

DME LIMITED **and subsidiaries**

Interim Condensed Consolidated
Financial Information
for the Six-Month Period Ended
30 June 2023 (unaudited)

DME LIMITED AND SUBSIDIARIES

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DME LIMITED AND SUBSIDIARIES

STATEMENT OF MANAGEMENT RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

Management is responsible for the preparation of the interim condensed consolidated financial information of DME Limited (the “Company”) and its subsidiaries (the “Group”) which comprise the interim condensed consolidated statement of financial position as of 30 June 2023, and the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2023, in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

In preparing the interim condensed consolidated financial information, management is responsible for:


- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s consolidated financial position and financial performance;
- making an assessment of the Group’s ability to continue as a going concern.

Management is also responsible for:

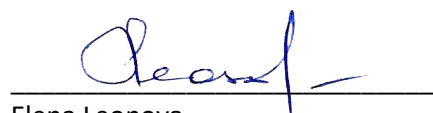
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group complies with IAS 34;
- maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the companies of the Group operate;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information for the six-month period ended 30 June 2023 was approved by management on 29 August 2023.

On behalf of management:



Viktor Ponomarenko
Chief Executive Officer



Elena Leonova
Chief Financial Officer

29 August 2023

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of DME Limited

Introduction

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

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, as adopted in Cyprus. 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Material Uncertainty Related to Going Concern

We draw attention to Note 19 of the interim condensed consolidated financial information, which describes that, following the escalation of a military conflict between Russia and Ukraine in February 2022, imposition of additional wide-ranging sanctions on the Russian Federation, including those aimed at the Russian aviation industry, and certain measures taken by the Russian government, there has been a significant deterioration in the Group's operating conditions impacting the Group's business and its ability to meet obligations as they become due.

These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Management's plans with regard to these matters are also discussed in Notes 2 and 19 to the interim condensed consolidated financial information. Our opinion is not modified in respect of this matter.

AO Business Solutions and Technologies


29 August 2023

DME LIMITED AND SUBSIDIARIES

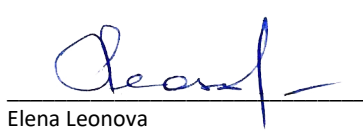
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (Amounts in millions of Russian Rubles)

	Notes	2023	2022
Revenue	4	16,100	15,434
Operating expenses	5	(12,926)	(13,446)
Share in net profit of joint venture		274	-
Operating profit		3,448	1,988
Finance cost	6	(2,341)	(1,448)
Interest income		169	95
Foreign exchange (loss)/gain, net		(8,033)	13,251
(Loss)/profit before income tax		(6,757)	13,886
Income tax	7	1,190	(154)
(Loss)/profit and total comprehensive (loss)/income for the period		(5,567)	13,732
(Loss)/profit and total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(5,566)	13,716
Non-controlling interests		(1)	16
		(5,567)	13,732

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

29 August 2023


Elena Leonova
Chief Financial Officer

The accompanying notes form an integral part of this interim condensed consolidated financial information.

DME LIMITED AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023 (UNAUDITED) (Amounts in millions of Russian Rubles)

	Notes	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	8	98,505	99,049
Advances for acquisition of non-current assets	8	1,556	1,373
Investment property	9	601	618
Right-of-use assets		151	204
Intangible assets		1,065	1,083
Deferred tax asset		2,746	2,551
Other financial assets		565	451
Investment in joint venture		487	212
Finance lease receivable		168	179
Cash and cash equivalents	13	-	1,798
Total non-current assets		105,844	107,518
Current assets			
Inventories	12	2,679	2,467
Trade and other receivables	10	5,195	4,229
Prepayments and other current assets	11	3,343	2,937
Prepaid current income tax		119	127
Finance lease receivable	-	179	161
Other financial assets		25	789
Cash and cash equivalents	13	5,426	9,903
Total current assets		16,966	20,613
TOTAL ASSETS		122,810	128,131
EQUITY AND LIABILITIES			
Equity			
Share capital	14	11,877	11,877
Retained earnings	14	21,208	29,663
Equity attributable to owners of the Company		33,085	41,540
Non-controlling interests		(96)	(95)
Total equity		32,989	41,445
Non-current liabilities			
Deferred tax liability		4,813	6,116
Lease liability		49	85
Debt securities and loans	15	65,344	42,516
Trade and other payables	16	39	52
Total non-current liabilities		70,245	48,769
Current liabilities			
Trade and other payables	16	3,912	3,696
Current income tax payable		406	288
Taxes other than income tax payable		5,547	4,488
Dividends payable	14	3,442	2,790
Lease liability		64	94
Accrued expenses and other current liabilities		1,703	1,598
Debt securities and loans	15	4,502	24,963
Total current liabilities		19,576	37,917
TOTAL EQUITY AND LIABILITIES		122,810	128,131

On behalf of management:

Viktor Ponomarenko
Chief Executive Officer

29 August 2023

Elena Leonova
Chief Financial Officer

The accompanying notes form an integral part of this interim condensed consolidated financial information.

