

# **DME LIMITED and subsidiaries**

Consolidated Financial Statements  
For the Year Ended 31 December 2022  
And Independent Auditor's Report

# DME LIMITED AND SUBSIDIARIES

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## DME LIMITED AND SUBSIDIARIES

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Management is responsible for the preparation of consolidated financial statements that present fairly the financial position of DME Limited and its subsidiaries (the "Group") as at 31 December 2022 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

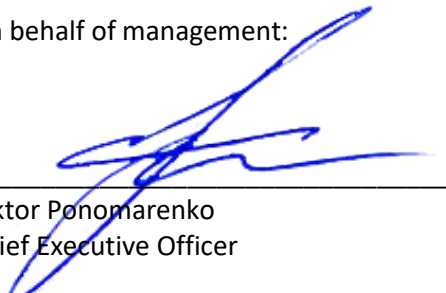
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- 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 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 consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- 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 consolidated financial statements of the Group for the year ended 31 December 2022 were approved by management on 28 April 2023.

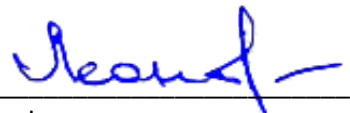
On behalf of management:



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Viktor Ponomarenko  
Chief Executive Officer

28 April 2023



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Elena Leonova  
Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of DME Limited:

### Opinion

We have audited the consolidated financial statements of DME Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 26 of the consolidated financial statements, 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 Note 26 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined a matter described below to be the key audit matter to be communicated in our report.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<b>Revenue recognition</b>  The most significant revenue streams of the Group relate to aviation services and auxiliary aviation services rendered to airlines.  The Group uses self-developed billing system for pricing its services and issuing invoices to customers. We consider this area to be a key audit matter because, due to the variety of services included in revenue streams and tariffs applied by the Group, any changes of contract terms with customers could have material effect on the consolidated financial statements.  Refer to Note 6 to the consolidated financial statements.	Our principal audit procedures included: <ul style="list-style-type: none"><li>• Understanding of all significant revenue streams, analysis of revenue trends, changes in tariffs and other key revenue drivers by comparing current revenue data with prior years, revenue performance subsequent to the reporting date;</li><li>• Understanding the Group's key controls in respect of revenue recognition;</li><li>• Understanding the Group's IT environment and billing system;</li><li>• Analyzing key terms of agreements with customers and assessing adequacy of the Group's revenue recognition policy;</li><li>• Assessing completeness of revenue by performing a reconciliation of a flights registration system to the billing system and the billing system to the general ledger;</li><li>• Reconciliation of records with confirmation letters from customers on a sample basis; and</li><li>• Confirming that disclosure of revenue recognition policies and other revenue related disclosures are adequate and comply with IFRSs.</li></ul>

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Alexander Dorofeyev  
Engagement partner


28 April 2023

## DME LIMITED AND SUBSIDIARIES

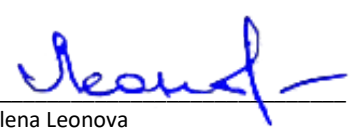
### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts in millions of Russian Rubles)

	Notes	2022	2021
Revenue	6	32,919	32,518
Operating expenses	7	(26,331)	(24,431)
Share in net profit of joint venture	25	212	-
<b>Operating profit</b>		<b>6,800</b>	<b>8,087</b>
Finance cost	8	(3,163)	(4,418)
Interest income		196	243
Foreign exchange gain/(loss), net		1,915	(322)
<b>Profit before income tax</b>		<b>5,748</b>	<b>3,590</b>
Income tax	9	331	(377)
<b>Profit and comprehensive income for the year</b>		<b>6,079</b>	<b>3,213</b>
Profit and comprehensive income for the year attributable to:			
Owners of the Company		6,048	3,201
Non-controlling interests		31	12
		<b>6,079</b>	<b>3,213</b>

On behalf of management:

  
Viktor Ponomarenko  
Chief Executive Officer

28 April 2023

  
Elena Leonova  
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.



