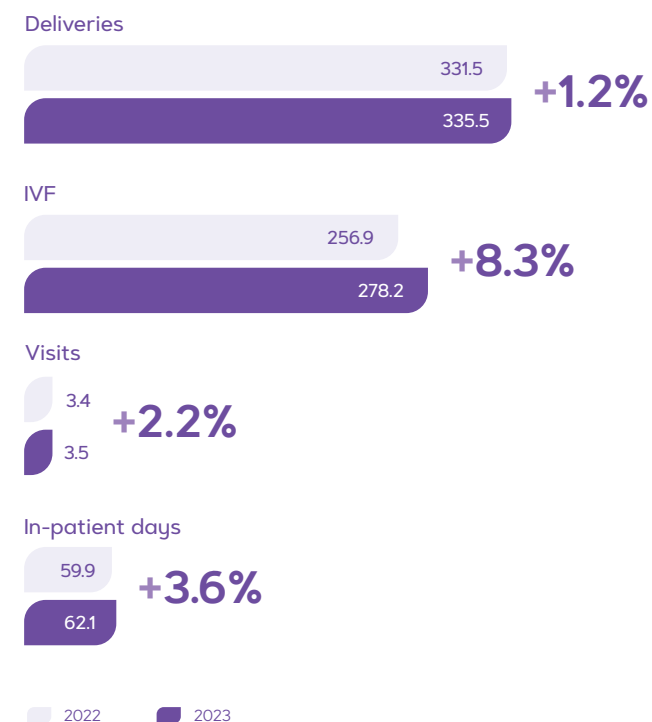
Number of visits



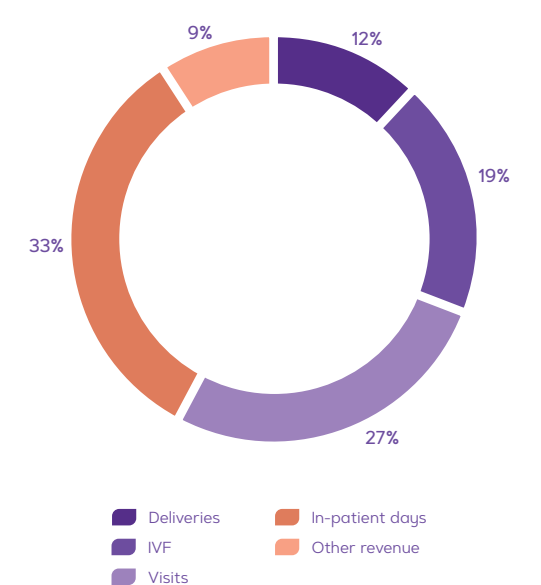
Number of in-patient days



Average bill, RUB '000



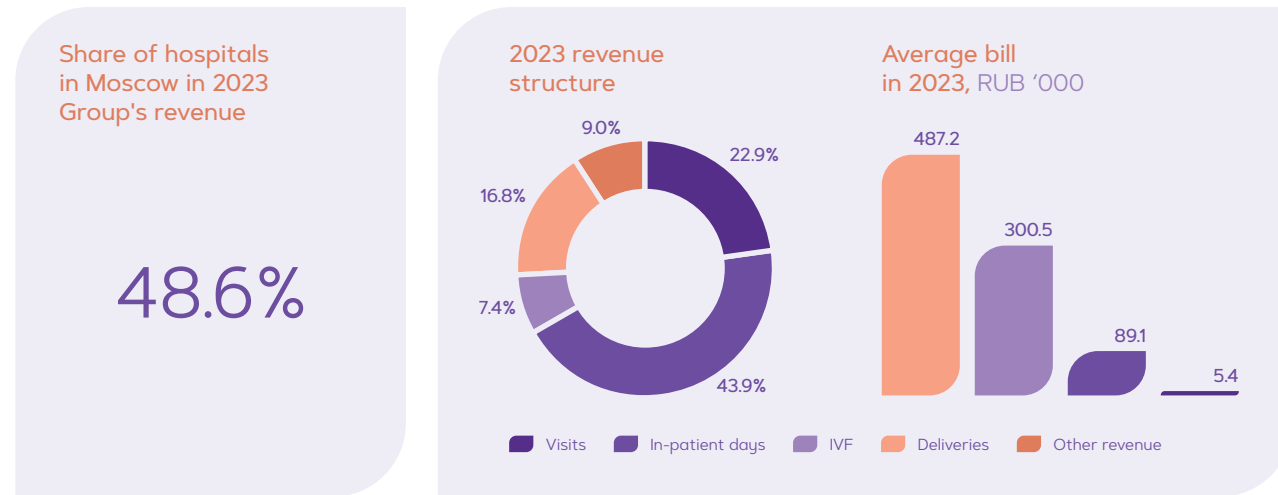
Revenue structure



\* For more details, please refer to the «Financial performance», p. 43.

<sup>2</sup> EmbryoScope is a state-of-the-art technology that makes it possible to monitor embryo development in real time. The system uses artificial intelligence to select the best embryo for transfer.

## HOSPITALS IN MOSCOW AND THE MOSCOW REGION



The Group owns five hospitals in Moscow and the Moscow Region:

- MD GROUP Clinical Hospital;
- MD GROUP Michurinsky Clinical Hospital;
- Lapino-1 Clinical Hospital;
- Lapino-2 Oncology Center;
- Lapino-4 Infectious Center.

	MD GROUP	MD GROUP Michurinsky	Lapino-1	Lapino-2	Lapino-4
<b>Number of beds</b>	261	60	191	120	46
<b>Area, m<sup>2</sup></b>	27,600	8,755	42,000	18,500	4,200
<b>Focus</b>	Multidisciplinary medical care		Oncology	Infectious diseases	
<b>Capacity<sup>3</sup></b>					
<b>Deliveries</b>	3,500	—	3,740	—	—
<b>IVF punctures</b>	3,600	2,000	1,600	—	—
<b>In-patient days</b>	38,000	12,000	28,500	40,000	16,800
<b>Visits</b>	355,000	231,000	640,000	156,000	24,000

<sup>3</sup> Estimated maximum number of deliveries, IVF punctures, in-patient days and visits per year, respectively.

### Key events in 2023

In November 2023, the Company opened a new hospital in Michurinsky Avenue acquired in the middle of the year. The new hospital offers a wide range of services for the entire family, including surgical and medical inpatient treatment for adults, IVF, as well as functional diagnostics and outpatient care for adults and children.

The hospital has been equipped with new state-of-the-art medical equipment by the world's leading manufacturers, such as Karl Storz, General Electric Healthcare, Samsung, Mindray and Fujifilm.

Treatment will also be provided under voluntary and compulsory health insurance programs.

Investment in the project, including additional investment in medical equipment and upgrade of the building, totaled RUB 2.8 billion and was financed from the Group's own funds.

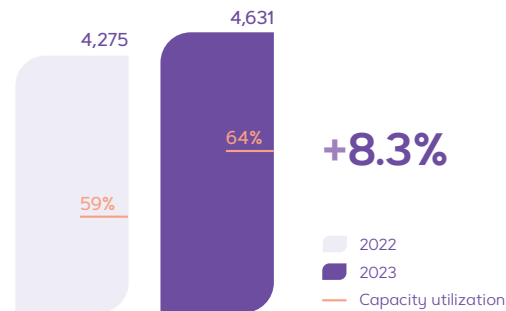
### New services for patients in the Lapino Clinical Hospital

As the Company strives for continuous improvement and always focuses on patient well-being and satisfaction, in 2023 it continued to diversify the types of services provided at the Lapino Clinical Hospital.

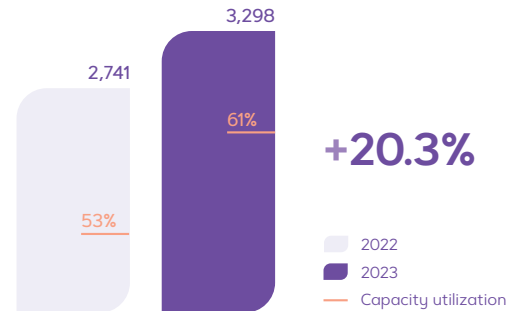
- The team of the **Plastic Surgery Center** was enhanced. The Center also specializes in helping patients after cancer treatment and focuses not only on aesthetic results but also on patient health. Accordingly, plastic surgeons of the Center also have valid certificates of general surgeons, mammologists and oncologists.
- The proven effectiveness of high-technology products and the experience of the hospital doctors in this area made it possible to open a **Center for Biological (Immunosuppressive) Therapy** in June 2023. The Center focuses on the treatment of systemic diseases of any severity, with genetically engineered biological therapy offering numerous advantages compared to conventional treatment methods.
- A **High-Risk Pregnancy Preservation Center** was opened for patients with a complicated pregnancy or with a complicated medical history. Doctors at the Center are ready to provide professional assistance in treating the disorder and preparing for the long-awaited birth of a baby.
- A new **Neurosurgery Center** can provide diagnostics and surgical treatment of lesions of the central and peripheral nervous system caused by injuries, tumors, disorders and hereditary conditions.
- MD Medical Group is always up to date and seeks to anticipate all patients' needs as fully as possible, while maintaining the highest standards in the safety of medical care, comfort and service quality. Accordingly, in 2023, a **Home Obstetrics Center** was launched at the Lapino Clinical Hospital, where a contract for delivery includes birthing classes, and using the gentle birth method assisted by an individual midwife and a doula in a ward with all the necessary medical equipment integrated into a modern "home-like" interior.

### Operating results in 2023

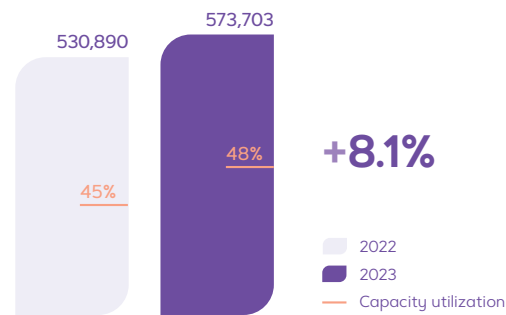
Number of deliveries



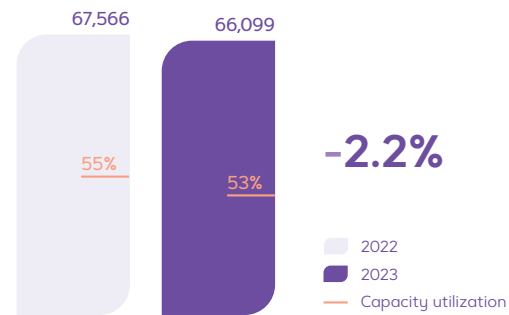
Number of IVF punctures



Number of visits



Number of in-patient days



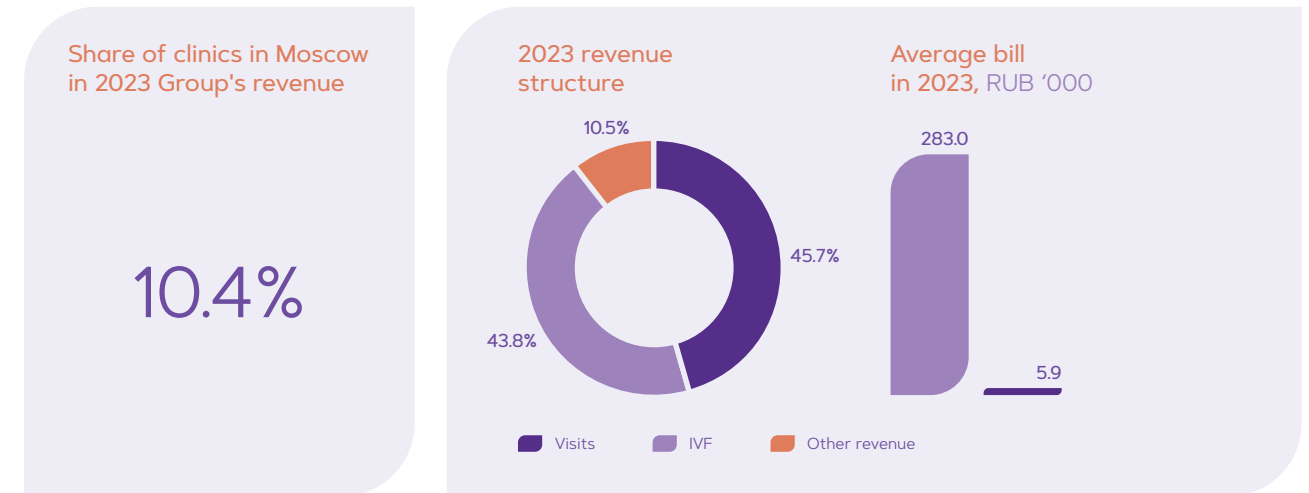
Hospitals in Moscow and the Moscow Region demonstrated traditionally strong performance.

An increase in the number of deliveries and IVF cycles confirmed that demand for these services among patients of MD GROUP and Lapino hospitals, which are the leading private medical centers specializing in women's and children's health in Moscow and the Moscow Region, remained stable. The increase in the number of deliveries and IVF cycles was driven by greater interest in childbirth and higher purchasing power due to the stabilization of social and economic conditions in 2023.

An increase in visits to Moscow hospitals was driven by demand for diagnostics, telemedicine, gynecology and pediatrics in the reporting period, and to the development of a new area, namely neurosurgery, at the Lapino Clinical Hospital. The average bill increased by 5.4%.

A decrease in the number of in-patient days was mainly due to the weakening of the COVID-19 pandemic in 2023; however, it was partially offset by an increase in indicators in traumatology, urology, internal medicine and gynecology, and the development of neurosurgery at the Lapino Clinical Hospital.

## OUTPATIENT CLINICS IN MOSCOW AND THE MOSCOW REGION



### Outpatient clinics in Moscow and the Moscow Region

Number	11
Average area, m <sup>2</sup>	580
Total area, m <sup>2</sup>	6,347
Capacity <sup>4</sup> (visits)	492,000
Capacity <sup>5</sup> (IVF punctures)	5,600

The Group owns 11 outpatient clinics in Moscow and the Moscow Region:

- Moscow – eight clinics;
- Odintsovo;
- Mytishchi;
- Mozhaysk.

### Key events in 2023 and after the reporting date

In January 2023, the Group opened the Mother&Child Mytishchi outpatient medical center. The center has a capacity of up to 24,000 visits per year. Investments totaled about RUB 23 million.

In January 2024, a new medical center, MD GROUP Zilart, with an area of 452 m<sup>2</sup> was opened. The center focuses on providing multidisciplinary outpatient medical care for the entire family. The new clinic has a capacity of more than 50,000 visits per year. Total investment in the project exceeded RUB 81 million. The development of family clinics

with a focus on providing a wide range of medical services for all family members is part of the Group's strategy to scale up multidisciplinary patient care. The Zilart residential complex has been chosen because it is family-oriented, as well as due to the scale of the living space, and well-developed social, cultural and educational infrastructure not only within the complex, but also in the Southern Administrative District of Moscow as a whole.

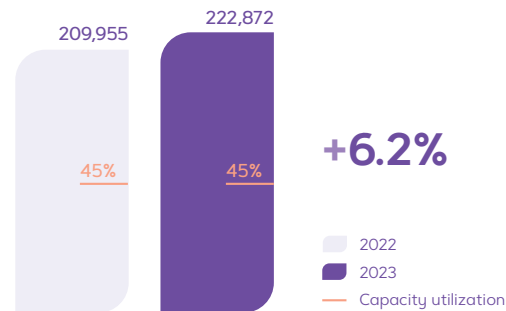
<sup>4</sup> Estimated maximum number of visits per year.

<sup>5</sup> Estimated maximum number of IVF punctures per year.

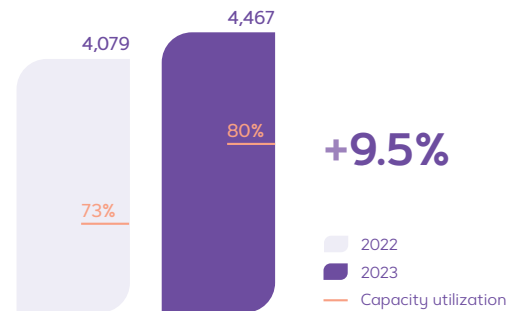


### Operating results in 2023

Number of visits



Number of IVF punctures



An increase in the number of visits was driven by demand for obstetrics and gynecology, as well as pediatrics. Additional growth potential is related to the capacity of new clinics in Butovo and Mytishchi, which were opened in the second half of 2022 and in early 2023 respectively and did not yet reach their design capacity in the reporting period.

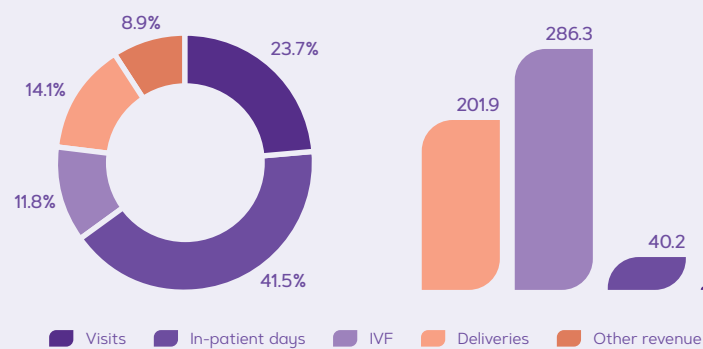
A larger number of IVF cycles and a 4.5% increase in the average bill in this area were driven by overall high demand for this service in the Group's medical institutions, as well as an increase in the number of genetic tests and the use of new-generation EmbryoScope equipment in Moscow clinics.

### HOSPITALS IN THE REGIONS

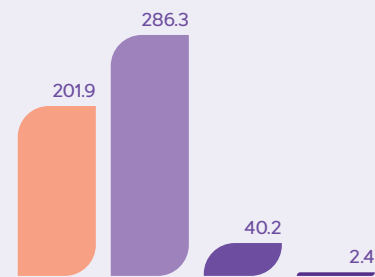
Share of hospitals in regions in 2023 Group's revenue

27.2%

2023 revenue structure



Average bill in 2023, RUB '000



The Group's assets in the regions include hospitals in the following cities of Russia:

- Novosibirsk;
- Samara;
- Saint Petersburg;
- Tyumen (two facilities);
- Ufa.

	MD Novosibirsk	MD Samara	MD Lakhta	MD Tyumen-1	MD Tyumen-2	MD Ufa
<b>Number of beds</b>	93	164	52	164	50	185
<b>Area, m<sup>2</sup></b>	10,260	15,000	9,000	15,000	4,750	33,000
<b>Focus</b>	Multidisciplinary medical care					
<b>Capacity<sup>6</sup></b>						
<b>Deliveries</b>	1,370	1,916	1,825	1,550	—	2,190
<b>IVF punctures</b>	1,600	1,200	—	1,600	—	1,600
<b>In-patient days</b>	21,900	30,000	8,030	30,660	18,250	25,900
<b>Visits</b>	408,000	216,000	72,000	246,000	60,000	290,800

### New specialties

In the summer of 2023, a day hospital was opened in the children's department of the clinical hospital in Ufa to provide young patients with an opportunity to receive all the necessary care during the day and spend the night at home, in a familiar environment.

The oncology center of the Avicenna Mother and Child Multifunctional Clinical Hospital in Novosibirsk launched a new service: sentinel lymph node biopsy. This is diagnostic surgery which is one of the basic methods for diagnosing lymph node lesions in breast cancer, melanoma and other malignant neoplasms. This method makes it possible to determine the stage of the disease, assess the risk of malignant cells spreading throughout the body and perform surgery at the required scale.

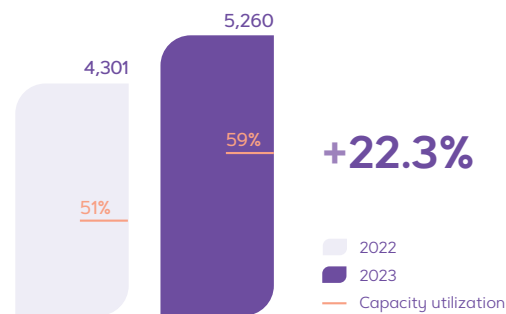
The hospital in Samara has introduced a new oncofertility technique: the hospital has launched an OTO-IVM program, which involves obtaining oocytes from ovarian tissue and subsequent IVM (maturation of the cells in the embryology laboratory followed by their freezing or fertilization and the freezing of resulting embryos). This technique eliminates the need for drugs and does not require postponing the treatment of the underlying condition.

The hospital in Tyumen started providing palliative care in 2023.

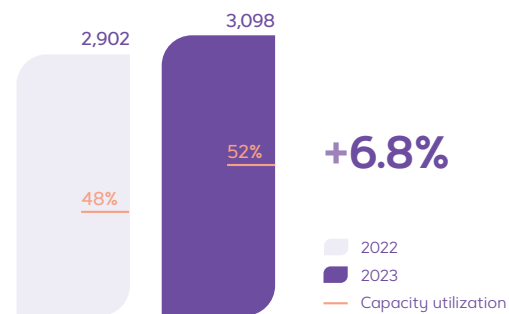
<sup>6</sup> Estimated maximum number of deliveries, IVF punctures, in-patient days and visits per year, respectively.

Operating results in 2023

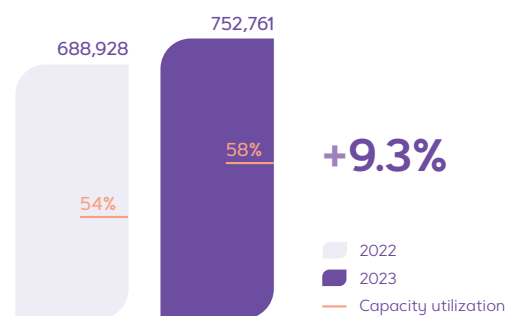
Number of deliveries



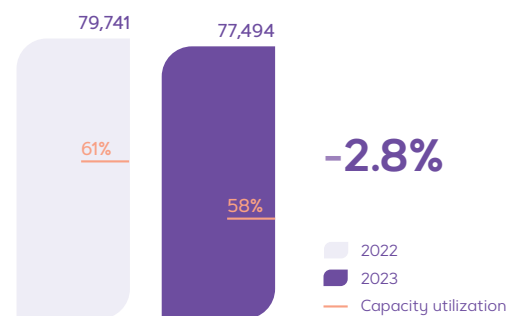
Number of IVF punctures



Number of visits



Number of in-patient days



In 2023, the hospitals in the regions made a significant contribution to the Group's operating results. This was due primarily to an increase in the number of deliveries. There was also an increase in visits to treatment and diagnostic centers and the number of IVF procedures.

A significant increase in the number of deliveries was due to the strong performance of the new MD GROUP Lakhta hospital in Saint Petersburg, as well as hospitals in Samara and Tyumen.

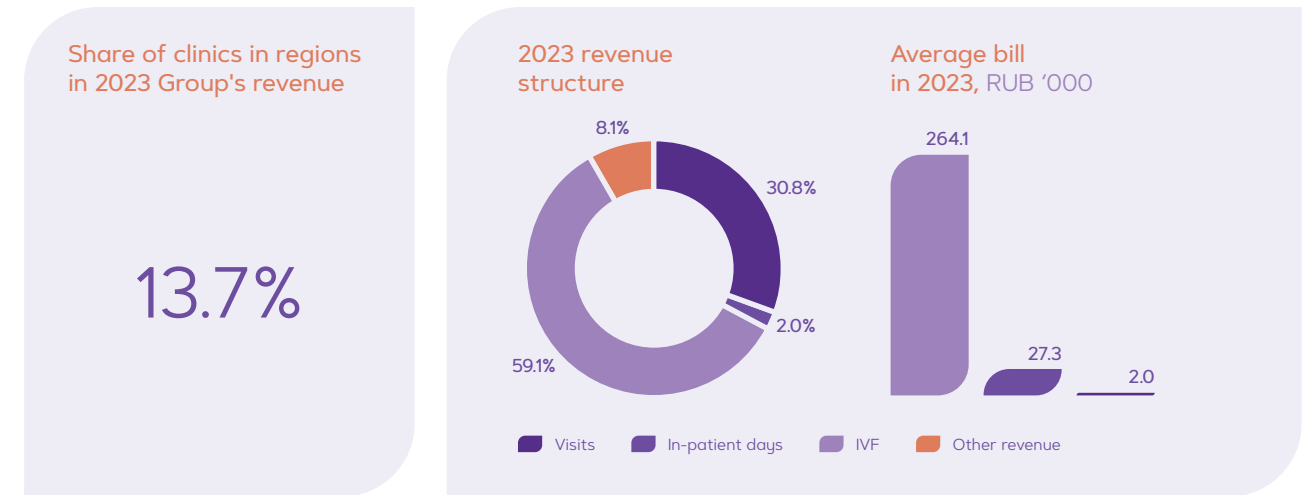
An increase in the number of IVF cycles was related primarily to the strong performance of hospitals in Tyumen and Novosibirsk. Furthermore, the growing popularity of the hospital in Tyumen was reflected in an influx of patients from the neighboring regions, namely the Khanty-Mansi Autonomous District and the Yamalo-Nenets Autonomous District.

An increase in the number of hospital visits in the regions was driven by demand for services related to children's and women's health, diagnostics and telemedicine in hospitals in Tyumen, Ufa and Samara.

→ The MD GROUP Lakhta hospital in Saint Petersburg was opened in 2022 and reached a high occupancy rate in 2023

A decrease in the number of in-patient days for oncology was due to a reduction in compulsory health insurance quotas, as well as a decrease in the length of hospital stay when undergoing medication treatment in accordance with the terms of medical care provision under compulsory health insurance programs in a number of regions.

OUTPATIENT CLINICS IN THE REGIONS



The Group's assets in the regions include 33 clinics in 26 cities of the Russian Federation:

- |                  |                     |                      |
|------------------|---------------------|----------------------|
| 1. Barnaul       | 10. Krasnodar       | 19. Rostov-on-Don    |
| 2. Vladivostok   | 11. Krasnoyarsk     | 20. Ryazan           |
| 3. Vladimir      | 12. Nefteyugansk    | 21. Samara           |
| 4. Volgograd     | 13. Nizhny Novgorod | 22. Saint Petersburg |
| 5. Voronezh      | 14. Novokuznetsk    | 23. Surgut           |
| 6. Yekaterinburg | 15. Novokuybyshevsk | 24. Togliatti        |
| 7. Irkutsk       | 16. Novosibirsk     | 25. Tula             |
| 8. Kazan         | 17. Omsk            | 26. Yaroslavl        |
| 9. Kostroma      | 18. Perm            |                      |

Outpatient clinics in the regions

Number	33
Average area, m <sup>2</sup>	733
Total area, m <sup>2</sup>	24,180
Capacity <sup>7</sup> (visits)	940,550
Capacity <sup>8</sup> (IVF punctures)	19,200
Capacity <sup>9</sup> (in-patient days)	3,700

<sup>7</sup> Maximum number of visits per year.

<sup>8</sup> Maximum number of IVF punctures per year.

<sup>9</sup> Maximum number of in-patient days per year.

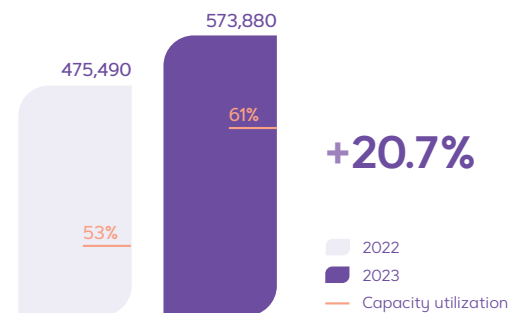
## Key events in 2023

In September 2023, the Group acquired four clinics in the Khanty-Mansi Autonomous District – Yugra. The acquisition of the clinics will enable the Group to become a leading private healthcare provider in the region and create an outpatient base for referring

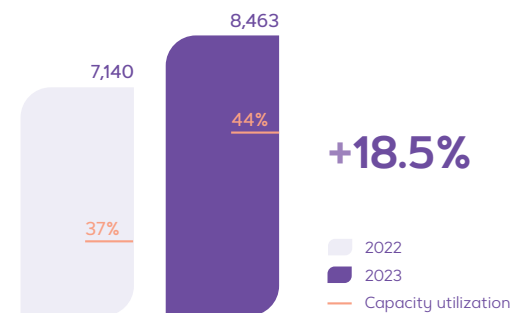
patients for high-technology care at the Group's hospital in Tyumen. The transaction value totaled RUB 349 million; it was financed from the Group's own funds.

## Operating results in 2023

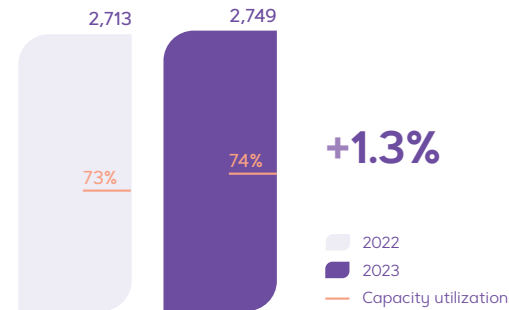
### Number of visits



### Number of IVF punctures



### Number of in-patient days



An increase in visits to clinics was driven by demand for obstetrics and gynecology, diagnostics and telemedicine. The greatest contribution to the results of outpatient clinics in the regions was made by the recently opened clinic in Yekaterinburg, as well as clinics in Rostov-on-Don, Krasnodar and Saint Petersburg.

An increase in the number of IVF cycles was due to an increase in the number of IVF services provided both on a commercial basis and under compulsory health insurance programs, as well as the growing popularity of clinics among patients living in nearby regions.

The number of in-patient days increased by 1.3%. A significant increase in the indicator was recorded in Irkutsk, Samara and Novokuznetsk due to the expansion of services covered by compulsory health insurance which involve day hospital stay (the increase was mainly due to an increase in the number of minor gynecological surgeries).

# FINANCIAL PERFORMANCE

The financial results of MD Medical Group for 2023 reflect steady business growth combined with high profitability. The overview below is based on the Group's consolidated IFRS financial statements for 2023\*.

## Financial highlights, RUB mln, %

	2023	2022	Change
<b>Revenue</b>	27,631	25,222	9.6%
<b>Gross profit</b>	11,292	9,793	15.3%
Gross profit margin	40.9%	38.8%	2.1 p.p.
<b>EBITDA</b>	9,218	7,924	16.3%
EBITDA margin	33.4%	31.4%	2.0 p.p.
<b>Operating profit</b>	7,509	4,969	51.1%
Operating profit margin	27.2%	19.7%	7.5 p.p.
<b>Net profit</b>	7,823	4,719	65.8%
Net profit margin	28.3%	18.7%	9.6 p.p.
<b>Adjusted net profit<sup>10</sup></b>	7,823	6,005	30.3%
Adjusted net profit margin	28.3%	23.8%	4.5 p.p.

