

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

**Unaudited consolidated interim condensed financial
statements for the six months ended 30 June 2023**

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

CONTENTS

	Page
BOARD OF DIRECTORS AND OTHER OFFICERS	1
INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS	2
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023	4
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023	5
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023	6
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023	7
1. General information	8
2. Basis of preparation	8
3. Accounting policies and adoption of new or revised standards and critical accounting estimates and judgements	10
4. Segment reporting	11
5. Business combinations	12
6. Revenue	13
7. Cost of medical services and products provided	14
8. Finance income and expence	14
9. Expense on change in fair value of financial instruments	15
10. Property, plant and equipment	15
11. intangible asset, concession	16
12. Goodwill	17
13. Trade and other receivables	18
14. Cash and cash equivalent	19
15. Dividends	19
16. Loans and borrowings	20
17. Trade and other payables	21
18. Related party transactions	21
19. Commitments, contingencies and operating risks	22
20. Fair value of financial instruments	22
21. Subsequent events	23
22. Approval of financial statements	23

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Igor Shilov
Kwadwo Bediako Aldoo
Nicos Nikolaidis
Kyriacos Hadjikyriakou (resigned on 19 January 2022)
Jyrki Petteri Talvitie (resigned on 31 March 2022)
Thomas Maria Veraszto (resigned on 31 March 2022)

Secretary Eleana Soteriou
Antigoni Karamani (resigned on 21 June 2023)

Statutory Auditors Finexpertiza Cyprus
Certified Public Accountants and Registered Auditors
1 Georgiou Chatzidaki Street
Ledras Court, office 501, 1066 Nicosia
Cyprus

Registered Office 124 Gladstonos street
The HAWK BUILDING 4th floor
CY-3032 Limassol, Republic of Cyprus

Registration number 239393

**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF
CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS**

To the Board of Directors of United Medical Group CY PLC:

Introduction

We have reviewed the accompanying consolidated interim condensed financial statements of United Medical Group CY PLC (the "Company") and its subsidiaries (together with the Company, the "Group"), which is presented in pages 4 to 23 and comprise the consolidated interim condensed statement of financial position as at 30 June 2023, and the consolidated interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the interim financial statements.

Board of Directors' responsibilities

The Group's Board of Directors is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union.

Auditor's responsibility

Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review. This report, including the conclusion, has been prepared for and only for the Company. We do not, in giving this conclusion, accept or assume responsibility for any other purpose to any other person to whose knowledge this report may come to.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements as at and for the six-months to 30 June 2023 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.



Michael J. Hadjihannas
Certified Public Accountant and Registered Auditor
for and on behalf of
FinExpertiza Cyprus
Certified Public Accountants and Registered Auditors

Nicosia, 29 August 2023

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	6 months ended 30/06/2023 EUR '000	6 months ended 30/06/2022 EUR '000
Revenue	6	139 169	139 765
Cost of medical services and products provided	7	(81 881)	(88 137)
Gross profit		57 288	51 628
Selling expenses		(3 006)	(2 372)
General and administrative expenses		(8 134)	(7 466)
Operating profit		46 148	41 790
Finance income	8	1 500	855
Finance expense	8	(9 031)	(10 962)
Foreign exchange gain/(loss)		6 388	(8 156)
Income/(expense) on change in fair value of financial instruments		10 515	(26 227)
Other income		578	352
Other expense		(1 548)	(1 442)
Profit/(loss) before tax		54 550	(3 790)
Income tax expense		(399)	(245)
Profit/(loss) for the period		54 151	(4 035)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or (loss)</i>			
Effect of translation to presentation currency		(46 390)	73 917
Other comprehensive (loss)/income for the period		(46 390)	73 917
Total comprehensive income for the period		7 761	69 882
Profit/(loss) for the period attributable to:			
Shareholders		55 642	(5 128)
Non-controlling interests		(1 491)	1 093
		54 151	(4 035)
Total comprehensive income for the period attributable to:			
Shareholders		9 252	68 789
Non-controlling interests		(1 491)	1 093
		7 761	69 882
Earnings per share			
Basic and diluted (EUR per share)		0,62	(0,06)

