

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

Unaudited consolidated interim condensed financial
statements for the six months ended 30 June 2021

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

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UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Androula Charilaou (resigned on 25 June 2021)
Alexander Sergeevich Andryushechkin (appointed on 29 March 2021
and resigned on 22 July 2021)
Maxim Shilov (appointed on 29 March 2021 and resigned on 25 June
2021)
Svetlana Molchanova (resigned on 29 March 2021)
Sergey Notov (resigned on 29 March 2021)
Kyriacos Hadjikyriakou (appointed on 25 June 2021)
Nicos Nikolaides (appointed on 25 June 2021)
Igor Shilov (appointed on 25 June 2021)
Jyrki Petteri Talvitie (appointed on 25 June 2021)
Kwadwo Bediako (appointed on 25 June 2021)
Thomas Maria Veraszto (appointed on 25 June 2021)

Secretary

Antigoni Karamani (appointed on 25 June 2021)
Mittelmeer Secretaries Limited (resigned on 25 June 2021)

Statutory Auditors

Deloitte Limited
Certified Public Accountants and Registered Auditors
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Registered Office

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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 are presented in pages 4 to 17 and comprise the consolidated interim condensed statement of financial position as at 30 June 2021, 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 other explanatory information.

Board of Directors' responsibilities

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

As disclosed in Note 2, the annual consolidated financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113.

Auditor's responsibility

Our responsibility is to express a conclusion on this 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.



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Offices: Nicosia, Limassol

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

To the Board of Directors of United Medical Group CY PLC

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 are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.



Yiannis Sophianos

Certified Public Accountant and Registered Auditor
for and on behalf of

Deloitte Limited
Certified Public Accountants and Registered Auditors

Nicosia, 30 August 2021

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 2021

	Notes	6 months ended 30/06/2021 EUR '000	6 months ended 30/06/2020 EUR '000
Revenue	5	135 109	116 879
Cost of medical services and products provided	6	(79 016)	(78 195)
Gross profit		56 093	38 684
Selling expenses		(1 972)	(2 534)
General and administrative expenses		(6 792)	(7 204)
Operating profit		47 329	28 946
Finance income		671	68
Finance costs	7	(4 436)	(5 201)
Foreign exchange loss		(1 285)	(2 765)
Expense on change in fair value of financial instruments	8	(3 577)	(2 253)
Other (expenses)/income, net		(371)	50
Profit before tax		38 331	18 845
Income tax benefit		92	186
Profit for the period		38 423	19 031
Other comprehensive income/(loss) <i>Items that may be reclassified subsequently to profit or loss</i>			
Effect of translation to presentation currency		11 230	(19 228)
Other comprehensive income/(loss) for the period		11 230	(19 228)
Total comprehensive income/(loss) for the period		49 653	(197)
Profit/(loss) for the period attributable to:			
Shareholders		39 365	20 356
Non-controlling interests		(942)	(1 325)
		38 423	19 031
Total comprehensive income/(loss) for the period attributable to:			
Shareholders		50 595	1 128
Non-controlling interests		(942)	(1 325)
		49 653	(197)
Earnings per share			
Basic and diluted (EUR per share)		0.44	0.23

The notes on pages 8-17 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 2021**