## REVENUE

In 2023, the total revenue of MD Medical Group increased by 9.6% to RUB 27,631 million. The revenue growth was mainly due to stable demand for services related to deliveries and IVF both in Moscow and in the regions.

The revenue of Moscow hospitals increased by 3.1% year on year, mainly due to an increase in the number of IVF cycles and the number of visits in areas such as obstetrics and gynecology, pediatrics, diagnostics and telemedicine.

The 15.5% growth of revenue of regional hospitals was driven by a significant increase in capacity utilization of obstetrics departments of hospitals in Saint Petersburg, Samara and Tyumen, and an increase in bed occupancy rates in hospitals in Novosibirsk (traumatology and pediatrics), Samara (cardiology and pediatrics) and Lakhta (pediatrics and gynecology), with a simultaneous increase in the average bill for all types of medical services provided in hospitals in the regions.

\* For more details, please refer to Appendices, p. 106.

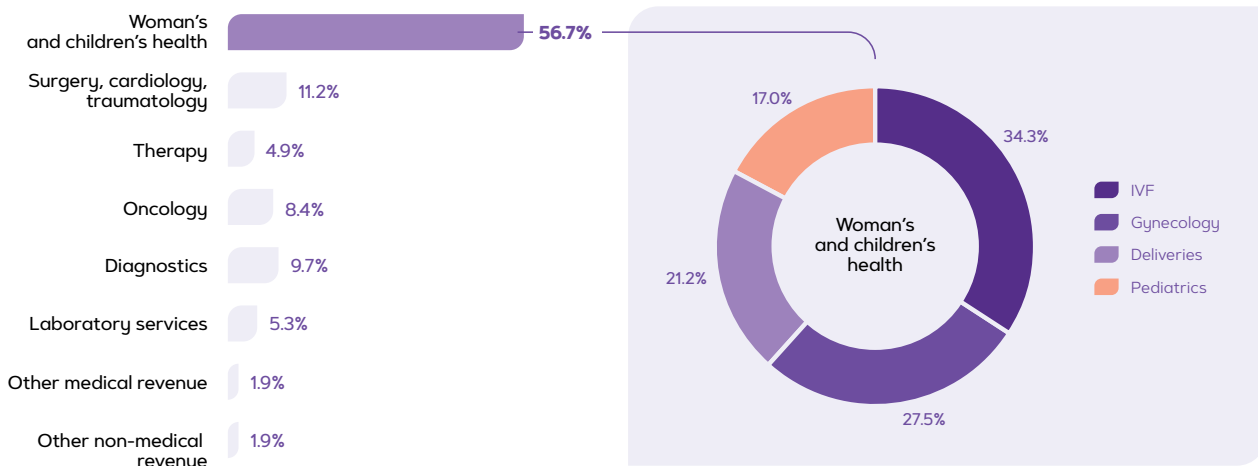
<sup>10</sup> In 2022, adjustments include impairment of construction in progress, property, plant and equipment and goodwill totaling RUB 1,287 million.



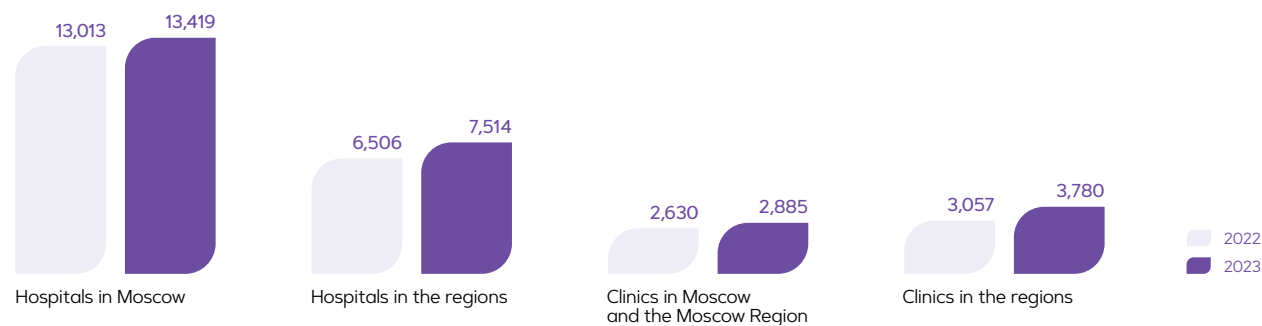
The revenue growth of outpatient clinics in Moscow and in the regions was driven by both an increase in the number of visits and a greater number of IVF punctures and a higher average bill for them due to an increase in the number of genetic tests and the use of new treatment standards (EmbryoScope).

Revenue from areas not related to women's and children's health accounted for 43.3% of the Group's total revenue.

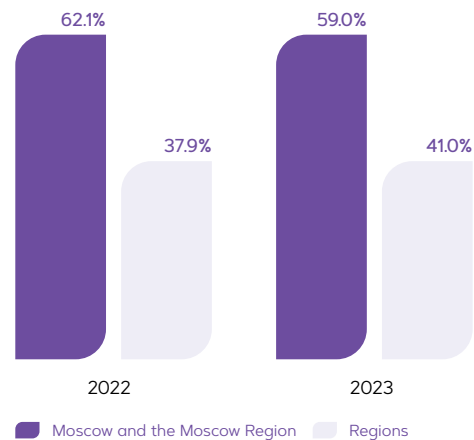
Revenue by type of services



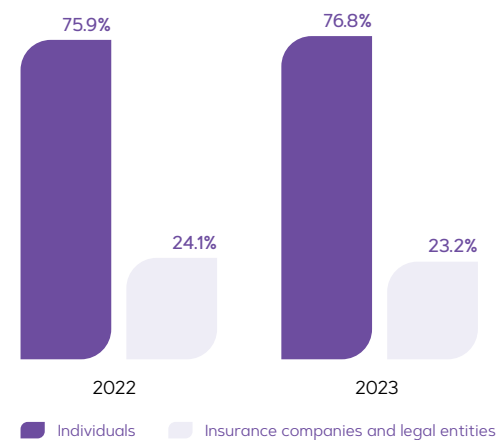
Revenue by institution, RUB mln



Revenue by geography

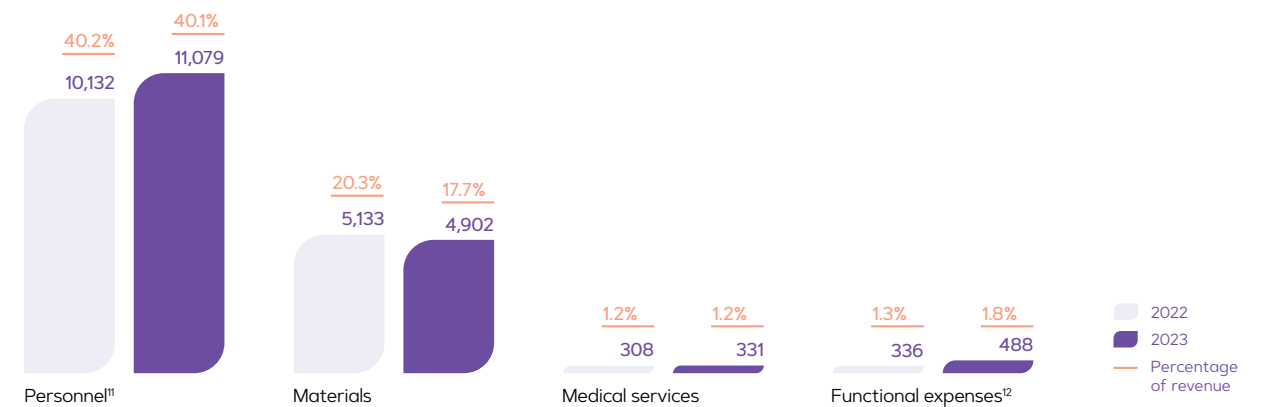


Revenue by type of payers



EXPENSES

Key expenses, RUB mln



In the reporting period, the Company's underlying costs remained under strict control and decreased by 2.3 p.p. year on year as a percentage of revenue (60.8%).

In 2023, changes in labor costs were in line with revenue growth, and their share remained at the previous level (40.1% of revenue).

The share of supplies expenses decreased by 2.6 p.p. year on year to 17.7% of revenue amid a decrease in material-intensive services in the Company's portfolio, such as COVID-19 treatment.

The share of spending on medical services remained stable due to gradual vertical integration of business processes, including the opening of the Company's own laboratory and data center.

The share of functional expenses increased by 0.5 p.p. year on year to 1.8% of revenue, driven by higher IT support costs amid the expansion of the Group's business.

PROFIT

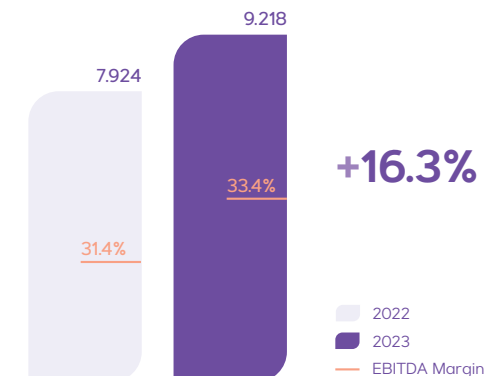
Gross profit

In 2023, gross profit increased by 15.3% year on year to RUB 11,292 million due to an increase in the volume of medical services provided and the average bill for them. The gross profit margin increased by 2.1 p.p. year on year to 40.9% due to revenue growth, while supplies expenses as a percentage of revenue decreased.

EBITDA

In 2023, EBITDA increased by 16.3% year on year to RUB 9,218 million, while the EBITDA margin increased by 2 p.p. year on year to 33.4% due to improvement in the Company's operating performance.

EBITDA, RUB mln

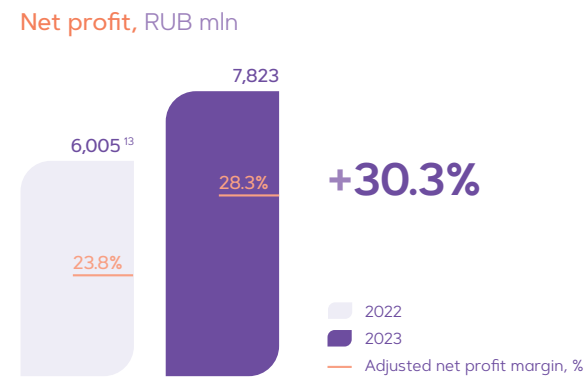


<sup>11</sup> Personnel costs include payroll and social contributions.

<sup>12</sup> Functional expenses include marketing, IT, customer service, personnel training, and telecommunication services.

### Operating profit

In 2022, as part of an impairment test, the Company recorded impairment losses\* on past investments amid deteriorating macroeconomic conditions. As a result, in 2022, operating profit decreased by 25.0% year on year. In 2023, impairment tests of a number of assets did not necessitate the recognition of any write-offs.



### Net profit

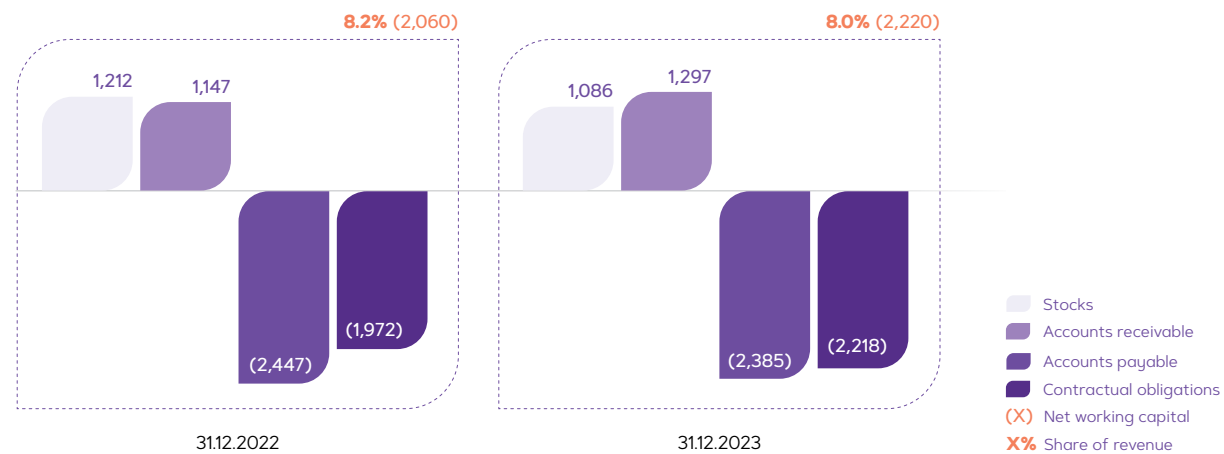
In 2023, foreign exchange gain amounted to RUB 20 million compared to a loss of RUB 105 million a year earlier.

The net profit in 2023 increased by 65.8% to RUB 7,823 million, with the net profit margin of 28.3%.

In 2022, the Company's net profit adjusted for the above-mentioned impairments amounted to RUB 6,005 million, with the adjusted net profit margin of 23.8%. Compared to the adjusted net profit for the previous year, the net profit in 2023 increased by 30.3%, while the profitability growth was 4.5 p.p.

## WORKING CAPITAL

Changes in working capital, RUB mln



The Company has historically maintained a negative net working capital as a source of additional financing. At year-end 2023, net working capital remained negative (RUB 2,220 mln) and amounted to 8.0% of revenue.

A decrease in inventories was due to effective procurement management, and monitoring to maintain an optimal stock of materials and medications.

A slight increase in accounts receivable was due to an increase in advance payments to suppliers of medications and consumables.

An increase in contract liabilities was mainly due to an increase in advance payments made by patients for the Group's medical services.

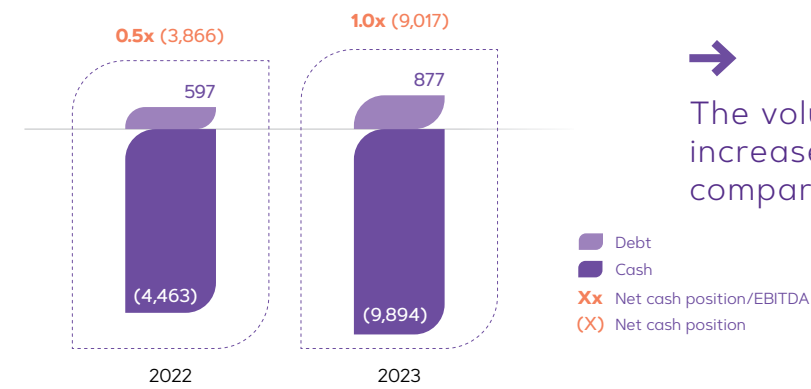
\* For more details, please refer to Appendices, p. 142.  
<sup>13</sup> Adjusted net profit

## DEBT PORTFOLIO

The Group's debt, which comprises only liabilities under lease agreements, increased by 47.2% year on year to RUB 877 million at year-end 2023. Cash balance grew 2.2 times to RUB 9,894 million as at December 31, 2023 compared to RUB 4,463 million as at December 31, 2022.

As at December 31, 2023, the Company had a net cash position of RUB 9,017 million. The Company's debt is fully denominated in rubles. At year-end 2023, the net cash position to EBITDA ratio stood at 1.0x.

Net cash position, RUB mln



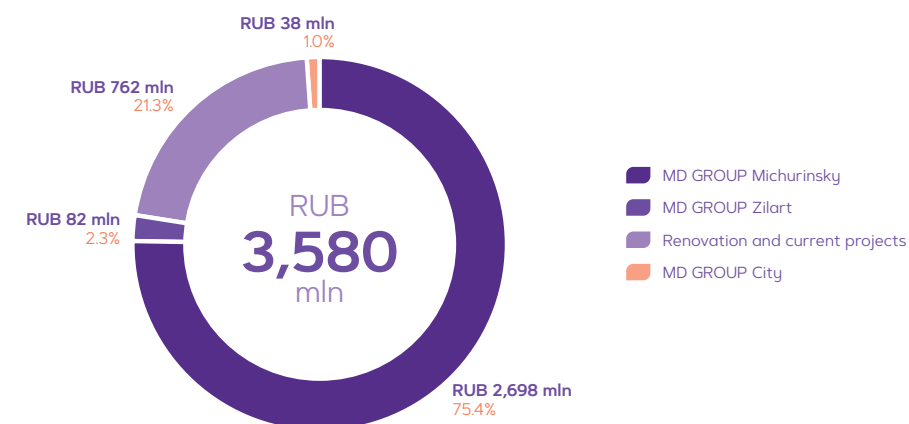
→ The volume of funds increased 2.2 times compared to 2022

## INVESTMENT PROGRAM

Total capital expenditures in 2023 increased three times compared to 2022 and reached RUB 3,580 mln. Hospitals account for the largest share of capital expenditures (70%).

In the reporting period, a new hospital acquired in the third quarter of 2023, MD GROUP Michurinsky, was launched in Moscow.

2023 capital expenditures structure







## **SUSTAINABLE DEVELOPMENT**

- Sustainable development approach
- Stakeholder engagement
- HR management
- Occupational health and safety
- Environmental protection





# SUSTAINABLE DEVELOPMENT APPROACH

Sustainable development principles underpin the mission and values of MD Medical Group. We are convinced that people’s health is the foundation for a sustainable future on a global and national scale.

## OUR CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

The contribution of MD Medical Group to sustainable development is determined by both the nature of the Company’s activities and its strategic goals, such as:

- Top-quality service provision;
- Use of advanced medical technologies and state-of-the-art equipment;
- Attention to scientific achievements and introduction of promising innovations;
- Attracting and retaining the most qualified personnel, supporting the professional development of our specialists;
- A flexible pricing policy that provides access to high-quality medical services for people with different income levels;
- Increasing the accessibility of our clinics, including for people with disabilities.

### Contribution to the implementation of national projects and the achievement of the UN Sustainable Development Goals (SDGs)



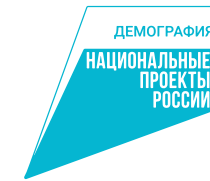
MD Medical Group provides high-quality medical services that meet international standards and contributes to the reduction of morbidity and mortality. Particular attention is paid to the supply of state-of-the-art equipment and the digitalization of the Company’s activities.

- Results in 2023:**
- More than 2 million visits and 146,000 in-patient days;
  - RUB 1.2 billion invested in new technologies, equipment and digitalization.



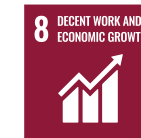
The Company provides opportunities for training and professional growth, and contributes to the professional development of medical specialists. In addition, MD Medical Group is continuously developing educational activities at the medical MGIMO Med University and runs modern specialist training and residency programs.

- All clinics and hospitals of MD Medical Group have implemented a continuing medical education (CME) system;
- MGIMO Med University has developed one specialist training program and four residency programs, and 12 specialists completed their residency in 2022/2023.



The Company is a leader in Russia in terms of the number of IVF punctures performed. It applies modern standards in pregnancy planning and management, and successfully leverages all the capabilities of modern reproductive medicine.

- Results in 2023:**
- Over 19,000 IVF punctures were performed;
  - About 10,000 deliveries took place.



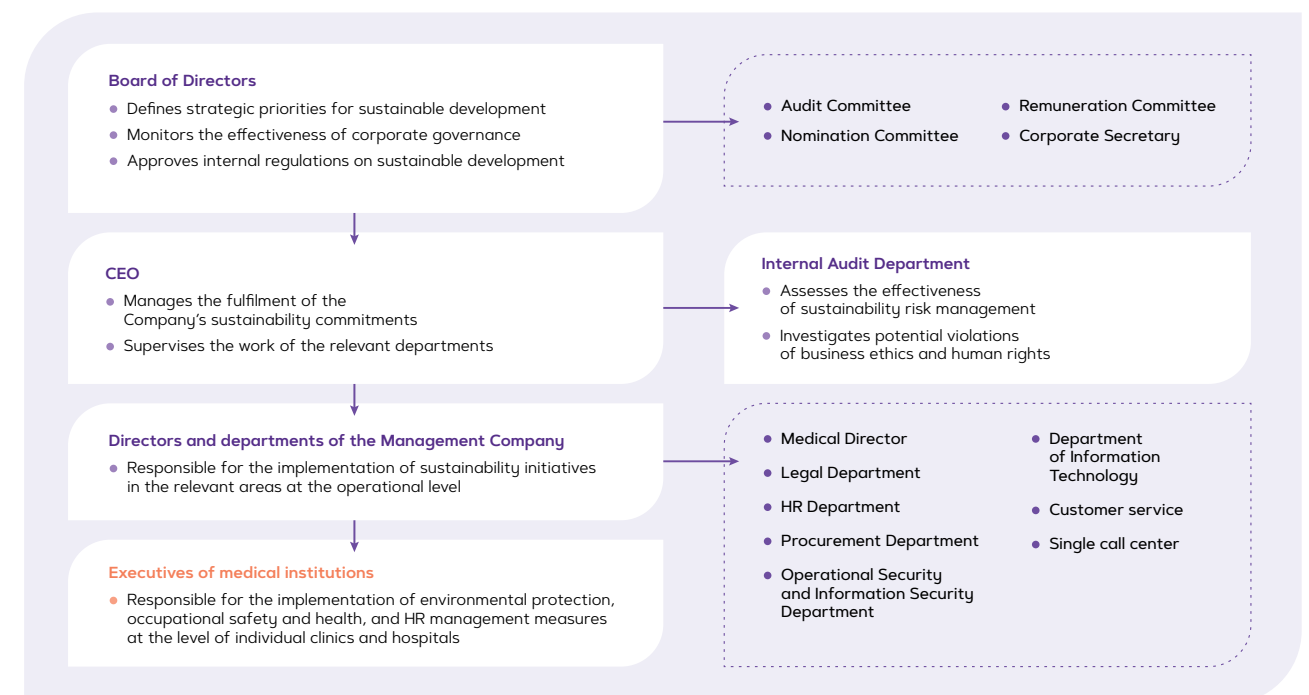
MD Medical Group is a major employer in the medical industry. It creates comfortable working conditions and pays competitive salaries to thousands of specialists. The Company supports small and medium-sized businesses by purchasing goods and services from them.

- Results in 2023:**
- The headcount of the Group totaled 8,805 people;
  - The payroll increased by 9% to RUB 11,079 million.

## SUSTAINABILITY MANAGEMENT

Various aspects of sustainability management are distributed among various governing bodies of the Company: the Board of Directors, the CEO and the relevant departments.

### Sustainability governance structure



## SUSTAINABILITY RISKS

MD Medical Group recognizes the importance of sustainability risk management to promote sustainable business development and effective value creation for all stakeholders.

The timely identification and mitigation of sustainability risks enables the Company to improve operational efficiency, strengthen its reputation and increase its contribution to the sustainable future of the country's population.

The Board of Directors, together with the relevant departments, identifies the most significant sustainability risks and decides on measures to

mitigate and compensate for the identified risks. Approaches to sustainability risk management are regularly reviewed.

### The Company identifies five groups of sustainability risks:

- Environmental risks;
- Social and HR risks;
- Human rights risks;
- Corruption risks;
- IT and cybersecurity risks.

→ Preventive measures are taken for all identified risks, and the probability of risk events is low

### Environmental risks

Risk	Risk management
Improper disposal of hazardous waste	The Company is constantly improving the procedures for selecting waste disposal contractors, who must have all the necessary competencies and permits. The Group's clinics and hospitals are monitored in terms of compliance with national sanitary and epidemiological standards. The Company provides its medical institutions with equipment for the disposal of medical waste, which reduces disposal costs and the risk of epidemiological contamination. Personnel are regularly trained in waste disposal.
Significant increase in energy consumption and reduced energy efficiency	All medical institutions have energy-saving equipment. Energy-saving measures are implemented in accordance with internal regulations.
Significant increase in water consumption	Water supply infrastructure in all clinics and hospitals of the Group is monitored and repaired in a timely manner.
Increased paper use	The Company supports the transition to electronic document management, and introduces digital and mobile tools for record keeping and stakeholder engagement.
Improper disposal of defective or unusable medical supplies	Procedures for the disposal of medical supplies have been standardized. All medical supplies undergo testing and quality control.

### Social and HR risks

Risk	Risk management
Government restrictions related to employment	The Company's HR Department constantly monitors changes in legislation and promptly responds to them. Employee records, including information on their qualification and certification, is stored in the 1C: Payroll and HR Management integrated electronic system.
Insufficient presence in the regions	The Company is expanding its footprint in the regions by opening new clinics and hospitals to increase the coverage and accessibility of its medical services. Pricing in new institutions takes into account the income level of the population of a specific region. The Company provides services under CHI programs, including IVF.
Deterioration of the Group's perception as an employer	The Company monitors the level of employee engagement and satisfaction by conducting regular surveys. The Group's institutions provide an environment for unlocking and developing professional potential. MD Medical Group continues to cooperate with leading medical universities to find and retain young talented specialists.
Lack of qualified personnel	The Company is expanding its geographical reach and is constantly seeking opportunities to attract additional qualified personnel. To maintain the competencies and improve the skills of employees, the Company constantly runs in-house educational programs.
Conclusion of contracts with unreliable or unverified counterparties	Internal regulations governing the procurement process are constantly updated. Contracts with counterparties are approved through an internal electronic document management system, which minimizes the risks of cooperation with an unscrupulous contractor or supplier.
Deterioration of the sanitary and epidemiological situation in institutions	The Company is constantly improving its internal safety guidelines and implements measures to ensure employee safety. Significant resources are allocated to replace faulty equipment, run occupational safety and health training programs and provide personnel with modern personal protective equipment.

### Human rights risks

Risk	Risk management
Discrimination in the workplace	The Company has zero tolerance to any form of discrimination. All potential cases of discrimination are recorded and investigated.
Wage discrimination	The Company has a remuneration system based on transparent, clearly formulated key performance indicators.
Occurrence of forced labor	MD Medical Group's principles of corporate culture include voluntary engagement and encouragement. Coercion in any form is not permitted.



## Corruption risks

Risk	Risk management
Acts of corruption	The Company has implemented an electronic document management system to minimize the risk of wrongdoing. The Company conducts internal audits to ensure compliance with legal requirements.
Bribery of the Company's employees in the interests of third parties	The Company is implementing a procurement centralization program for all medical institutions. A process for approving counterparties and financial control over payments is centralized.

## IT and cybersecurity risks

Risk	Risk management
Inadequate protection of personal data	The Company has installed equipment for personal data encryption and protection against hacking, including antivirus software. A Personal Data Processing Policy has been developed. Employees' rights of access to patient treatment information and other information are strictly separated. All modifications to the Company's digital systems are thoroughly tested. Server data is backed up daily to enable quick recovery in the event of data loss.
Protection of critical IT infrastructure	Documentation has been developed to protect critical infrastructure, including emergency response plans. Restrictions have been imposed on the installation of software and the use of memory cards by employees. Equipment for personal data encryption and protection against hacking has been installed.

## DIGITALIZATION

Digitalization of healthcare in Russia is gaining momentum and helps to address the challenges facing today's healthcare system. Matters related to optimization and fundamental transformation of the industry became especially relevant during the pandemic, when the load on the healthcare system increased significantly, necessitating the prompt incorporation of modern IT solutions into medical processes.

General trends towards the digitalization of life and the use of gadgets, online applications and services can also be observed in the healthcare industry. The Company moves with the times and actively transforms its operations through the adoption of innovative technologies and the digitalization of business processes.

### Business Intelligence System (BI)

The system makes it possible to:

- Promptly (with an accuracy of up to one business day) receive data on the key drivers of performance of its institutions and make management decisions based on them;
- Compare the performance of individual doctors or departments, identify the flows of CHI/VHI/ commercial services, the contract base, doctors' schedules, etc., including the comparison of data with similar periods in previous years;
- Break down data from the regional level to the level of services/patients/referrals.

The Company leverages the System to standardize accounting processes, monitor compliance with regulations and instructions, automate weekly and monthly reports in presentation systems, analyze databases in Excel with flexible settings for user tasks (pivot tables, DAX queries for configuring files for presentations, etc.).

### Mobile app for patients

The mobile app for patients has a number of functions:

- Selecting the required specialist;
- Making an appointment;
- Synchronizing the appointment with the calendar on the mobile device;
- Setting up and receiving notifications about upcoming events;
- Managing children's appointments;
- Paying for the appointment on the personal account page;
- Viewing all contracts concluded after signing in to the app, including the history of service provision;
- Viewing the full history of appointments and tests since signing in to the mobile app, etc.

### Mobile app for doctors

The mobile app enables doctors to:

- View a patient's electronic medical records;
- View the doctor's own schedule and the schedule of other specialists;
- Make an appointment;
- Receive notifications when a patient arrives at a hospital or clinic;
- Make changes to records;
- View corporate news, as well as a section containing up-to-date knowledge from practicing doctors;
- View up-to-date information on patient contracts.

### Remote patient monitoring

The Company provides capabilities for daily remote monitoring of pregnant women in order to detect medical emergencies. Patients can be provided with a device for at-home CTG-monitoring<sup>1</sup>, a personal blood glucose meter, a personal blood pressure monitor, etc.

A robotic system continuously monitors a patient's indicators, which enables a doctor to detect any deterioration in a timely manner.

The attending physician receives notifications if:

- The patient has not transmitted the readings;
- The patient does not transmit the readings for several days in a row;
- Monitoring has been suspended;
- The patient has not received the device;
- Monitoring has been completed;
- The patient has not returned the device to the medical institution;
- The patient's indicators require attention or response.

The process is also supervised by the management of the medical institution. The chief doctor can supervise all their subordinates simultaneously. The indicators of all patients under medical supervision are shown on a single screen.

Patients who have stable indicators do not communicate with the doctor outside scheduled appointments. If the robot detects deviations from stable indicators, it recommends the patients to contact the doctor immediately or seek hospital admission.

### Telemedicine consultations

During a remote consultation, a doctor analyzes a patient's complaints and gives recommendations based on the medical history. The doctor can give a second opinion or interpret test results; in case of acute pain, the doctor will tell the patient whether it is necessary to attend a clinic or call an ambulance. The attending physician can remotely adjust the treatment if the diagnosis was established during a visit to the clinic. A pediatrician will provide consultations for child patients. After a remote consultation, a medical report and prescriptions are issued.

### Integration with USHIS

The Company has implemented measures to enable the transfer of structured electronic medical documents (EMDs), including birth and death certificates and the findings of neonatal screening (large-scale examination of all newborns, which is carried out to enable early detection and treatment of hereditary and congenital diseases), to the Uniform State Health Information System (USHIS) and state health information systems of constituent entities of the Russian Federation.