The notes on pages 8-23 form an integral part of these unaudited consolidated interim condensed financial statements.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30/06/2023 EUR '000	31/12/2022 EUR '000
ASSETS			
Non-current assets			
Property, plant and equipment	10	124 101	163 297
Advances paid for non-current assets		435	4 554
Goodwill	12	61 041	76 734
Intangible assets		3 332	3 823
Deferred tax assets		196	161
Long-term derivative Instruments FVTPL		1 102	-
Intangible asset, Concession	11	79 515	101 120
Total non-current assets		269 722	349 689
Current assets			
Inventories		6 288	9 245
Trade and other receivables	13	11 151	12 117
Short-term derivative Instruments FVTPL		900	5
Financial investments		351	-
Income tax receivable		-	711
Advances to suppliers		5 637	6 860
Cash and cash equivalents	14	63 731	57 016
Total current assets		88 058	85 954
Total assets		357 780	435 643
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		31	31
Share premium and additional paid-in capital		87 411	87 411
Foreign currency translation reserve		(156 130)	(109 740)
Retained earnings		211 065	165 182
Equity attributable to shareholders of the Company		142 377	142 884
Non-controlling interests		898	(6 282)
Total equity		143 275	136 602
Non-current liabilities			
Loans and borrowings	16	86 491	120 254
Lease liabilities		21 444	29 581
Other long-term payables		192	1 023
Deferred revenue		-	2 047
Long-term derivative Instruments FVTPL		-	5 036
Deferred tax liabilities		977	1 381
Total non-current liabilities		109 104	159 322
Current liabilities			
Loans and borrowings	16	52 642	64 327
Trade and other payables	17	31 105	45 726
Contract liabilities		11 897	14 547
Provisions		130	164
Short-term derivative Instruments FVTPL		-	4 977
Lease liabilities		5 813	8 546
Deferred revenue		3 387	1 432
Income tax payable		427	-
Total current liabilities		105 401	139 719
Total liabilities		214 505	299 041
Total equity and liabilities		357 780	435 643

On 29 August 2023 the Board of Directors of United Medical Group CY PLC authorized these financial statements for issue.

Igor Shilov
Director

Nicos Nikolaidis
Director

The notes on pages 8-23 form an integral part of these unaudited consolidated interim condensed financial statements.



UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Share capital EUR '000	Share premium and additional paid-in capital EUR '000	Foreign currency translation reserve EUR '000	Retained earnings EUR '000	Equity attributable to owners of the Company EUR '000	Non-controlling interests EUR '000	Total equity EUR '000
Balance as at 1 January 2022	31	87 411	(122 688)	122 248	87 002	(8 383)	78 619
Profit/(loss) for the period	-	-	-	(5 128)	(5 128)	1 093	(4 035)
Other comprehensive income for the period	-	-	73 917	-	73 917	-	73 917
Total comprehensive profit/(loss) for the period	-	-	73 917	(5 128)	68 789	1 093	69 882
Balance as at 30 June 2022	31	87 411	(48 771)	117 120	155 791	(7 290)	148 501
Balance as at 1 January 2023	31	87 411	(109 740)	165 182	142 884	(6 282)	136 602
(Loss)/profit for the period	-	-	-	55 642	55 642	(1 491)	54 151
Other comprehensive loss for the period	-	-	(46 390)	-	(46 390)	-	(46 390)
Total comprehensive profit/(loss) for the period	-	-	(46 390)	55 642	9 252	(1 491)	7 761
Transactions with non-controlling interest	-	-	-	-	-	(1 088)	(1 088)
Dividends paid to non-controlling interest (Note 15)	-	-	-	(9 759)	(9 759)	9 759	-
Changes in non-controlling interest	-	-	-	-	-	-	-
Balance as at 30 June 2023	31	87 411	(156 130)	211 065	142 377	898	143 275

The notes on pages 8-23 form an integral part of these unaudited consolidated interim condensed financial statements.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	6 months ended 30/06/2023 EUR '000	6 months ended 30/06/2022 EUR '000
Operating activities		
Profit/(loss) for the period	54 151	(4 035)
Adjustments for:		
Depreciation and amortization	10 442	9 862
Gain on disposal of property and equipment	946	1 116
Income tax expense	399	245
LTl	254	-
Finance income	(1 500)	(855)
Finance expense	9 031	10 962
Net (income)/expense on fair value of financial instruments	(10 515)	26 227
Foreign exchange (gain)/loss	(6 388)	8 156
Income from changes in terms of lease	(208)	-
Write-off advances paid for non-current assets	12	-
Write-off of inventory	81	26
Non-recoverable VAT write-off	6	38
Movement in allowance for expected credit losses	260	(65)
Write-off of payables (expired limitation period)	(48)	(42)
	<u>56 923</u>	<u>51 635</u>
Change in working capital		
Decrease in inventories	1 146	1 293
Decrease in trade and other receivables	2 519	8 316
Increase in advances to suppliers	(211)	(1 505)
Decrease in advances received from customers	374	1 731
Decrease in trade and other payables	(1 109)	(11 203)
	<u>59 642</u>	<u>50 267</u>
Income tax refund/(paid)	525	(562)
Interest paid	(9 161)	(10 408)
Interest received	1 500	855
Net cash generated from operating activities	52 506	40 152
Investing activities		
Proceeds from sale of property, plant and equipment	86	39
Purchases of non-current assets	(8 489)	(2 640)
Acquisition of subsidiaries, net of cash acquired	-	(44 309)
Other investing activities	(1 348)	(46)
Net cash used in investing activities	(9 751)	(46 956)
Financing activities		
Repayments of lease liabilities	(2 156)	(2 168)
Receipt of loans and borrowings	38 186	16 517
Repayments of loans and borrowings	(57 768)	(16 859)
Dividends paid to non-controlling interest	(1 088)	-
Net cash used in financing activities	(22 826)	(2 510)
Net movement in cash and cash equivalents	19 929	(9 314)
Cash and cash equivalents, beginning of the period	<u>57 016</u>	<u>32 562</u>
Effect of foreign exchange rate changes including effect of revaluation of cash and cash equivalents	(13 214)	29 699
Cash and cash equivalents, end of the period	63 731	52 947