# DME LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(Amounts in millions of Russian Rubles)

	Notes	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	99,049	100,520
Advances for acquisition of non-current assets	10	1,373	1,119
Investment property	11	618	652
Right-of-use assets		204	219
Intangible assets	12	1,083	1,313
Deferred tax asset	9	2,551	2,599
Other financial instruments		442	426
Investment in joint venture	25	212	-
Finance lease receivable		179	248
Trade and other receivables	16	9	1,377
Other non-current assets	13	1,798	2,058
<b>Total non-current assets</b>		<b>107,518</b>	<b>110,531</b>
<b>Current assets</b>			
Inventory	15	2,467	2,170
Trade and other receivables	16	4,229	2,298
Prepayments and other current assets	17	2,937	2,244
Prepaid current income tax		127	261
Finance lease receivable		161	182
Other financial instruments		789	32
Cash and cash equivalents	18	9,903	5,521
<b>Total current assets</b>		<b>20,613</b>	<b>12,708</b>
<b>TOTAL ASSETS</b>		<b>128,131</b>	<b>123,239</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital</b>			
Share capital	19	11,877	11,877
Retained earnings	19	29,663	28,098
Equity attributable to the owners of the Company		41,540	39,975
Non-controlling interests		(95)	(126)
<b>Total equity</b>		<b>41,445</b>	<b>39,849</b>
<b>Non-current liabilities</b>			
Deferred tax liability	9	6,116	6,200
Lease liability		85	73
Debt securities and loans	20	42,516	49,562
Trade and other payables	21	52	119
<b>Total non-current liabilities</b>		<b>48,769</b>	<b>55,954</b>
<b>Current liabilities</b>			
Trade and other payables	21	3,696	4,440
Current income tax payable		288	1,161
Taxes other than income tax payable	22	4,488	2,729
Dividends payable	19	2,790	280
Lease liability		94	215
Accrued expenses and other current liabilities	23	1,598	1,581
Debt securities and loans	20	24,963	17,030
<b>Total current liabilities</b>		<b>37,917</b>	<b>27,436</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>128,131</b>	<b>123,239</b>

On behalf of management:

Viktor Ponomarenko  
Chief Executive Officer

28 April 2023

Elena Leonova  
Chief Financial Officer


The accompanying notes form an integral part of these consolidated financial statements.

# DME LIMITED AND SUBSIDIARIES

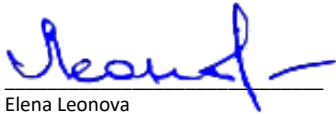
## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts in millions of Russian Rubles)

	2022	2021
<b>Cash flows from operating activities:</b>		
Profit before income tax	5,748	3,590
Adjustments for:		
Depreciation and amortization	4,793	4,974
Change in allowance for impairment of accounts receivable and advances to suppliers	(341)	(29)
Change in obsolete inventory provision	8	67
Interest income	(196)	(243)
Finance cost	3,163	4,418
Foreign exchange (gain)/loss, net	(1,915)	322
Income obtained under government sponsored COVID-19 program	-	(569)
Share of profit of joint venture	(212)	-
Other non-cash items	(73)	255
Net cash from operating activities before working capital changes	10,975	12,785
(Increase) in inventory	(185)	(372)
(Increase) in trade and other receivables	(320)	(656)
(Increase)/decrease in prepayments and other current assets	(671)	21
Increase in trade and other payables	24	335
Decrease in provisions	-	(55)
Increase in taxes other than income tax payable	1,761	177
Increase in accrued expenses and other current liabilities	8	281
Net cash from operating activities before income tax	11,592	12,516
Income tax paid	(445)	(980)
Net cash provided by operating activities	11,147	11,536
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(3,188)	(3,331)
Purchases of intangible assets	(401)	(470)
Proceeds from disposal of property, plant and equipment	110	33
Other financial instruments issued	(877)	-
Cash received on expiry of bank deposits	-	26
Interest received	194	254
Net cash used in investing activities	(4,162)	(3,488)
<b>Cash flows from financing activities:</b>		
Proceeds from debt securities and loans	22,818	35,586
Repayments of debt securities and loans	(18,700)	(37,540)
Transaction costs related to loans and borrowings	(34)	-
Repayments of lease liabilities	(171)	(133)
Premium for early redemption paid	-	(717)
Interest paid	(3,824)	(3,579)
Dividends paid (Note 19)	(2,821)	(3,314)
Contribution from shareholders	200	-
Net cash used in financing activities	(2,532)	(9,697)
Net increase/(decrease) in cash and cash equivalents	4,453	(1,649)
Cash and cash equivalents at the beginning of the year	5,521	7,658
Foreign exchange loss on cash and cash equivalents	(71)	(488)
Cash and cash equivalents at the end of the year (Note 18)	9,903	5,521