<sup>1</sup> Fetal cardiotocography.





# STAKEHOLDER ENGAGEMENT

Open and transparent communication with stakeholders enables MD Medical Group to understand and take into account the needs and expectations of each stakeholder.




The Company identifies the following stakeholder groups:





<b>Patients and their families</b>	These are the end users of the Company's services and have a direct interest in the quality and availability of medical services.
<b>Employees</b>	These include medical and administrative staff, as well as managers. Employee involvement in the Company's activities and the level of employee motivation have a direct impact on service quality and the operational efficiency of MD Medical Group.
<b>Suppliers</b>	Suppliers provide the Company with medical equipment, consumables, medications and other goods and services necessary for providing medical care.
<b>Shareholders and investors</b>	Shareholders and investors invest their funds in the Company and expect it to be financially stable, to grow and to be effectively managed.
<b>Government agencies</b>	Government agencies regulate medical activities.
<b>Insurance companies</b>	Their interests are closely linked to the interests of patients and government agencies.
<b>Media</b>	Media coverage of the Company's activities and related events may have an impact on the Company's reputation.

## Main channels of communication with stakeholders

	Online channels	<ul style="list-style-type: none"> <li>→ Corporate websites: <a href="http://mamadeti.ru">mamadeti.ru</a>, <a href="http://mcclinics.ru">mcclinics.ru</a>, <a href="http://lapinomed.ru">lapinomed.ru</a></li> <li>→ Websites of individual medical institutions</li> <li>→ Mobile app</li> <li>→ Webinars</li> </ul>
	Internal channels	<ul style="list-style-type: none"> <li>→ Intranet</li> <li>→ Employee hotline</li> <li>→ Corporate journal</li> <li>→ Telegram channel</li> </ul>
	Direct communication channels	<ul style="list-style-type: none"> <li>→ Patient hotline for matters related to service quality</li> <li>→ Patient feedback</li> <li>→ Responding to inquiries</li> </ul>
	Print media	<ul style="list-style-type: none"> <li>→ Annual report</li> <li>→ Promotional materials</li> <li>→ Publications</li> <li>→ Corporate journal</li> </ul>

## Stakeholder engagement

Stakeholder	Key needs	Key focus areas of engagement in 2023
 Patients and their families	<ul style="list-style-type: none"> <li>• Quick and easy access to high-quality medical services</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of medical services</li> <li>• Perception, service quality and patient satisfaction</li> <li>• Remote patient monitoring and telemedicine</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>• Professional growth</li> <li>• Career opportunities</li> <li>• Good salary</li> </ul>	<ul style="list-style-type: none"> <li>• Search for highly qualified employees for the Group's new institutions</li> <li>• Talent retention and talent pool development</li> <li>• Developing a corporate training and onboarding system</li> <li>• Improving the employee incentive system</li> <li>• Developing a mobile application and the launch of a Telegram channel for employees</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>• Business resilience</li> <li>• Procurement transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Supply of medications, consumables and equipment</li> <li>• Centralization of procurement processes</li> <li>• Mitigation of sanctions risks by searching for new suppliers</li> <li>• Search for more affordable analogs of medical products while maintaining their quality</li> <li>• Seeking to conclude contracts with suppliers without any intermediaries</li> <li>• Building a sustainable supply chain</li> </ul>

Stakeholder	Key needs	Key focus areas of engagement in 2023
 Shareholders and investors	<ul style="list-style-type: none"> <li>Transparent and open information disclosure</li> <li>Business resilience</li> <li>Strong financial performance</li> <li>Increase in shareholder value</li> </ul>	<ul style="list-style-type: none"> <li>The Company's strategy</li> <li>Redomiciliation process</li> <li>Operating and financial results</li> <li>Dividend policy</li> <li>Capital expenditures, M&amp;As, opening of new institutions</li> <li>Private healthcare market, the Company's competitiveness</li> </ul>
 Government agencies	<ul style="list-style-type: none"> <li>Compliance with legal requirements</li> <li>Patient satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with legal requirements for the quality of medical services and supplies, medical personnel, and environmental protection</li> <li>Provision of services under CHI programs</li> </ul>
 Insurance companies	<ul style="list-style-type: none"> <li>Compliance with legal requirements</li> <li>Patient satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with legal requirements for the quality of medical services and supplies, environmental protection, and requirements for medical personnel</li> <li>Maintaining a high quality of medical services, no patient complaints</li> </ul>
 Media	<ul style="list-style-type: none"> <li>Willingness to cooperate</li> <li>Availability, transparency and clarity of information about the Company</li> </ul>	<ul style="list-style-type: none"> <li>Operating and financial results</li> <li>Redomiciliation process</li> <li>Prospects for the private healthcare market in Russia</li> <li>Application of new technologies and digitalization</li> <li>Opening of new institutions</li> </ul>

## OUR PATIENTS

MD Medical Group is constantly improving service quality based on patient feedback and exploration of the best market practices. The Company focuses on personalizing its services and using a human-centered approach to the patient and the patient's family; at the same time, it automates and digitalizes service provision processes to ensure that services in its medical institutions meet the high standards in healthcare and incorporate innovative treatment techniques, and that the level of comfort in hospitals is comparable to that of health resorts.

Our patients include people of different generations with certain habits and expectations. They can communicate with the Company using a wide range of channels: a call center, a chat in a messaging app, and the Company's website. In addition, a mobile app for patients provides access to the patient's

electronic medical records and makes it possible to track test results, view diagnoses, prescriptions and recommendations after consulting doctors, and perform various other useful actions.

The Company measures the Net Promoter Score and conducts regular patient surveys to assess their satisfaction with the appointment, politeness of the personnel, the level of comfort in a medical institution, the convenience of receiving results, the waiting time for an appointment, the convenience and availability of appointments, etc. All data is collected and analyzed in a centralized manner using information systems. Patient responses in 2023 enabled the Company to significantly improve the format for providing test results, make services in the mobile app more intuitive, and add new payment methods.



MD Medical Group closely monitors new preferences and requests of its patients and adjusts accordingly. Telemedicine and remote patient monitoring are gaining in popularity. In 2023, about 10,000 patients used remote medical services

Currently, the Group's medical institutions provide at-home cardiocography (CTG) monitors, blood glucose meters and blood pressure monitors. Continuous operation of the devices enables the attending physician to notice negative changes in a timely manner and receive notifications about the transfer of readings by the patient, suspension or completion of monitoring, return of the device, and symptoms that require the doctor's attention.

Telemedicine is another area of digitalization. It offers a wide range of opportunities for patients. During a remote consultation the doctor analyzes the patient's complaints and gives recommendations based on the medical history, gives a second opinion, and interprets test results; in case of acute pain, the doctor tells the patient whether it is necessary to attend a clinic or call an ambulance. The attending physician can remotely adjust the treatment if the diagnosis was established during a visit to the clinic. After a remote consultation, the patient is given a medical report and prescriptions.

In 2023, legal requirements for the provision of paid medical services<sup>2</sup> were clarified. Accordingly, the Company approved a new version of the Regulations on the Procedure and Conditions for the Provision of Paid Medical Services in Clinics and Hospitals, and made appropriate amendments to the templates of contracts for the provision of paid medical services to patients. In addition, information provided on the websites of medical institutions and in the "consumer corners" in clinics and hospitals was updated following a revision of the list of information about a medical organization and its services to be provided in accordance with legal requirements.

### Providing information to patients

Information provided to the patient	Way of providing information
Qualification of medical personnel	Information on the qualification of medical personnel is available on the websites of the Group's medical institutions, feedback aggregators such as ProDoctorov, and in the mobile application for patients. The information is regularly updated.
Origin of medications, their certification and confirmation of safety	The entire path of a medication from production or import into the country to its use by the patient can be traced using services such as Monitoring of Medicines Movement and Chestny ZNAK ("Label of Integrity").
Possible positive and negative effects of procedures, the use of equipment and medications	The information is provided in the form of consent to the procedure and is explained orally. Information about examinations and surgeries is available on the websites of medical institutions. If necessary, reminders about how to prepare for examinations and surgeries are sent to patients.
Safety rules for procedures, the use of equipment and medications	
Other information relevant to patients' health and safety	Each medical institution has a "consumer corner", and the website contains a legal FAQ page.

<sup>2</sup> Decree No. 736 of the Government of the Russian Federation dated May 11, 2023 on Approval of the Rules for the Provision of Paid Medical Services by Medical Organizations, Introduction of Amendments to Certain Regulations of the Government of the Russian Federation and Invalidation of Decree No. 1006 of the Government of the Russian Federation dated October 4, 2012.





In 2023, MD Medical Group recorded no instances of non-compliance with laws on advertising medical services, patient consent to services and provision of information to patients

## PERSONAL DATA PROTECTION

The Company strictly complies with legal requirements<sup>3</sup> for the use and protection of personal data and takes the necessary measures to ensure the security and confidentiality of personal information of its patients and employees. State-of-the-art technologies and procedures are used to prevent unauthorized access, data leaks, and other threats. The team of the Operational Security and Information Security Department constantly monitors and analyzes cybersecurity risks in order to ensure maximum protection of personal data.

The Company has developed a set of regulations to protect the personal data of its patients and employees: the Personal Data Processing Policy, Instructions on Password and Anti-Virus Protection, the Regulations on Data Backup, etc. Each medical institution has appointed an employee responsible for the security of personal data, and encryption equipment has been installed for secure data transmission. On-site inspections are regularly carried out in the institutions to ensure that documentation containing personal data of patients and employees is not freely accessible.

When processing personal data, the Company adheres to the following principles:

- Ensuring a lawful and fair basis for processing;
- Prohibiting the disclosure of personal data and their transfer to third parties without the citizen's consent (unless otherwise stipulated by Russian law);
- Defining specific legitimate purposes prior to the collection and processing of personal data;
- Collecting only those personal data that are necessary and sufficient for the stated purpose;
- Destroying or anonymizing personal data after the purpose has been achieved or if it is no longer necessary to achieve this purpose.

## MEMBERSHIP IN ASSOCIATIONS

Membership in industry associations is an important aspect of stakeholder engagement for the Company. It enables MD Medical Group to establish and maintain contact with other industry players, share experience and knowledge, and shape the development of healthcare policies and standards.

The Group's doctors are members of:

- The Russian Academy of Sciences;
- The Russian Association of Perinatal Medicine Specialists;
- The European Society of Cardiology;
- The Russian Society of Cardiology;
- The Moscow Scientific Society of Anesthesiologists and Reanimatologists;
- The European Society of Anesthesiology (ESA);
- The Russian Scientific Society of Endovascular Therapies.

## CHARITABLE AND SOCIAL INITIATIVES

MD Medical Group supports charitable and social projects in the regions of its operation.

The activities of IDK (which runs a hospital and clinics in Samara) serve as an excellent illustration of social projects of the Group's subsidiaries. The company has provided assistance to a local hospice for 15 years, contributing to the development of palliative care in the region. In addition, since 2012, IDK has provided assistance to the Samara Regional Association of Doctors in introducing new unique medical technologies for diagnosis and treatment into medical practice. The Company's spending on charitable initiatives in the Samara Region totaled about RUB 800,000.

Traditionally, on New Year's Eve and Christmas Day, the Company organizes various events for children, such as New Year's performances and Christmas trees.

The Company runs the Tree of Wishes project, as part of which employees of MD Medical Group in different regions collect gifts for children with disabilities and those in difficult situations.

## SUPPLY CHAIN DEVELOPMENT

Supply management in MD Medical Group is aimed at meeting the Company's needs for equipment, medications and consumables that satisfy the necessary criteria for quality, reliability and price in full and on time.

Basic principles of procurement:

- Information transparency;
- Equality, no discrimination or unreasonable restrictions on competition for bidders;
- Priority of quality and high technology of purchased goods and services to ensure the comfort and safety of patients;
- Cost-effective spending on goods, work and services for the Company; implementing cost reduction measures;

- Zero tolerance for corruption and any abuse in procurement.

Apart from centralization, the Procurement Department has two key tasks:

- Searching for cheaper analogs of medications and medical equipment while maintaining the quality of goods, and regularly revising the terms of existing contracts with suppliers;
- Concluding contracts directly with manufacturers of goods or services, without intermediaries that increase the cost of the contract with the supplier.

### Centralized procurement

Centralization of procurement is an important aspect of supply chain management in the Company. Every year the Procurement Department compiles a list of categories of goods the procurement of which will be centralized; as a result, uniform quality standards are applied with regard to equipment, medications and materials in all medical institutions

of MD Medical Group. In addition, the centralization of procurement processes makes it possible to secure the most favorable terms of delivery due to a significant number of items in the purchase order. In 2023, the share of centralized procurement in the total volume exceeded 70%.

<sup>3</sup> Federal Law No. 152-FZ of July 27, 2006 on Personal Data, Federal Law No. 149-FZ of July 27, 2006 on Information, Information Technology and Information Protection, Decree No. 1119 of the Government of the Russian Federation of November 1, 2012 on Approval of Requirements for the Protection of Personal Data during Their Processing in Personal Data Information Systems, and other laws and regulations.

**Procurement of medications, consumables and equipment in 2023**

	Medication	Consumables	Equipment	Total
Total procurement volume, RUB mln	2,068	1,996	935	<b>4,999</b>
Number of suppliers	209	1,173	369	<b>1,751</b>

The Company attaches special importance to the quality of supplier engagement and maintains close cooperation with suppliers. MD Medical Group is one of the first companies in Russia to directly conclude contracts with the largest manufacturers of medical equipment and consumables: Karl Storz, Olympus, Fujifilm, Mindray, Samsung, General Electric, Philips, Vitrolife, Abbott, etc.

The Procurement Department monitors prices on the market and tests a new range of medical products, taking into account sanctions against Russian companies. Continuous monitoring enables the Company to detect changes in the market in a timely manner and replenish its stocks while selecting and testing new products that will match the high quality of medical services that it provides.

**Sustainable supply chain**

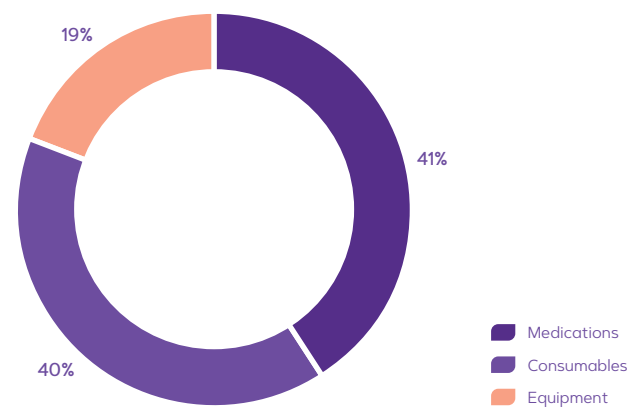
MD Medical Group incorporates sustainable development principles into its procurement activities, recognizing their importance in terms of the smooth operation of medical institutions and ensuring the highest quality of services provided to patients.

The Company's engagement with suppliers and contractors on sustainable development aspects is aimed at ensuring their compliance with the established fire safety, industrial safety, occupational safety and health, waste and natural resource management requirements.

Mechanisms for developing a sustainable supply chain include the following:

- Ensuring equal access to participation in procurement procedures for any legal entities which meet the requirements of the Regulations on Procurement, regardless of their legal form, form of ownership, location or status;
- Establishing the criteria for evaluation of bids from potential bidders to prevent discrimination against them;
- Conducting preliminary selection of suppliers, holding round-table discussions with suppliers;
- Establishing requirements for bidders regarding the absence of a conflict of interest between a bidder and the customer;
- Including an anti-corruption clause in contracts with major suppliers, which stipulates the obligation of the parties to the contract to conduct the relevant inspections and provides grounds for the termination of the contract or other penalties if the party violates the anti-corruption clause;
- The possibility of establishing an additional criterion for competitive bidding, namely the existence and degree of implementation of a quality management system that meets the requirements of the GOST R ISO 9001-2015 or ISO 9001:2015 standards.

Procurement structure in 2023



**Occupational health and safety requirements for contractors**

In 2023, the Company updated the list of standards establishing requirements for the management of fire safety and occupational safety and health matters at all stages of cooperation with contractors, which made it possible to improve control and compliance of contractors with safety requirements during construction and repairs. In the field of occupational safety and health, the terms of contacts concluded by the Company with contractors are focused on the prevention of injuries and violations of occupational safety and health rules. All hazardous work performed by contractors must be carried out in accordance with

the requirements of the relevant regulations. Work permits (or certificates of clearance) and work plans (flow charts, instructions) must contain occupational safety and health requirements that must be met when organizing and performing the work.

Prior to commencing the work, contractors' employees receive introductory and targeted occupational safety and health briefings, including on safety measures set out in work plans. In the event of non-compliance with health and safety requirements the Company may impose fines on the contractor.

**Local suppliers**

MD Medical Group is actively developing mutually beneficial relations with manufacturing enterprises in the regions of its operation. The Company cooperates with Russian suppliers and contractors, and uses materials and equipment made in Russia, which stimulates the development of the regional economy.

In 2023, the share of medications purchased by MD Medical Group from Russian suppliers increased by 5 p.p. and reached 33%. The share of Russian manufacturers in the procurement of the equipment and consumables in 2023 stood at 10% and 19% respectively.

**Key goals of development of a sustainable supply chain**

- Compliance of key suppliers and contractors with key sustainability requirements
- No engagement with those counterparties that have committed gross violations of sustainable development principles
- Establishing long-term relationships with the most responsible contractors

## HR MANAGEMENT

MD Medical Group is proud of its highly qualified specialists. Their outstanding professional qualities enable the Company to remain a leader in the Russian private healthcare market.

The Company seeks to create a comfortable and friendly environment for employees in order to enable them to fully focus on their work and provide the best possible services to patients of the Group's medical institutions.

The Company has adopted a number of internal regulations that ensure transparency and fairness of HR management processes, equal opportunities for all employees, and uniform personnel management rules and procedures.

### Key results of the year in HR management

### 2023

**8,805 people**

Total headcount at year-end 2023

All personnel audits by supervisory authorities identified **no material findings**

**RUB 11,079 million**

Payroll

A **Telegram channel** for employees was launched

All planned **personnel development** activities were carried out

The Group's new medical facilities **are provided with qualified personnel**

### Current internal regulations on HR management

#### → General internal regulations

- Staff handbooks
- Department Regulations or Job Description
- Regulations on Employee Remuneration
- Regulations on Compliance with Qualification Requirements for Medical and Pharmaceutical Workers
- Regulations on Business Travel
- Regulations on Remote Work
- Information System User Manual

#### → Corporate ethics

- Code of Corporate Ethics and Employee Conduct

#### → Protection of personal data and confidential information

- Regulations on Personal Data Processing
- Regulations on Insider Information
- List of Confidential Information
- Confidentiality Obligation
- Instructions on the Handling of Confidential Information
- Instructions on Setting Password Protection and Assigning Access Privileges

#### → Taxation and financing

- Procedure for Obtaining Preferential Tax Treatment
- Regulations on the Use of Targeted Funding from the LCHIF<sup>4</sup> Allocated to the Group's Clinics and Hospitals

<sup>4</sup> Local Compulsory Health Insurance Fund.

## PERSONNEL POLICY

The main objectives of the Company's HR policy are as follows:

- Providing the Company with personnel to enable further development;
- Forming a talent pool of the best doctors and supporting talent development;
- Forming and developing a corporate training and onboarding system;
- Improving the employee incentive system.

→ Recruitment, retention and development of highly qualified personnel is one of the main priorities of MD Medical Group

→ None of the personnel audits conducted by the State Labor Inspectorate, the Federal Service for the Oversight of Consumer Protection and Welfare (Rospotrebnadzor) and the Federal Compulsory Medical Insurance Fund during the reporting period identified any material findings

### Progress towards HR policy objectives in 2023

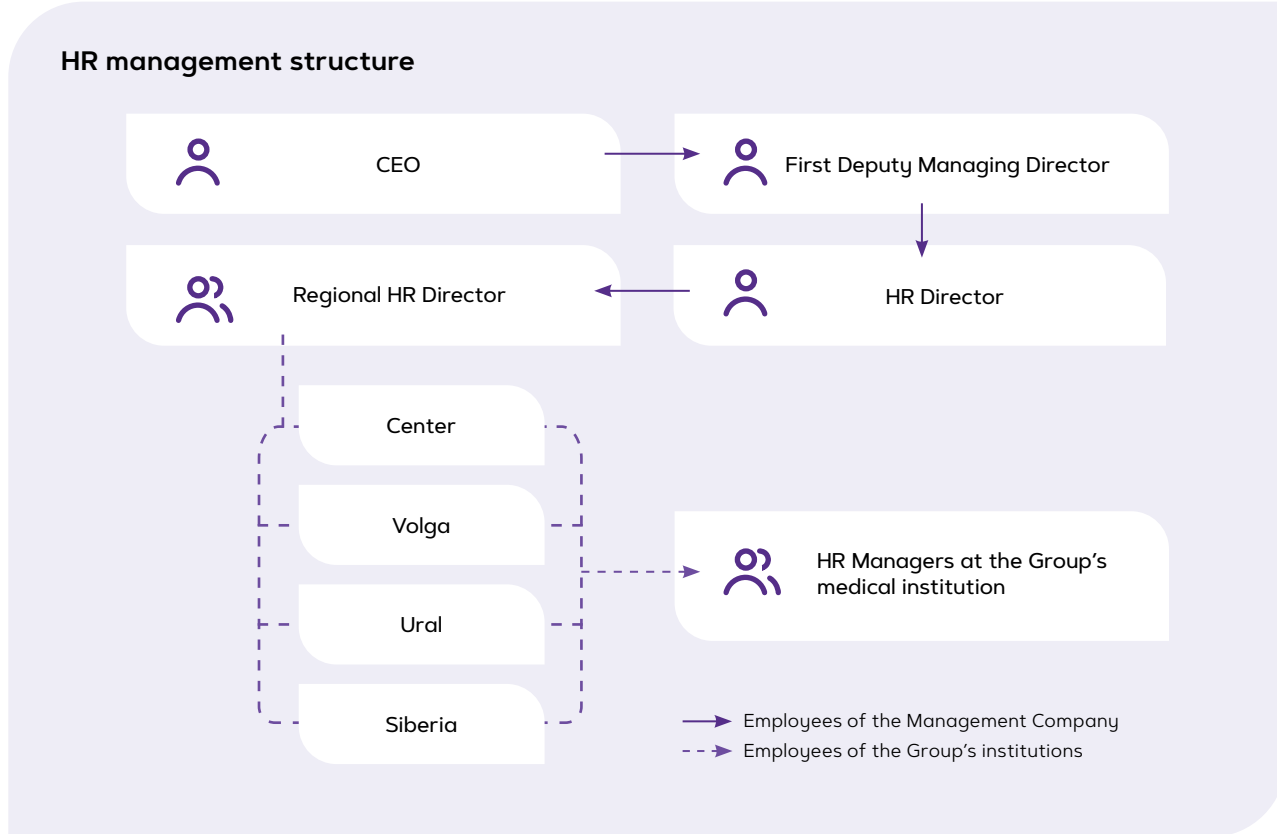
In 2023, the Company opened new clinics and one clinical hospital in Moscow, as well as clinics in the Khanty-Mansi Autonomous District. All new institutions were provided with highly qualified specialists and integrated into a single personnel record system.

In order to streamline the management structure, the management of some clinics in Moscow and the Moscow Region was handed over to clinical hospitals. Steps were taken to standardize the customer service structure.

In order to ensure that employees receive timely and relevant information about current events in the Company, a special Telegram channel was launched for them in 2023.







The HR management structure of MD Medical Group reflects the special features of the industry and the corporate culture of the Company; it takes into account the key business functions, types of institutions and their location, and supports well-coordinated and consistent management decision-making.

HR specialists closely cooperate with other divisions and the Company's executives. Performance evaluation criteria for the HR Department include the availability of the necessary personnel, as well as the fulfillment of corporate tasks, such as timely confirmation of employee certificates, etc.

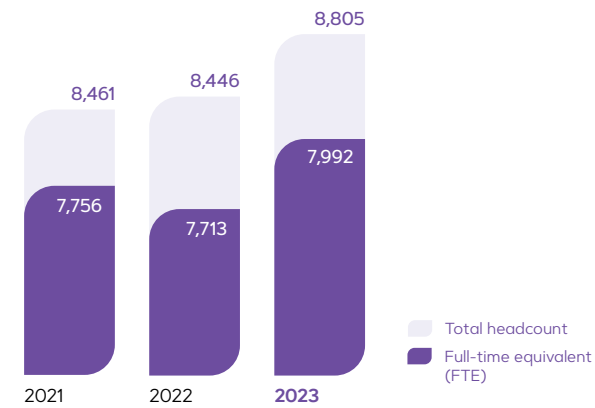
## PERSONNEL CHARACTERISTICS

All of the Group's medical institutions have an integrated HR information system that provides real-time quantitative data and enables informed HR management decisions.

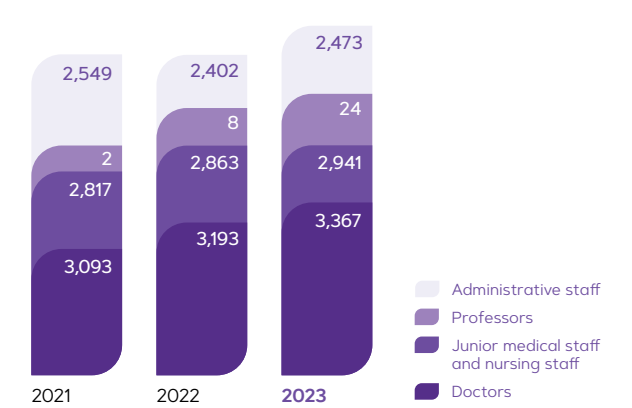


### General personnel characteristics

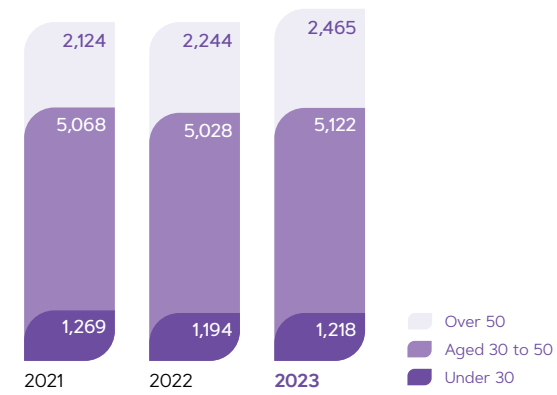
Total headcount at year end, people



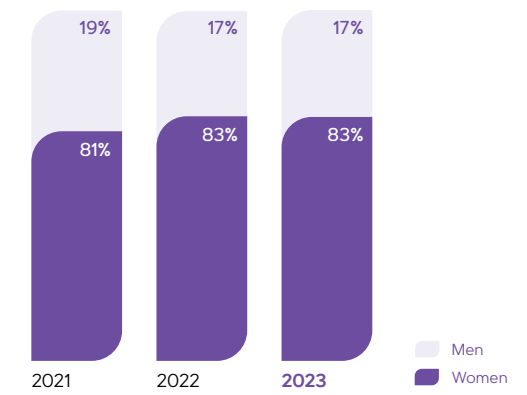
Personnel structure by category, people



Personnel structure by age, people



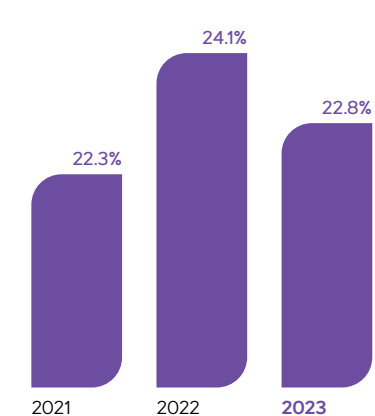
Personnel structure by gender



New hires, people<sup>5</sup>

	2021	2022	2023
Total number	1,661	1,512	1,598
<b>Structure by gender</b>			
Women	1,400	1,304	1,396
Men	261	208	202
<b>Structure by age</b>			
Under 30	527	436	497
Aged 30 to 50	844	778	731
Over 50	290	298	370
<b>Structure by region of operation</b>			
Center	863	766	769
Ural	341	333	343
Siberia	225	208	224
Volga	232	205	262

Staff turnover



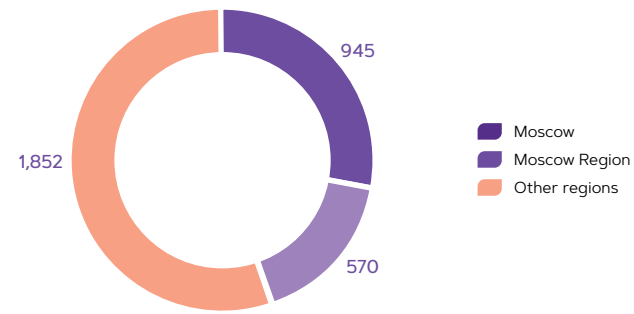
<sup>5</sup> The data only include personnel at the principal place of employment, excluding external part-time employment.

### Professional characteristics of medical personnel

To address medical tasks of any complexity, MD Medical Group recruits doctors with a high level of education and experience who have the necessary skills and knowledge in their field. Compliance

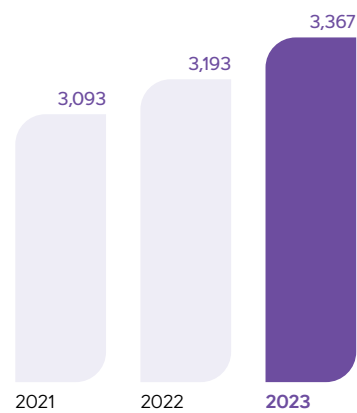
with high corporate standards, professional achievements, recommendations and certificates are taken into account.