The notes on pages 8-23 form an integral part of these unaudited consolidated interim condensed financial statements.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The parent holding company, United Medical Group CY Plc ("UMG" or the "Company") was registered under Cyprus legislation on 7 October 2008. The registered office of the Company is located at: 124 Gladstonos street, The HAWK Building, 4th floor, 3032, Limassol, Cyprus.

In July 2021 the Company became public with its global depository receipts ("GDRs") being traded on the Moscow Exchange ("MOEX").

The unaudited consolidated interim condensed financial statements comprise the unaudited consolidated interim condensed financial statements of UMG and its subsidiaries (the "Group").

The Group provides medical, social services to legal entities and individuals and is engaged in trade medical equipment and reagents for laboratory research in Moscow and Moscow region, Russian Federation.

The interests in the share capital of the Company, both direct and indirect, of those who were Directors at 30 June 2023 and 31 December 2022 was Mr. Igor Shilov who holds 55.11%.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These unaudited consolidated interim condensed financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial reporting, as adopted by the European Union ("the EU"). These unaudited consolidated interim condensed financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and the requirements of the Cyprus companies Law, Cap.113.

These unaudited consolidated interim condensed financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Due to its nature, the Group's business is not significantly affected by seasonality.

These interim financial statements were authorised for issue by the Company's board of directors on 29 August 2023

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

2. BASIS OF PREPARATION (CONTINUED)

2.2. Functional and presentation currencies

The functional currency of all the companies of the Group, which reflects the economic substance of its operations, is the Russian Ruble ("RUB"); the functional currency of UMG is Euro ("EUR").

The Group used the following exchange rates in the preparation of the consolidated financial statements:

	2023 Average for the 6m	As at 30 June 2023	2022 Average for the 6m	As at 30 June 2022
RUB/EUR	82.6928	95.1052	81.6058	53.8580

Going concern

These unaudited consolidated interim condensed financial statements have been prepared by the management based on the assumption that the Group will continue as a going concern in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Group achieved profit for the period ended 30 June 2023 of EUR 54 151 thousand (30 June 2022: loss EUR 4 035 thousand). As of 30 June 2023 the Group's statement of financial position shows an excess of current liabilities over current assets in the amount of EUR 17 343 thousand (31 December 2022: an excess of current liabilities over current assets of EUR 53 765 thousand) and an excess of total assets over total liabilities in the amount of EUR 143 275 thousand (31 December 2022: an excess of total assets over total liabilities of EUR 136 602 thousand).

The Management of the Group analysed all aspects of the Group's financial and operational performance and concluded that the Group will continue as a going concern in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The management of the Group has also considered the potential impact of the current political and economic environment which resulted from the Russian special military operation in Ukraine and believes that the impact and any further developments on future operations and financial position of the Group might be significant.

As a part of the anti-Russian sanctions the Group continues to deal with producers along longer logistic routes, actively considers analogues from others producers, and besides complex foreign medical equipment involved is still under the warranty of the producers, which for now have not left the Russian market and have not disclaimed their obligations to the Group.

If the current political and economic situation persists or continues to develop significantly and adversely, it can have a material adverse effect on the Group and the economic environment in which the Group operates. The Group cannot reliably estimate the magnitude of such impact as of the date of issuance of these consolidated financial statements.