	Notes	30/06/2021 EUR '000	31/12/2020 EUR '000
ASSETS			
Non-current assets			
Property, plant and equipment	9	151 714	146 512
Advances paid for non-current assets	9	11 125	6 953
Goodwill		23 550	22 386
Intangible assets		921	782
Deferred tax assets		584	463
Long-term derivative instruments FVTPL	8	3 904	6 305
Intangible asset, concession		65 804	62 162
Total non-current assets		257 602	245 563
Current assets			
Inventories		8 128	8 609
Trade and other receivables	10	39 515	36 994
Advances paid to suppliers		3 408	1 705
Short-term derivative instruments FVTPL	8	31	130
Financial investments		139	1 125
Income tax receivable		70	79
Cash and cash equivalents	11	45 548	20 353
Total current assets		96 839	68 995
Total assets		354 441	314 558
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		(127 015)	(138 245)
Retained earnings		206 007	166 642
Equity attributable to shareholders of the Company		166 434	115 839
Non-controlling interests		(7 311)	(6 369)
Total equity		159 123	109 470
Non-current liabilities			
Loans and borrowings	12	82 894	96 367
Lease liabilities		22 970	21 808
Other long-term payables		8 473	10 822
Long-term derivative instruments FVTPL	8	62	13
Deferred tax liabilities		1 767	1 725
Total non-current liabilities		116 166	130 735
Current liabilities			
Loans and borrowings	12	34 354	34 820
Trade and other payables	13	28 866	27 017
Advances received from customers		8 481	7 151
Provisions		144	136
Short-term derivative instruments FVTPL	8	972	138
Lease liabilities		6 324	5 082
Income tax payable		11	9
Total current liabilities		79 152	74 353
Total liabilities		195 318	205 088
Total equity and liabilities		354 441	314 558

On 30 August 2021 the Board of Directors of United Medical Group CY PLC authorized these financial statements for issue.



Igor Shilov
Director

The notes on pages 8-17 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 2021**

	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 2020	31	87 411	(94 459)	83 815	76 798	(4 102)	72 696
Profit/(loss) for the period	-	-	-	20 356	20 356	(1 325)	19 031
Other comprehensive loss for the period	-	-	(19 228)	-	(19 228)	-	(19 228)
Total comprehensive profit/(loss) for the period	-	-	(19 228)	20 356	1 128	(1 325)	(197)
Balance as at 30 June 2020	31	87 411	(113 687)	104 171	77 926	(5 427)	72 499
Balance as at 1 January 2021	31	87 411	(138 245)	166 642	115 839	(6 369)	109 470
Profit/(loss) for the period	-	-	-	39 365	39 365	(942)	38 423
Other comprehensive income for the period	-	-	11 230	-	11 230	-	11 230
Total comprehensive profit/(loss) for the period	-	-	11 230	39 365	50 595	(942)	49 653
Balance as at 30 June 2021	31	87 411	(127 015)	206 007	166 434	(7 311)	159 123

The notes on pages 8-17 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 2021**

	6 months ended 30/06/2021 EUR '000	6 months ended 30/06/2020 EUR '000
Operating activities		
Profit for the period	38 423	19 031
Adjustments for:		
Income tax benefit	(92)	(186)
Depreciation and amortization	8 638	8 007
Finance costs (Note 7)	4 436	5 201
Net expense on fair value of financial instruments (Note 8)	3 577	2 253
Foreign exchange loss	1 285	2 765
Finance income	(671)	(68)
Write-off of payables (expired limitation period)	(77)	(92)
Movement in allowance for expected credit losses	(13)	101
(Gain)/Loss on disposal of property, plant and equipment	(2)	78
Non-recoverable VAT write-off	-	27
Movement in other allowance	542	-
	56 046	37 117
Change in working capital		
Decrease in inventories	896	559
Increase in trade and other receivables	(626)	(6 351)
(Increase)/Decrease in advances to suppliers	(1 556)	2 267
Increase in advances received from customers	924	1 551
Increase/(Decrease) in trade and other payables	820	(4 793)
	56 504	30 350
Income tax paid	(10)	19
Interest paid	(3 236)	(4 701)
Interest received	141	68
Net cash generated from operating activities	53 399	25 736
Investing activities		
Proceeds from sale of property, plant and equipment	3	93
Purchases of non-current assets	(11 598)	(19 026)
Other investment activities	(2)	300
Net cash used in investing activities	(11 597)	(18 633)
Financing activities		
Repayments of lease liabilities	(1 275)	(1 425)
Receipt of loans and borrowings	-	17 827
Repayments of loans and borrowings	(16 129)	(22 041)
Net cash used in financing activities	(17 404)	(5 639)
Net movement in cash and cash equivalents	24 398	1 465
Cash and cash equivalents, beginning of the period	20 353	9 201
Effect of foreign exchange rate changes including effect of revaluation of cash and cash equivalents	797	(1 633)
Cash and cash equivalents, end of the period	45 548	9 033

The notes on pages 8-17 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 2021

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 CY-3032 Limassol, Republic of Cyprus.