DME LIMITED AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (Amounts in millions of Russian Rubles)

	2023	2022
Cash flows from operating activities:		
(Loss)/profit before income tax	(6,757)	13,886
Adjustments for:		
Depreciation and amortization	2,340	2,401
Change in allowance for impairment of accounts receivable, advances to suppliers and advances for acquisition of non-current assets	15	52
Interest income	(169)	(95)
Finance cost	2,341	1,448
Foreign exchange loss/(gain), net	8,033	(13,251)
Share in net profit of joint venture	(274)	-
Other non-cash items	142	160
Net cash from operating activities before working capital changes	5,671	4,601
(Increase)/ decrease in inventories	(207)	156
Increase in trade and other receivables	(473)	(121)
Increase in prepayments and other current assets	(406)	(45)
Decrease in trade and other payables	(496)	(749)
Increase in taxes other than income tax payable	944	818
Increase in accrued expenses and other current liabilities	20	291
Net cash from operating activities before income tax	5,053	4,951
Income tax paid	(81)	(190)
Net cash provided by operating activities	4,972	4,761
Cash flows from investing activities:		
Purchases of property, plant and equipment	(596)	(1,235)
Purchases of intangible assets	(202)	(216)
Proceeds from disposal of property, plant and equipment	27	16
Cash invested in other financial assets	-	(870)
Proceeds from settlement or sale of other financial assets	474	-
Interest received	179	86
Net cash used in investing activities	(118)	(2,219)
Cash flows from financing activities:		
Proceeds from debt securities and loans	16,367	4,950
Repayments of debt securities and loans	(22,207)	(5,365)
Repayments of lease liabilities	(89)	(85)
Interest paid	(2,945)	(1,964)
Dividends paid (Note 14)	(2,738)	(1,053)
Other distribution to shareholders	(200)	-
Net cash used in financing activities	(11,812)	(3,517)
Net decrease in cash and cash equivalents	(6,958)	(975)
Cash and cash equivalents at the beginning of the period (Note 13)	11,701	7,516
Foreign exchange gain/(loss) on cash and cash equivalents	683	(1,529)
Cash and cash equivalents at the end of the period (Note 13)	5,426	5,012

On behalf of management:

Viktor Ponomarenko
Chief Executive Officer

29 August 2023

Elena Leonova
Chief Financial Officer

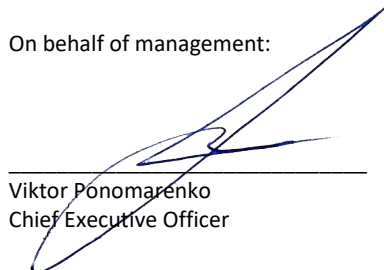
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DME LIMITED AND SUBSIDIARIES

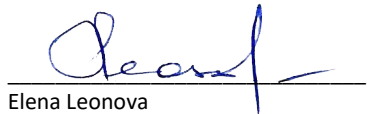
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (Amounts in millions of Russian Rubles)

	Share capital	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total
Balance as of 1 January 2022	11,877	28,098	39,975	(126)	39,849
Total comprehensive income for the period	-	6,048	6,048	31	6,079
Dividends (Note 14)	-	(4,683)	(4,683)	-	(4,683)
Contribution from shareholders	-	200	200	-	200
Balance as of 31 December 2022	11,877	29,663	41,540	(95)	41,445
Balance as of 1 January 2023	11,877	29,663	41,540	(95)	41,445
Total comprehensive loss for the period	-	(5,566)	(5,566)	(1)	(5,567)
Dividends (Note 14)	-	(2,689)	(2,689)	-	(2,689)
Other distribution to shareholders	-	(200)	(200)	-	(200)
Balance as of 30 June 2023	11,877	21,208	33,085	(96)	32,989

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

29 August 2023


Elena Leonova
Chief Financial Officer

The accompanying notes form an integral part of this interim condensed consolidated financial information.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

1. NATURE OF THE BUSINESS

DME Limited (previously FML Limited, hereinafter the “Company”) is a limited liability company initially incorporated under the laws of the Isle of Man in February 2001. Immediately following the formation of the Company an entity under common control transferred to the Company a number of entities operating as a group since 1996. The assets and liabilities of the entities were transferred to the Company at their previous carrying amounts. In 2012 the Company transferred its registered office and place of domicile to the Republic of Cyprus.

The principal activities of the Company, together with its subsidiaries (collectively the “Group”) are the management, operation and development of Domodedovo airport, including servicing international and domestic passenger and cargo flights. The Group also sells fuel and pre-packaged meals as well as provides airport-related commercial services such as leasing of retail and advertising space, leasing of other commercial properties and car parking services. The Group’s principal place of business is Domodedovo airport in the Moscow region, Russia.

The Group operates in three business segments: aviation services, auxiliary aviation services and commercial services.

The Group does not have any equity in DME Airport Designated Activity Company. It is a special purpose entity that was established with a sole purpose of serving as a vehicle for the Group to issue loan participation notes (“LPNs”) on the Irish Stock exchange and does not perform any other activities. The LPNs are guaranteed by several companies of the Group in the event of default. Accordingly, the Group concluded that it exercises control over the entity.

The ultimate controlling party of the Group is Mr. Dmitry Kamenshchik.

The interim condensed consolidated financial information of the Group for the six-month period ended 30 June 2023 was authorized for issue by management on 29 August 2023.

2. BASIS OF PRESENTATION

Statement of compliance

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

This financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group’s audited annual consolidated financial statements for 2022 prepared in accordance with International Financial Reporting Standards (“IFRS”).