At the reporting date the Group has an open credit limits in the total amount of EUR 130 054 thousand. The Group continues its negotiations with banks and believes that in case of shortfall it will be able to arrange for new borrowing facilities and/or extend the existing ones.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

2. BASIS OF PREPARATION (CONTINUED)

Overall, the management of the Group believes that the Group will retain the ability to continue operations in the foreseeable future, since a significant part of its operating activities are concentrated on the Russian market, and medical activities are carried out under both commercial contracts and under Mandatory Health Insurance ("MHI") contracts. Besides, the Group's management continues to focus on the costs reduction programs and search for the alternative solutions in the current environment.

3. ACCOUNTING POLICIES AND ADOPTION OF NEW OR REVISED STANDARDS AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in those annual consolidated financial statements, except as described in the paragraph "Adoption of new or revised standards, amendments and interpretations below".

Adoption of new or revised standards, amendments and interpretations

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2022, became effective for the Group from 1 January 2023. They have not significantly affected these consolidated interim condensed financial statements of the Group.

Standards and Interpretations	Endorsed/not yet been endorsed by the EU	Effective for annual periods beginning on or after
Amendments to IAS 16 - <i>Property, Plant and Equipment— Lease Liability in a Sale and Leaseback</i>	not endorsed	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	not endorsed	1 January 2024

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

3. BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this consolidated interim condensed financial statements, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2022.

4. SEGMENT REPORTING

In determining the Group's operating segments, management has analysed the information regularly reported to the chief operating decision maker of the Group ("CODM"), identified as the Chief Executive Officer ("CEO") of the Group and his executive team, for assessing performance and making decisions on resource allocation. On the basis of this analysis, and taking into account that the Group operates only in the Russian Federation, the management concluded that the Group has the following reporting segments: 1) primary provision of healthcare services; 2) trade medical equipment and reagents for laboratory research.

6 months ended 30/06/2023	Healthcare services	Medical equipment and reagents	Elimination of inter-segment	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	129 426	10 068	(325)	139 169
Profit for the period	52 602	1 869	(320)	54 151
Assets	346 274	13 859	(2 353)	357 780
Liabilities	(212 468)	(4 390)	2 353	(214 505)
Depreciation and amortisation (all items)	(10 185)	(257)	-	(10 442)

6 months ended 30/06/2022	Healthcare services	Medical equipment and reagents	Elimination of inter-segment	Total
	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	132 744	7 100	(79)	139 765
(Loss)/profit for the period	(5 681)	1 796	(150)	(4 035)
Assets	557 683	24 433	66	582 182
Liabilities	(421 230)	(12 385)	(66)	(433 681)
Depreciation and amortisation (all items)	(9 814)	(48)	-	(9 862)

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

5. BUSINESS COMBINATIONS

In April 2022, the Group acquired 72% of LLC Astra-77, which is incorporated in the Russian Federation and engaged in a sale of equipment and reagents for medical laboratories for a total consideration of RUB 4 043 376 thousand (equivalent to EUR 52 739 thousand).

Astra-77 was acquired in order to continue expanding the Group's activities in the dynamically developing laboratory research market and identified as a separate segment "Trading medical equipment and reagents for laboratory research".

The preliminary fair values of the identifiable assets and liabilities of LLC Astra-77 as at the date of acquisition are as follows:

	<u>LLC Astra-77</u> <u>EUR '000</u>
Non-current assets	
Property, plant and equipment	351
Advances paid for property, plant and equipment	948
Total current assets	
Inventories	1 259
Trade and other receivables	4 400
Income tax receivable	245
Other taxes receivable	202
Cash and cash equivalents	8 430
Total current liabilities	
Trade and other payables	(10 585)
Advances received from customers	(923)
Other taxes payables	(830)
	<u>3 497</u>

The excess of purchase price over the fair value of net assets acquired is below:

	<u>EUR '000</u>
Cash Consideration paid	52 739
Less: fair value of identifiable net assets acquired	<u>(3 497)</u>
Goodwill arising on acquisition	<u>49 242</u>

Goodwill arose in the acquisition of Astra-77 because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies driven by the proximity of the acquired assets to the main operating units of the Group and increase in vertical integration.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

5. BUSINESS COMBINATIONS (CONTINUED)

Net outflow of cash and cash equivalents on acquisition comprised of the following:

	EUR '000
Consideration paid	52 739
Less: Cash and cash equivalents of subsidiaries acquired	<u>(8 430)</u>
Net outflow of cash and cash equivalents on acquisition	<u>44 309</u>

The results of Astra-77's operations have been included in the consolidated financial statements from the acquisition date.

As at the acquisition date provision of trade activity by Astra-77 has just started, so in case the acquisition occurred as of the beginning of the reporting period, there would be no change to financial information presented in the consolidated interim condensed statement of profit or loss and other comprehensive income of these consolidated interim condensed financial statements.