The Company provides medical and social services to legal entities and individuals in Moscow, Russian Federation, through its main subsidiaries: JSC European Medical Centre ("EMC"), LLC "Pomoshchnik Social Service".

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

As at 30 June 2021 and 31 December 2020 the ultimate controlling party of the Group was Mr. Igor N. Shilov.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited consolidated interim condensed financial statements for the six months ended 30 June 2021 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 2020 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.

Although the Group has prepared consolidated interim condensed financial statements for the period ended 31 March 2021, these have been prepared for the purpose of the Offering Memorandum and constituted one-off reporting. The Group does not have an obligation and does not intend to produce quarterly interim reports going forward.

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

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 interim condensed financial statements:

	<u>6 months ended 30/06/2021 Average for the period</u>	<u>As at 30 June 2021</u>	<u>6 months ended 30/06/2020 Average for the period</u>	<u>As at 30 June 2020</u>
RUB/EUR	89.4045	86.2026	75.4106	78.6812

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

2. BASIS OF PREPARATION (CONTINUED)

Going concern and impact of the COVID-19 outbreak on the Group's operations

Starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel and difficulties in raising financing.

The Group faced a number of challenges arising from the pandemic. These included additional costs and procedures related to COVID-19, such as facilities cleaning, face masks and COVID-19 assessments. Other impacts include savings on expenses and travel. However, despite a delayed global recovery, the management of the Group believes that the Group is well-placed to manage these challenges. The unprecedented environment has also provided multiple opportunities to explore more efficient ways of working, which have the potential to provide long-term benefits to patients and to the Group. Going forward the significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy.

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 2020, 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 2020, became effective for the Group from 1 January 2021. They have not significantly affected these consolidated interim condensed financial statements of the Group.

Title	Description	Effect on the consolidated interim condensed financial statements
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (e.g. LIBOR, EURIBOR) is replaced with an alternative nearly risk-free interest rate. The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. The Group intends to use the practical expedient in future periods if it becomes applicable.	No effect

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

3. ACCOUNTING POLICIES AND ADOPTION OF NEW OR REVISED STANDARDS AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (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 2020.

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 one primary reporting segment: provision of healthcare 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.

5. REVENUE

	6 months ended 30/06/2021 EUR '000	6 months ended 30/06/2020 EUR '000
Revenue from rendering of services – by major types:		
Outpatient care	76 770	60 095
Inpatient care	51 850	46 396
Elderly care	4 254	6 358
Rent	802	164
Construction revenue	800	3 342
Home care	315	265
Pharmacy sales	215	231
Other	103	28
Total	135 109	116 879

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

Construction revenue was recognised as a part of accounting for intangible asset, concession.

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

6. COST OF MEDICAL SERVICES AND PRODUCTS PROVIDED

	6 months ended 30/06/2021 EUR '000	6 months ended 30/06/2020 EUR '000
Payroll and related taxes	37 095	35 548
Cost of medicines and patient care	21 862	20 840
Depreciation of property, plant and equipment	7 595	7 468
Outsourcing	3 622	3 543
Medical subcontract services	1 419	1 087
Equipment maintenance	1 306	1 468
Maintenance of premises	1 102	1 072
Cost of construction	762	3 183
Utilities	771	686
Amortization of intangible assets, concession	689	115
Security	406	354
Household and office items	369	447
Expenses on short-term leases	204	255
IT services	190	187
Amortization of intangible assets, other	121	127
Other	1 503	1 815
Total	79 016	78 195

The total expense on payroll and related taxes presented within Cost of medical services and products provided note above and within Selling and administrative expenses amounted to 38 639 for the six months ended 30 June 2021 (six months ended 30 June 2020: 37 309).