Exchange rates for the main foreign currencies in which the Group transacts were as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Closing exchange rates		
Russian Ruble/USD	87.03	70.33
Russian Ruble/EUR	95.10	75.66
	<u>30 June 2023</u>	<u>30 June 2022</u>
Average exchange rates for the six-month ended		
Russian Ruble/USD	76.73	74.79
Russian Ruble/EUR	83.01	81.57

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) *(Amounts in millions of Russian Rubles, unless otherwise stated below)*

Seasonality

The business of the Group is normally subject to significant seasonal fluctuations in its operations, such as a significant increase in passenger traffic in the summer months and September, typically peaking in August, and a decrease in passenger traffic in the first three months of the calendar year, typically reaching the lowest point in February.

Going concern

This interim condensed consolidated financial information is prepared under the going concern basis of accounting, which implies the realization of assets and settlement of liabilities in the normal course of business.

As of 30 June 2023, the current liabilities of the Group exceed its current assets by RUB 2,610 million. The net loss for the six-month period ended 30 June 2023 of RUB 5,567 million has resulted primarily from the foreign exchange loss of RUB 8,033 million on USD-denominated debt securities (Note 15).

Management concluded that owing to difficult operating environment following the events described in Note 19, there exists a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern.

Management is taking steps to mitigate the negative impact of these conditions, which include:

- Exploring various scenarios for optimizing the Group's debt with strong commitment to perform its obligations and reduce debt volume;
- Strengthening credit control and monitoring of cash collections;
- Continuing to negotiate better payment terms with key suppliers;
- Actively engaging with the Russian government to obtain tax payment deferrals and other support, where available.

Management believe they are taking appropriate measures to support the Group's business in the current circumstances and that therefore it is appropriate to prepare this interim condensed consolidated financial information on the assumption that the Group will continue as a going concern in the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of 31 December 2022 and for the year then ended, except as discussed below.

Income tax expense – Income tax expenses are recognized in interim periods based on the best accounting estimate of the expected weighted average annual income tax rate expected for the full financial year. Such expectations and calculations by its nature (e.g. assessment of non-deductible expenses and non-taxable income) require significant judgments from Group's management, which may result in significant deviation of actual income tax and rates applied in preparation this interim condensed financial information.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) *(Amounts in millions of Russian Rubles, unless otherwise stated below)*

Reclassifications – Statement of Cash Flows

The Group has reviewed the appropriateness of its presentation of restricted cash balances held with FBME bank (Note 13) in view of the requirements of IAS 7 Statement of Cash Flows, conclusions reached by IFRS Interpretations Committee in considering its agenda item 'Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)' and developing practice. It now includes the restricted cash balance as a component of 'cash and cash equivalents' in its statement of cash flows. The balance of cash and cash equivalents at 31 December 2022 has been adjusted accordingly to conform with the presentation adopted in these interim consolidated financial statements.

IFRS and IFRS IC interpretations adopted by the Group

During the six-month period ended 30 June 2023 the Group has adopted all new and revised standards and interpretations issued by the IASB and the IFRS IC of the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2023:

Standards and Interpretations	Effective from
IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – "Disclosure of Accounting Policies"	1 January 2023
Amendments to IAS 8 – "Definition of Accounting Estimates"	1 January 2023
Amendments to IAS 12 – "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	1 January 2023
Amendments to IAS 12 – "International Tax Reform Pillar Two Model Rules"	1 January 2023
Amendments to IFRS 10 and IAS 28 – "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Not determined

These changes and improvements to the standards have not resulted in any significant changes to the interim condensed consolidated financial information of the Group.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the Group's annual consolidated financial statements for 2022 prepared in accordance with IFRS, except for assessment of annual expected effective income tax rate and calculation of income tax expense (see above).

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker of the Group ("CODM") for the purposes of resource allocation and assessment of segment performance is focused on the nature of services provided.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

The Group's reportable segments are as follows:

Aviation services – includes aviation services, such as use of terminal, take-off and landing, and aviation security.

Auxiliary aviation services – includes certain passenger-related services, ground handling, fueling services, in-flight catering and cargo handling.

Commercial services – includes retail concessions and advertising, leasing of other commercial properties and car parking.

Segment information is prepared based on IFRS measures.

The performance of each reportable segment is assessed by the CODM by reference to segment operating profit. Segment operating profit is calculated after headquarters expenses have been allocated between the reportable segments and after elimination intra segment profits and losses.

The key financial information for the Group's segments for the six-month period ended 30 June 2023 is presented below:

	Aviation services	Auxiliary aviation services	Commercial services	Inter-segment eliminations	Group
Ground handling	-	4,920	-	-	4,920
Airport and other related charges	3,504	-	-	-	3,504
Rental income	30	19	1,828	-	1,877
Jet fueling and storage services	-	1,579	-	-	1,579
Catering	-	1,446	-	-	1,446
Jet fuel sales	-	1,139	-	-	1,139
Aviation security	972	-	-	-	972
Parking fees	-	-	383	-	383
Other revenue	25	128	127	-	280
Third-party revenue	4,531	9,231	2,338	-	16,100
Intersegment revenue	1,705	310	859	(2,874)	-
Total revenue	6,236	9,541	3,197	(2,874)	16,100
Operating (loss)/ profit	(611)	2,922	1,137	-	3,448
Other segment information					
Depreciation and amortization	(1,342)	(640)	(358)	-	(2,340)