Included in the consolidated profit for the period ended 30 June 2023 the income attributable to the additional business generated by Astra -77 is EUR 1 549 thousand (EUR 1 646 thousand for the period ended 30 June 2022). Consolidated revenue for the period ended 30 June 2023 amounted to 9 743 (for the period ended 30 June 2022: 7 021).

6. REVENUE

	6 months ended 30/06/2023 EUR '000	6 months ended 30/06/2022 EUR '000
Revenue from rendering of services – by major types:		
Outpatient care	74 318	71 028
Inpatient care	51 866	55 735
Sales of reagents	9 743	7 021
Elderly care	1 582	4 410
Rent	1 182	935
Home care	218	269
Pharmacy sales	198	272
Other	<u>62</u>	<u>95</u>
Total	<u>139 169</u>	<u>139 765</u>

Revenue from Elderly care is recognised over time, revenue from other services is recognised at a point of time/sale.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

7. COST OF MEDICAL SERVICES AND PRODUCTS PROVIDED

	6 months ended 30/06/2023 EUR '000	6 months ended 30/06/2022 EUR '000
Payroll	29 768	30 333
Cost of medicines and patient care	18 166	25 069
Depreciation of property plant and equipment	8 738	8 608
Social contributions	7 601	7 398
Cost of goods	5 949	4 148
Outsourcing	4 545	4 139
Equipment maintenance	1 334	1 500
Maintenance of premises	1 197	1 199
Utilities	1 095	1 032
Amortization of intangible assets, concession	872	814
Medical subcontract services	728	1 029
Security	485	498
IT services	205	192
Amortization of intangible assets, other	202	129
Expenses on leases not giving rise to Right-of-use assets (ROU) assets	187	212
Household and office items	2	347
Other	807	1 490
Total	81 881	88 137

The total expense on payroll and social contributions presented within Cost of medical services and products provided note above and within Selling and administrative expenses amounted to 39 794 for the six months ended 30 June 2023 (six months ended 30 June 2022: 39 862). The total expense on depreciation of property, plant and equipment presented within Cost of medical services and products provided note above and within Selling and administrative expenses amounted to 10 442 for the six months ended 30 June 2023 (six months ended 30 June 2022: 8 716), Notes 10, 11.

8. FINANCE INCOME AND EXPENSE

	6 months ended 30/06/2023 EUR '000	6 months ended 30/06/2022 EUR '000
Finance income		
Interest income on bank deposits	1 500	855
Total finance income	1 500	855
Finance expense		
Interest expense on loans and borrowings	(6 924)	(9 052)
Finance charge on lease liabilities	(1 966)	(1 672)
Less: capitalized costs (Note 10)	-	84
Interest expense on unwinding of long-term payables	(141)	(322)
Total finance expense	(9 031)	(10 962)
Total finance expense, net	(7 531)	(10 107)

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

9. EXPENSE ON CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are solely represented by the forward contracts concluded to minimize currency risk related to (1) the purchases of foreign medical equipment (mainly for the clinical hospital No. 63 under the Concession Agreement) and (2) the long-term loan facility provided by Sberbank and nominated in EUR (Note 16).

Currency forwards are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, using the forward rates forecasted by the banks.

10. PROPERTY, PLANT AND EQUIPMENT

EUR '000	Buildings and land	Medical and other equipment	Other	Construction In progress	Total
Cost					
Balance as at 1 January 2023	144 540	104 954	19 423	8 393	277 310
Additions	93	26	-	5 186	5 305
Transferred from construction in progress	273	3 833	135	(4 241)	-
Disposals	(8 095)	(3 932)	(845)	(12)	(12 884)
Effect of translation to presentation currency	(28 932)	(20 631)	(4 262)	(1 837)	(55 662)
Balance as at 30 June 2023	107 879	84 250	14 451	7 489	214 069
Accumulated depreciation					
Balance as at 1 January 2023	50 497	48 837	14 679	-	114 013
Depreciation charged	3 906	4 091	831	-	8 828
Eliminated on disposals of assets	(5 991)	(2 913)	(790)	-	(9 694)
Effect of translation to presentation currency	(10 370)	(9 527)	(3 282)	-	(23 179)
Balance as at 30 June 2023	38 042	40 488	11 438	-	89 968
Carrying amount					
As at 1 January 2023	94 043	56 117	4 744	8 393	163 297
As at 30 June 2023	69 837	43 762	3 013	7 489	124 101