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 7 679 for the six months ended 30 June 2021 (six months ended 30 June 2020: 7 656), Note 9.

The Cost of construction line above represents the Group's expenses related to the reconstruction of city clinical hospital No. 63. under the Concession agreement, performed by the efforts of the general contractor. Outsourcing expense line consists of laundry, secretary, interpreter, engineering and other services.

7. FINANCE COSTS

	6 months ended 30/06/2021 EUR '000	6 months ended 30/06/2020 EUR '000
Interest expense on loans and borrowings	2 622	4 197
Finance charge on lease liabilities	1 620	1 587
Less: capitalized costs	(287)	(1 155)
Interest expense on unwinding of long-term payables	481	572
Total finance costs	4 436	5 201

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

8. 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 Euro (Note 12).

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.

9. PROPERTY, PLANT AND EQUIPMENT

EUR '000	Buildings and land	Medical and other equipment	Other	Construction in progress	Total
Cost					
Balance as at 1 January 2021	116 835	71 868	17 736	13 935	220 374
Additions	272	1679	-	3 427	5 378
Transferred from construction in progress	5 534	4 036	583	(10 153)	-
Disposals	(160)	(114)	(77)	-	(351)
Effect of translation to presentation currency	6 282	3 943	938	475	11 638
As at 30 June 2021	128 763	81 412	19 180	7 684	237 039
Accumulated depreciation					
Balance as at 1 January 2021	34 956	28 167	10 739	-	73 862
Depreciation charged	3 279	3 373	1 027	-	7 679
Eliminated on disposals of assets	(148)	(109)	(71)	-	(328)
Effect of translation to presentation currency	1 933	1 585	594	-	4 112
As at 30 June 2021	40 020	33 016	12 289	-	85 325
Carrying amount					
As at 1 January 2021	81 879	43 701	6 997	13 935	146 512
As at 30 June 2021	88 743	48 396	6 891	7 684	151 714

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

9. 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 2020	134 588	62 599	23 824	37 420	258 431
Reclassification(*)	6 806	(4 943)	(1 863)	-	-
Additions	6 081	-	-	8 184	14 265
Transferred from construction in progress	1 003	11 016	1 002	(13 021)	-
Disposals	(71)	(464)	(112)	-	(647)
Effect of translation to presentation currency	(17 079)	(7 283)	(2 645)	(4 241)	(31 248)
Balance as at 30 June 2020	131 328	60 925	20 206	28 342	240 801
Accumulated depreciation					
Balance as at 1 January 2020	34 801	35 244	12 316	-	82 361
Reclassification(*)	4 102	(3 742)	(360)	-	-
Depreciation charged	3 900	2 609	1 147	-	7 656
Eliminated on disposals of assets	(26)	(392)	(104)	-	(522)
Effect of translation to presentation currency	(4 778)	(3 832)	(1 463)	-	(10 073)
As at 30 June 2020	37 999	29 887	11 536	-	79 422
Carrying amount					
As at 1 January 2020	99 787	27 355	11 508	37 420	176 070
As at 30 June 2020	93 329	31 038	8 670	28 342	161 379

(*) The Group conducted property, plant and equipment count in the context of useful lives confirmation; and as a result clarified the classification between the property, plant and equipment groups.

The amounts disclosed above include Right-Of-Use Assets arising from the Group's lease arrangements. For the six months ended 30 June 2021 the balance of Right-Of-Use Assets increased from EUR 25 555 thousand to EUR 27 240 thousand. Refer to the annual consolidated financial statements for the year ended 31 December 2020 for the related disclosures as at 31 December 2020.

The increase in the balance of advances paid for non-current assets mainly relates to LLC Topatomclinic, subsidiary sold after the reporting date (Note 17).