Distribution of doctors by region of operation in 2023, people

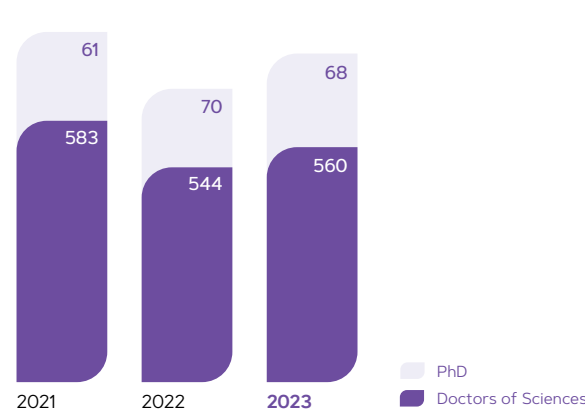


→ The team of MD Medical Group includes two corresponding members and three academicians of the Russian Academy of Sciences

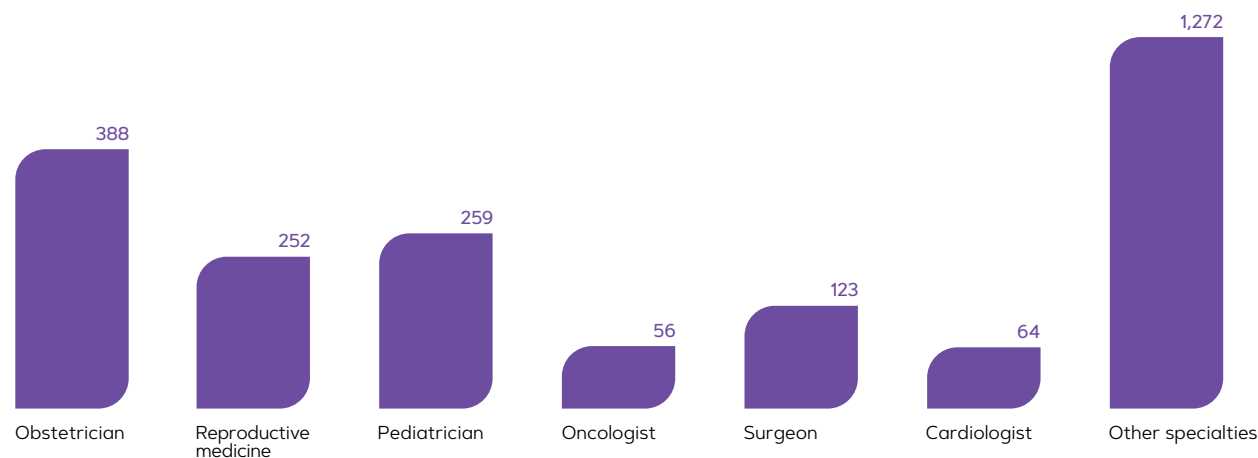
Number of doctors, people



Number of doctors with an academic degree, people



Medical personnel by specialization, presented as full-time equivalent (FTE), people



### STAFF INCENTIVES

The Company provides its employees with competitive salaries and benefits and offers ample opportunities for professional development.

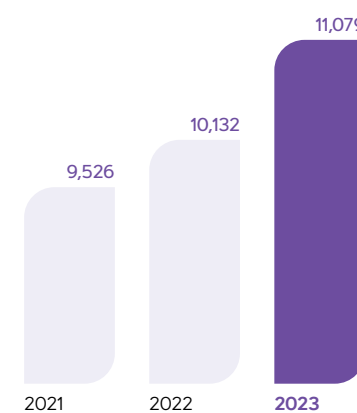
MD Medical Group has implemented a robust staff incentive system, which includes monetary and non-monetary tools and methods for incentivizing and rewarding employees.

The key elements of the incentive system include a system of key performance indicators (KPIs). Employees have individual KPIs that are linked to their responsibilities and tasks. The achievement of these KPIs may be rewarded with bonuses or other incentives.

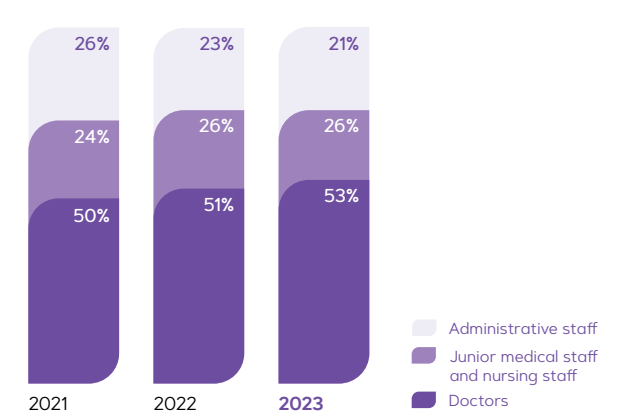
#### The main staff incentive tools include:

- Monthly performance bonuses (the "70/30" system);
- Bonuses for achieving KPI targets (on a quarterly or annual basis);
- Bonuses for individual achievements and performance of particularly important work;
- Incentive payments for qualifications;
- Incentive payments in the relevant field of work (reproductive medicine, gynecology, embryology);
- Government and departmental awards, diplomas.

Payroll, RUB mln



Payroll structure



### Social support

The Company attaches great importance to social support for its employees, providing comfortable working conditions and supporting employee health and well-being.

The Company's employees and their relatives receive discounts on the services of MD Medical Group's medical institutions. The Company provides financial support in special circumstances (the birth of a baby, an anniversary, a death, etc.). Doctors of MD Medical Group are nominated by the Company for government awards, which entitle them to certain benefits.

MD Medical Group is one of the few private medical companies participating in the state pension program. Those health professionals for whom the Company is the principal place of work have privileges related to the length of medical work experience (i.e. they are entitled to early retirement).

Every year, on Medical Worker's Day, the Group's companies hold corporate outings, sporting and other events for employees.

## TRAINING AND PROFESSIONAL DEVELOPMENT

As an employer, MD Medical Group prioritizes the professional development of its employees. The Company runs training programs and training sessions to support personnel development and strengthen commitment to corporate values, such as transparency, innovation and the application of best practices. Continuing education ensures that patients and personnel can expect a consistently high level of quality and work organization in each institution of MD Medical Group.

→ Doctors and nursing staff receive at least 36 hours of training per person per year

### Advanced training for medical personnel is provided:

- As part of the continuing medical education (CME) system, which covers all essential medical personnel;
- As required or upon expiry of the current documents of employees confirming their qualification;
- As part of specialized professional development programs.

→ Personnel training programs are managed by the HR Director

In 2023, as part of the CME system, the Company held lecture courses and developed the education system: educational programs and distance learning management were centralized; new programs were launched, including in the field of pharmaceuticals and the prevention of healthcare-associated infections (HAIs), in accordance with new requirements of the Ministry of Health.

In the reporting year, the Company continued to run its Talent Pool program, which involves providing management training in all areas of activities of the Group's Management Company: management of a medical organization, legal aspects, healthcare quality control, financial management, operational safety, HR management, procurement management and IT. As part of the program, managers were trained for the Group's new medical institutions. During the reporting year, more than 20 lectures were held for future managers of various levels under this program.

In 2024, both traditional annual educational programs and additional accreditation training for certain categories of employees will be implemented. The Company plans to revise the organization of training for employees with university degrees under a professional retraining program titled "Organization of Healthcare and Public Health", and to update onboarding programs.

## Professional development programs for employees implemented in 2023

### Events for nursing staff

A Group-wide course of 30 online lectures. The course was run by a third-party provider. The course covered a wide range of medical fields: nurse training, infection prevention, patient care, etc. Each lecture was attended by more than 650 people.

### Events for doctors

A Group-wide course of 26 face-to-face and online lectures. The course was run by MD Medical Group. The course was completed by 863 people.

### Events hosted by the Lapino Medical Cluster

In 2023, Lapino hosted four science conferences, which offered its participants an opportunity to share their experience, make new acquaintances and improve their professional knowledge. The conferences were focused on reproductive medicine and the functioning of the human immune system.

The Company actively cooperates with leading medical universities to find and attract talented specialists: it holds presentations and open days, and participates in job fairs.

The Company runs a two-year residency program. To qualify for the program, sixth-year students of medical universities take part in a competition

consisting of tests, essays and interviews. As a result of the selection process, a group of promising students is formed, whose education is funded by MD Medical Group. Participants of the program undergo training and do an internship in the MD GROUP Clinical Hospital and the Lapino Medical Cluster. After completing their residency, they are hired by the Group's medical institutions.

## → A unique personnel training opportunity at MGIMO Med University

In addition to developing medical competencies and expanding the geographical footprint of its medical institutions, MD Medical Group provides continuing education at MGIMO Med University established by the Company jointly with MGIMO in 2021. Mark Kurtser is the rector of the university.

MGIMO Med University provides training at the sites of the Lapino and MD GROUP Michurinsky multidisciplinary clinical hospitals, which have state-of-the-art medical facilities, and at the MGIMO campus in Odintsovo. Thus, students have an opportunity to study the relevant disciplines at leading medical and research institutions of Moscow and the Moscow Region.

Given the need for new-generation healthcare professionals, MGIMO Med University focuses on an individual approach to training, with a limited enrollment of no more than 50 students per course. Together with in-depth study of English and a curriculum based on the experience of leading international and Russian medical

universities, these are the distinctive features of the university.

Further development of the project will involve both the launch of residency programs focused on new areas and the coverage of other levels of training, including additional professional education. Extensive practical experience and the results of research conducted by MD Medical Group will underpin the development of training programs for future specialists.

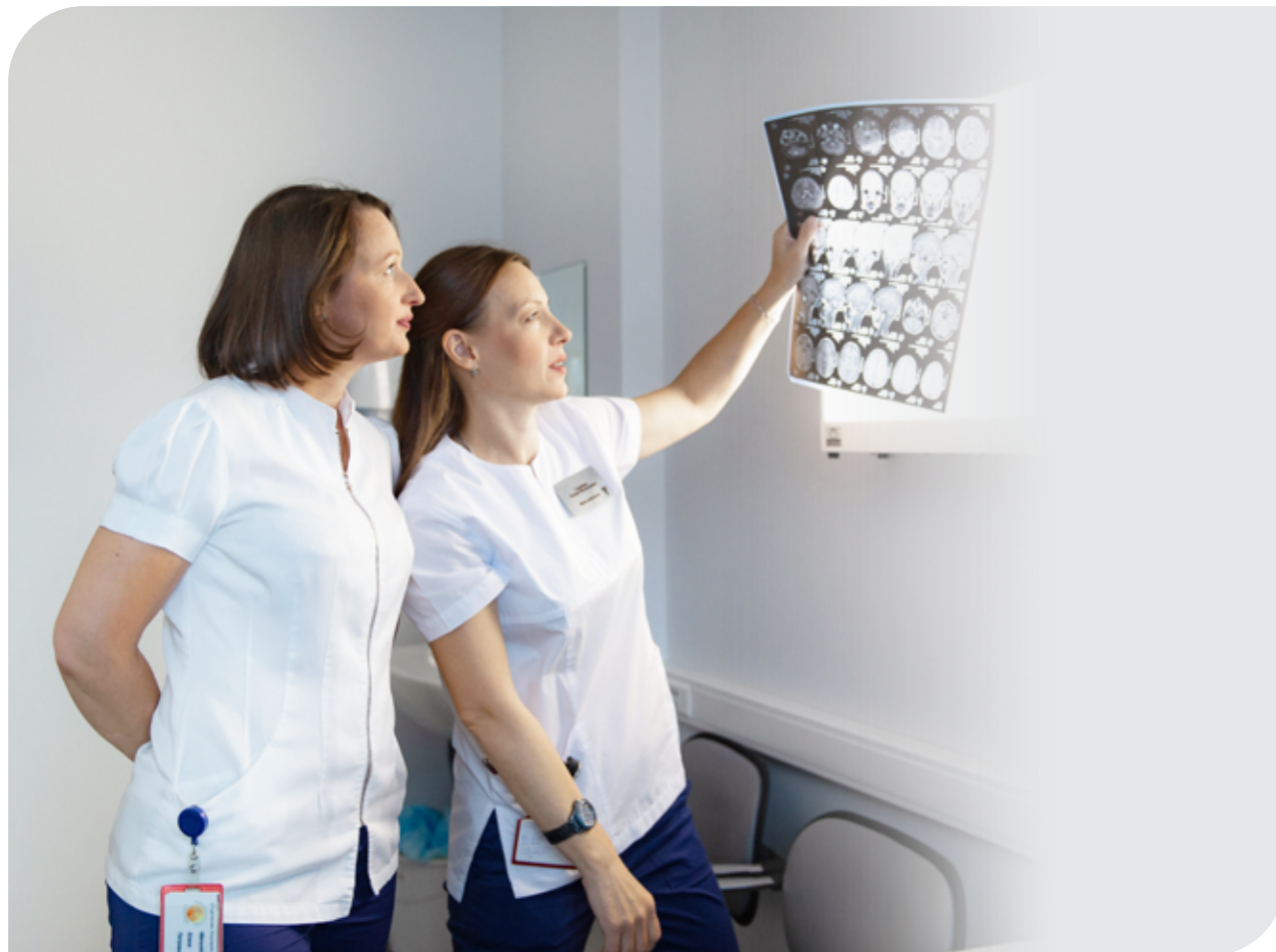


## BUSINESS ETHICS AND HUMAN RIGHTS

In 2014, MD Medical Group adopted the Code of Corporate Ethics and Employee Conduct. Its principles include creating a stimulating, creative and non-discriminatory working environment for all employees and partners, and respecting social diversity and the dignity of every person.

The Company recognizes, respects and observes human rights enshrined in Russian law, as well as in fundamental international documents, such as the UN Declarations and the ILO Conventions. Furthermore, MD Medical Group:

- Supports equal opportunities for all employees and job candidates in terms of recruitment, access to training, remuneration, social security, internal mobility and professional development;
- Prohibits any behavior that may be humiliating; no employee should be subjected to any kind of harassment;
- Has zero tolerance to any form of modern slavery, forced and child labor;
- Prohibits discrimination in any form on any grounds, including gender, age, origin, religion, political opinion, sexual orientation, appearance, health, disability, and trade union membership.



Any employee acting in good faith may report their concerns or suspicions about potentially illegal or unethical practices related to human rights and employee conduct under the established procedure to:

- Their immediate supervisor;
- The director of the department in the Management Company whose area of responsibility includes the relevant issue;
- The Head of Internal Audit;
- The CEO;
- The Chair of the Audit Committee;
- The Chairman of the Board of Directors.

→ The Company strives to create a comfortable working environment for all employees, including people with disabilities. At year-end 2023, MD Medical Group employs 60 people with disabilities.

The Internal Audit Department investigates any allegations and, if necessary, seeks assistance from other units not directly involved in the investigation. No disciplinary or punitive measures are taken against employees, provided that they act in good faith, even if the reported information is proved to be inaccurate or no further action is taken. If the violation is confirmed, appropriate actions are taken to remedy the situation, and disciplinary measures may be taken, up to and including legal proceedings.

→ In the reporting year, there were no cases of discrimination in MD Medical Group

# OCCUPATIONAL HEALTH AND SAFETY

The occupational health and safety (OHS) management system of MD Medical Group is based on current legal requirements and incorporates the best industry practices. The Company is constantly developing the relevant competencies of its personnel by running training programs and maintaining an occupational health and safety culture.

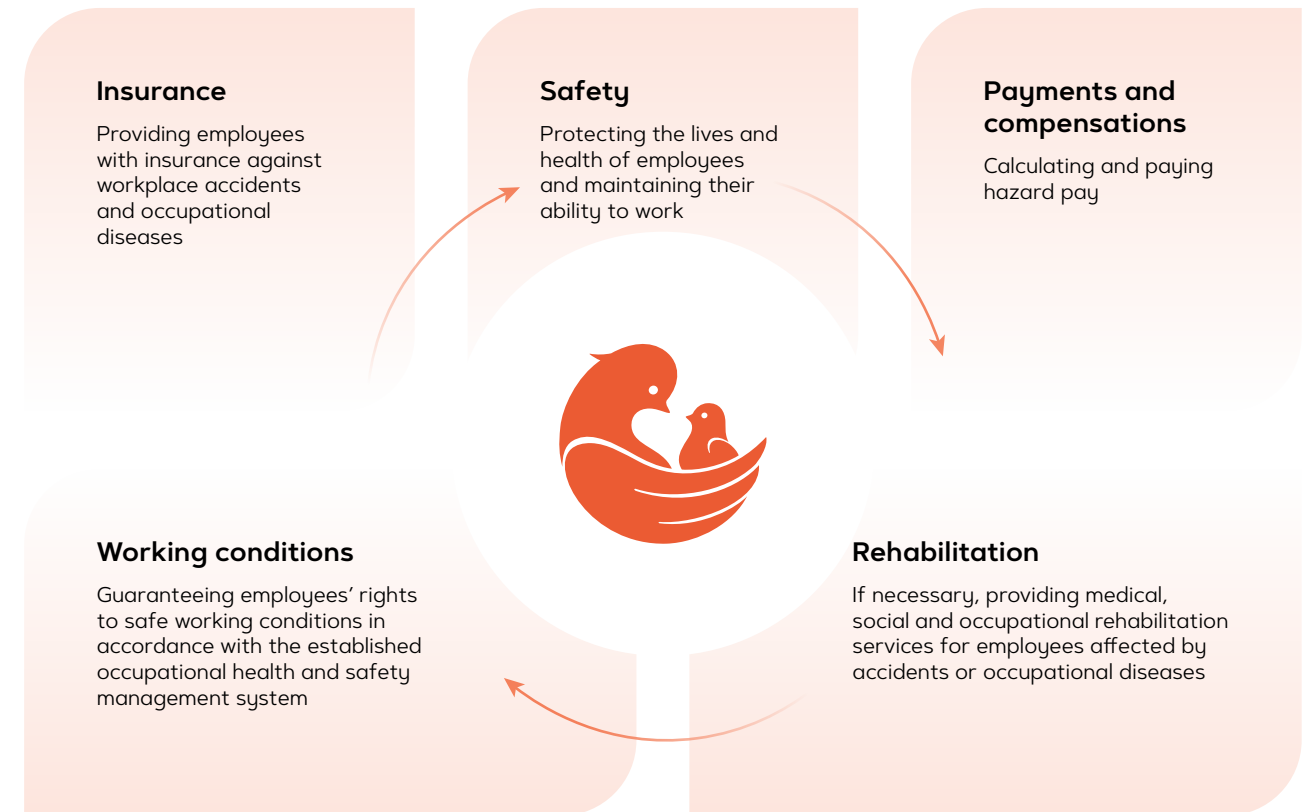
→ The medical institutions of MD Medical Group take active steps to prevent workplace injuries and create a safe and healthy work environment for all employees. The Company's main targets in the field of occupational health and safety include the "zero injuries" principle and prevention of occupational diseases.

The approaches to occupational health and safety used by the employees of MD Medical Group's medical institutions are governed by the following internal regulations:

- Occupational health and safety policies of the Group's subsidiaries;
- Regulations on the occupational health and safety system, which contain requirements and recommendations to ensure the health and safety of employees;
- Staff handbooks, which establish the procedure for hiring and dismissal, the rights and obligations of employees, working hours and rest periods;
- Job descriptions, which define the roles, rights and responsibilities of each employee;
- Orders and instructions of the management containing decisions on operational OHS issues;
- OHS instructions describing the actions that employees are required to take in case of danger.



## OHS principles of MD Medical Group



In accordance with the current legislation, the head of the Company is responsible for the overall management of occupational health and safety. At the same time, each of the Group's medical institutions has managers that oversees OHS issues. Its functions include monitoring compliance with the current labor law and with the instructions of supervisory authorities in all medical institutions of the Group, approving internal OHS documents, organizing measures to prevent injuries and reduce morbidity among employees, incentivizing or taking disciplinary action against employees for actions related to occupational health and safety, etc.

In 2023, MD Medical Group was developing cooperation between its divisions and institutions in the sphere of occupational health and safety, both in terms of sharing experience and in terms of coordination in the event of an emergency. MD Medical Group is gradually tightening control over compliance with OHS requirements at all levels; it introduces new and safer work practices and cooperates with other organizations and industry associations. Special emphasis is placed on OHS training and development for employees. More than RUB 22 million was allocated for OHS measures in 2023.

→ In 2023, there were no injuries in the medical institutions of MD Medical Group



### Occupational Health and Safety Management System

The Occupational Health and Safety Management System (OHSMS) of MD Medical Group includes a number of measures and procedures aimed at ensuring the safety and protecting the health of employees: personnel education and training, providing employees with personal protective equipment, monitoring the condition of equipment

and the working environment, conducting regular inspections and audits. In addition, the OHSMS helps the Company to comply with legal requirements and standards in the field of occupational health and safety and, consequently, avoid the imposition of fines and sanctions by regulatory authorities.

#### Measures taken by the Company as part of the OHSMS include the following:

- **Legal measures**  
Developing internal regulations based on the requirements of legislation and international standards
- **Social and economic measures**  
Providing hazard pay and benefits for hazardous working conditions, compulsory insurance, paying compensation in the event of an occupational disease or injury, and other government requirements
- **Sanitary and hygienic measures**  
Reducing the impact of occupational hazards on employees, providing favorable working conditions and preventing occupational diseases
- **Medical preventive measures**  
Organizing preliminary and periodic medical examinations, and a mandatory psychiatric examination of employees
- **Rehabilitation measures**  
A set of measures aimed at restoring the health and performance of employees who were injured as a result of a workplace accident or got an occupational disease

#### OHSMS mechanisms include the following:

- Training personnel in innovative work practices;
- Training managers in occupational health and safety in specialized training centers and issuing certificates upon completion of training;
- Holding regular occupational health and safety briefings (introductory, initial, targeted, and unscheduled ones);
- Safe use of equipment and tools, as well as their disposal in accordance with regulations;
- Ensuring process safety and safe operation of buildings of the Group's clinics and hospitals;
- Creating favorable sanitary and epidemiological conditions in accordance with regulations;
- Providing an optimal work and rest schedule;
- Providing personnel with personal protective equipment;
- Assessing occupational safety risks.

### Workplace safety

Employees in the healthcare sector are often exposed to hazardous substances and biological hazards and use complex equipment; accordingly, ensuring workplace safety is critical. To do so, MD Medical Group uses the following mechanisms:

- Conducting regular safety briefings and training sessions for all employees (at least once every six months and on a quarterly basis for employees working in hazardous conditions);
- Conducting preliminary and periodic medical examinations and submitting the relevant reports to the Federal Service for the Oversight of Consumer Protection and Welfare (Rospotrebnadzor);
- Developing safe routes for movement on the premises of medical institutions and separating personnel and patient flows, as well as providing transport for employees;
- Installing safety signs in medical institutions in accordance with GOST 12.4.026-2015;

- Providing personal and collective protective equipment for employees working in hazardous conditions; purchasing, storing, issuing and keeping a record of personal protective equipment;
- Testing equipment used in manufacturing processes and medical activities to assess compliance with safety requirements before commissioning;
- Applying a system of work permits for high-risk work, with a similar procedure established for counterparties subject to additional safety requirements.

In 2023, an assessment of working conditions and occupational risks was carried out in a number of MD Medical Group's medical institutions. Following the assessment, monthly hazard pay amounting to 4% of the salary was introduced for employees exposed to occupational hazards.

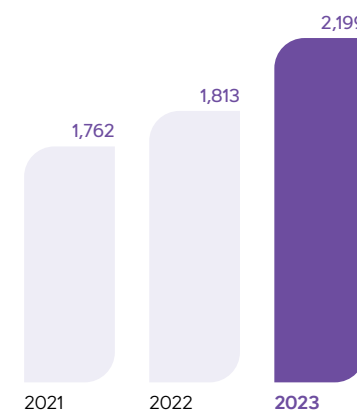
### Occupational health and safety training

The Company has developed effective occupational health and safety training programs. In accordance with Article 225 of the Labor Code of the Russian Federation, medical and non-medical employees regularly undergo additional training in occupational health and safety; after completing the training, they are required to undergo the relevant testing once every three years. Non-medical personnel must undergo annual first-aid training.

#### In 2023, training was provided in the following areas:

- General matters related to occupational health and safety and the functioning of the occupational health and safety management system;
- Safe working practices and techniques for employees exposed to occupational hazards identified as part of a special assessment of working conditions and occupational risks;
- Safe methods and techniques for performing high-risk work subject to additional requirements in accordance with national OHS regulations;
- Providing first aid to the injured;
- Use of personal protective equipment.

Number of employees trained in occupational health and safety, people





# ENVIRONMENTAL PROTECTION

## ENVIRONMENTAL MANAGEMENT

The environmental policy of MD Medical Group takes into account the nature and scale of the environmental impact of the Company's activities. It is aimed at continuous improvement, prevention of environmental pollution, and environmental compliance.

MD Medical Group respects the human right to a favorable environment, and seeks to take into account environmental aspects and public opinion when planning its activities.

The Company reduces the negative impact of its business and other activities on the environment in accordance with environmental protection standards through the use of the best available technologies taking into account economic and social factors.

MD Medical Group's principles, approaches and initiatives in the field of environmental protection comply with the requirements of Russian legislation. The Group's medical institutions are supervised by Rospotrebnadzor and the Ministry of Health, and regularly report to these authorities.

The management system of MD Medical Group complies with the requirements of ISO 14001:2004 "Environmental Management Systems" and ISO 50001:2011 "Energy Management Systems".

Each medical institution has appointed employees responsible for energy conservation, efficient water management and waste management.



MD Medical Group is not a significant emitter of greenhouse gases or pollutants into the atmosphere, and does not have a significant impact on biodiversity in the regions where it operates. In 2023, the Company did not violate environmental laws.

## ENERGY CONSUMPTION

Power supply to clinics and hospitals of MD Medical Group is provided by municipal power supply companies; some medical institutions have gas-fired boiler houses providing heating and hot water supply.

The Company complies with Federal Law No. 35-FZ on the Electric Power Industry, decrees of the Government of the Russian Federation, orders and other regulations governing electricity and heat consumption.

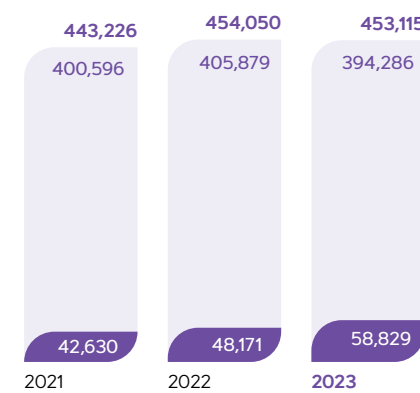
Improving energy efficiency in MD Medical Group's institutions is a prerequisite for improving the quality of medical care and reducing energy costs. The Company's approaches to energy efficiency include the use of energy-saving technologies, energy consumption monitoring, and energy consumption metering and analysis. Medical institutions implement the following measures to improve the efficiency of electricity use:

- Using an automatic lighting control system with automatic time adjustment to turn outdoor lighting on and off;
- Turning off the main lighting in corridors and halls during non-working hours, leaving only emergency lighting;
- Switching to the use of LED lights (classes A, A+ and A++);
- Disconnecting electrical appliances and equipment that are not in use;
- Optimizing the operation of the ventilation and air conditioning system;
- Raising awareness of energy conservation matters among employees.

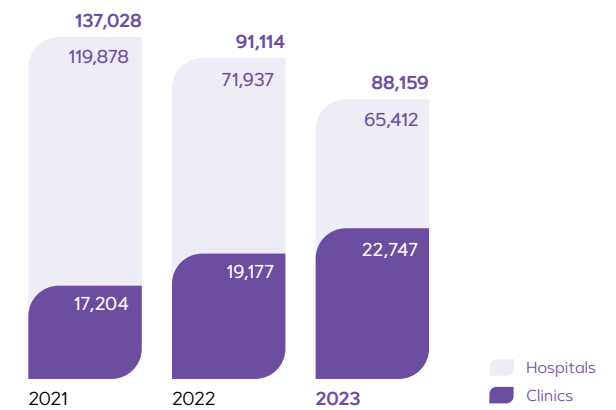
## Energy consumption, GJ

	2021	2022	2023
<b>Electricity consumption, including</b>	<b>121,126</b>	<b>120,052</b>	<b>118,600</b>
→ in hospitals	110,519	109,301	108,654
→ in clinics	10,607	10,751	9,946
<b>Heat consumption, including</b>	<b>322,100</b>	<b>333,998</b>	<b>334,515</b>
→ in hospitals	290,077	296,578	285,632
→ in clinics	32,023	37,420	48,883
<b>Total energy consumption, including</b>	<b>443,226</b>	<b>454,050</b>	<b>453,115</b>
→ in hospitals	400,596	405,879	394,286
→ in clinics	42,630	48,171	58,829

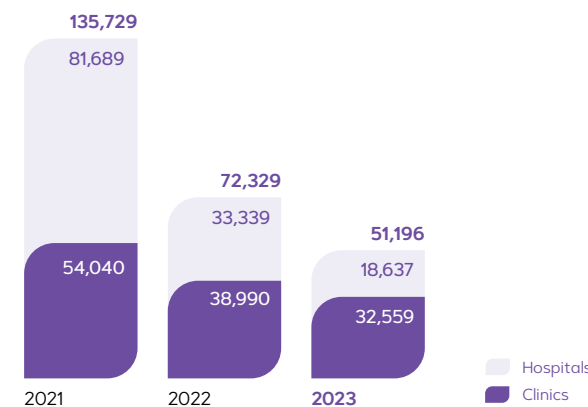
Total energy consumption, GJ



Gasoline consumption, l



Diesel fuel consumption, l



The Company uses an auto-correction lighting control system and other energy-saving technologies

## WATER CONSUMPTION

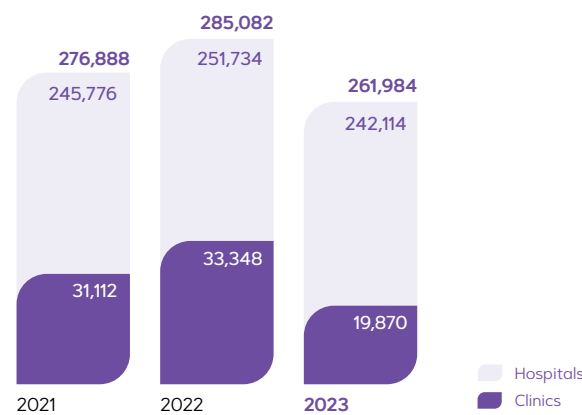
Efficient water consumption enables MD Medical Group to reduce water supply costs and improve the environment in the cities where it operates. Cold and hot water for the Group's medical institutions is supplied from municipal water supply systems; some clinics and hospitals can use storage boilers to ensure uninterrupted hot water supply. The Lapino Medical Cluster obtains its water supply from artesian wells. In addition, internal water supply systems in the Group's institution comprise a local water treatment system.

Wastewater is discharged through an internal sewerage system into municipal sewers. The Lapino Medical Cluster, where wastewater is discharged into a tributary of the Medvenka River after treatment, is an exception. Treated wastewater from Lapino is regularly tested in the laboratories of Rospotrebnadzor and the Ministry of Ecology and Nature Management of the Moscow Region, and the Cluster's treatment system undergoes regular maintenance. All medical institutions of MD Medical Group comply with Russian laws and standards governing water consumption and use.

In order to improve the efficiency of water use, the Group's clinics and hospitals arrange regular maintenance of plumbing fixtures and flushing of utility systems, detect faults in a timely manner and eliminate them, and inform personnel about the need to monitor and, where possible, reduce water consumption.

Touchless faucets are installed in medical institutions, which helps to reduce water consumption and the risk of infectious diseases. Effective methods for irrigation of adjacent landscaped areas are used.