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

EUR '000	Buildings and land	Medical and other equipment	Other	Construction in progress	Total
Cost					
Balance as at 1 January 2022	130 863	86 811	20 313	5 661	243 648
New subsidiary	348	263	179	-	790
Additions	7	172	-	2 460	2 639
Reclassification	-	1 210	(1 210)	-	-
Capitalized borrowing cost	-	-	-	84	84
Transferred from construction in progress	28	(829)	589	212	-
Disposals	(160)	(767)	(2 209)	(58)	(3 194)
Effect of translation to presentation currency	72 940	46 717	11 852	4 565	136 074
Balance as at 30 June 2022	204 026	133 577	29 514	12 924	380 041
Accumulated depreciation					
Balance as at 1 January 2022	40 841	37 347	13 710	-	91 898
Depreciation charged	3 902	3 813	1 001	-	8 716
Eliminated on disposals of assets	(160)	286	(2 195)	-	(2 069)
Effect of translation to presentation currency	24 801	23 065	7 077	-	54 943
As at 30 June 2022	69 384	64 511	19 593	-	153 488
Carrying amount					
As at 1 January 2022	90 022	49 464	6 603	5 661	151 750
As at 30 June 2022	134 642	69 066	9 921	12 924	226 553

The amounts disclosed above include Right-Of-Use Assets arising from the Group's lease arrangements. For the six months ended 30 June 2023 the balance of Right-Of-Use Assets decreased from EUR 38 986 thousand to EUR 27 921 thousand. Refer to the annual consolidated financial statements for the year ended 31 December 2022 for the related disclosures as at 30 June 2023.

11. INTANGIBLE ASSET, CONCESSION

In 2013 a Concession Agreement was concluded between the European Medical Centre ("Concessioner") and the city of Moscow represented by the Department of City Property ("Concession Grantor"), under which the Concessioner is granted the building of city clinical hospital No. 63. Under this Agreement, the Group obtains a long-term right to render medical services in the hospital after it gets reconstructed by the Group on its own account. The lease term under the Concession Agreement expires in 2062.

The Group is required to render a major portion of medical services under state medical insurance policies at regulated tariffs. At the same time, the Group is able to also render services to retail customers on a non-regulated commercial basis.

The concession asset represents a prepayment made to the Concession Grantor under the Agreement, expenditures related to the concept development and other directly attributable costs, as well as expenditures related to the active construction works and ability to determine the stage of completion of the hospital.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

11. INTANGIBLE ASSET, CONCESSION (CONTINUED)

During six month period ended 30 June 2023, no construction work had been carried out on the hospital building No.63.

	30/06/2023 EUR '000	30/06/2022 EUR '000
Cost		
Balance as at 1 January	105 189	69 363
Additions	-	119
Effect of translation to presentation currency	(21 485)	38 969
Balance as at 30 June	83 704	108 451
Accumulated depreciation		
Balance as at 1 January	4 069	2 082
Amortization charged	952	814
Effect of translation to presentation currency	(832)	1 587
Balance as at 30 June	4 189	4 483
Carrying amount		
As at 30 June	79 515	103 968

For the six months ended 30 June 2023 amortization expense charged for the period in the amount of EUR 952 thousand was recognised in the cost of sales.

12. GOODWILL

	EUR '000
Balance as at 1 January 2022	24 147
Acquisition of Astra-77 (Note 5)	49 242
Effect of translation to presentation currency	34 400
Balance as at 30 June 2022	107 789
Balance as at 1 January 2023	76 734
Effect of translation to presentation currency	(15 693)
Balance as at 30 June 2023	61 041

Allocation of goodwill to cash-generating unit

Goodwill has been allocated for impairment testing purposes to the healthcare services and Trade medical equipment and reagents for laboratory research cash-generating units.

During the financial period ended 30 June 2023 and 2022, the Group assessed the recoverable amount of goodwill and did not identify any impairment of goodwill carried from the previous year.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

13. TRADE AND OTHER RECEIVABLES

	30/06/2023 EUR '000	31/12/2022 EUR '000
Financial assets		
Trade receivables	11 288	11 840
Other receivables	1 762	2 776
Less: allowance for expected credit losses	(2 193)	(3 006)
Total financial assets	10 857	11 610
Non-financial assets		
VAT receivable	84	99
Prepaid expenses	96	144
Settlements with employees	19	30
Other taxes receivable	95	234
Total non-financial assets	294	507
Total trade and other receivables	11 151	12 117

Movements in the allowance for expected credit losses trade and other receivables were as follows:

	30/06/2023 EUR '000	31/12/2022 EUR '000
Balance as at the beginning of the period	3 149	2 032
Movement in allowance for the period	260	2 581
Effect of translation to presentation currency	(1 097)	(1 464)
Balance as at the end of the period	2 312	3 149

For trade receivables the Group applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The expected credit losses were determined by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Group performed the calculation of ECL rates separately for Mandatory Health Insurance ("MHI") insurance companies and all other customers (including individual patients, corporate entities and Voluntary Health Insurance ("VHI") insurance companies).