UNITED MEDICAL GROUP CY PLC AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

10. TRADE AND OTHER RECEIVABLES

	30/06/2021 EUR '000	31/12/2020 EUR '000
Financial assets		
Trade receivables	34 673	35 947
Other receivables	3 902	365
Less: allowance for expected credit losses	(502)	(496)
Total financial assets	38 073	35 816
Non-financial assets		
VAT receivable	1 046	782
Prepaid expenses	70	46
Settlements with employees	2	2
Other taxes receivable	324	348
Total non-financial assets	1 442	1 178
Total trade and other receivables	39 515	36 994

In May 2021 the Group sold its trade accounts receivable in the amount of EUR 6 226 thousand to third parties. The corresponding outstanding amount of EUR 2 846 thousand is shown within Other receivables line above.

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

	30/06/2021 EUR '000	31/12/2020 EUR '000
Balance as at the beginning of the period	496	563
Movement in allowance for the period	(13)	87
Effect of translation to presentation currency	19	(154)
Balance as at the end of the period	502	496

11. CASH AND CASH EQUIVALENTS

Current accounts include:

	30/06/2021 EUR '000	31/12/2020 EUR '000
USD denominated deposits in banks	20 834	4 893
EUR denominated current accounts	10 433	5 757
RUB denominated current accounts	9 362	4 180
EUR denominated foreign accounts	1 915	1 935
USD denominated foreign accounts	1 702	524
RUB denominated deposits in banks	634	2 784
Cash in transit – RUB denominated	539	185
USD denominated current accounts	37	73
Cash on hand	92	22
Total	45 548	20 353

As at 30 June 2021 cash balance in the amount of EUR 35 thousand was restricted (31 December 2020: EUR 165 thousand).

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NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

12. LOANS AND BORROWINGS

Secured borrowings carried at amortized cost	Interest rate %	Maturity Date	30/06/2021 EUR '000	31/12/2020 EUR '000
Current portion				
Sberbank (EUR) ⁽¹⁾	EURIBOR 3m +2,2%	21 October 2024	13 593	12 133
Sberbank (RUB) ⁽²⁾	CBR key rate + 2,0%	25 September 2023	8 867	8 822
Sberbank (RUB)	9,1%	28 November 2021	6 969	6 616
Sberbank (RUB) ⁽²⁾	CBR key rate + 1,9%	23 August 2023	3 268	2 205
Raiffeisen Bank (RUB)	8,85%	14 March 2022	1 590	2 811
Raiffeisen Bank (RUB)	8,7%	11 March 2021	-	2 132
Other borrowers (RUB)	3% – 15%	31 December 2021	-	7
Interest payable			67	94
			34 354	34 820
Non-current portion				
Sberbank (EUR) ⁽¹⁾	EURIBOR 3m +2,2%	21 October 2024	61 067	67 867
Sberbank (RUB) ⁽²⁾	CBR key rate + 2,0%	25 September 2023	11 386	15 438
Sberbank (RUB) ⁽²⁾	CBR key rate + 1,9%	23 August 2023	10 441	13 032
Raiffeisen Bank (RUB)	8,85%	14 March 2022	-	30
			82 894	96 367
Total			117 248	131 187

- (1) In 2019 the Group entered into a long-term facility agreement provided by Sberbank in the amount of EUR 80 000 thousand. The purpose of the loan is financing current activities of the Company including share premium reduction. The loan was drawn down in full at a floating interest rate which was 1.7% for the six months ended 30 June 2021 (the six months ended 30 June 2020: 1.7%).
- (2) For the long-term facility provided by Sberbank with a maturity in August and September 2023 the Group managed in January 2021 to renegotiate the interest rate from fixed of 9.2% to a floating one of CBR key rate + maximum 2.5% (the percentage differs from one tranche to another). The effective interest rate for this Sberbank loan was CBR key rate +1.9%-2.0% for the six months ended 30 June 2021.

As at 30 June 2021 and 31 December 2020, the Group's bank loans were subject to restrictive covenants. As at 30 June 2021 and 31 December 2020 Group was in compliance with all of its covenants.