Water consumption, m<sup>3</sup>



## WASTE MANAGEMENT

Proper waste disposal and reduction of waste generation are a priority of MD Medical Group.

The Group's clinics and hospitals comply with national laws, sanitary and epidemiological rules and standards, and develop their own regulations on waste management, such as process control programs, waste management schemes, and instructions on waste management.

The Group's institutions may produce various types of waste in accordance with the classification provided in SanPiN 2.1.3684-21:

- Class A (non-hazardous waste, similar to municipal solid waste);
- Class B (epidemiologically hazardous waste);
- Class C (extremely epidemiologically hazardous waste);

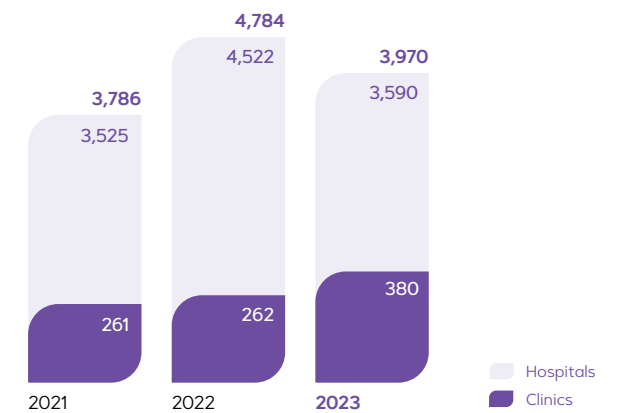
- Class D (hazard class I-IV toxic hazardous waste);
- Class E (radioactive waste), not produced in 2023.

Medical waste disposal in the Group's institutions may be managed and monitored by chief engineers, chief/senior nurses or other designated responsible persons.

Hazardous waste is processed and disposed of either by the institutions themselves using special equipment, or by specialized contractors. If a clinic or hospital handles hazardous waste on its own, such waste undergoes decontamination processes to make it safe. The institution may subsequently dispose of this waste as municipal solid waste. In most cases, contractors dispose of non-hazardous waste and incinerate hazardous waste.

The waste management policy of MD Medical Group is aimed at waste generation prevention, waste recycling and reuse. Measures to reduce waste generation include implementing lean manufacturing principles, optimizing the use of materials, and reducing waste at the planning and procurement stages.

Waste generation, tonnes



Waste management in the hospitals of MD Medical Group, tonnes

	2021	2022	2023
<b>Non-hazardous waste, including</b>	<b>3,259</b>	<b>4,190</b>	<b>3,316</b>
→ waste burial	3,259	4,190	3,316
→ disposal	0	0	0
<b>Hazardous waste, including</b>	<b>266</b>	<b>333</b>	<b>274</b>
→ waste burial	0	0	0
→ disposal	266	333	274

Waste management in the clinics of MD Medical Group, tonnes

	2021	2022	2023
<b>Non-hazardous waste, including</b>	<b>183</b>	<b>175</b>	<b>305</b>
→ waste burial	165	159	245
→ disposal	18	16	60
<b>Hazardous waste, including</b>	<b>78</b>	<b>87</b>	<b>75</b>
→ waste burial	13	14	8
→ disposal	65	73	67

The Lapino and MD GROUP Clinical Hospitals are equipped with ECODAS T300 automatic medical waste treatment systems designed for the shredding and sterilization of infectious waste in a single completely closed and automated stainless steel system. After processing, the final product is reduced in volume by up to 80% and is safe and suitable for recycling or disposal as conventional municipal solid waste. The systems can process up to 400 kg per day of class B waste into class A waste.



ECODAS T300 systems can process up to 400 kg of Class B waste into Class A every day





# CORPORATE GOVERNANCE

- Chairman's Statement
- Corporate governance system
- Risk management,  
internal control and audit
- Share capital



## CHAIRMAN'S STATEMENT



**Vladimir Mekler**  
Chairman of the Board  
of Directors

### DEAR SHAREHOLDERS AND INVESTORS,

The past year marked an important stage in terms of further development and improvement of our corporate governance system.

Major corporate events included the delisting of the Company's GDRs from the London Stock Exchange in June 2023. We made this decision after a prolonged suspension of trading, which made it impossible for investors to carry out transactions in our GDRs on that platform. At the same time, I would like to emphasize that the Company's GDRs continue to be traded on the regulated market of the Moscow Exchange.

In the reporting year, we initiated a procedure to change the Company's jurisdiction from Cyprus to Russia. This process is aimed at streamlining the governance structure, improving communication with Russian regulators and enhancing our performance. The decision on redomiciliation also reflects the need to remove constraints imposed by the current corporate structure of MD Medical Group. Among other things, the completion of this process will enable the Company to resume dividend payments.

The next logical step was a primary listing status on the Moscow Exchange obtained in November 2023, which reflects our strategic decision to focus on expanding our presence on capital markets in Russia and stimulate interest from Russian investors. To obtain the primary listing status, the Company registered a prospectus for its existing GDRs with the Bank of Russia.

December 2023 saw the approval of a new dividend policy, which stipulates dividend payments totaling up to 100% of net profit, including accumulated earnings. The adoption of the new policy reflects the Company's commitment to fair and transparent profit distribution among our shareholders. We are convinced that this decision will demonstrate the commitment of MD Medical Group to best corporate governance practices and will strengthen the trust of our shareholders and partners.

In conclusion, I would like to emphasize that we will continue active work to improve our corporate governance practices and increase transparency and the efficiency of decision-making. We believe that these efforts will help to enhance the Company's investment profile and support the further development of our business.



One of the significant corporate events was the delisting of the Company's GDR from the London Stock Exchange

## CORPORATE GOVERNANCE SYSTEM

An efficient, transparent and responsible corporate governance system of MD Medical Group helps to balance shareholder interests and contributes to the Company's long-term success. It defines the governance structure, as well as the principles underlying decision-making and interaction between various stakeholders.

The Company has adopted a number of internal regulations, both as part of preparation for an IPO on the London Stock Exchange in 2012 and as part of the process of obtaining primary listing for the Company's depositary receipts on the Moscow Exchange in 2023. These include the following:

The Policy on Appointment to the Board of Directors and the Board Committees;

- The Information Disclosure Policy;
- The Continuing Obligations Policy;
- The Anti-Fraud Policy;
- The Regulations on Insider Information;
- The Regulations on the Audit Committee;
- The Regulations on the Nomination Committee;
- The Regulations on the Remuneration Committee;
- The Regulations on the Corporate Secretary;
- The Regulations on Internal Audit;
- The Regulations on the Dividend Policy\*.

### Improving the corporate governance system

MD Medical Group seeks to develop its corporate governance system in line with best Russian and international practice.

In 2023, the Company obtained the primary listing status for its depositary receipts on the Moscow Exchange after registering the relevant prospectus with the Bank of Russia. As part of preparation and implementation of this project, the Company closely cooperated with the Moscow Exchange to ensure compliance of its corporate documents and procedures with the requirements of the Listing

Rules for Securities Included in the First-Level Quotation List of the Moscow Exchange. The Company has always adhered to high standards of compliance with corporate governance rules and continues to use this approach while trading on the Moscow Exchange.

### Compliance with the recommendations of the Corporate Governance Code of the Bank of Russia

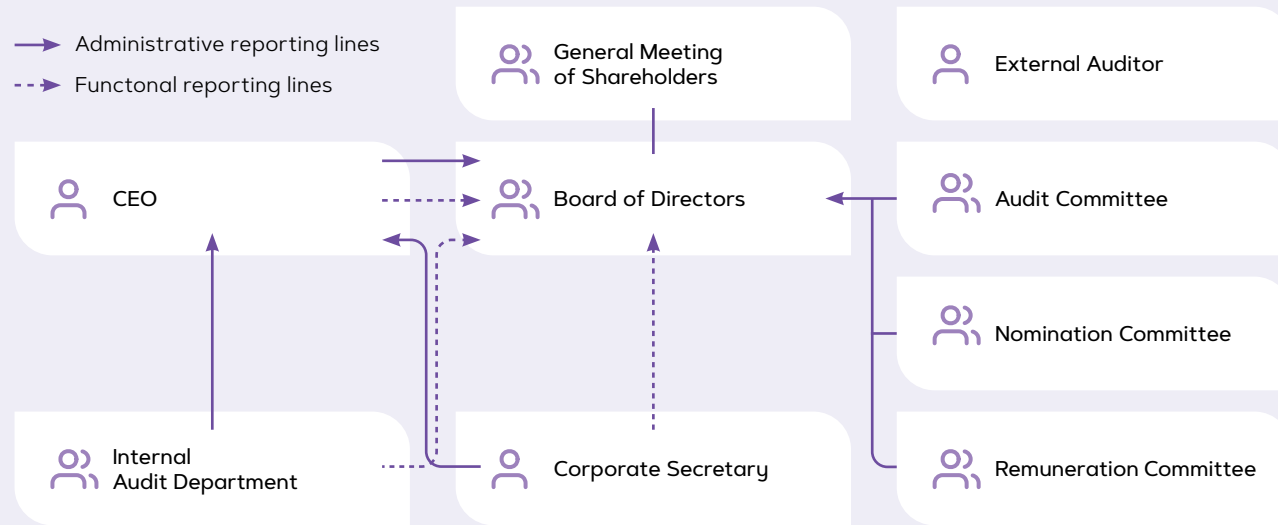
The Company is in the process of changing its place of incorporation (redomiciliation); at the time of publication of the Report, it is not yet a Russian legal entity. Accordingly, the Company does not report on compliance with the principles and recommendations of the Corporate Governance Code recommended for use by the Bank of Russia. At the same time, the Company intends to carry out an internal assessment of its corporate governance practices following the change of its place of incorporation.

Before the start of the redomiciliation process, MD Medical Group viewed the UK stock market as its primary market; accordingly, the Company was guided primarily by the provisions of the UK Corporate Governance Code. Thus, the Company's corporate governance system is based on the legal standards and corporate governance principles of Russia, Cyprus and the UK.

The Company complies with the key corporate governance principles set out in the Corporate Governance Code of the Bank of Russia. The depositary receipts of MD Medical Group have been registered and accepted for trading by the Bank of Russia and included in the First-Level Quotation List of the Moscow Exchange, which would have been impossible without the Company's adherence to best corporate governance practices.

\* The Company's key corporate documents are available on the [website](#).

**Corporate governance structure of the Company at year-end 2023**



**GENERAL MEETING OF SHAREHOLDERS**

The General Meeting of Shareholders is the key governing body of MD Medical Group. It represents the interests of all shareholders and adopts resolutions on matters related to the Company's strategic development, profit distribution, appointment of members of the Board of Directors and other important matters.

→ The Company's Articles of Association do not provide for the holding of General Meetings of Shareholders by absentee vote

**General Meetings of Shareholders held in 2023**

Meeting format and date	Quorum	Resolutions adopted
EGM 01/23/2023	72.7%	<ul style="list-style-type: none"> <li>Appointment of GAC Auditors Ltd as auditor of the Company's separate financial statements for 2022.</li> </ul>
AGM 04/26/2023	72.6%	<ul style="list-style-type: none"> <li>Approval of the Company's consolidated financial statements for 2022, the directors' report and the independent auditor's report;</li> <li>Appointment of GAC Auditors Ltd as auditor of the Company's separate financial statements for 2023. Appointment of Kept JSC as auditor of the Company's interim and annual consolidated financial statements for 2023. Determination of the amount of auditor remuneration for the next year;</li> <li>Approval of the nomination of Sergey Kalugin, Tatiana Lukina and Vitaly Ustimenko as independent non-executive directors of the Company.</li> </ul>

Meeting format and date	Quorum	Resolutions adopted
EGM 08/31/2023	75.0%	<ul style="list-style-type: none"> <li>Amendments to the Company's Articles of Association;</li> <li>Removal of the Company from the Register of the Cyprus Department of the Registrar of Companies, relocation of the Company's registered office to the SAR of Oktyabrsky Island (Kaliningrad Region, Russian Federation) and registration as a going concern in accordance with the legal regime of the Russian Federation without liquidation or reorganization;</li> <li>Approval of actions required for the implementation of the above resolution;</li> <li>Review and approval of the Company's separate interim financial statements for the period ended June 30, 2023.</li> </ul>

**BOARD OF DIRECTORS**

The Board on Directors, acting for and on behalf of all shareholders, formulates the development strategy of MD Medical Group, which is aimed at increasing the Company's market capitalization and enhancing its investment potential.

The Board of Directors is tasked with promoting the growth of the Company's assets and ensuring the achievement of target returns, as well as protecting the rights and legitimate interests of shareholders, exercising control over executive management bodies, and ensuring the completeness, reliability and objectivity of publicly available information about the Company's activities.

In addition, the Board of Directors is involved in the functioning of the risk management and internal audit system, establishes key benchmarks for the Company's long-term performance, and plays a key role in detecting and resolving internal conflicts.



→ Five out of six members of the Board of Directors are independent directors

**Key objectives of the Board of Directors:**

- To protect the legitimate rights and interests of shareholders
- To exercise control over executive management bodies
- To formulate the Company's development strategy
- To promote the growth of the Company's assets and maintain business profitability
- To ensure the completeness, reliability and objectivity of publicly available information about the Company's activities

## Composition of the Board of Directors as at December 31, 2023



Vladimir Mekler

### Chairman of the Board of Directors, Independent Director, Chairman of the Nomination Committee, member of the Remuneration Committee

Year of election to the Board of Directors: 2015  
Chairman of the Board of Directors since June 2016  
Shareholding: none

#### Education:

University degree; Lomonosov Moscow State University, degree in Jurisprudence

#### Work experience:

Since 2012, Vladimir Mekler has been the senior and managing partner of Mekler & Partners, specializing in corporate law. Between 2003 and 2010, he was the Vice Chairman of the Presidium of the Moscow City Bar Association. Vladimir Mekler has been a member of the Moscow City Bar since 1980.



Mark Kurtser

### Executive Director

Year of election to the Board of Directors: 2012  
Shareholding: 67.9%

#### Education:

University degree; Pirogov 2nd Moscow State Medical Institute, degree in General Medicine, Doctor of Medical Sciences

#### Work experience:

Mark Kurtser began his career at the Department of Obstetrics and Gynecology of the Pirogov Russian National Research Medical University, where he progressed from assistant to associate professor of the Department. Between 1994 and 2012, he headed the Center for Family Planning and Reproduction, the largest OB/GYN clinic in Moscow. Between 2003 and 2013, Mark Kurtser was the Chief Obstetrician-Gynecologist of the Moscow Healthcare Department. Mark Kurtser continues to be actively involved in the activities of MD Medical Group as an executive and a medical practitioner. He is also the rector of MGIMO Med, a medical university established by the Company jointly with the Moscow State Institute of International Relations (MGIMO).



Sergey Kalugin

### Senior Independent Director, Chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee

Year of election to the Board of Directors: 2022  
Shareholding: none

#### Education:

University degree; Lomonosov Moscow State University, degree in Political Economy

#### Work experience:

Sergey Kalugin has extensive experience in organizing corporate digital transformation. In 2017 and 2018, he held the post of Deputy Minister of Digital Development, Communications and Mass Media of the Russian Federation, supervising the Smart City and Digital Health. Between 2013 and 2017, he was the President of PJSC Rostelecom. In this role, he was responsible for infrastructure upgrades, improvement of the quality of customer service and the adoption of a new strategy that kick-started the company's digital transformation.



Tatiana Lukina

### Independent Director, Chair of the Audit Committee, member of the Remuneration Committee

Year of election to the Board of Directors: 2019  
Shareholding: none

#### Education:

University degree; Financial University under the Government of the Russian Federation, degree in Finance, Business Valuation and Reorganization Management, PhD in Economics

#### Work experience:

Tatiana Lukina has 20 years of experience in finance, business restructuring and project management across a wide range of industries. Tatiana's career began at KPMG, where she has worked for 10 years participating in and leading (projects focused on audit, capital market transactions, debt restructuring, and M&A services). Later, she worked for ALFA Group and participated in the boards and committees of ALFA Bank and Rosvodokanal. In 2015 and 2016 Tatiana took part in the preparation for the IPO at OZON.ru. Between 2016 and 2022, Tatiana Lukina worked as the CFO at GAME INSIGHT, a developer of mobile games. In 2022 and 2023, Tatiana held the position of CFO of Dyninno (travel, financial technology and entertainment sectors). Since 2023, Tatiana has worked as the Managing Director of Vero Wealth Management LLC in the Middle East.



Yury Kudimov

### Independent Director, member of the Nomination Committee

Year of election to the Board of Directors: 2023  
Shareholding: none

#### Education:

University degree; Lomonosov Moscow State University, degree in Journalism; Dowling College (US), degree in Banking and International Financial Systems

#### Work experience:

Yury Kudimov has 29 years of experience in economics, finance and investment. Between 1995 and 2003, he held the post of First Deputy Chairman of the Board of the National Reserve Bank; in 2004, he headed the bank as President and Chairman of the Board. Between 2009 and 2014, as CEO of Investment Company of Vnesheconombank LLC, Yury Kudimov oversaw the establishment of a new investment division of the bank, VEB Capital. Currently, Yury Kudimov holds the position of President of Pangeo Capital, a private equity investment and advisory group focused on mid-cap companies in private capital markets in Russia, Europe and the Americas.



Vitaly Ustimenko

### Independent Director, member of the Audit Committee

Year of election to the Board of Directors: 2015  
Shareholding: 0.0054%

#### Education:

University degree; Financial University under the Government of the Russian Federation, degree in Finance and Lending, PhD in Economics

#### Work experience:

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



### Corporate Secretary

The Corporate Secretary coordinates the Company's actions to protect the rights and interests of shareholders, supports the performance of the Board of Directors, and ensures interaction with shareholders. The Corporate Secretary is appointed by the Board of Directors, and the procedure governing its activities is set out in the Regulations on the Corporate Secretary.

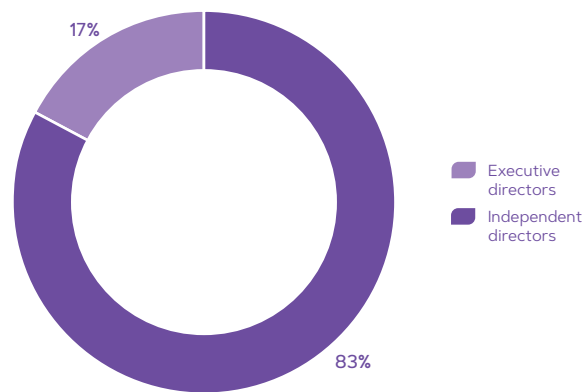
#### The main functions of the Corporate Secretary are the following:

- ensuring that the Company's executive bodies and employees comply with the requirements of the applicable laws, the Articles of Association and other internal documents of the Company that guarantee exercising the rights and legitimate interests of shareholders;

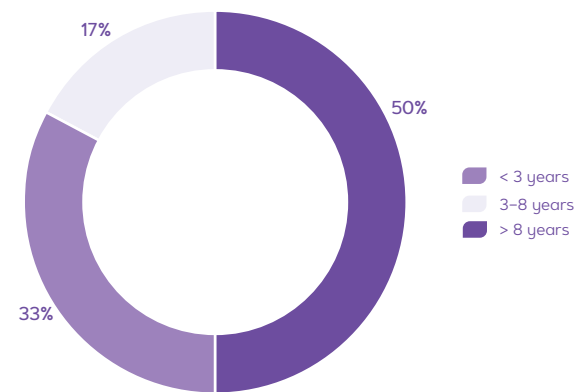
- ensuring observance of the rights and property interests of shareholders, assisting shareholders in exercising their rights, maintaining a balance of interests between participants in corporate legal relations;
- developing the corporate governance practice of MD Medical Group to meet the interests of its shareholders and other stakeholders;
- advising the Company's officers and shareholders, as well as members of the Board of Directors, on corporate law and governance issues;
- supervising the preparation and organization of General Meetings of Shareholders;
- ensuring compliance with the established rules and procedures for preparing and holding meetings of the Board of Directors and managing the preparation of resolutions of the Board of Directors.

### Structure of the Board of Directors as of 31 December 2023

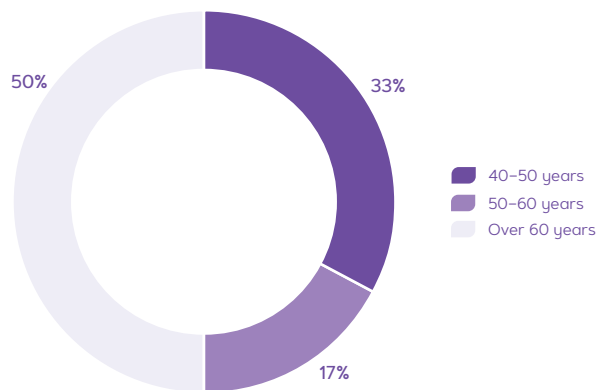
Status of members of the Board of Directors



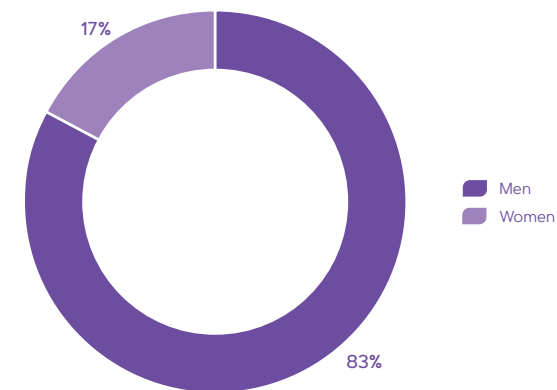
Time in office on the Board of Directors



Age of members of the Board of Directors



Composition of the Board of Directors by gender



#### Darya Aleksandrova Corporate Secretary

**Education:** Higher. Lomonosov Moscow State University, majoring in Jurisprudence; Lomonosov Moscow State University, majoring in Linguistics

Darya Aleksandrova joined the Company in 2018

**Experience:** Darya Aleksandrova joined the Group as Head of Corporate Governance. Prior to joining the Group, Ms. Aleksandrova worked at Rosgosstrakh insurance company, where her responsibilities included corporate governance. She was also the Corporate Secretary of the Board of Directors. Ms. Aleksandrova continues to act as Head of Corporate Governance of the Group.

### Competencies of Members of the Board of Directors

	Strategy	Finance and audit	Risk management	Legal issues	Medicine	Customer service	Personnel	IT	R&D
Vladimir Mekler	●		●	●			●		●
Mark Kurtser	●		●		●	●	●		●
Vitaly Ustimenko		●	●					●	
Tatiana Lukina		●	●				●	●	
Sergey Kalugin	●	●					●	●	
Yury Kudimov	●	●	●				●		

### Key matters considered by the Board of Directors in 2023:

- Reviewing quarterly operating and financial results;
- Approving financial statements;
- Reviewing the status of investment projects and the project on redomiciliation of the holding company;
- Terminating the listing of the Company's depositary receipts on London Stock Exchange;
- Approving transactions related to the acquisition of clinics in Surgut and Nefteyugansk, and approval of the acquisition of a building for opening a hospital in Michurinsky Avenue in Moscow;
- Recognizing some of the members of the Board of Directors as independent;
- Approving the prospectus of the Company's depositary receipts for registration with the Bank of Russia;
- Convening general meetings of shareholders and approving the agendas of such meetings;
- Approving internal corporate documents.



In 2023, the Board of Directors held 8 meetings where 39 matters were discussed

## Participation in meetings of the Board of Directors and Committees in 2023

	Attendance in meetings of the Board of Directors			Attendance in meetings of the Committees		
	Total	In-person	By phone or online <sup>1</sup>	Audit Committee	Nomination Committee	Remuneration Committee
Vladimir Mekler	●●●●●●●●	●●●●	●●●●●●	●●	●●	●●
Mark Kurtser	●●●●●●●●	●●●●●●●●			●●	●●
Vitaly Ustimenko	●●●●●●●●	●●	●●●●			
Tatiana Lukina	●●●●●●●●		●●●●			
Sergey Kalugin	●●●●●●●●	●●	●●●●		●●	●●
Yury Kudimov <sup>2</sup>	●	●				

## Board Committees

Composition of Board Committees in 2023

Director	Status	Audit Committee	Nomination Committee	Remuneration Committee
Vladimir Mekler	Independent		Chairman	●
Mark Kurtser	Executive Director			
Vitaly Ustimenko	Independent	●		
Tatiana Lukina	Independent	Chairman		●
Sergey Kalugin	Independent	●	●	Chairman
Yury Kudimov	Independent		●	

## Audit Committee

The Audit Committee of the Board of Directors is responsible for:

- Reliability and correctness of information disclosure in financial statements and external financial communication;
- Maintaining an effective internal control system, including financial, operational and compliance control and the risk management system;
- Preparing recommendations for shareholders for approval in general meetings regarding the appointment, reappointment and dismissal of external auditors;
- Approving remuneration and terms of employment of external auditors in respect of audit services rendered;
- Auditing, including monitoring and review of external auditors' activities, independence and objectivity;
- Developing and implementing policies on non-audit services provided by external auditors;
- Monitoring compliance with corporate governance laws, regulations and standards;
- Monitoring and assessing performance of the internal auditor.

The Audit Committee participates in control and management of internal audit. The key objective of the Audit Committee is to identify problems and opportunities for improving the internal control system. If such problems or opportunities are identified, the Committee shall make recommendations for the Board of Directors necessary for solving the problems or making improvements.

The Audit Committee is responsible for monitoring and analyzing the effectiveness of the Company's internal audit service. The Committee may, at the request or on behalf of the head of the internal audit service, investigate any activity of the Group that is of interest or concern for the Committee.

## Nomination Committee

Meetings of the Nomination Committee are held at least once a year. The Committee is responsible for making recommendations on the appointment of executive and non-executive directors, as well as CEO, First Deputy CEO and Chief Financial Officer of the Company.

The main objective of the Nomination Committee is to manage the appointment of members of the governing bodies, ensure balanced composition of the Board of Directors and the necessary qualification of directors. In addition, the Nomination Committee makes recommendations on the composition of the Audit Committee and the Remuneration Committee.

## Remuneration Committee

The Remuneration Committee meets at least once a year and is responsible for making recommendations to the Board of Directors regarding the remuneration of all executive directors and the Chairman of the Board of Directors.

The main objective of the Remuneration Committee is to determine the policy and structure of remuneration for Executive Directors, Chairman of the Board of Directors and senior managers, as well as the specific remuneration for each Executive Director, Chairman of the Board of Directors and any compensation payments.

## Remuneration for members of the Board of Directors

The Company has no approved policy related to remuneration for members of the Board of Directors, and remuneration for each member of the Board of Directors is set on an individual basis.

## Key issues considered Committees in 2023

### Audit Committee:

- Quarterly reports of the internal auditor;
- External auditor's reports for 2022 and 6M 2023.

### Nomination Committee:

- Recommendations to the Board of Directors on appointing directors and recognizing individual directors as independent.

### Remuneration Committee:

- Recommendations to the Board of Directors on changes in the amount of remuneration for individual directors and bonuses for senior managers based on the results of 2022.

## Total remuneration for members of the Board of Directors

Year	RUB '000 (before-tax)
2021	6,388
2022	5,888
2023	6,944

## Remuneration paid to members of the Board of Directors in 2023

Director	RUB '000 (before-tax)
Sergey Kalugin	4,000
Vitaly Ustimenko	1,222
Tatiana Lukina	1,222
Yury Kudimov	500

<sup>1</sup> Meetings in absentia (by poll) are not held.

<sup>2</sup> Yury Kudimov was elected in September 2023. The first meeting after the election was held in December 2023.

## MANAGEMENT



### Mark Kurtser, Member of the Russian Academy of Science

#### Company founder, CEO

**Education:** Higher. The 2nd Moscow Order of Lenin State Medical Institute named after N.I. Pirogov, majoring in General Medicine, residency in Obstetrics and Gynecology.

**Work experience:** Mr. Kurtser began his career at the Department of Obstetrics and Gynecology of Pirogov Russian National Research Medical University, where he took positions from an assistant to an associate professor of the Department. From 1994 to 2012, he headed the Center for Family Planning and Reproduction, the largest state hospital with focus on obstetrics and gynecology in Moscow. From 2003 to 2013, Mark Kurtser was the Chief Obstetrician-Gynecologist of the Moscow Healthcare Department. Mark Kurtser continues to be actively involved in the activities of MD Medical Group both as CEO and the practicing physician.



### Alexander Kotov

#### First Deputy CEO

**Education:** Higher. Kutafin Moscow State Law University (MSAL), majoring in Jurisprudence, a PhD in Pedagogy. Mr. Kotov is an adviser in social management and personnel work at the Russian Presidential Academy of National Economy and Public Administration.

Mr. Kotov joined the Company in 2022.

**Work experience:** Alexander Kotov is responsible for personnel management, legal issues and interaction with government authorities, as well as ensuring the security of MD Medical Group operations. Prior to joining the Group, Mr. Kotov held senior positions in public authorities.



### Ilya Lukyanova

#### Chief Financial Officer

**Education:** Higher. Saratov Socio-Economic Institute, majoring in Finance and Credit.

Ms. Lukyanova joined the Company in 2015.

**Work experience:** Ilya Lukyanova joined the Group as Chief Accountant of MD Medical Group. In 2019, she was appointed Deputy Chief Financial Officer, where she was in charge of finance, as well as automation and digital transformation projects. Since 2022, Ms. Lukyanova has held the position of Chief Financial Officer. She is responsible for finance, corporate and legal matters and IR at MD Medical Group. Prior to joining the Group, Ilya Lukyanova worked at OSG Records Management as a financial manager for Russia. Ms. Lukyanova is a member of the self-regulating organization of auditors Association "Sodruzhestvo".



### Pavel Rudnikov

#### Chief Operating Officer

**Education:** Higher. State University of Management, majoring in Taxes and Taxation. He has DiplFR diploma.

Pavel Rudnikov joined the Company in 2018.

**Work experience:** Pavel Rudnikov joined the Group as Head of Financial Control and Treasury. In 2020, he was appointed Financial Director of Lapino Clinical Hospital, where he was responsible for financial management, projects on reporting automation and financial control strengthening. Prior to joining the Group, Pavel worked at Rusagro Group, where his duties included preparation of IFRS financial statements.



### Natalia Butkevich, PhD

#### Medical Director, Head of clinical hospitals

**Education:** Higher. The 2nd Moscow Order of Lenin State Medical Institute named after N.I. Pirogov, majoring in General Medicine; residency in Internal Medicine/Physician, postgraduate studies in Cardiology.

Natalia Butkevich joined the Company in 2018.