The table below details the risk profile of trade and other receivables based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments (namely, MHI services and other), the provision for loss allowance based on past due status was distinguished between the Group's different customer bases.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

30/06/2023 EUR '000	0-90	91-180	181-365	>365	Total
Group 1 (all customers, except MHI insurance companies)					
<i>Expected credit loss rate</i>	1.05%	19.0%	43.0%	100%	
Estimated total gross carrying amount at default	5 226	248	186	1 813	7 473
Lifetime ECL	(55)	(47)	(80)	(1 813)	(1 995)
30/06/2023 EUR '000	0-90	91-180	181-365	>365	Total
Group 2 (MHI insurance companies)					
<i>Expected credit loss rate</i>	0.3%	0.3%	0.3%	10.3%	
Estimated total gross carrying amount at default	3 180	496	386	1 809	5 871
Lifetime ECL	(10)	(1)	(1)	(186)	(198)

14. CASH AND CASH EQUIVALENTS

As at 30 June 2023 cash balance in the amount of EUR 11.9 thousand was restricted under the concession agreement (31 December 2022: EUR 13.67 thousand).

Current accounts include:

	30/06/2023 EUR '000	31/12/2022 EUR '000
RUB denominated current accounts	25 392	16 911
USD denominated deposits in banks	23 011	21 151
RUB denominated deposits in banks	10 567	11 971
EUR denominated deposits in banks	2 458	.
EUR denominated current accounts	832	331
USD denominated foreign accounts	531	2 480
EUR denominated foreign accounts	362	3 103
Cash in transit – RUB denominated	302	241
USD denominated current accounts	229	789
Cash on hand	47	39
Total	63 731	57 016

15. DIVIDENDS

On 19 June 2023, Astra-77's Board of Directors proposed and subsequently paid a final dividend for the year ended 31 December 2022. The dividends paid to non-controlling interests amounted to EUR 1 088 thousand.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

16. LOANS AND BORROWINGS

Secured borrowings carried at amortized cost	Interest rate %	Maturity Date	30/06/2023 EUR '000	31/12/2022 EUR '000
Current portion				
Sberbank	EUROIBOR 3m +2,2%	21 October 2024	21 600	19 200
Sberbank	9.87%	20 July 2025	20 375	2 326
VTB	10.9%	4 September 2028	5 517	6 543
VTB	10.9%	4 December 2028	2 978	3 529
Sberbank	CBR key rate + 2%	25 September 2023	2 092	7 835
Sberbank	CBR key rate + 2,45%	12 May 2029	-	735
Sberbank	CBR key rate + 2,33%	23 August 2023	-	23 398
Short-term interest payable under loans received			80	761
			52 642	64 327
Non-current portion				
VTB	10.9%	04 September 2028	33 594	46 989
Sberbank	EUROIBOR 3m +2,2%	21 October 2024	22 667	33 467
VTB	10.9%	04 December 2028	19 715	27 315
Sberbank	9.87%	20 July 2025	10 515	-
Sberbank	CBR key rate + 2,45%	12 May 2029	-	12 483
			86 491	120 254
Total			139 133	184 581

- (1) In 2021 the long-term facility provided by Sberbank with a maturity in September 2023 at a floating rate of CBR key rate + maximum 2.5% (the percentage differs from one tranche to another). The effective interest rate was CBR key rate +2.0% for the period ended 30 June 2023.
- (2) In 2022 the short-term facility provided by Sberbank with a maturity in August 2023 at a floating rate of CBR key rate + maximum 2.33% (the percentage differs from one tranche to another). In April 2023 the loan was drawn down in full.
- (3) For the long-term facility provided by VTB bank with a maturity in September and December 2028 the Group managed in April 2023 to renegotiate the floating interest rate CBR key rate + maximum 1.63% into a fixed interest rate 10.9% for all tranches. The effective interest rate for this loan was 9.72% and 9.69% for the period ended 30 June 2023.
- (4) For the long-term facility provided by Sberbank with a maturity in July 2025 the Group managed in April 2023 to renegotiate the floating interest rate of CBR key rate + maximum 2.45% (the percentage differs from one tranche to another) into a fixed interest rates from 9.58% to 10.19%. The effective interest rate was 9.87% for the period ended 30 June 2023.
- (5) In 2022 the long-term facility provided by Sberbank with a maturity in May 2029 at a floating interest rate of CBR key rate + maximum 2.45% (the percentage differs from one tranche to another). In April 2023 the loan was drawn down in full.