13. TRADE AND OTHER PAYABLES

	30/06/2021 EUR '000	31/12/2020 EUR '000
Financial liabilities		
Trade payables	8 279	6 250
Payables for property, plant and equipment	7 691	8 646
Accrued audit expenses	81	138
Other accrued expenses	(14)	82
Other payables	138	666
Total financial liabilities	16 175	15 782
Non-financial liabilities		
Accrued unused vacation expenses	6 141	4 911
Salaries payable	2 433	3 642
Accrual for performance-related bonuses	1 995	413
Other taxes payable	2 122	2 269
Total non-financial liabilities	12 691	11 235
Total trade and other payables	28 866	27 017

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NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

13. TRADE AND OTHER PAYABLES (CONTINUED)

As at 30 June 2021 short-term payables for property, plant and equipment in the amount of 5 156 thousand (31 December 2020: EUR 5 213 thousand) as well as other long-term payables in the amount of EUR 8 130 thousand (31 December 2020: 9 869 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.

14. RELATED PARTY TRANSACTIONS

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 2021 and 2020 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 30/06/2021 EUR '000	Balance Assets/(liabilities) 30/06/2021 EUR '000	Transactions 6 months ended 30/06/2020 EUR '000	Balance Assets/(liabilities) 31/12/2020 EUR '000
Management and accounting services	(1 205)	(15)	(1 310)	(302)
Other receivables	-	169	-	-
Lease liabilities	-	(11 609)	-	(11 262)
Repayments of lease liabilities	(788)	-	-	-
Borrowings provided	-	139	-	132
Total	(1 993)	(11 316)	(1 310)	(11 432)

14.1. Compensation paid to key management personnel

For the six months ended 30 June 2021 and 2020, the remuneration paid to directors and other key executives amounted to EUR 272 thousand and EUR 450 thousand, respectively, and consisted of short-term employee benefits.

15. Commitments, contingencies and operating risks

15.1. Capital commitments

As at 30 June 2021, the Group entered into capital construction contracts, contracts for purchase of plant and equipment from unrelated parties for a total of EUR 4 194 thousand (EUR 6 333 thousand as at 31 December 2020) in relation to fulfilment of Concession Agreement and modernization of property, plant and equipment in the medical center located at Schepkina 35.

15.2. 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.

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NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

	Fair value of financial assets		Carrying value of financial assets	
	30/06/2021 EUR '000	31/12/2020 EUR '000	30/06/2021 EUR '000	31/12/2020 EUR '000
Financial assets at amortised cost				
Cash and cash equivalents	45 548	20 353	45 548	20 353
Trade and other receivables	38 073	35 816	38 073	35 816
Financial investments	139	1 125	139	1 125
Financial assets at FVTPL				
Derivative instruments FVTPL	3 935	6 435	3 935	6 435
Total financial assets	87 695	63 729	87 695	63 729
Financial liabilities at amortised cost				
Loans and borrowings	111 812	128 588	117 248	131 187
Lease liabilities	33 978	33 039	29 294	26 890
Trade and other payables	24 648	26 604	24 648	26 604
Financial liabilities at FVTPL				
Derivative instruments FVTPL	1 034	151	1 034	151
Total financial liabilities	171 472	188 382	172 224	184 832

17. SUBSEQUENT EVENTS

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

The Group sold one of its subsidiaries, LLC Topatomclinic, on 16 August 2021. The transaction resulted into the profit from disposal of EUR 531 thousand.

In August 2021 the Group sold part of its trade accounts receivable in the amount of EUR 7 467 thousand to third parties.

On 27 August 2021 the Company's Board of Directors recommended that final dividends for the year ended 31 December 2020 would be distributed in the amount of EUR 76 000 thousand, net of withholding tax on dividends, at a rate of EUR 0.84444 per share.

18. APPROVAL OF FINANCIAL STATEMENTS

The unaudited consolidated interim condensed financial statements were approved by the Board of Directors and authorized for issue on 30 August 2021.