Below presented the reconciliation of the segments' operating profit to the Group's loss for the six-month period ended 30 June 2023:

Operating profit	3,448
Finance cost	(2,341)
Interest income	169
Foreign exchange loss, net	(8,033)
Loss before tax	(6,757)
Income tax	1,190
Loss for the period	(5,567)

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

The key financial information for the Group's segments for the six-month period ended 30 June 2022 is presented below:

	Aviation services	Auxiliary aviation services	Commercial services	Inter-segment eliminations	Group
Ground handling	-	4,181	-	-	4,181
Airport and other related charges	3,207	-	-	-	3,207
Jet fuel sales	-	2,606	-	-	2,606
Rental income	26	12	1,582	-	1,620
Catering	-	1,210	-	-	1,210
Jet fueling and storage services	-	1,042	-	-	1,042
Aviation security	916	-	-	-	916
Parking fees	-	-	322	-	322
Other revenue	49	89	192	-	330
Third-party revenue	4,198	9,140	2,096	-	15,434
Intersegment revenue	1,293	193	819	(2,305)	-
Total revenue	5,491	9,333	2,915	(2,305)	15,434
Operating (loss)/ profit	(820)	1,753	1,055	-	1,988
Other segment information					
Depreciation and amortization	(1,345)	(690)	(366)	-	(2,401)

Below presented the reconciliation of the segments' operating profit to the Group's profit for the six-month period ended 30 June 2022:

Operating profit	1,988
Finance cost	(1,448)
Interest income	95
Foreign exchange gain, net	13,251
Profit before tax	13,886
Income tax	(154)
Profit for the period	13,732

The following is the analysis of the Group's largest customers (10% or more of total revenue):

	2023		2022	
	Amount	% of total revenue	Amount	% of total revenue
S7 Group	4,312	27%	4,376	28%
Auxiliary aviation services segment	2,562		2,670	
Aviation services segment	1,418		1,461	
Commercial services segment	332		245	
URAL AIRLINES	1,723	11%	1,342	9%
Auxiliary aviation services segment	1,106		843	
Aviation services segment	608		485	
Commercial services segment	9		14	

Substantially all assets, management and administrative facilities of the Group are located in the Russian Federation and are not separately reported to the CODM. Furthermore, all revenue is earned within the Russian Federation. Accordingly, geographical revenue and asset information is not presented as part of segmental information.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

5. OPERATING EXPENSES

	2023	2022
Payroll and related charges:		
Wages and salaries	5,373	4,526
Social taxes	1,487	1,256
Depreciation and amortization	2,340	2,401
Materials	1,117	1,219
Cost of jet fuel	1,007	1,865
Public utilities	345	321
Rent	195	195
Cleaning and waste management	192	224
Maintenance	191	530
Transport	178	216
Consulting, audit and other services	141	214
Taxes other than income tax	78	76
Communication services expense	39	35
Certification and licensing	22	26
Change in provision for impairment of receivables, advances to suppliers and advances for acquisition of non-current assets	15	52
Charity donations	-	15
Other expenses	206	275
Total operating expenses	12,926	13,446

Other expenses include direct expenses arising from investment property of RUB 20 million and RUB 20 million for the six-month periods ended 30 June 2023 and 2022, respectively.

Rent expenses include variable lease payments that are not dependent on index or rate.

6. FINANCE COST

	2023	2022
Interest expense on the LPNs (Note 15)	1,027	1,060
Interest expense on RUB debt securities (Note 15)	962	619
Interest expense on bank loans (Note 15)	788	31
Interest expense on lease liability (Note 15)	9	18
Total interest expense	2,786	1,728
Less: capitalized interest (Note 8)	(445)	(280)
Total finance cost	2,341	1,448

7. INCOME TAX

Income tax for the six-month periods ended 30 June 2023 is accrued based on the expected weighed average annual effective income tax rate of 17.61% (2022: 1.11%).

	2023	2022
Current income tax expense	(307)	(177)
Deferred income tax loss	1,497	23
Income tax	1,190	(154)

The change in the estimated average annual effective tax rate for the six-month period ended 30 June 2023 is mostly attributable to non-taxable foreign exchange gains and losses recognized.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and equipment	Other	CIP	Total
Cost					
1 January 2022	94,458	14,068	1,608	24,905	135,039
Additions	151	39	12	932	1,134
Transfers	77	20	15	(112)	-
Disposals	(1)	(151)	(8)	(12)	(172)
30 June 2022	94,685	13,976	1,627	25,713	136,001
Additions	263	29	83	1,209	1,584
Transfers	164	65	68	(297)	-
Disposals	(3)	(128)	(27)	(51)	(209)
31 December 2022	95,109	13,942	1,751	26,574	137,376
Additions	152	60	98	1,292	1,602
Transfers	13,870	4,679	81	(18,630)	-
Disposals	(6)	(59)	(27)	(78)	(170)
30 June 2023	109,125	18,622	1,903	9,158	138,808
Accumulated depreciation					
1 January 2022	(21,791)	(11,325)	(1,403)	-	(34,519)
Depreciation charge	(1,546)	(468)	(51)	-	(2,065)
Disposals	1	147	8	-	156
30 June 2022	(23,336)	(11,646)	(1,446)	-	(36,428)
Depreciation charge	(1,575)	(424)	(55)	-	(2,054)
Disposals	1	127	27	-	155
31 December 2022	(24,910)	(11,943)	(1,474)	-	(38,327)
Depreciation charge	(1,564)	(439)	(65)	-	(2,068)
Disposals	6	59	27	-	92
30 June 2023	(26,468)	(12,323)	(1,512)	-	(40,303)
Net book value					
30 June 2022	71,349	2,330	181	25,713	99,573
31 December 2022	70,199	1,999	277	26,574	99,049
30 June 2023	82,657	6,299	391	9,158	98,505

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“Buildings” consist primarily of passenger and cargo terminals, catering facility, car park and auxiliary buildings. During reporting period the new segment of passenger terminal (T-2) was put into operation.