**Work experience:** Natalia Butkevich joined the Group as Head of the Department of Medical Prevention for Adults. From 2018 to 2022, she was Head of the Out-patient Treatment Department, as well as Deputy Director of clinical hospitals of MD Medical Group. In 2022, she was appointed Medical Director, Head of clinical hospitals. Ms. Butkevich has more than 40 years of experience in medicine. She is an Honored Doctor of the Russian Federation.



### Boris Konoplev

#### General Director of the Lapino Clinical Hospital

**Education:** University degree; Pirogov Russian National Research Medical University, degree in General Medicine, residency in Obstetrics and Gynecology.

Mr. Konoplev joined the Company in 2010.

**Work experience:** Boris Konoplev joined the Group as an obstetrician-gynecologist at the MD GROUP hospital. Between 2012 and 2017, he held the positions of Head of the Obstetric Physiological Department and Chief Physician of the Mother and Child hospital in Ufa. In 2017, he was appointed Head of Clinical Hospitals of the Company. Since 2021, he has been the CEO of the Lapino Medical Cluster. Boris Konoplev is a practicing obstetrician-gynecologist and has received extensive training in leading European clinics.



### Yulia Kutakova, PhD

#### Medical Director for Organizational and Scientific-Educational Work

**Education:** Higher. Pirogov Russian National Research Medical University, majoring in Pediatrics; residency and postgraduate studies in Obstetrics and Gynecology.

Ms. Kutakova joined the Company in 2012.

**Work experience:** Yulia Kutakova has more than 11 years of practice in obstetrics and gynecology. Prior to joining MD Medical Group, she held the position of Chief of Maternity in the Organizational and Tutorial Department of the Moscow Healthcare Department.



### Natalia Yakunina, PhD

#### Medical Director, Head of out-patient clinics

**Education:** Higher. Turkmen State Medical Institute, majoring in General Medicine, residency in Obstetrics and Gynecology.

Ms. Yakunina joined the Company in 2011.

**Work experience:** Prior to joining the Group, since 2008, she had held the position of Chief Obstetrician and Gynecologist of the Central District of Moscow. In the Company, Ms. Yakunina has been Chief Doctor of MD Yugo-Zapad clinic and MD Savelovskaya clinic in Moscow. Currently, she is Chief Doctor of MD GROUP Michurinsky Multifunctional Hospital.



# RISK MANAGEMENT, INTERNAL CONTROL AND AUDIT

The risk management and internal control system of MD Medical Group complies with the requirements of Russian legislation and is aligned with the nature and scale of the Company’s business. Internal control functions are distributed among the governing bodies of MD Medical Group.

## INTERNAL AUDIT

Internal audit helps to assess the performance of the risk management, internal control and corporate governance system.

The Company has established the Internal Audit Department. The Head of Internal Audit reports to the Board of Directors on the performance of duties.

The responsibilities of the Head of Internal Audit and employees of the Internal Audit Department include:

- Developing a flexible annual audit plan and submitting this plan to the Board of Directors for review and approval;
- Implementing the approved annual audit plan;
- Ensuring the availability of professional auditors with sufficient knowledge, skills, experience and professional certifications;
- Providing management consulting services, including facilitation, process development, training and other advisory services;
- Providing periodic reports summarizing the audit findings to the Board of Directors and the management;
- Informing the Board of Directors about new trends and successful internal audit practices;
- Providing assistance in the investigation of serious allegations of fraud within the Company and reporting the findings to the management and the Board of Directors;
- Reviewing the work of external auditors and regulators in order to ensure optimal audit coverage of the Company at a reasonable overall cost.



## Assessing the effectiveness of internal control and audit procedures

The Internal Audit Department submits a report to the Audit Committee on a quarterly basis. After a review by the Committee, the report is supplemented with comments and suggestions, and risk owners receive appropriate recommendations.

Internal control practices are assessed twice a year in the course of preparing the auditor’s report on the consolidated financial statements, which is prepared by an external auditor.

## EXTERNAL AUDIT

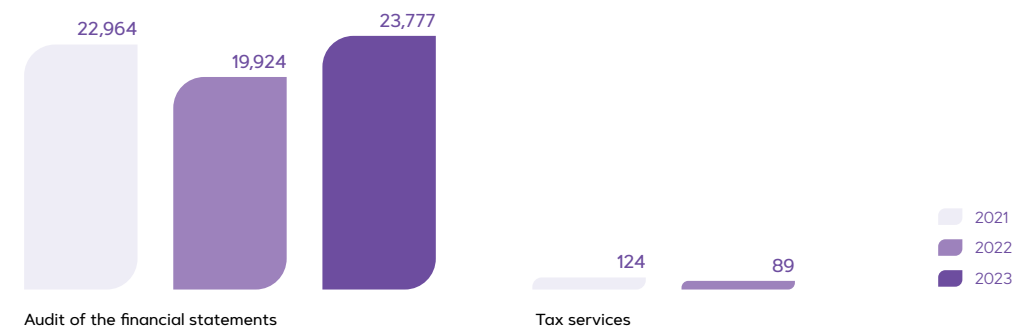
An external auditor is selected on a competitive basis in an open and transparent manner. Important factors taken into account in the selection of the external auditor include the auditor’s performance in previous periods, the experience and qualification of the team, and the auditor’s independence.

The General Meeting of Shareholders also authorizes the Board of Directors to determine the remuneration for the external auditor.

After the selection is completed, the choice of auditor and the amount of remuneration are agreed with the Audit Committee, which submits agreed recommendations for review by the Board of Directors. If the Board of Directors agrees with the choice made by the Audit Committee, the candidate for appointment as external auditor is approved at the General Meeting of Shareholders.

In 2023, the General Meeting of Shareholders approved Kept JSC as the external auditor of the Company’s interim condensed consolidated financial statements and the annual consolidated financial statements for 2023, and approved GAC Auditors Ltd as the auditor of the Company’s separate financial statements for 2023. The most of remuneration stated below relates to Kept’s audit services.

Remuneration of external auditors, RUB ‘000



## RISK MANAGEMENT

The Company thoroughly identifies and manages material potential risks to support long-term sustainable development of its business.

The assessment of the identified risk is carried out jointly with the process owners based on the probability of risk materialization and the probability of residual risk materialization after mitigation measures. Further steps to mitigate the negative impact of risks are also discussed with the process owners.

The risk identification process involves conducting detailed interviews with process owners (potential risk owners) and related functions. The findings of the interviews may be supplemented with quantitative and qualitative information from the Company’s information systems.

MD Medical Group continuously improves its risk management system, which makes it possible to quickly identify potential risks to the Company's activities and find the most effective ways to reduce them.

**Assessment of key risks\***

The Company identifies the following key risk groups:

- Medical risks;
- Operational risks;
- Production risks;
- Financial risks;
- Legal risks;
- Marketing risks;
- Cybersecurity risks.

**Risk assessment and management process**



**ANTI-CORRUPTION MEASURES**

MD Medical Group has zero tolerance for any forms of bribery and corruption and for employees' attempts to abuse their position. The Company takes steps to promote a culture of zero tolerance for corruption, and to maintain an atmosphere of mutual respect, integrity and trust in the team.

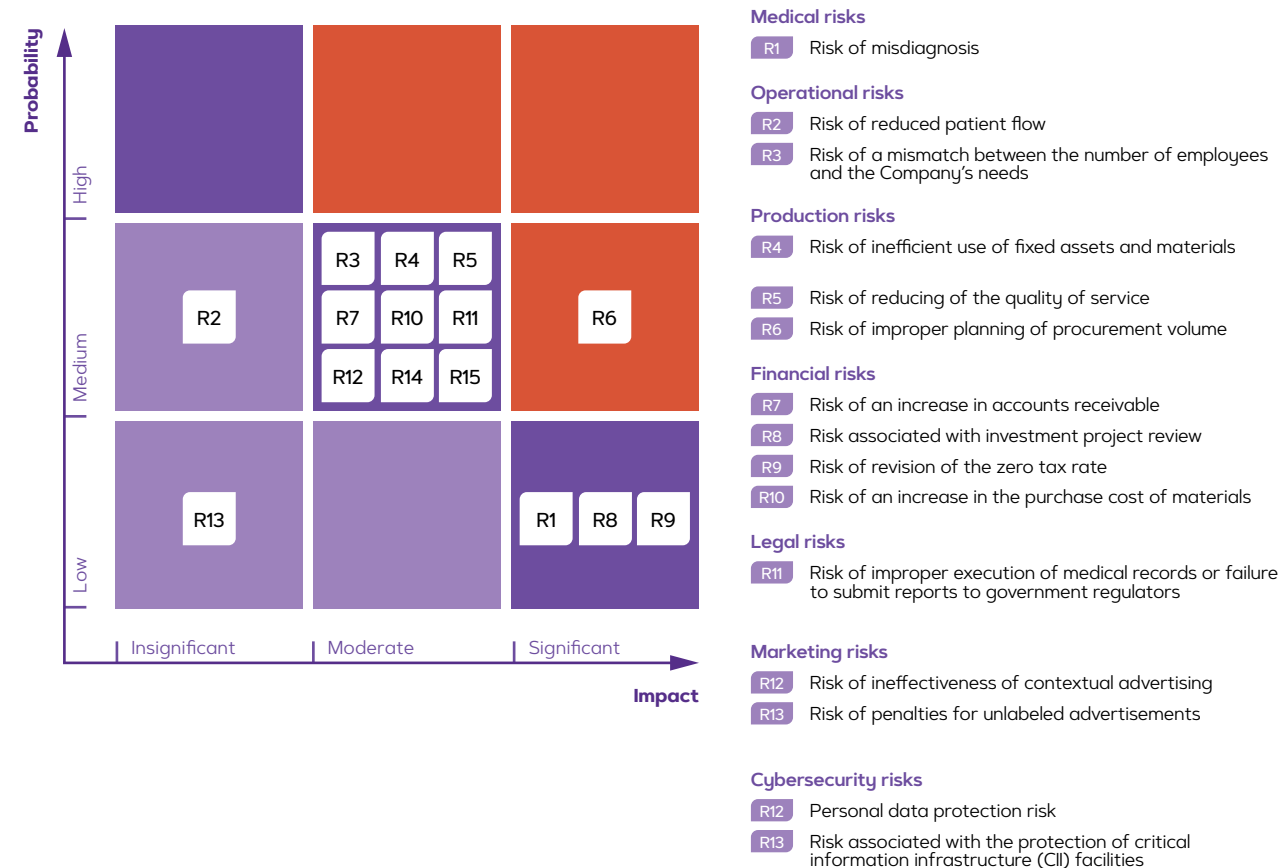
The Anti-Corruption Policy of MD Medical Group complies with the laws and other regulations of the Russian Federation applicable to the Company.

The CEO is responsible for implementing the Anti-Corruption Policy.

The Company has adopted the Anti-Corruption Policy, which defines the key principles and requirements aimed at preventing corruption and ensuring compliance of MD Medical Group employees with the applicable anti-corruption legislation.

In 2023, the Anti-Corruption Action Plan for 2024-2029 was developed, including the prevention of petty corruption. In accordance with this plan, an anti-corruption commission has been formed in each medical institution, which has the following responsibilities:

1. Monitoring the proper use of allocated funds;
2. Promoting an environment of zero tolerance for bribery and vested interests detrimental to the Company's interests in the team;
3. Informing the team about existing anti-corruption regulations;
4. Ensuring that employees are informed about the provisions of the anti-corruption legislation of the Russian Federation;
5. Organizing and conducting anti-corruption training of employees;
6. Reviewing procurement in accordance with the existing legislation;
7. Reviewing and leveraging the experience of other institutions, executive bodies, ministries and agencies in preventing corruption;
8. Recording and investigating citizens' reports of potential cases of corruption;
9. Reporting instances of corruption to law enforcement agencies, and other tasks.



\* For more details, please refer to Appendices, p. 159.

# SHARE CAPITAL

## SHARE CAPITAL STRUCTURE

As at the end of December 2023, the authorized share capital of MD Medical Group totaled USD 6 010,000.8, divided into 75,125,010 ordinary shares with a par value of USD 0.08 each. The Company did not issue bonds.

32.1% of MD Medical Group's shares are free-float, while the remaining 67.9% of shares are held by Mark Kurtser. The Company has no treasury or quasi-treasury shares.

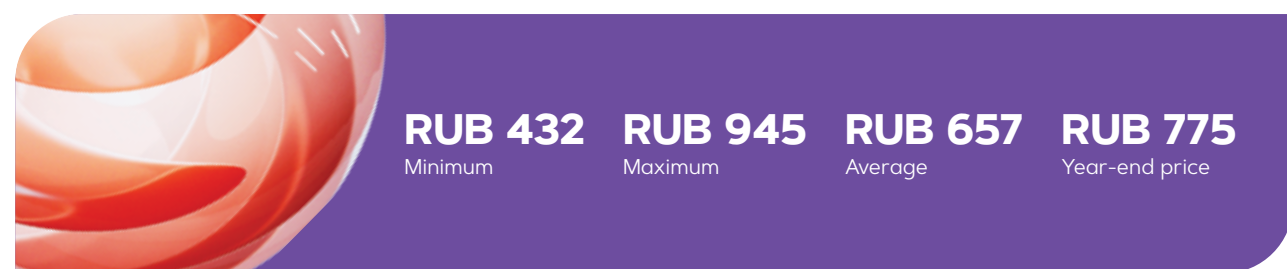
### Event after the reporting period

In February 2024, the Extraordinary General Meeting of Shareholders resolved that the Company's authorized share capital will be converted after the date of registration the Company as IPJSC, following the results of redomiciliation, into RUB 538,550,161.6872, divided into 75,125,010 ordinary shares with a par value of RUB 7.16872 each

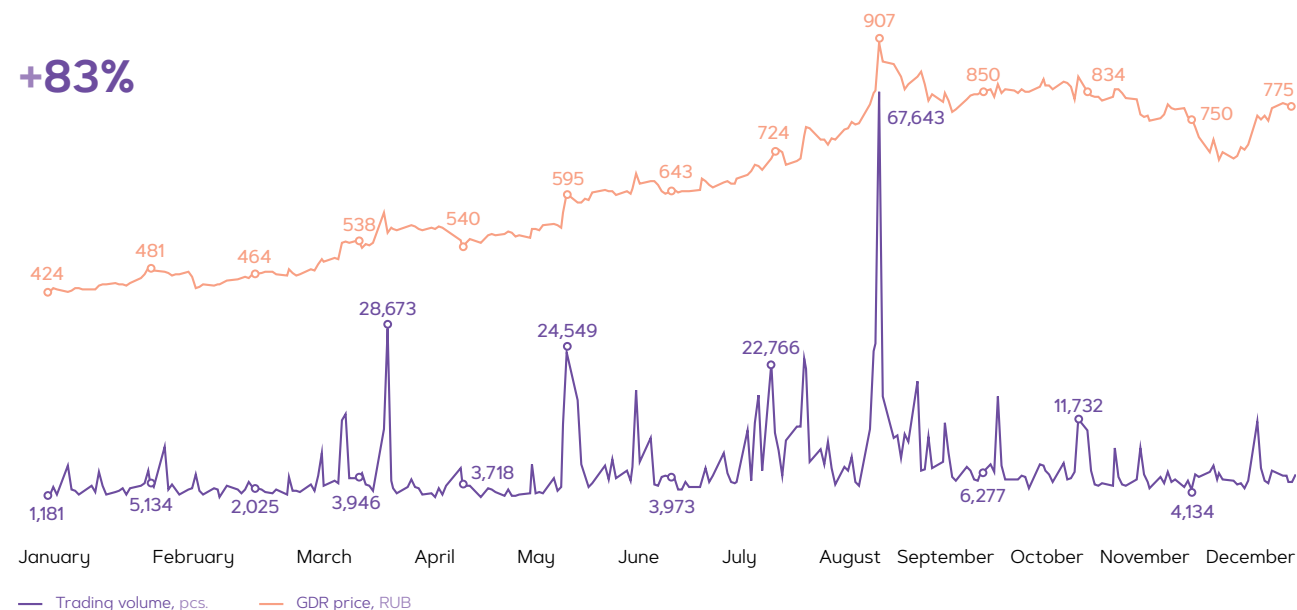
The Company's shares were traded on the London Stock Exchange under the ticker symbol MDMG in the form of global depositary receipts (GDRs) since October 12, 2012. Due to a prolonged suspension of trading in the Company's GDRs on the London Stock Exchange preventing investors from trading in the securities, on May 23, 2023, the Company decided to delist its GDRs. The Company's GDRs were delisted from the London Stock Exchange on June 22, 2023. Since August 8, 2023, RCS Issuer Services S.A.R.L has been the Company's new depository.

Since November 9, 2020, the Company's GDRs have been traded on the Moscow Exchange in Russian rubles. One GDR corresponds to one ordinary share. On November 7, 2023, the Company obtained the primary listing status on the Moscow Exchange. At year-end 2023, the Group's market capitalization on the Moscow Exchange totaled RUB 58.2 billion.

Price of the Company's GDRs in 2023



Changes in the price and trading volume of MD MedicalGroup's GDRs in 2023



## REDOMICILIATION

The Company is in the process of redomiciliation from the Republic of Cyprus to the Special Administrative Region (SAR) on Oktyabrsky Island in the Kaliningrad Region in order to register as an operating company under the legal regime of the Russian Federation. This will help the Company to remove the restrictions imposed by the current corporate structure of MD Medical Group, mitigate geopolitical risks, return to the matter of dividend payments and become even more transparent for the investor community. Following the Company's registration in Russia, the shareholder register

will be transferred to the Russian registrar, and compulsory conversion of GDRs into shares will be carried out automatically under a standard procedure.



For more information, see the [«Redomiciliation Q&A»](#) section on the website

## INVESTOR RELATIONS

Strengthening investor relations is one of MD Medical Group's priorities. Since the listing on the London Stock Exchange in 2012, we have focused on active and effective engagement with the investment community. Our main goal is to maintain the highest standards of transparency and disclosure in line with industry best practices, thereby building up trust and confidence among our investors and analysts.

with the calendar published on the website in the "Investors" section, and regularly provides updates on its operating and financial results (on a quarterly and semi-annual basis respectively). In addition, the Company promptly discloses information about major events in the Group, such as the opening of new medical institutions, mergers and acquisitions, important decisions of the Board of Directors and the General Meeting of Shareholders, redomiciliation and other events. MD Medical Group discloses information on the website of the Interfax Corporate Information Disclosure Center.

MD Medical Group strives for maximum transparency and efficiency in communication with shareholders, investors and analysts. The Company adheres to the schedule of information disclosure in accordance



In 2023, representatives of MD Medical Group management held the Analyst Day at the Group's flagship Lapino Clinical Hospital and two live broadcasts for the investment community in cooperation with professional market participants, SberCIB and Finam. In early 2024, the Company took part in a live broadcast hosted by Smartlab. The broadcasts featuring the Company's representatives in 2023 and early 2024 garnered a total of 18,000 online views.

As part of the Analyst Day at the Lapino Clinical Hospital, a presentation was given by the CEO of the Company Mark Kurtser; the meeting was attended by analysts from leading banks and investment platforms, who asked the Company's executives questions and were given a tour of the premises of the Lapino Clinical Hospital, accompanied by the CEO of the hospital and leading doctors.



For more details on upcoming IR events, see the [«Events Calendar»](#) section on the website

## DIVIDEND POLICY

On December 15, 2023, MD Medical Group approved a new dividend policy, which stipulates the possibility of recommending to shareholders the allocation of up to 100% of the Company's net profit, including accumulated profit (if any), based on the Company's consolidated financial statements under International Financial Reporting Standards (IFRS) for dividend payment.

The Analyst Day and live broadcasts organized by professional market participants made it possible to answer the main questions from investors, including with regard to the redomiciliation process, dividend payment plans, changes in the key indicators, cost control and the Company's investment activities.

### In 2024, the Company's IR strategy will focus on:

- Providing comprehensive coverage of the Company's performance by posting materials containing an analysis of results on the website; conducting conference calls;
- Expanding the coverage of analytics, which was significantly reduced due to geopolitical uncertainty in 2022 and 2023;
- Active engagement with investors through events organized by both the issuer and professional market participants;
- Increasing the availability and openness of information for investors on the Company's corporate website.

The payment of dividends will depend on a number of factors, including cash flow, dividends received by the Company from its subsidiaries, the Group's capital investment needs, as well as the capital market environment, development objectives or other objectives of the Group, provided that the net debt-to-EBITDA ratio does not exceed 3.

The last dividend payment was made in November 2022, when MD Medical Group paid interim dividends on its GDRs for the six months of 2022 totaling RUB 642 million, or RUB 8.55 per GDR.



[The Dividend Policy](#) of MD Medical Group stipulates the possibility of allocating up to 100% of net profit for dividends

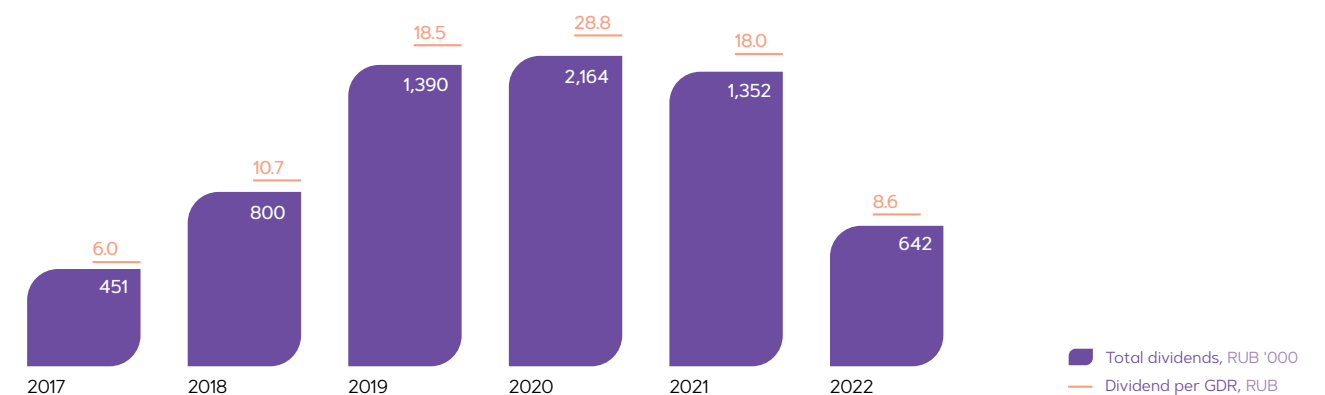


Due to the restrictions imposed by the previous corporate structure, the Company did not pay dividends 2021, 2022 or 2023 and intends to resume payments after completing the redomiciliation process

### Dividend report

Period	Date of decision on dividend payment	Record date	Total dividends, RUB '000	Dividend per GDR, RUB
6M 2022	10/26/2022	11/07/2022	642,319	8.55
6M 2021	09/03/2021	09/24/2021	1,352,250	18.00
2020	04/22/2021	05/05/2021	1,427,375	19.00
6M 2020	09/04/2020	09/18/2020	736,225	9.80
2019	09/03/2020	09/16/2020	1,389,813	18.50
2018	04/23/2019	05/24/2019	800,081	10.65
2017	04/17/2018	04/25/2018	450,750	6.00

### Dividend payments of MD Medical Group







## **APPENDICES**

- Report and consolidated financial statements
- 2023 key risks overview
- Contact us



# REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

## MD MEDICAL GROUP INVESTMENTS PLC

For the year ended 31 December 2023

### Contents

Officers, Professional Advisors and Registered Office	107
Management Report	108
Directors' Responsibility Statement	113
Independent Auditors' Report	114
Consolidated Statement of Profit or Loss and Other Comprehensive Income	118
Consolidated Statement of Financial Position	119
Consolidated Statement of Changes in Equity	120
Consolidated Statement of Cash Flows	122
Notes to the Consolidated Financial Statements	124

## OFFICERS, PROFESSIONAL ADVISORS AND REGISTERED OFFICE

Board of Directors	Vladimir Mekler – Chairman Mark Kurtser Vitaly Ustimenko Tatiana Lukina Sergey Kalugin (appointed in March 2022) Yury Kudimov (appointed in September 2023)
Secretary	Menustrust Limited
Secretary assistant	Darya Aleksandrova
Independent Auditors	JSC "Kept"
Registered Office	15 Dimitriou Karatasou street, Anastasio Building, 6th floor, office 601, Strovolos, 2024, Nicosia, Cyprus



## 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 2023.

### Incorporation

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

### Principal activity

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature, but primarily in the healthcare industry. Note 5 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 2023 and its financial position at that date are set out in the consolidated statement of profit or loss and other comprehensive income on page 118 and in the consolidated statement of financial position on page 119 of these consolidated financial statements. Profit for the year ended 31 December 2023 amounted to RUB 7,822,651

thousand (for the year ended 31 December 2022: RUB4,718,800 thousand). The total assets of the Group as at 31 December 2023 were RUB41,336,558 thousand (31 December 2022: RUB33,162,389 thousand) and the net assets were RUB34,553,661 thousand (31 December 2022: RUB26,963,262 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.

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

On 26 October 2022 the Board of Directors recommended the payment of RUB642,319 thousand as interim dividends which corresponds to RUB8,55 per share. The dividends were paid on 29 November 2022.

### Examination of the development, position and performance of the activities of the group

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

The Group has developed its growth strategy to meet the increasing demand for high-quality private healthcare services in Russia. The Group has grown significantly through strategic acquisitions and expansion through the construction of new facilities.

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

The Group's principal objective is to use its strong existing platform and experience in the regions to create a scalable concept of establishing new regional hospitals and other medical facilities, utilising rigorous investment decision-making process and targeting the most attractive regions and ensuring seamless execution.

The Group believes the experience, depth and diversity of its management team to be a distinct competitive advantage in the complex and rapidly growing healthcare industry in which it operates.

### Principal risks and uncertainties

The Group operates in a highly regulated industry and is a subject to supervision by federal and local authorities. As a result, the Group would be significantly affected by material changes to the existing, or implementation of additional government regulations in Russia.

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

Details in relation to principal risks and uncertainties and steps taken to manage these risks and uncertainties are presented in Notes 23 and 25 of these consolidated financial statements.

The reputation, expertise and professionalism of the Group's medical personnel are instrumental to the Group's ability to attract new and repeat patients. The Group's operating success depends on its medical personnel providing high-quality healthcare services throughout the Group's medical network.

### Directors' interest

The direct and indirect interests of the members of the Board of Directors of the Company as at 31 December 2023, 31 December 2022 and as at the date of signing these consolidated financial statements are as follows:

Name	Type of interest	Effective interest %
Mark Kurtser	Direct ownership of shares	67.90
Vitaly Ustimenko	Direct ownership of shares	0.005

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

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

## Future developments

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

As the Group will be growing it intends to expand its portfolio of hospital and outpatient facilities, broaden its service offerings by providing patients with the most up-to-date treatment procedures and medical technology available on the market, expand its services in Moscow and other regions, exploit the value of its integrated healthcare network by making effective use of services across its facilities, optimising the benefits for patients and the Group as a whole.

## Share capital

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

## Board of directors

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

Yury Kudimov was appointed as an independent non-executive director of the Board of Director on 8 September 2023. Sergey Kalugin was appointed as an independent director in March 2022. Kirill Dmitriev and Africa Platforms Capital LLP (represented by Simon Rowlands) stepped down as members of the Board of Directors on 5 March 2022 and 9 March 2022 respectively.

The members of the Board of Directors who served as at the date of signing of these consolidated financial statements, are presented on page 113.

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

## The board committees

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

### Audit Committee

The Audit Committee comprises of three non-executive directors, two of whom are independent. The Audit Committee has been chaired by independent non-executive director Ms. Tatiana Lukina since 6 December 2019, Mr. Kirill Dmitriev and Mr. Simon Rowlands were the other members. Following the resignation of Mr. Kirill Dmitriev and Mr. Simon Rowlands on 5 March 2022 and 9 March 2022, respectively, Mr. Vitaly Ustimenko and Mr. Sergey Kalugin were appointed as other members of the audit committee on 14 March 2022.

The 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; 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 on actions needed to address the issues or to make improvements.

### Internal audit

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

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

### Nomination Committee

The Nomination Committee comprises of one executive and two non-executive directors, one of whom is independent. The Nomination Committee is chaired by non-executive director Mr. Vladimir Mekler (since June 2016). Mr. Mark Kurtser and Mr. Simon Rowlands were the other members. Following the resignation of Mr. Simon Rowlands on 9 March 2022, Mr. Sergey Kalugin was appointed as other member of the audit committee on 14 March 2022.

The Nomination Committee meets at least once a year and is responsible for assisting the Board of Directors in discharging its corporate governance responsibilities in relation to appointment of all executive and non-executive directors, as well as the CEO and CFO of the Company. The main objective of the Nomination Committee is to lead the process for the Board of Directors' appointments and make respective recommendation to the Board of Directors, ensuring proper balance of the Board of Directors and qualification of its members. The Nomination Committee also considers the composition of the Audit and Remuneration Committees.

### Remuneration Committee

The Remuneration Committee comprises of two non-executive directors and one executive director. The Remuneration Committee was chaired by an independent non-executive director Mr. Simon Rowlands, who stepped down on 9 March 2022. Mr. Sergey Kalugin was appointed as the chairman of the Remuneration Committee on 14 March 2022. The two other members are Dr. Mark Kurtser and Mr. Vladimir Mekler.

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

## Corporate governance

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

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

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

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

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

### Internal control in relation to the financial reporting process

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

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

By order of the Board of Directors,

  
Vladimir Mekler  
Chairman of the Board of Directors

Moscow, 29 March 2024

- in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

A notice convening a general meeting must be sent to each of the shareholders.

All shareholders are entitled to attend the general meeting or be represented by a proxy authorised in writing. In the general meeting, on a poll, every share gives the holder the right to cast one vote, whereas, on a show of hands, each member has one vote. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at any meeting of the Company.

### Branches

MD Medical Group Investments Plc has a branch in Moscow.

### Treasury shares

During the year ended 31 December 2023 the Company did not acquire any treasury shares.

### Events after the reporting period

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

### Independent auditors

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

  
Mark Kurtser  
Managing Director, member of the Board of Directors

Moscow, 29 March 2024

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### 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 124 to 162, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces/they face.

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.


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

1. adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Group and explain its transactions;
2. all information of which it is aware that is relevant to the preparation of the consolidated financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors.

By order of the Board of Directors,

  
Vladimir Mekler  
Chairman of the Board of Directors

Moscow, 29 March 2024

  
Mark Kurtser  
Managing Director, member of the Board of Directors

Moscow, 29 March 2024



## INDEPENDENT AUDITORS' REPORT

JSC «Kept»  
Naberezhnaya Tower Complex, Block C  
10 Presnenskaya Naberezhnaya  
Moscow, Russia 123112  
Telephone +7 (495) 937 4477  
Fax +7 (495) 937 4499

### To the Shareholders of MD MEDICAL GROUP INVESTMENTS PLC

#### Opinion

We have audited the consolidated financial statements of MD MEDICAL GROUP INVESTMENTS PLC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU).