As at 30 June 2023 and 31 December 2022, the Group's bank loans were subject to restrictive covenants. As at 30 June 2023 and 31 December 2022 Group was in compliance with all of its covenants.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

17. TRADE AND OTHER PAYABLES

	30/06/2023 EUR '000	31/12/2022 EUR '000
Financial liabilities		
Trade payables	7 555	7 318
Payables for property, plant and equipment	9 016	17 905
Accrued audit expenses	1 119	120
Other accrued expenses	68	1 990
Other payables	430	2 632
Total financial liabilities	18 188	29 965
Non-financial liabilities		
Accrued unused vacation expenses	4 238	5 690
Salaries payable	3 281	6 358
Accrual for performance-related bonuses	3 582	1 843
Other taxes payable	1 816	1 870
Total non-financial liabilities	12 917	15 761
Total trade and other payables	31 105	45 726

As at 30 June 2023 short-term payables for property, plant and equipment in the amount of 5 813 thousand (31 December 2022: EUR 5 779 thousand) as well as other long-term payables in the amount of EUR 3 868 thousand (31 December 2022: 1 023 thousand) were represented by payables to one of the major supplier of high-tech medical equipment, the world leading manufacturer Varian Medical Systems, Switzerland and Siemens, Germany.

18. RELATED PARTY TRANSACTIONS

As at 30 June 2023 and 31 December 2022 the ultimate controlling party of the Group was Mr. Igor N. Shilov.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note.

For the six months ended 30 June 2023 and 2022 there were no transactions between the Company and related parties in the ordinary course of business except the transactions with entities under common control presented in the table below.

	Transactions 6 months ended 30/06/2023 EUR '000	Balance Assets/(liabilities) 30/06/2023 EUR '000	Transactions 6 months ended 30/06/2022 EUR '000	Balance Assets/(liabilities) 31/12/2022 EUR '000
Management and accounting services	446	3 170	1407	543
Borrowings provided	-	-	(8)	(222)
Total	446	3 170	1 399	321

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

18. RELATED PARTY TRANSACTIONS (CONTINUED)

18.1. Compensation paid to key management personnel

For the six months ended 30 June 2023 and 2022, the remuneration paid to directors and other key executives amounted to EUR 1 178 thousand and EUR 792 thousand, respectively, and consisted of short-term employee benefits.

19. COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

19.1. Capital commitments

As at 30 June 2023, the Group entered into capital construction contracts, contracts for purchase of plant and equipment from unrelated parties for a total of EUR 492 thousand (EUR 712 thousand as at 31 December 2022) in relation to fulfilment of Concession Agreement and modernization of property, plant and equipment in the medical centre located at Schepkina 35.

19.2. Insurance

The Group's level of insurance is in line with the scope and nature of its operations. Management regularly estimates the need to insure the risks of the Group.

At present, the Group insures specialized medical and handling equipment.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

	Fair value of financial assets		Carrying value of financial assets	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	EUR '000	EUR '000	EUR '000	EUR '000
Financial assets at amortised cost				
Cash and cash equivalents	63 731	57 016	63 731	57 016
Trade and other receivables	10 857	11 610	10 857	11 610
Financial investments	351	-	351	-
Financial assets at FVTPL				
Derivative instruments FVTPL	2 002	5	2 002	5
Total financial assets	76 941	68 631	76 941	68 631

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

20. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Fair value of financial liabilities		Carrying value of financial liabilities	
	30/06/2022 EUR '000	31/12/2022 EUR '000	30/06/2023 EUR '000	31/12/2022 EUR '000
Financial liabilities at amortised cost				
Loans and borrowings	145 892	187 025	139 133	184 581
Lease liabilities	26 352	37 052	27 257	38 127
Trade and other payables	18 380	30 988	18 380	30 988
Financial liabilities at FVTPL				
Derivative Instruments FVTPL	-	10 013	-	10 013
Total financial liabilities	190 624	265 078	184 770	263 709

21. SUBSEQUENT EVENTS

In July 2023 the Group changed the depositary administering the Company's Global Depositary Receipts (GDR) program.

The new depositary for the Company's GDR program is RCS Issuer Services S.AR.L. with the relevant agreement effective as of 21 July 2023. Previously, the Company's depositary was The Bank of New York Mellon.

22. APPROVAL OF FINANCIAL STATEMENTS

The unaudited consolidated interim condensed financial statements were approved by the Board of Directors and authorized for issue on 29 August 2023.