“Plant and equipment” mainly consists of baggage-processing systems, aircraft servicing equipment, tow tractors, passenger shuttles, parking equipment, machines for disposition of de-icing liquids, introsopes and other operating equipment.

“Construction in-progress” (CIP) consists mainly of capital expenditures related to the reconstruction and extension of cargo terminal, administrative building and fueling system.

During the six-month periods ended 30 June 2023 and 2022 the Group capitalized borrowing costs of RUB 445 million and RUB 280 million, respectively.

The weighted average capitalization rate on borrowed funds was 8.36% and 5.5% per annum for the six-month periods ended 30 June 2023 and 2022, respectively.

As of 30 June 2023, no Group’s property, plant and equipment was pledged as collateral for the Group’s borrowings.

Advances for acquisition of non-current assets

As of 30 June 2023 and 31 December 2022 advances for acquisition of non-current assets in the amounts of RUB 1,556 million and RUB 1,373 million, respectively, consisted of amounts paid for construction of the passenger and cargo terminals and implementation of additional functionalities, modernization of planning and resource management system. The amount of accumulated impairment of advances for acquisition of non-current assets amounted to RUB 24 million as of 30 June 2023 (31 December 2022: RUB 23 million).

9. INVESTMENT PROPERTY

The Group’s investment property consists of administrative buildings, which are leased to several airlines, and a hotel building.

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cost	1,115	1,115
Accumulated depreciation	<u>(514)</u>	<u>(497)</u>
Net book value	<u>601</u>	<u>618</u>

Fair value of the investment properties as of 30 June 2023 was RUB 4,185 million (RUB 3,782 million as of 31 December 2022) and has been arrived at on the basis of a valuation carried out at these dates by an internal professional appraiser with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to the future cash flows, based on the management’s assumptions (level 3 category for determining fair value).

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10. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
30 June 2023			
Trade receivables	5,575	(1,643)	3,932
Other receivables	1,373	(110)	1,263
Total current trade and other receivables	6,948	(1,753)	5,195
31 December 2022			
Trade receivables	5,168	(1,628)	3,540
Other receivables	798	(109)	689
Total current trade and other receivables	5,966	(1,737)	4,229

The average credit period for the Group's receivables (other than sales carried out on a prepayment basis) is 53 days (2022: 44 days).

Included in the Group's total trade and other receivables are debtors with carrying amounts of RUB 1,726 million and RUB 1,448 million as of 30 June 2023 and 31 December 2022, respectively, which are past due at the respective reporting date and which the Group considers to be recoverable (i.e. not impaired). The Group does not hold any collateral over these outstanding balances.

11. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2023	31 December 2022
Taxes receivable, other than income tax	2,800	2,337
Advances to suppliers	423	528
Other current assets	120	72
Total	3,343	2,937

12. INVENTORIES

	30 June 2023	31 December 2022
Spare parts	1,181	853
Supplies	786	888
Raw materials	457	453
Jet fuel	93	149
Other inventory	162	124
Total inventory	2,679	2,467

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13. CASH AND CASH EQUIVALENTS

	<u>30 June 2023</u>	<u>31 December 2022</u>
USD-denominated current account balances with banks	1,996	3,086
RUB-denominated cash on hand and balances with banks	1,155	6,808
EUR-denominated current account balances with banks	22	9
EUR-denominated restricted cash in FBME	<u>2,253</u>	<u>1,798</u>
Total cash and cash equivalents	<u>5,426</u>	<u>11,701</u>

In accordance with a court decision in Cyprus in June 2023 an official liquidator was appointed and the liquidation process for the FBME's branch in Cyprus has commenced. The Group expects that once the liquidation is finalized the bank's funds will be released, and the Group will recover most of its cash balances with FBME within twelve months from the 30 June 2023. Owing to these developments, the Group classified restricted cash held in FBME as a short-term asset at 30 June 2023.

Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents for interim condensed consolidated statement of cash flows for period ended 30 June 2023 is shown below:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash and cash equivalents – included in non-current assets	-	1,798
Cash and cash equivalents – included in current assets	<u>5,426</u>	<u>9,903</u>
Total cash and cash equivalents	<u>5,426</u>	<u>11,701</u>

Reconciliation of cash and cash equivalents for interim condensed consolidated statement of cash flows for period ended 30 June 2022 is shown below:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Cash and cash equivalents - included in non-current assets	1,287	1,995
Cash and cash equivalents - included in current assets	<u>3,725</u>	<u>5,521</u>
Total cash and cash equivalents	<u>5,012</u>	<u>7,516</u>

14. EQUITY

Share capital and dividends

There have been no changes in the share capital of the Company during the period.