#### Basis for Opinion

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

#### Key Audit Matters

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

### Impairment of goodwill

Please refer to the Note 14 in the consolidated financial statements.

#### The key audit matter

Goodwill is material to the consolidated financial statements. We consider impairment of goodwill as a key audit matter due to inherent estimation uncertainty in forecasting future cash flows which form the basis for the assessment of recoverability and significant management judgement involved in determination of the recoverable amount.

#### How the matter was addressed in our audit

Our audit procedures included:

- assessment of whether the cash generating units were appropriately determined and evaluation of the methodology applied by management in impairment testing;
- assessment of appropriateness of key inputs used and assumptions applied in forming the discounted cash flows' models, such as estimated revenue and profitability growth, by comparing them to historical results and critically challenging the forecasted amounts.

We involved our own valuation specialists to assist us in evaluating the appropriateness of the weighted-average cost of capital (discount rate), assessment of the methodology applied in discounted cash flows' models and general reasonableness of the key inputs for the models, such as EBITDA margin and CAPEX in post-projection period.

We also assessed the completeness and consistency of the disclosures in the consolidated financial statements in relation to this matter.

### Revenue recognition

Please refer to the Note 5 in the consolidated financial statements.

#### The key audit matter

Revenue is a material amount consisting of a high volume of individually low value transactions. The Group uses special Medialog system to calculate revenue, where revenue data is automatically transferred therefrom to the accounting system. Thus, the Group relies on results of operations of these systems. The most significant risks of revenue misstatement arise due to potential incorrect data on volume and value of the services provided.

#### How the matter was addressed in our audit

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

We tested general IT controls and application-level controls relevant to revenue recognition. We involved our Information risk management specialists, who assisted us in performing the following procedures:

- to test users' and administrators' access rights and password setting controls in Medialog;
- to test Medialog's automatic links of tickets issued for the provision of services to invoices and payments, including the function to link tickets to a particular service contract;
- to test that revenue data is accurately transferred from Medialog to the accounting system.

We reconciled Medialog data to accounting ledgers. Further we reconciled the recognized revenue adjusted for the balances of settlements with customers at the beginning and the end of the reporting period, with the amounts of payments recorded in the accounting system; and reconciled the amounts of payments received from customers with external bank confirmations. We also obtained confirmation letters from debtors (legal entities) on a sample basis to confirm balances and turnover.

In addition, we analyzed the revenue structure, its' key trends and correlations.

## Other Information

Management is responsible for the other information. The other information comprises the Management Report, the Directors' Responsibility Statement and the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and the Audit Committee of the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS-EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors is responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it 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 the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KOLIADKO ELENA GENRIKHOVNA

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 22006023423, acts on behalf of the audit organization based on the power of attorney No. 3/23 as of 17 February 2023

JSC «Kept»  
Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351  
Moscow, Russia  
29 March 2024

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 RUB'000	2022 RUB'000
Revenue	5	27,631,241	25,222,056
Cost of sales	6	(16,338,986)	(15,428,617)
<b>Gross profit</b>		<b>11,292,255</b>	<b>9,793,439</b>
Other income		79,218	36,141
Selling, general and administrative expenses	7	(3,766,850)	(3,513,145)
Impairment loss	13, 14	-	(1,286,574)
Other expenses		(95,348)	(60,510)
<b>Operating profit</b>		<b>7,509,275</b>	<b>4,969,351</b>
Finance income	9	608,865	355,825
Finance expenses	9	(202,696)	(494,039)
Net foreign exchange transactions gain / (loss)	9	19,539	(104,751)
<i>Net finance income / (expenses)</i>	9	<i>425,708</i>	<i>(242,965)</i>
<b>Profit before tax</b>		<b>7,934,983</b>	<b>4,726,386</b>
Income tax expense	10	(112,332)	(7,586)
<b>Profit for the year</b>		<b>7,822,651</b>	<b>4,718,800</b>
<b>Total comprehensive income for the year</b>		<b>7,822,651</b>	<b>4,718,800</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		7,629,721	4,560,217
Non-controlling interests		192,930	158,583
		<b>7,822,651</b>	<b>4,718,800</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		7,629,721	4,560,217
Non-controlling interests		192,930	158,583
		<b>7,822,651</b>	<b>4,718,800</b>
<b>Earnings per share (RUB)</b>	11	<b>101.56</b>	<b>60.70</b>

The Notes on pages 124 to 158 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 RUB'000	31 December 2022 RUB'000
<b>ASSETS</b>			
Property, plant and equipment	13	26,920,420	24,527,917
Intangible assets	14	2,179,278	1,959,819
Trade, other receivables and deferred expenses	15	246,980	87,928
<b>Total non-current assets</b>		<b>29,346,678</b>	<b>26,575,664</b>
Inventories		1,085,591	1,212,154
Trade, other receivables and deferred expenses	15	1,010,318	911,831
Cash and cash equivalents	16	9,893,971	4,462,740
<b>Total current assets</b>		<b>11,989,880</b>	<b>6,586,725</b>
<b>Total assets</b>		<b>41,336,558</b>	<b>33,162,389</b>
<b>EQUITY</b>			
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	29,611,754	21,982,033
<b>Total equity attributable to the owners of the Company</b>		<b>34,380,306</b>	<b>26,750,585</b>
Non-controlling interests	26	173,355	212,677
<b>Total equity</b>		<b>34,553,661</b>	<b>26,963,262</b>
<b>LIABILITIES</b>			
Loans and borrowings	19	735,724	489,200
Trade and other payables	21	592,045	729,173
Contract liabilities	20	380,763	468,505
<b>Total non-current liabilities</b>		<b>1,708,532</b>	<b>1,686,878</b>
Loans and borrowings	19	141,246	106,426
Trade and other payables	21	2,980,130	2,822,399
Contract liabilities	20	1,952,989	1,583,424
<b>Total current liabilities</b>		<b>5,074,365</b>	<b>4,512,249</b>
<b>Total liabilities</b>		<b>6,782,897</b>	<b>6,199,127</b>
<b>Total equity and liabilities</b>		<b>41,336,558</b>	<b>33,162,389</b>

On 29 March 2024 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



**Iya Lukyanova**  
Chief Financial Officer

The Notes on pages 124 to 158 are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Attributable to owners of the Company		Attributable to owners of the Company			Non-controlling interests RUB'000	Total equity RUB'000
		Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000	Total RUB'000		
Balance at 1 January 2023		180,585	5,243,319	(655,352)	21,982,033	26,750,585	212,677	26,963,262
Profit and total comprehensive income for the year		-	-	-	7,629,721	7,629,721	192,930	7,822,651
<b>CONTRIBUTIONS AND DISTRIBUTIONS</b>								
Dividends declared	12	-	-	-	-	-	(232,252)	(232,252)
<b>Total contributions and distributions</b>		-	-	-	-	-	<b>(232,252)</b>	<b>(232,252)</b>
Balance at 31 December 2023		180,585	5,243,319	(655,352)	29,611,754	34,380,306	173,355	34,553,661

Share premium is not available for distribution.

For the year ended 31 December 2022

	Note	Attributable to owners of the Company		Attributable to owners of the Company			Non-controlling interests RUB'000	Total equity RUB'000
		Share capital RUB'000	Share premium RUB'000	Reserves RUB'000	Retained earnings RUB'000	Total RUB'000		
Balance at 1 January 2022		180,585	5,243,319	(655,352)	18,064,135	22,832,687	264,505	23,097,192
Profit and total comprehensive income for the year		-	-	-	4,560,217	4,560,217	158,583	4,718,800
<b>CONTRIBUTIONS AND DISTRIBUTIONS</b>								
Dividends declared	12	-	-	-	(642,319)	(642,319)	(210,411)	(852,730)
<b>Total contributions and distributions</b>		-	-	-	<b>(642,319)</b>	<b>(642,319)</b>	<b>(210,411)</b>	<b>(852,730)</b>
Balance at 31 December 2022		180,585	5,243,319	(655,352)	21,982,033	26,750,585	212,677	26,963,262

Share premium is not available for distribution.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 RUB'000	2022 RUB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		7,822,651	4,718,800
<i>Adjustments for:</i>			
Depreciation	13	1,650,349	1,616,547
Amortisation	14	58,180	51,109
Loss / (gain) from the sale of property, plant and equipment		7,753	(22,317)
Write-off of property, plant and equipment		21,567	815
Impairment loss	13. 14	-	1,286,574
Finance income	9	(608,865)	(355,825)
Finance expenses (excluding impairment)	9	182,831	400,207
Impairment of trade and other receivables	9	19,865	93,832
Net foreign exchange transactions (gain) / loss	9	(19,539)	104,751
Income tax expense	10	112,332	7,586
		<b>9,247,124</b>	<b>7,902,079</b>
Decrease / (increase) in inventories		127,750	(47,393)
Increase in trade and other receivables		(149,896)	(35,292)
Increase / (decrease) in trade and other payables		22,377	(55,420)
Increase / (decrease) in contract liabilities		245,744	(17,632)
<b>Cash flows from operations</b>		<b>9,493,099</b>	<b>7,746,342</b>
Tax paid		(115,053)	(12,624)
<b>Net cash flows from operating activities</b>		<b>9,378,046</b>	<b>7,733,718</b>

The Notes on pages 124 to 158 are an integral part of these consolidated financial statements.

	Note	2023 RUB'000	2022 RUB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition/construction of property, plant and equipment		(3,528,298)	(1,098,983)
Proceeds from sale of property, plant and equipment		6,756	62,796
Acquisition of intangible assets		(51,577)	(70,017)
Business acquisitions, net of cash acquired	4	(310,182)	-
Bank interest received	9	567,560	257,760
<b>Net cash flows used in investing activities</b>		<b>(3,315,741)</b>	<b>(848,444)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans and borrowings	19	-	(4,805,599)
Payments of lease liabilities	19	(167,638)	(150,743)
Finance expenses paid		(19,460)	(262,088)
Proceeds from reimbursed VAT		-	342,717
Repayment of reimbursed VAT		(203,718)	(166,634)
Dividends paid to the owners of the Company		-	(636,794)
Dividends paid to non-controlling interests		(259,177)	(224,807)
<b>Net cash flows used in financing activities</b>		<b>(649,993)</b>	<b>(5 903,948)</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,412,312</b>	<b>981,326</b>
Cash and cash equivalents as at the beginning of the year	16	4,462,740	3,589,623
Effect of movements in exchange rates on cash held		18,919	(108,209)
<b>Cash and cash equivalents as at the end of the year</b>	16	<b>9,893,971</b>	<b>4,462,740</b>

The Notes on pages 124 to 158 are an integral part of these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 1. Incorporation and principal activities

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

The principal activity of the Company is that of an investment holding company and, for that purpose, to acquire and hold controlling and other interests in the share or loan capital of any company or companies of any nature (the Company and its subsidiaries together referred to as the “Group”), but primarily in the healthcare industry. Refer to Note 5 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 2023 Effective holding %	31 December 2022 Effective holding %
JSC MD PROJECT 2000	Russian Federation	Medical services	95	95
LLC KHAVEN	Russian Federation	Medical services	100	100
LLC VELUM	Russian Federation	Medical services	90	90
LLC Capital Group	Russian Federation	Assistance services	95	95
LLC Klinika MAT’ i DITYA	Russian Federation	Holding of trademarks	100	100
LLC Clinica ZDOROVIA	Russian Federation	Medical services	80	80
IVAMED Ltd	Russian Federation	Medical services	100	100
LLC Mother and child Perm	Russian Federation	Medical services	95	95
LLC Clinic Mother and child	Russian Federation	Dormant company	95	95
LLC Mother and child Saint Petersburg	Russian Federation	Medical services	85	85
LLC MD Project 2010	Russian Federation	Medical services	100	100
LLC Mother and child Ugo-Zapad	Russian Federation	Medical services	90	90
LLC MD service	Russian Federation	Pharmaceutics retail	95	95
LLC Mat’ i ditia Nizhny Novgorod	Russian Federation	Medical services	100	100
LLC Mat’ i ditia Yekaterinburg	Russian Federation	Medical services	100	100
LLC Mother and child Tyumen	Russian Federation	Medical services	100	100
JSC Medicinskaya kompaniya IDK	Russian Federation	Medical services	100	100
LLC Apteka IDK	Russian Federation	Pharmaceutics retail	100	100
LLC Centr semejnoy reprodukcii	Russian Federation	Dormant company	100	100
LLC MD Assistance	Russian Federation	Assistance services	-	100
LLC Mother and child Yaroslavl	Russian Federation	Medical services	80	80

Name	Country of incorporation	Activities	31 December 2023 Effective holding %	31 December 2022 Effective holding %
LLC Mat’ i ditia Kostroma	Russian Federation	Medical services	80	80
LLC Mat’ i ditia Vladimir	Russian Federation	Medical services	80	80
LLC Mat’ i ditia Ryazan’	Russian Federation	Medical services	100	100
LLC Mat’ i ditia Kazan’	Russian Federation	Medical services	100	100
JSC Medicinskij centr AVICENNA	Russian Federation	Medical services	100	100
Ltd.Co. H&C Medical Group	Russian Federation	Pharmaceutics retail	100	100
LLC Reproductive Medicine Centre	Russian Federation	Medical services	100	100
LLC Omskij centr reproductivnoj mediciny	Russian Federation	Medical services	100	100
LLC MEDICA-2	Russian Federation	Medical services	100	100
Krasnoyarsk Center for Reproductive Medicine, Ltd	Russian Federation	Medical services	100	100
LLC Novosibirskii center of Reproductive Medicine	Russian Federation	Medical services	100	100
LLC Barnaul’skij centr reproductivnoj mediciny	Russian Federation	Medical services	100	100
LLC Mat’ iditya Vladivostok	Russian Federation	Medical services	100	100
LLC Mother and child Volga	Russian Federation	Management company	100	100
LLC MD Finans	Russian Federation	Management company	100	100
LLC Mother and child Krasnodar	Russian Federation	Medical services	100	100
LLC Mother and child Rostov-on-Don	Russian Federation	Medical services	100	100
LLC MD Group Krasnogorsk	Russian Federation	Dormant	-	90
MGIMO-MED	Russian Federation	Medical university	67	67
LLC MD Group Holding	Russian Federation	Management company	100	100
JSC MD MEDICAL GROUP	Russian Federation	Management company	100	100
LLC Mother and child Khabarovsk	Russian Federation	Medical services	80	-
LLC Mother and child Chelyabinsk	Russian Federation	Medical services	100	-
LLC Mother and child Lipetsk	Russian Federation	Medical services	100	-
LLC Antireflux-Surgut	Russian Federation	Medical services	75	-
LLC VIRA-CENTER	Russian Federation	Medical services	100	-
LLC MC Biologicheskaya Medicina	Russian Federation	Medical services	100	-
LLC SSK	Russian Federation	Service company	-	-
LLC TekhMedKom	Russian Federation	Service company	-	-
LLC Servisnaya gospital’naya kompaniya	Russian Federation	Service company	-	-
LLC ELLE PROF	Russian Federation	Service company	-	-
LLC MedTekhnoServis	Russian Federation	Service company	-	-



As at 31 December 2023, 67.9% of the Company's share capital is owned by Dr. Mark Kurtser, beneficiary owner as well (As at 31 December 2022, 67.9% of the Company's share capital is owned by MD Medical Holding Limited, a company beneficially owned by Dr. Mark Kurtser). The 32.1% of the Company's share capital is owned by RCS Issuer Services S.AR.L, which holds the shares on behalf of the GDR holders (31 December 2022: Guarantee Nominee Limited).

The companies LLC MD Assistance and LLC MD Group Krasnogorsk were liquidated in July 2023.

During the year, the group set up new companies LLC Mother and child Khabarovsk, LLC Mother and child Chelyabinsk and LLC Mother and child Lipetsk.

In September 2023 the Group acquired 100% shares in two companies (VIRA-CENTER LLC and LLC MC Biologicheskaya Medicina) and 75% share in one company (LLC Antireflux-Surgut) from a third party. Refer to Note 4 of these consolidated financial statements.

Further to the sanctions (refer to Note 25(b)) the London Stock Exchange (the "LSE") has suspended the admission to trading of the Group's instruments on 3 March 2022. On 22 June 2023 the Group's GDRs were cancelled from the FCA's official list and admission to trading on the LSE. The Group changed the depositary bank that administers the Groups' GDR program to RCS Issuer Services S.AR.L. with the relevant agreement effective as of 8 August 2023. On 7 November 2023 the Bank of Russia registered the prospectus of the Company's Global Depositary Receipts (hereinafter – the "GDRs") and admit the existing GDRs to public circulation in the Russian Federation. Herewith the Company has finalized the procedure of changing the listing status on the Moscow Exchange to primary.

## 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).

### (b) Basis of measurement

These consolidated financial statements were approved by the Board of Directors and were authorised for issue on 29 March 2024.

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

### (c) Functional and presentation currency

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

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

### (d) Use of estimates and judgements

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

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

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

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

- Impairment of intangible assets and property, plant and equipment

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

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

- Impairment of goodwill

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

- Other

Information about judgements, assumptions and estimation uncertainties regarding revenue recognition, deferred taxes assets, provisions, leases and ECL allowance for trade receivables and contract assets as at 31 December 2023 is described in Note 3.

The significant judgements made by the management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022 except for those reflected in Notes 13, 14.

## 3. Material 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 2022 and for the year then ended.

New standards and amendments applied for the first time in 2023 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 loses 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.
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.

### 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).

### 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.

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.

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

### Intangible assets

#### (i) Goodwill

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

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

#### (ii) Patents and trademarks

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

**(iii) Software and web site costs**

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

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

**Inventories**

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

**Provisions**

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

**Financial instruments****Recognition**

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

**Classification**

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

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

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

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

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

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

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

**Credit-impaired financial assets**

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

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

- significant financial difficulty of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 3 years without movements past due based on Russian legislation. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

**Derecognition of financial assets**

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

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

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

**Derecognition of financial liabilities**

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

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



Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks due to changes in the CBR key rate, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

#### Offsetting financial instruments

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

#### Impairment of non-financial assets

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

#### Share capital

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

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

#### Earnings per share

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

#### Leases

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

#### Leases in which the Group is a lessee

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

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

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

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

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

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

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

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

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

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

#### Short-term leases and leases of low-value assets

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

#### New standards and interpretations not yet adopted:

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. Moreover, these standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

## 4. Business acquisition

On 18 and 25 September 2023, the Group acquired 100% of capital of VIRA-CENTER LLC, LLC MC Biologicheskaya Medicina and 75% on LLC Antireflux-Surgut, companies located in Surgut and Nefteyugansk and specialising in the medical services, to expand the geography of services provided by the Group.

NCI is recognised as short-term obligation based on Charter of LLC Antireflux-Surgut, as the Group has contractual obligation to acquire the minority shareholder's share in case of his withdrawal from the Company.

The fair values of the identifiable assets and liabilities of acquired companies as at the date of acquisition were:

	LLC MC Biologicheskaya Medicina RUB'000	VIRA-CENTER LLC RUB'000	LLC Antireflux- Surgut RUB'000
<b>ASSETS</b>			
Inventories	465	3	720
Trade and other receivables	6,253	7,431	1,155
Intangible assets	46,159	788	-
Property, plant and equipment	45,162	90,738	2,859
Right-of-use of buildings and plant and equipment	31,848	6,546	14,944
Other non-current assets	109	776	23
Cash and cash equivalents	24,747	12,747	1,637
	<b>154,743</b>	<b>119,029</b>	<b>21,338</b>
<b>LIABILITIES</b>			
Other non-current liabilities	(26,864)	(6,501)	(13,099)
Trade and other payables	(36,287)	(10,316)	(1,619)
Accruals	(3,981)	(5,564)	(1,028)
	<b>(67,132)</b>	<b>(22,381)</b>	<b>(15,746)</b>
<b>Total identifiable net assets at fair value</b>	<b>87,611</b>	<b>96,648</b>	<b>5,592</b>
Share acquired	100%	100%	75%
Short-term obligation, reflecting NCI measured at proportional share	-	-	1 864
Share in net assets acquired	87,611	96,648	5,592
Purchase consideration	142,992	166,595	37,500
<b>Goodwill arising on acquisition</b>	<b>55,381</b>	<b>69,947</b>	<b>31,908</b>
<b>Cash flows on acquisition:</b>			
Net cash acquired with the subsidiary (included in cash flows from investing activities)	24,747	12,747	1,637
Cash paid	(142,992)	(166,595)	(37,500)
Transaction costs	(917)	(1068)	(240)
<b>Net cash flow on acquisition</b>	<b>(119,162)</b>	<b>(154,917)</b>	<b>(36,103)</b>

Transaction costs of RUB2,225 thousand were expensed and are included in administrative expenses.

The gross amount of trade receivables is RUB14,838 thousand. However, none of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The goodwill of RUB157,236 thousand comprises the value of expected synergies arising from the acquisition and customer lists, which are not separately recognised. The customer lists didn't meet the criteria for recognition as an intangible asset under IAS 38.

From the date of acquisition, new acquired companies contributed RUB101,405 thousand of revenue and RUB2,420 thousand of profit before tax. If the combination had taken place at the beginning of the year, revenue would have been higher by RUB277,996 thousand and profit before tax would have been higher by RUB16,919 thousand.

## 5. Revenue

	2023 RUB'000	2022 RUB'000
In vitro fertilisation (IVF)	5,377,626	4,331,930
Therapy, surgery and other in-patient medical services	4,451,324	4,643,136
Deliveries	3,318,226	2,843,344
Obstetrics and gynaecology out-patient treatments	2,847,576	2,399,259
Diagnostic centre and other out-patient medical services	2,677,237	2,321,624
Oncology	2,312,125	2,480,842
Laboratory examinations and other medical services	1,818,111	1,983,791
Paediatrics out-patient treatments	1,727,923	1,637,982
Obstetrics and gynaecology in-patient treatments	1,456,318	1,224,345
Paediatrics in-patient treatments	940,549	714,102
Sales of goods	297,499	280,706
Storage of stem cells	187,153	170,442
Other income	219,574	190,553
<b>Total revenue from contracts with customers</b>	<b>27,631,241</b>	<b>25,222,056</b>

### 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. 2022: 76%); some services are rendered through the governmental and non-governmental insurance companies and legal entities. All the contracts are fixed-price and short-term except for the contracts for the storage of stem cells and the contract for offering medical services to a significant corporate client, such contracts are fully prepaid.

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

The contract liabilities primarily relate to the advance consideration received from patients. The amount of RUB782,757 thousand that was recognised in short-term contract liabilities at the beginning of the year was recognised as revenue during the year ended 31 December 2023 (31 December 2022: RUB808,532 thousand). The amount of RUB43,125 thousand was returned to the patients during the year ended 31 December 2023 (31 December 2022: RUB60,529 thousand).

### 6. Cost of sales

	2023 RUB'000	2022 RUB'000
Payroll and related social taxes	9,088,164	8,104,750
Materials and supplies used	4,805,283	5,031,519
Depreciation	1,450,277	1,402,538
Medical services	330,834	308,087
Energy and utilities	307,958	282,059
Property tax	188,044	176,071
Repair and maintenance	132,937	96,973
Other expenses	35,489	26,620
<b>Total cost of sales</b>	<b>16,338,986</b>	<b>15,428,617</b>

### 7. Selling, general and administrative expenses

	2023 RUB'000	2022 RUB'000
Payroll and related social taxes	1,990,686	2,036,089
Utilities and materials	308,099	305,540
Other professional services	289,128	174,443
IT support	203,079	77,933
Depreciation	200,072	214,009
Advertising	188,109	211,196
Commission fees	186,983	118,270
Acquiring and encashment	173,810	159,461
Other expenses	78,516	81,958
Amortisation	58,180	51,109
Communication costs	46,750	45,631
Independent auditors' remuneration	23,777	19,924
Learning and development	19,661	17,582
<b>Total selling, general and administrative expenses</b>	<b>3,766,850</b>	<b>3,513,145</b>

### 8. Staff Costs

	2023 RUB'000	2022 RUB'000
Wages and salaries	8,752,808	8,050,193
Social insurance contributions and other taxes	2,326,042	2,090,646
<b>Total staff costs</b>	<b>11,078,850</b>	<b>10,140,839</b>

The number of employees as at 31,December 2023,was 8,805,(31,December 2022: 8,466).



## 9. Net finance expenses

Note	2023 RUB'000	2022 RUB'000
<i>Finance income</i>		
Bank interest received	608,865	257,760
Initial recognition of other payables to tax authorities at market rate	-	98,065
<b>Finance income</b>	<b>608,865</b>	<b>355,825</b>
<i>Finance expenses</i>		
Interest on bank loans	-	(228,607)
Unwinding of discount on other payables to tax authorities	(66,590)	(60,177)
Interest on leases	(60,702)	(51,881)
Other interest expenses	(36,079)	(38,783)
<i>Other finance expenses</i>		
Bank charges	(19,460)	(20,759)
Impairment of trade and other receivables	(19,865)	(93,832)
<b>Finance expenses</b>	<b>(202,696)</b>	<b>(494,039)</b>
<b>Net foreign exchange transactions gain / (loss)</b>	<b>19,539</b>	<b>(104,751)</b>
<b>Net finance income / (expenses)</b>	<b>425,708</b>	<b>(242,965)</b>

## 10. Income tax

Reconciliation between profit before tax and income tax expense:

	2023 RUB'000	2022 RUB'000
Profit before tax	7,934,983	4,726,386
Less profit before tax of non-taxable subsidiaries	(8,062,095)	(5,048,713)
<b>Loss before tax excluding not-taxable subsidiaries</b>	<b>(127,112)</b>	<b>(322,327)</b>
Tax using the Group's domestic tax rate	25,422	64,465
Effect of subsidiaries taxable at lower tax rates	12	586
Windfall tax	(103,675)	-
Non-deductible expenses	(19,111)	(10,138)
Current-year losses for which no deferred tax asset is recognised	(14,980)	(62,500)
<b>Total income tax expense</b>	<b>(112,332)</b>	<b>(7,586)</b>

All entities of the Group are the tax resident of Russian Federation.

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

As at 31 December 2023 deferred tax assets relating to tax losses carried forward in the amount of RUB410,765 thousand (31 December 2022: RUB395,785 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 2023, there were temporary differences (before calculating tax effect) of RUB15,684,100 thousand (31 December 2022: RUB11,486,136 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

	2023	2022
Basic and fully diluted earnings attributable to the owners of the Company (RUB'000)	7,629,721	4,560,217
Weighted average number of ordinary shares in issue during the year	75,125,010	75,125,010
<b>Basic and fully diluted earnings per share (RUB)</b>	<b>101.56</b>	<b>60.70</b>

## 12. Dividends

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

On 26 October 2022 the Board of Directors recommended the payment of RUB642,319 thousand as interim dividends which corresponds to RUB8,55 per share. The dividends were paid on 29 November 2022.

### 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
<b>INITIAL COST</b>					
Balance as at 1 January 2022	22,075,363	2,456,245	9,976,786	1,001,108	35,509,502
Additions	49,429	981,538	151,059	65,758	1,247,784
Disposals	(33,911)	(815)	(83,205)	(54,705)	(172,636)
Impairment loss	(1,000,015)	(85,525)	-	-	(1,085,540)
Transfer from construction in progress	2,527,195	(3,192,038)	664,843	-	-
<b>Balance as at 31 December 2022</b>	<b>23,618,061</b>	<b>159,405</b>	<b>10,709,483</b>	<b>1,012,161</b>	<b>35,499,110</b>
Additions	45,507	3,554,934	99,183	235,810	3,935,434
Disposals	(20,902)	-	(149,078)	(93,944)	(263,924)
Acquisitions through business combinations	56,544	-	82,215	53,338	192,097
Transfer from construction in progress	2,280,622	(3,481,596)	1,029,648	171,326	-
<b>Balance as at 31 December 2023</b>	<b>25,979,832</b>	<b>232,743</b>	<b>11,771,451</b>	<b>1,378,691</b>	<b>39,362,717</b>
<b>DEPRECIATION</b>					
Balance as at 1 January 2022	(2,687,537)	-	(6,417,317)	(334,250)	(9,439,104)
Depreciation during the year	(502,409)	-	(978,440)	(135,698)	(1,616,547)
Accumulated depreciation on disposals	7,381	-	69,256	7,821	84,458
<b>Balance as at 31 December 2022</b>	<b>(3,182,565)</b>	<b>-</b>	<b>(7,326,501)</b>	<b>(462,127)</b>	<b>(10,971,193)</b>
Depreciation during the year	(522,831)	-	(977,980)	(149,538)	(1,650,349)
Accumulated depreciation on disposals	1,987	-	131,917	45,341	179,245
<b>Balance as at 31 December 2023</b>	<b>(3,703,409)</b>	<b>-</b>	<b>(8,172,564)</b>	<b>(566,324)</b>	<b>(12,442,297)</b>
<b>CARRYING AMOUNTS</b>					
Balance as at 1 January 2022	19,387,826	2,456,245	3,559,469	666,858	26,070,398
Balance as at 31 December 2022	20,435,496	159,405	3,382,982	550,034	24,527,917
Balance as at 31 December 2023	22,276,423	232,743	3,598,887	812,367	26,920,420

On 17 July 2023 the Group completed the acquisition of a ready for service hospital in Moscow. The investment amounted to RUB2,625,718 thousand, including RUB2,190,000 thousand for building and RUB435,718 thousand for equipment.

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

As at 30 June 2022, due to macroeconomic conditions, such as a deterioration in general economic situation, and excessive capacity, the Group performed an impairment test with respect to property, plant and equipment of the regional hospital of LLC MD Project 2010 located in Ufa, representing a separate cash-generating unit (CGU)

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU (RUB2,936,892 thousand) exceeded its recoverable amount (RUB1,936,877 thousand) and an impairment loss of RUB1,000,015 thousand was recognised. The impairment loss was allocated to property, plant and equipment.

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

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

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

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

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

As at 31 December 2022 and as at 31 December 2023 the Group considered whether there were indicators of additional impairment or reversal there of and concluded that there were none.

#### Impairment loss of construction documentation in Saint-Petersburg

During the year ended 31 December 2022 the Group recognized an impairment of previously acquired construction documentation in the amount of RUB85,525 thousand as the Group revised its plans on construction of a clinic in Saint-Petersburg that made the documentation no longer usable. The impairment loss was allocated to construction in progress.