During six-month period ended 30 June 2023 dividends of USD 15.6 million and EUR 19.3 million (RUB 2,689 million at the Central Bank of Russia exchange rate as at the declaration date) were declared out of which USD 11 million and EUR 3 million (RUB 1,083 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group.

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In addition to that USD 1.6 million (RUB 119 million at the Central Bank of Russia exchange rate as at the payment date) and EUR 20 million (RUB 1,536 million at the Central Bank of Russia exchange rate as at the payment date) of dividends declared prior to 1 January 2023 and presented in this interim condensed consolidated financial information as dividends payable were also paid to the shareholders of the Group too.

During six-month period ended 30 June 2022 dividends of USD 7 million and EUR 25 million (RUB 2,083 million at the Central Bank of Russia exchange rate as at the declaration date) were declared out of which USD 2 million and EUR 7.9 million (RUB 794 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group. In addition to that EUR 2.9 million (RUB 259 million at the Central Bank of Russia exchange rate as at the payment date) of dividends declared prior to 1 January 2022 and presented in this interim condensed consolidated financial information as dividends payable were paid to the shareholders of the Group.

As of 30 June 2023, the remaining balance of dividends payable is RUB 3,442 million (as of 31 December 2022: RUB 2,790 million).

Retained earnings

In accordance with statutory legislation of operating companies located in the Russian Federation, dividends may only be declared to the shareholders of the Group from accumulated undistributed and unreserved earnings as shown in the Group's individual companies' statutory financial statements. As of 30 June 2023 and 31 December 2022 such accumulated earnings amounted to RUB 1,584 million (unaudited) and RUB 12,110 million (unaudited), respectively.

15. DEBT SECURITIES AND LOANS

	Effective interest rate, %	30 June 2023	31 December 2022
Seven-year USD loan participation notes issued in 2021 (the "2028 LPNs")	5.52%	37,330	30,138
Three-year RUB debt securities issued in 2022	13.41%	14,999	14,995
Loan from bank D ⁽ⁱ⁾	11.78%	8,469	-
Loan from bank E ⁽ⁱⁱ⁾	12%	7,906	-
Loan from bank B	6.82%	1,142	1,203
Five-year USD loan participation notes issued in 2018 (the "2023 LPNs")	6.1%	-	13,296
Loan from bank A	11.56%	-	7,847
Total		69,846	67,479
Less: due within twelve months, including accrued interest		(4,502)	(24,963)
Long-term portion of debt securities and loans		65,344	42,516

- (i) In February 2023, the Group entered into a loan facility agreement for a total amount of RUB 8,500 million provided by commercial bank D to refinance the "2023 LPNs". The floating annual interest rate is key interest rate set by the Central Bank of Russia plus 3.64% to be. Accrued interests have to be paid semi-annually. The loan mature in April 2026.
- (ii) In June 2023, the Group entered into a loan facility agreement for a total amount of RUB 8,000 million provided by commercial bank E to refinance the loan from bank A. The floating annual interest rate is key interest rate set by the Central Bank of Russia plus 3%. Accrued interests have to be paid quarterly. The loan mature in November 2027.

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Covenants

In accordance with the terms of the 2028 LPNs, three-year RUB debt securities issued in 2022, loan facility agreements with bank B, bank D and bank E the Group is subject to certain covenants, which are calculated on the basis of annual and interim consolidated financial statements of the Group, prepared in accordance with IFRS. Such financial covenants mainly consist of limitations on the Consolidated Net Debt to Consolidated EBITDA ratio, Consolidated Equity to Consolidated Total Assets ratio and Obligor Cover ratios.

As of 30 June 2023, the Group was in breach of the Consolidated Equity to Consolidated Total Assets ratio covenant under the loan arrangement with bank B. As the Group did not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period, it reclassified the outstanding balance of the loan into short-term borrowings. There is no event of cross-default.

As of 30 June 2023, the Group exceeded the Consolidated Net Debt to Consolidated EBITDA covenant under the terms of the 2028 LPNs which lead to additional financial restrictions being placed on the Group, including its ability to attract new borrowings, except for refinancing purposes. No early repayment right is obtained by the lender.

16. TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
Amounts payable for the acquisition of property, plant and equipment	39	52
Total non-current financial liabilities	39	52
Amounts payable for the acquisition of property, plant and equipment	701	449
Rent deposits received	1,277	1,256
Trade payables	753	1,086
Total current financial liabilities	2,731	2,791
Advances received	1,181	905
Total current non-financial liabilities	1,181	905
Total	3,951	3,748

17. FAIR VALUES

According to the accounting policy the Group uses the following hierarchy to determine and disclose fair value of financial instruments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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With the exception of listed debt securities of the Group for which fair value is determined with reference to the market prices (Level 1), all other financial assets and financial liabilities classified within Level 3 category of the above hierarchy. Except as detailed in the following table management of the Group believes that the carrying value of financial instruments approximates their fair value.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

Fair value of financial assets and liabilities

	30 June 2023		31 December 2022	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets				
Other financial assets	411	581	1,101	1,231
Financial liabilities				
Debt securities and loans (Note 15)	63,044	69,846	66,251	67,479

18. TRANSACTIONS WITH RELATED PARTIES

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following tables provide the total amount of transactions, which have been entered into with related parties during the six-month periods ended 30 June 2023 and 2022 as well as closing balances as of 30 June 2023 and 31 December 2022.

Controlling shareholder of the Company

Outstanding balances of dividends payable as at 30 June 2023 and 31 December 2022 are presented in the interim condensed consolidated statement of financial position as a separate line-item and disclosed in note 14. In addition to that information in regard of dividends actually paid during the six month period ended 30 June 2023 and 2022 was presented in the Note 14 too.

Related party transactions

During the year, group entities entered into the following transactions with related parties who are not members of the Group:

	Sales of goods		Purchase of goods	
	2023	2022	2023	2022
Other related parties	134	66	57	94
Joint venture	680	91	-	-
Total	814	157	57	94

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The following amounts were outstanding at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	2023	2022	2023	2022
Other related parties	2,593	1,969	14	207
Joint venture	654	455	1	0
Total	3,247	2,424	15	207

Expected credit losses were recognized for trade and other receivables in amount of RUB nil as of 30 June 2023 and 31 December 2022 respectively.

Loans to related parties

	2023	2022
Loans to other related parties	581	1,223
Total	581	1,223

Compensation of key management personnel

Key management comprised six persons of 30 June 2023 and 31 December 2022. Total gross compensation to those individuals was comprised of short-term employee benefits included in payroll and related charges in the consolidated profit or loss amounted to RUB 81 million (including social insurance tax of RUB 12 million) and RUB 56 million (including social insurance tax of RUB 9 million) for the six-month periods ended 30 June 2023 and 30 June 2022, respectively. The outstanding balances due to key management personnel amounted to RUB 23 million and RUB 10 million as of 30 June 2023 and 31 December 2022, respectively, and comprised accrued salaries, bonuses, accrual for unused vacation and other monetary benefits.

19. COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Capital commitments

The Group's contracted capital commitments related to construction of passenger and cargo terminals and modernization of existing assets as of 30 June 2023 and 31 December 2022 consisted of the following:

	30 June 2023	31 December 2022
Reconstruction and expansion of passenger terminal	1,819	2,029
Reconstruction of office buildings	133	115
Reconstruction of fuel storage facilities	87	101
Construction of a canine center	69	69
Construction of transport maintenance building	-	125
Other	192	150
Total capital commitments	2,300	2,589

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Operating environment of the Group

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by geopolitical factors, political environment in the country, the fiscal and monetary policies adopted by the government, together with developments in the legal and regulatory environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

Starting from 2014, sanctions have been imposed in several packages by the US, UK, EU and other countries on certain Russian officials, businessmen and companies. On 24 February 2022, a decision to carry out a special military operation in Ukraine was announced. In response to these events, the US, UK, EU and other countries have significantly extended sanctions on the Russian Federation, public authorities, officials, businessmen and companies. This resulted in reduced access of the Russian businesses to international capital, import and export markets, decline in capitals markets, drop in GDP and other negative economic consequences. On 21 September 2022, the President of Russia signed the executive order on partial military mobilization of citizens. There is a risk of future extensions of sanctions.

These restrictions may have a negative impact on the ability of the Group's most significant customers to meet its obligations, operate aircraft and carry out maintenance. The international flights of Russian airlines to EU, US and other countries, which imposed sanctions, were mostly canceled, flights to a number of airports in the South of Russia were also suspended. While airlines operating out of the airport diversified their route networks in favor of alternative destinations resulting in increased passenger flow during the interim period the impact of these circumstances on future operations and financial position of the Group is difficult to estimate.

Taxation

Russian legislation on taxation for business purposes continues to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation was amended starting from 1 January 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses may have more than one interpretation, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

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Starting 2015, the Russian “de-offshorization law” came into force introducing several new rules and concepts and amending others, which may have an impact on the Group’s tax obligations, including taxation of profit of controlled foreign companies, the concept of beneficial ownership and the broader rules for determining the tax residency of legal entities.

According to these changes, the undistributed profits of the Group foreign subsidiaries, considered as controlled foreign companies, may result in an increase of the tax base of the controlling entities, and the benefits of enjoying reduced tax rates to the income paid to foreign entities under double tax treaties (“DTTs”) may come under additional scrutiny.

Current withholding tax and DTTs administration practice in Russia require foreign tax residents to demonstrate and substantiate with documents their beneficial ownership rights to the Russian-sourced income received in order to obtain a tax exemption or apply a reduced withholding tax rate under an applicable double tax treaty. The criteria to establish beneficial ownership rights are evolving with the development of court practice in Russia. Although the practice is still in its early stage of development, it is clear that in many cases foreign tax residents receiving income from Russian sources are disallowed DTTs benefits due to inability to confirm their beneficial ownership rights to the income received. The Group relies on the application of DTTs in its cross-border activities and treats its foreign tax resident companies as beneficial owners of the income received. As determination of the beneficial owner requires significant judgement and is frequently challenged by the tax authorities, the Group faces a risk of not being qualified to apply the DTTs. If crystalized, this risk would result in significantly increased withholding tax liabilities in Russia.

Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. Where uncertainty exists, the Group has accrued tax liabilities as management’s best estimate of the probable outflow of resources which will be required to settle such liabilities. However, the relevant authorities may have differing interpretations, and the effects on the interim condensed consolidated financial information could be significant. Management’s estimate of the possible exposure in relation the imposition of additional income tax and other taxes (e.g. VAT), including penalties and other charges, that is more than remote, but for which no liability is required to be recognized under IFRS is not disclosed as in the management’s view such disclosure may prejudice the Group’s position in any possible future dispute with the tax authorities.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is continually evolving. The Group periodically evaluates its obligations under environmental regulations. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that the Group has met the government’s federal and regional requirements concerning environmental matters. Therefore, there are no significant liabilities for environmental damage or remediation.

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Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed by the treasury function. Management controls current liquidity based on expected cash flows and revenue receipts through establishing and maintaining a cash fund sufficient to cover its contractual obligations for the period of three to six upcoming months. Such funds are normally kept as highly liquid short-term bank deposits or on current bank accounts, and are available on demand. In addition, the Group's policy is to continually maintain a diversified portfolio of open credit lines with reputable banks, which serve to secure for the Group a stable ad hoc borrowing capability.

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
30 June 2023							
Non-interest bearing liabilities		1,364	154	1,370	31	8	2,927
Debt securities and loans	5.52%-13.41%	-	1,225	8,633	80,033	-	89,891
Lease liability	9.9%-14.7%	7	14	68	26	67	182
Total		1,371	1,393	10,071	80,090	75	93,000
31 December 2022							
Non-interest bearing liabilities	-	1,523	165	1,280	44	8	3,020
Debt securities and loans	4.11%-13.41%	-	14,664	12,103	26,182	29,629	82,578
Lease liability	9.9%-14.70%	27	12	78	71	68	256
Total		1,550	14,841	13,461	26,297	29,705	85,854

The following tables detail the Group's expected maturity for its financial assets, except for cash and cash equivalents. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
30 June 2023							
Accounts receivable		1,865	78	3,252	-	-	5,195
Other financial assets	5%-11%	25	-	-	595	-	620
Finance lease receivable	45%	19	37	169	375	-	600
Total		1,909	115	3,421	970	-	6,415
31 December 2022							
Accounts receivable		1,611	175	2,443	-	-	4,229
Other financial assets	1.5%-11%	25	-	768	485	-	1,278
Finance lease receivable	45%	17	34	152	440	-	643
Total		1,653	209	3,363	925	-	6,150

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Currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group has revenue and purchases third-party services, which are denominated in foreign currencies. Certain receivable and payable balances, related primarily to settlements with customers and suppliers and most of loans and borrowings of the Group are denominated in currencies other than the Russian Ruble, the functional currency of the Company and most of the subsidiaries of the Group.

Currency risk is regularly assessed and managed by Corporate Treasury department. The Group's foreign currency position for net current assets is evaluated daily. The consolidated foreign currency position of all of the Group's assets and liabilities is assessed quarterly.

The Group mitigates potential negative impact of exchange rate movements primarily through aiming to maintain a balanced structure of foreign currency assets and liabilities. Available cash and cash equivalents are the key instrument used by management to correct an imbalanced foreign currency position. Management also continually monitors market trends in order to appropriately adjust the Group's contractual payment terms to take advantage of favorable changes in exchange rates.

For the six-month period ended 30 June 2023 the Russian Ruble depreciated against the US Dollar by 24%, EURO by 26%, respectively (appreciated against the US Dollar by 5%, EURO by 10% for the year ended 31 December 2022). The Group does not have or use any arrangements (i.e. derivatives) to manage foreign currency risk exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of the reporting date are as follows:

	Denominated in USD		Denominated in EUR	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Assets				
Cash and cash equivalents	1,996	3,086	2,275	9
Trade and other receivables	726	717	504	55
Other financial assets	546	433	-	765
Finance lease receivable	-	-	347	341
Other non-current assets	-	1	-	1,772
Total assets	3,268	4,237	3,126	2,942
Liabilities				
Debt securities and loans	37,330	43,434	1,143	1,203
Trade and other payables	1,221	1,176	166	36
Total liabilities	38,551	44,610	1,309	1,239

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) *(Amounts in millions of Russian Rubles, unless otherwise stated below)*

The table below details the Group's sensitivity to weakening of the Russian Ruble against the respective foreign currencies by 10%, all other variables being held constant. The analysis was applied to monetary items at the reporting dates denominated in respective currencies.

	USD – impact		EUR – impact	
	6m 2023	2022	6m 2023	2022
Loss/ (gain)	3,528	4,037	(182)	(170)

The strengthening of the Russian Ruble in relation to the same currencies by the same percentage will produce an equal and opposite effect on the interim condensed consolidated financial information of the Group to that shown above.

Legal proceedings

During the six-month period ended 30 June 2023, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which management believes could have a material effect on the result of operations or financial position of the Group, other than those for which provision has been made in these interim condensed consolidated financial information.

20. SUBSEQUENT EVENTS

During July-August 2023, EUR 4.5 million (RUB 458 million at the Central Bank of Russia exchange rate as at the declaration date) were declared out of which EUR 3.3 million (RUB 394 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group and EUR 1 million (total of RUB 95 million at the Central Bank of Russia exchange rate as at the payment date) of dividends declared prior to 1 January 2023 and presented in this interim condensed consolidated financial information as dividends payable were paid to the shareholders of the Group.