#### Impairment testing of other CGUs

On 30 June 2022 and 30 September 2023 the Group performed the annual impairment tests for all CGUs with a goodwill (see Note 14), as well as considered whether the changes in the economic environment represents impairment indicators for other CGUs. The testing was performed for a number of CGUs. No additional impairment loss was identified. No reasonably possible change in key assumptions will cause an impairment. As at 31 December 2023 the Group considered whether there were indicators of additional impairment thereof and concluded that there were none. As a result the Group did not recognise any additional impairment other than mentioned above.

## 14. Intangible assets

	Goodwill RUB'000	Patents and trademarks RUB'000	Software and website RUB'000	Total RUB'000
<b>Initial cost</b>				
Balance as at 1 January 2022	2,032,320	564,812	311,538	2,908,670
Additions	-	-	70,017	70,017
Impairment loss	(201,034)	-	-	(201,034)
Balance as at 31 December 2022	1,831,286	564,812	381,555	2,777,653
Acquisitions through business combinations	157,236	46,159	788	204,183
Additions	-	-	73,456	73,456
Balance as at 31 December 2023	1,988,522	610,971	455,799	3,055,292
<b>Amortisation</b>				
Balance as at 1 January 2022	-	(564,810)	(201,915)	(766,725)
Amortisation during the year	-	(2)	(51,107)	(51,109)
Balance as at 31 December 2022	-	(564,812)	(253,022)	(817,834)
Amortisation during the year	-	(6,441)	(51,739)	(58,180)
Balance as at 31 December 2023	-	(571,253)	(304,761)	(876,014)
<b>Carrying amounts</b>				
Balance as at 1 January 2022	2,032,320	2	109,623	2,141,945
Balance as at 31 December 2022	1,831,286	-	128,533	1,959,819
Balance as at 31 December 2023	1,988,522	39,718	151,038	2,179,278
Goodwill is allocated to each CGU, which is defined as an individual subsidiary or group of subsidiaries acquired operating as one business in one particular location.				
		31 December 2023 RUB'000	31 December 2022 RUB'000	
JSC Medicinskij centr AVICENNA		1,055,593	1,055,593	
ARTMed Group (Centres of Reproductive Medicine, located in Krasnoyarsk, Omsk, Novosibirsk and Barnaul)		360,154	360,154	
JSC Medicinskaya kompaniya IDK		211,303	211,303	
LLC Reproductive Medicine Centre		142,193	142,193	
LLC MEDICA-2		47,216	47,216	
Subsidiaries acquired in 2011		14,827	14,827	
LLC VIRA-CENTER		69,947	-	
LLC MC Biologicheskaya Medicina		55,381	-	
LLC Antireflux-Surgut		31,908	-	
		1,988,522	1,831,286	



### Impairment loss of LLC Medica-2

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

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU (RUB323,112 thousand) was determined to be higher than its recoverable amount (RUB122,078 thousand) and an impairment loss of RUB201,034 thousand was recognized during the year ended 31 December 2022.

The impairment loss was allocated to goodwill.

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

In 2023 the Group decided to perform annual impairment testing of goodwill as at 30 September 2023. The EBITDA margin was assessed as 25.9%-26.0% and the revenue growth rate was 4%-6.1% for the 5.25 years projection period. The discount rate was 20.9%.

The recoverable amount of the CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU was determined to be higher than its carrying amount and an no impairment loss was recognized during the year ended 31 December 2023.

### Impairment test of other subsidiaries

The discount rate and terminal growth rate as at 30 June 2022 were as specified above in the Note 13.

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

No impairment loss was identified as at 30 June 2022. No reasonably possible change in key assumptions will cause impairment.

The Group performed impairment tests with respect to goodwill in above mentioned subsidiaries as at 30 September 2023. The revenue growth rate was 4%-4.5% and EBITDA margin for JSC MC Avicenna, ARTMed Group (Centres of Reproductive Medicine, located in Krasnoyarsk, Omsk, Novosibirsk and Barnaul), JSC Medicinskaya kompaniya IDK and other was 33.8%-34.5%, 39.0%-40.3% and 30.6%-34.6% respectively for the 5.25 years projection period. The discount rate was 20.9%. As a result of this analysis no impairment was identified. No reasonably possible change in key assumptions will cause an impairment.

## 15. Trade, other receivables and deferred expenses

	31 December 2023	31 December 2022
	RUB'000	RUB'000
Trade receivables net of impairment provision	741,499	734,938
CAPEX prepayments	246,980	87,928
Advances paid to suppliers	147,262	113,013
Interest receivable	41,433	128
Deferred expenses	6,928	7,884
Other receivables	73,196	55,868
	<b>1,257,298</b>	<b>999,759</b>
Non-current portion	246,980	87,928
Current portion	1,010,318	911,831
	<b>1,257,298</b>	<b>999,759</b>

### Ageing analysis of trade receivables:

	Gross amount 31 December 2023	Impairment 31 December 2023	Gross amount 31 December 2022	Impairment 31 December 2022
	RUB'000	RUB'000	RUB'000	RUB'000
Not past due	632,817	(19,109)	594,321	(1,028)
Past due	353,654	(225,863)	375,662	(234,017)
	<b>986,471</b>	<b>(244,972)</b>	<b>969,983</b>	<b>(235,045)</b>

In addition to the bad debt provision accrued as at 31 December 2023 the accounts receivable in the amount of RUB9,533 thousand were written-off during the year ended 31 December 2023 (year ended 31 December 2022: RUB118 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 2023.

Ageing	Status	Weighted-average loss rate 2023	Gross carrying amount 2023 RUB'000	Loss allowance 2023 RUB'000	Gross carrying amount 2022 RUB'000	Loss allowance 2022 RUB'000
0-30 days	past due	11%	58,339	(6,541)	46,081	(8,436)
31-60 days	past due	32%	13,585	(4,297)	7,986	(2,633)
61-90 days	past due	43%	6,467	(2,779)	7,115	(3,159)
more than 91 days	past due	76%	244,415	(185,637)	243,736	(180,321)
<b>TOTAL</b>			<b>322,806</b>	<b>(199,254)</b>	<b>304,918</b>	<b>(194,549)</b>

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 2023.

Ageing	Status	Weighted-average loss rate	Gross carrying amount 2023 RUB'000	Loss allowance 2023 RUB'000	Gross carrying amount 2022 RUB'000	Loss allowance 2022 RUB'000
0-30 days	not past due	57%	33,493	(19,109)	7,636	(1,028)
31-60 days	past due	67%	8,167	(5,438)	5,993	(1,188)
61-90 days	past due	83%	4,281	(3,562)	3,142	(875)
more than 91 days	past due	90%	18,400	(16,498)	61,609	(36,031)
<b>TOTAL</b>			<b>64,341</b>	<b>(44,607)</b>	<b>78,380</b>	<b>(39,122)</b>

Based on the analysis of the historical data for accounts receivable from related parties amounted to RUB112,101 thousand no provision is accrued. For accounts receivable from insurance companies amounted to RUB487,223 thousand provision is accrued only for those which licences had been revoked (as the most part relates to accounts receivable for MHI services provided which payments are guaranteed by the government).

Such provision of RUB1,111 thousand was accrued as at 31 December 2023 (31 December 2022: RUB1,373 thousand).

The exposure of the Group to credit and currency risk in relation to trade, other receivables and deferred expenses is reported in Note 23 of these consolidated financial statements.

## 16. Cash and cash equivalents

	31 December 2023 RUB'000	31 December 2022 RUB'000
Current bank accounts and cash in hand	847,026	901,000
Bank deposits with maturity less than 3 months	9,046,945	3,561,740
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>9,893,971</b>	<b>4,462,740</b>

Currency:	31 December 2023 RUB'000	31 December 2022 RUB'000
RUB	9,867,188	4,399,794
USD	26,783	62,946
	<b>9,893,971</b>	<b>4,462,740</b>

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 RUB'000
Authorised	125,250,000	0.08	-	10,020
Issued and fully paid ordinary shares 1 January / 31 December	75,125,010	0.08	180,585	6,010

## 18. Share premium, reserves and retained earnings

### Share premium

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

### Retained earnings

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

### Reserves

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

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

There were no changes during 2023.

## 19. Loans and borrowings

	31 December 2023 RUB'000	31 December 2022 RUB'000
<b>Long-term liabilities</b>		
Lease liabilities	735,724	489,200
<b>Short-term liabilities</b>		
Lease liabilities	141,246	106,426
<b>Total loans and borrowings</b>	<b>876,970</b>	<b>595,626</b>

Maturity of loans and borrowings:	31 December 2023 RUB'000	31 December 2022 RUB'000
Within one year	141,246	106,426
Between one and five years	495,710	379,761
More than 5 years	240,014	109,439
	<b>876,970</b>	<b>595,626</b>

During the year ended 31 December 2022, the Group fully repaid all its existing credit facilities by settling outstanding obligations ahead of schedule.

No property, plant and equipment was held as collateral for the bank loans as at 31 December 2023.

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

	Maturity	Currency	31 December 2023, RUB'000	31 December 2022, RUB'000
Current lease liabilities	2024	RUB	141,246	106,426
Non-current lease liabilities	2025-2033	RUB	735,724	489,200
			<b>876,970</b>	<b>595,626</b>

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 2023		31 December 2022	
	Bank loans RUB'000	Lease liabilities RUB'000	Bank loans RUB'000	Lease liabilities RUB'000
<b>Balance at 1 January</b>	-	<b>595,626</b>	<b>4,818,321</b>	<b>694,712</b>
<b>Changes in cash flows</b>				
Repayment of loans and borrowings	-	-	(4,805,599)	-
Payments of lease liabilities	-	(106,936)	-	(98,862)
Interest under lease agreements paid	-	(60,702)	-	(51,881)
Interest paid included in financing cash flows	-	-	(241,329)	-
<b>Total changes in cash flows</b>	-	<b>(167,638)</b>	<b>(5,046,928)</b>	<b>(150,743)</b>
<b>Liability-related changes</b>				
Additions of lease liabilities	-	460,474	-	65,758
Leases terminated	-	(72,194)	-	(65,982)
Interest accrued during the period	-	60,702	228,607	51,881
<b>Total liability-related other changes</b>	-	<b>448,982</b>	<b>228,607</b>	<b>51,657</b>
<b>Balance at 31 December</b>	-	<b>876,970</b>	-	<b>595,626</b>

## 20. Contract liabilities

	31 December 2023 RUB'000	31 December 2022 RUB'000
<b>Patient advances</b>	<b>2,333,752</b>	<b>2,051,929</b>
<i>including:</i>		
Contract liabilities after more than one year	380,763	468,505
Contract liabilities within one year	1,952,989	1,583,424

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 the long-term contract 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 2023 RUB'000	31 December 2022 RUB'000
Other payables to tax authorities	786,151	923,279
Accruals	745,734	702,537
Trade payables	633,772	517,270
Taxes payable	591,956	814,083
Payables to employees	583,556	462,884
CAPEX payables	157,463	66,575
Income tax liability	4,823	3,142
Other payables	68,720	61,802
	<b>3,572,175</b>	<b>3,551,572</b>
Non-current portion	592,045	729,173
Current portion	2,980,130	2,822,399
	<b>3,572,175</b>	<b>3,551,572</b>

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

The contractual cash flows (except for income tax liability) and the exposure of the Group to liquidity risk in relation to trade and other payables is reported in Note 23 of these consolidated financial statements.



## 22. Related party transactions

The following transactions were carried out with related parties:

Type of transactions with related party:	31 December 2023		31 December 2022	
	Income	Expenses / Purchases	Income	Expenses / Purchases
Medical services	594,535	60,661	395,949	51,383
Agent fees	-	83,848	-	59,138
Non-exclusive concession services	1,800	-	1,671	-
Purchase of medical supply	-	222,228	-	189,954
Purchase of intangible assets	-	4,041	-	14,173

Type of transactions with related party:	31 December 2023		31 December 2022	
	Receivables	Payables	Receivables	Payables
Medical services	111,608	12,140	67,479	6,759
Non-exclusive concession services	493	-	396	-
Medical materials	-	2,567	-	15,719

### 22.2. Directors' interests

The direct and indirect interests of the members of the Board of Directors of the Company as at 31 December 2023, 31 December 2022 and as at the date of signing these consolidated financial statements are as follows:

Name	Type of interest	Effective interest %
Mark Kurtser	Direct ownership of shares	67.90
Vitaly Ustimenko	Direct ownership of shares	0.005

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

### 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 2023 was RUB119,606 thousand (for the year ended 31 December 2022: RUB122,164 thousand).

The remuneration of the members of the key management personnel which remained unpaid as at 31 December 2023 was RUB39,982 thousand (31 December 2022: RUB24,977 thousand).

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

No dividends were declared for the year ended 31 December 2023 (dividends declared to the parent company MD Medical Holding Limited during the year ended 31 December 2022: RUB436,250 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.

	31 December 2023 RUB'000	31 December 2022 RUB'000
Trade and other receivables	850,083	792,817
Cash and cash equivalents excluding cash in hand	9,882,695	4,451,895
	<b>10,732,778</b>	<b>5,244,712</b>

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentration of credit risk regarding trade and other receivables. This fact significantly reduces possible delays and other negative consequences that may potentially affect matching the maturity of assets with liabilities. Furthermore, according to the internal policy, clients usually pay in advance except for some particular cases.

Number of banks	External credit rating	Carrying amount 2023	Carrying amount 2022
3	ruAAA	9,864,687	4,376,840
2	others	18,008	75,055
<b>Total</b>		<b>9,882,695</b>	<b>4,451,895</b>

### (1) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

### Exposure to credit risk

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

### Cash and cash equivalents and short-term bank deposits

The Group held cash and cash equivalents excluding cash in hand of RUB9,882,695 thousand as at 31 December 2023 (31 December 2022: RUB4,451,895 thousand) which represents its maximum credit exposure on these assets. The Group maintains the majority of cash with the bank that is subject to sanctions. No rating from international rating agencies was available as at 31 December 2023. In accordance with the Russian rating agency AKRA the rating was AAA(RU).

**(2) 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:

<b>31 December 2023</b>	<b>Note</b>	<b>Carrying amounts RUB'000</b>	<b>Contractual cash flows RUB'000</b>	<b>2 months or less RUB'000</b>	<b>Between 2-12 months RUB'000</b>	<b>Between 1-2 years RUB'000</b>	<b>Between 2-5 years RUB'000</b>	<b>More than 5 years RUB'000</b>
Lease liabilities	19	876,970	1,169,471	35,121	177,816	191,590	453,065	311,879
CAPEX payables	21	157,463	157,463	56,940	100,523	-	-	-
Trade payables	21	633,772	633,772	633,772	-	-	-	-
Other payables and accrued expenses	21	2,776,117	3,031,798	1,495,071	683,767	144,282	467,542	241,136
		<b>4,444,322</b>	<b>4,992,504</b>	<b>2,220,904</b>	<b>962,106</b>	<b>335,872</b>	<b>920,607</b>	<b>553,015</b>
<b>31 December 2022</b>	<b>Note</b>	<b>Carrying amounts RUB'000</b>	<b>Contractual cash flows RUB'000</b>	<b>2 months or less RUB'000</b>	<b>Between 2-12 months RUB'000</b>	<b>Between 1-2 years RUB'000</b>	<b>Between 2-5 years RUB'000</b>	<b>More than 5 years RUB'000</b>
Lease liabilities	19	595,626	735,399	27,429	135,392	144,233	292,381	135,964
CAPEX payables	21	66,575	66,575	14,094	52,481	-	-	-
Trade payables	21	517,270	517,270	517,270	-	-	-	-
Other payables and accrued expenses	21	2,964,585	3,283,014	1,018,786	1,217,162	195,521	429,877	421,668
		<b>4,144,056</b>	<b>4,602,258</b>	<b>1,577,579</b>	<b>1,405,035</b>	<b>339,754</b>	<b>722,258</b>	<b>557,632</b>

**(3) 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.

	31 December 2023 RUB'000	31 December 2022 RUB'000
Fixed rate instruments		
Financial assets	9,046,945	3,561,740
Financial liabilities	(876,970)	(595,626)
<b>Total</b>	<b>8,169,975</b>	<b>2,966,114</b>

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

**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:

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 Chinese Yuan, 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 2023			31 December 2022	
	CNY	USD	EUR	USD	EUR
<b>Assets</b>					
Cash at bank	16,564	10,219	-	62,946	-
<b>Liabilities</b>					
CAPEX payables	-	(33,491)	(5,943)	(23,515)	(2,207)
Trade and other payables and accruals	(16,564)	-	(2,501)	(3,491)	(48)
<b>Net exposure</b>	<b>-</b>	<b>(23,272)</b>	<b>(8,444)</b>	<b>35,940</b>	<b>(2,255)</b>

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
USD	85,2466	68,5494	89,6883	70,3375
EUR	92,2406	72,5259	99,1919	75,6553
CNY	11,9846	10,2916	12,5762	9,8949
GBP	106,0900	85,5708	114,5320	84,7919

**Sensitivity analysis**

A 10% weakening of the Russian Ruble against the above currencies will result in the decrease in profit and equity of RUB3,172 thousand as at 31 December 2023 (31 December 2022: increase in the amount of RUB3,369 thousand). A 10% strengthening of the Russian Ruble would have an opposite impact.

**Capital management**

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to owners and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to owners or issue of new shares.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Total equity is calculated as "equity" shown in the consolidated statement of financial position.

	Note	31 December 2023 RUB'000	31 December 2022 RUB'000
Financial liabilities	19	876,970	595,626
Less: cash and cash equivalents	16	(9,893,971)	(4,462,740)
Net debt		(9,017,001)	(3,867,114)
Total equity		34,553,661	26,963,262
<b>Net debt to equity ratio</b>		<b>-26.10%</b>	<b>-14.34%</b>

**24. Fair values**

As at 31 December 2023 and 31 December 2022 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

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. Moreover, medical clinics are not required to insure their performance in Russian Federation. There is a draft Law regarding obligatory insurance of medical clinics as from 2013. The Law has not yet been enacted.

The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

### (b) Russian business environment

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

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the start of a special military operation in Ukraine by the Russian Federation and the incorporation of the territories of republics of Donetsk and Lugansk, as well as Zaporozhye and Kherson regions into the Russian Federation after referendums in the second half of 2022, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In particular, restrictions were imposed on the export and import of goods, including capping the price of certain types of raw materials, restrictions were introduced on the provision of certain types of services to Russian enterprises, the assets of a number of Russian individuals and legal entities were blocked, a ban on maintaining correspondent accounts was established, certain large banks were disconnected from the SWIFT international financial messaging system, and other restrictive measures were

implemented. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

In response to the increasing pressure on the Russian economy, the Government of the Russian Federation and Central Bank of the Russian Federation have introduced a set of measures, which are counter-sanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy, financial sector and citizens.

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

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

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

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

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

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

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the three subsequent calendar years. The legitimacy of forming tax losses formed in previous tax periods may be checked in the period(s) when the tax base is reduced by the amount of such losses. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in 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.

	2023 RUB'000	2022 RUB'000
Revenue	4,354,257	3,740,660
Profit and total comprehensive income	1,758,244	1,413,073
<b>Profit and other comprehensive income allocated to non-controlling interests</b>	<b>87,912</b>	<b>70,654</b>
Dividends paid to non-controlling interests	140,000	102,500
<b>Non-controlling interests percentage</b>	<b>5%</b>	<b>5%</b>
	<b>31 December 2023 RUB'000</b>	<b>31 December 2022 RUB'000</b>
Non-current assets	1,746,735	2,963,704
Current assets	922,085	657,396
Non-current liabilities	(306,746)	(346,889)
Current liabilities	(876,892)	(739,146)
Net assets	1,485,182	2,535,065
Carrying amount of non-controlling interests	74,259	126,753
Other non-controlling interests	99,096	85,924
	<b>173,355</b>	<b>212,677</b>

## 27. Capital commitments

Capital commitments mostly comprise of the obligations under construction and equipment purchase contracts in the amount of RUB1,144,426 thousand as at 31 December 2023 (31 December 2022: RUB681,311 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

A multifunctional family medical centre MD Group Zilart in Moscow was opened on 25 January 2024.

In February 2024 the Group acquired a plot of land for Domodedovo hospital construction.

An Extraordinary General Meeting of shareholders was held on 20 February 2024 where the decision to proceed with the redomiciliation of the Company to Russia was approved. On 26 March 2024 the Board of Directors approved the Prospectus for shares and the resolution on issuance of shares of MD Medical Group IPJSC from the date of the registration of the Company as an IPJSC. The number of shares issued is not planned to be changed.

No other significant events occurred after the reporting period.

# 2023 KEY RISKS OVERVIEW

Name and brief description of the risk	Risk owner	Risk management	Risk management results in 2023
<b>Medical risks</b>			
Risk of misdiagnosis Probability: ● Impact: ●	Hospital Group management  HR management	<ul style="list-style-type: none"> <li>Maintaining the required qualification of personnel, training with the accrual of points for continuing medical education</li> <li>Registration of attestation certificates, integrated into the HR management program</li> </ul>	<ul style="list-style-type: none"> <li>The number of interregional councils for complex cases of patient treatment was increased</li> <li>A task force was established to undergo voluntary certification of the Federal Service for Surveillance in Healthcare (Roszdravnadzor) for quality and safety control of medical activities</li> <li>Analytics of changes in patients' laboratory test results were added</li> <li>The Rubricator of Clinical Guidelines was developed and implemented. This is a methodological framework for each practicing health professional</li> <li>A mechanism for initiating a consultation with a chief specialist for treatment of seriously-ill patients was developed</li> </ul>
<b>Operational risks</b>			
Risk of reduced patient flow  Probability: ● Impact: ●	Hospital Group management  Customer Service  Marketing Department	<ul style="list-style-type: none"> <li>Expanding the range of medical services provided</li> <li>Routing of patients between the Group's medical institutions</li> <li>Conducting «open days», campaigns and other events to inform and engage patients</li> <li>Placing targeted and contextual advertising</li> <li>Concluding contracts with insurance companies</li> </ul>	<ul style="list-style-type: none"> <li>New areas of medicine were launched:               <ul style="list-style-type: none"> <li>Neurosurgery Center</li> <li>Immunobiological Therapy Center</li> <li>High Risk Pregnancy Preservation Center</li> <li>Home Obstetrics Center</li> </ul> </li> <li>Equipment for complex medical procedures was purchased</li> <li>Integration with «NaPopravku» service was carried out, which will provide additional patient flow</li> </ul>
Risk of mismatch between the number of employees and the Company's needs  Probability: ● Impact: ●	Hospital Group management  HR management	<ul style="list-style-type: none"> <li>Analysis of data on the number of employees and the payroll by service area. Comparison of data from various institutions</li> </ul>	<ul style="list-style-type: none"> <li>Redeployment of health professionals in several medical institutions was carried out</li> <li>A project to create a talent pool for new clinics, hospitals and treatment areas was launched</li> <li>Wages were indexed</li> </ul>

Name and brief description of the risk	Risk owner	Risk management	Risk management results in 2023
<b>Production risks</b>			
Risk of inefficient use of fixed assets and durable materials Probability: ● Impact: ●	Information Technology Directorate	<ul style="list-style-type: none"> <li>Correct inventorying of equipment using specialized IT systems</li> <li>Inventorying of fixed assets with the application of barcodes that help to correctly identify them</li> </ul>	<ul style="list-style-type: none"> <li>A tool for creating a QR code for fixed assets was configured, with the possibility to use thermal printers</li> <li>A report on the correctness of fixed assets inventorying was drawn up</li> </ul>
Risk of incorrect assessment of the quality of service Probability: ● Impact: ●	Customer Service Marketing Department	<ul style="list-style-type: none"> <li>Conducting a patient survey, collecting feedback in the mobile application and on the website</li> <li>Recording feedback from patients in the CRM system</li> <li>Developing an action plan based on patient feedback</li> </ul>	<ul style="list-style-type: none"> <li>A program for assessing the quality of customer service employees' work was developed</li> <li>Regulations and instructions for responding to patient feedback for all branches were created</li> </ul>
Risk of incorrect planning of the procurement volume Probability: ● Impact: ●	Procurement Department	<ul style="list-style-type: none"> <li>Estimating the procurement volume based on consumption statistics, information on branch needs, current stock balances and goods in transit</li> <li>Inventory turnover reporting</li> </ul>	<ul style="list-style-type: none"> <li>Medicines were moved and consumables were distributed between the warehouses of medical institutions in order to optimize the use of materials with a low turnover rate</li> </ul>
<b>Financial risks</b>			
Risk of increase in accounts receivable Probability: ● Impact: ●	Finance Directorate	<ul style="list-style-type: none"> <li>Monitoring and implementing compensatory measures to reduce accounts receivable</li> <li>Maintaining detailed reports on accounts receivable</li> <li>Implementing automation for the exchange of invoices with insurance companies under VHI programs</li> </ul>	<ul style="list-style-type: none"> <li>Automation of renewal and payment for services related to storage of biomaterials via a mobile application was developed and implemented</li> <li>The function for creating a link to pay bills for patients who do not use the mobile application or patients' relatives was introduced</li> </ul>
Risk associated with the analysis of investment projects Probability: ● Impact: ●	Finance Directorate Information Technology Directorate	<ul style="list-style-type: none"> <li>Complying with the adopted regulated procedure for conducting investment activities, which determines the rules for initiating and running investment projects</li> <li>Assessing the performance of implemented investment projects</li> </ul>	<ul style="list-style-type: none"> <li>The performance of implemented investment projects was assessed</li> </ul>

Probability: ● Probable ● Unlikely  
Impact: ● Moderate ● Significant ● Insignificant

Name and brief description of the risk	Risk owner	Risk management	Risk management results in 2023
Risk of changes in the zero tax rate Probability: ● Impact: ●	HR management Financial Control Division	<ul style="list-style-type: none"> <li>Monitoring the availability of at least 50% of medical personnel</li> <li>Monitoring the availability and validity of the required employee certificates</li> <li>Ensuring profit control by source Profit from non-medical services should not exceed 10%</li> </ul>	<ul style="list-style-type: none"> <li>The necessary control was carried out. The Group's medical institutions submit relevant reports on a regular (monthly) basis</li> </ul>
Risk of an increase in the cost of purchasing materials Probability: ● Impact: ●	Procurement Department	<ul style="list-style-type: none"> <li>Compliance with the Procurement Regulations</li> <li>Centralization of procurement</li> <li>Conducting bidding procedures to obtain optimal procurement conditions</li> <li>Selecting analogs of medicines and medical consumables</li> <li>Revising the terms of supply with existing suppliers on the basis of commercial proposals received</li> <li>Creating material reserves to eliminate downtime in the provision of medical services</li> </ul>	<ul style="list-style-type: none"> <li>Procurement was carried out in accordance with the Company's Procurement Regulations</li> </ul>
<b>Legal risks</b>			
Risk of improper execution of medical documents or failure to submit reports to state regulators Probability: ● Impact: ●	Hospital Group management Customer Service Information Technology Directorate	<ul style="list-style-type: none"> <li>Compliance with legal requirements for documentation and reporting</li> <li>Timely transfer of structured electronic medical documents to the Unified State Health Information System (EGISZ)</li> <li>Use of approved medical document forms</li> </ul>	<ul style="list-style-type: none"> <li>A uniform electronic format for standardized forms of medical documents was developed and implemented for all entities of the Group</li> <li>Reports for checking the quality of electronic medical document filling out were drawn up</li> <li>The directory of services provided to patients was adjusted to comply with the approved Nomenclature of Medical Services of the Ministry of Health of the Russian Federation</li> </ul>
<b>Marketing risks</b>			
Risk of contextual advertising ineffectiveness Probability: ● Impact: ●	Marketing Department	<ul style="list-style-type: none"> <li>Analysis of contextual advertising effectiveness is based on data on patient appointments and visits</li> <li>Testing the effectiveness of new advertising campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Two audits of contextual advertising effectiveness were conducted</li> </ul>

Probability: ● Probable ● Unlikely  
Impact: ● Moderate ● Significant ● Insignificant



Name and brief description of the risk	Risk owner	Risk management	Risk management results in 2023
Risk of penalties in case of a lack of advertising labeling  Probability: ● Impact: ●	Marketing Department	<ul style="list-style-type: none"> <li>Compliance with the requirements of the law on Internet advertising labeling</li> </ul>	<ul style="list-style-type: none"> <li>Regulations and instructions on labeling for all marketing divisions were drawn up</li> <li>A methodology for self-labeling of advertisements was developed</li> </ul>
<b>Cybersecurity risks</b>			
Risk related to personal data protection  Probability: ● Impact: ●	Department of Information Security	<ul style="list-style-type: none"> <li>Compliance with personal data protection legislation</li> <li>Implementing the Regulations, Policy and user instructions on personal data protection</li> <li>Familiarizing employees with the Regulations on Personal Data Protection in Employment</li> <li>Appointing employees responsible for the safety of personal data, separation of levels of employee access to personal data depending on the position</li> <li>Equipping the data center and servers with a firewall</li> </ul>	<ul style="list-style-type: none"> <li>Existing institutions are equipped with encryption equipment for protected data transmission</li> <li>Encryption equipment for new institutions was procured</li> <li>A new IT solution was implemented to ensure the protection of Internet access</li> </ul>
Risk associated with the protection of critical information infrastructure (CII) facilities  Probability: ● Impact: ●	Department of Information Security	<ul style="list-style-type: none"> <li>Compliance with legislation in the field of CII security</li> <li>Developing documentation for the protection of CII facilities</li> <li>Classifying CII facilities and transferring relevant data to the Federal Service for Technical and Export Control</li> <li>Equipping the data center and servers with a firewall</li> </ul>	<ul style="list-style-type: none"> <li>Secure network interaction with the National Cyber Monitoring Center was established in order to promptly obtain information on cyberattacks on critical infrastructure facilities occurring in the Russian Federation</li> <li>Forms for notification of identified CII facilities were developed</li> </ul>

Probability: ● Probable    ● Unlikely  
 Impact: ● Moderate    ● Significant    ● Insignificant

## CONTACT US

### MD Medical Group Investments plc.

#### Registered office in Russia:

Moscow, 24 Sevastopolskiy Avenue, building 1  
 Tel.: +7 (495) 937 39 02  
 Email: info@mclinics.ru

#### Contact details for investors:

Lapino-1 Clinical Hospital  
 Moscow Region, Odintsovsky District,  
 Lapino village, 111 1st Uspenskoe Highway  
 Tel.: +7 (495) 139 87 40  
 Email: ir@mclinics.ru

#### Moscow Exchange:

Moscow, 13 Bolshoy Kislovsky Lane  
 Tel.: +7 (495) 733 95 07  
 Email: equities@moex.com

#### Independent Auditor

Kept JSC  
 Moscow, Naberezhnaya Tower complex, Block C,  
 10 Presnenskaya Embankment  
 Tel.: +7 495 937 44 77  
 Email: moscow@kept.ru