On behalf of management:

  
Viktor Ponomarenko  
Chief Executive Officer

28 April 2023

  
Elena Leonova  
Chief Financial Officer


The accompanying notes form an integral part of these consolidated financial statements.

## DME LIMITED AND SUBSIDIARIES

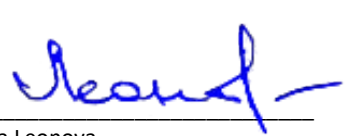
### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts in millions of Russian Rubles)

	Share capital	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total
<b>Balance as at 1 January 2021</b>	<b>11,877</b>	<b>25,895</b>	<b>37,772</b>	<b>(138)</b>	<b>37,634</b>
Total comprehensive (loss)/income for the year	-	3,201	3,201	12	3,213
Dividends (Note 19)	-	(998)	(998)	-	(998)
<b>Balance as at 31 December 2021</b>	<b>11,877</b>	<b>28,098</b>	<b>39,975</b>	<b>(126)</b>	<b>39,849</b>
<b>Balance as at 1 January 2022</b>	<b>11,877</b>	<b>28,098</b>	<b>39,975</b>	<b>(126)</b>	<b>39,849</b>
Total comprehensive income for the year	-	6,048	6,048	31	6,079
Contribution from shareholders	-	200	200	-	200
Dividends (Note 19)	-	(4,683)	(4,683)	-	(4,683)
<b>Balance as at 31 December 2022</b>	<b>11,877</b>	<b>29,663</b>	<b>41,540</b>	<b>(95)</b>	<b>41,445</b>

On behalf of management:

  
Viktor Ponomarenko  
Chief Executive Officer

28 April 2023

  
Elena Leonova  
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Amounts in millions of Russian Rubles)

#### 1. NATURE OF THE BUSINESS

DME Limited (previously FML Limited, hereinafter the “Company”), is a limited liability company 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 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 comprising leasing of retail space, leasing of other commercial properties and fueling 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 Company’s ownership interest in the most significant controlled subsidiaries is as follows:

Company name	Place of incorporation	Principal activity	Percentage held as of	
			31 December 2022	31 December 2021
Domodedovo Passenger Terminal	Russia	Passenger terminal complex	100%	100%
Domodedovo Cargo	Russia	Cargo terminal complex	100%	100%
Domodedovo Catering Service	Russia	In-flight catering facility	100%	100%
Domodedovo Asset Management	Russia	Rent and parking operator	100%	100%
Domodedovo Fuel Services	Russia	Fuel storage and supply facility	100%	100%
Domodedovo Security	Russia	Aviation security	100%	100%
Domodedovo Commercial Services	Russia	General agent for Group companies	100%	100%
Domodedovo Airfield	Russia	Take-off and landing services	100%	100%
Domodedovo Construction Management	Russia	Capital development	100%	100%
Domodedovo Airport Handling	Russia	Ground handling	100%	100%
Domodedovo Information Technologies Services	Russia	IT services	100%	100%
Domodedovo Fuel Facilities	Russia	Jet fuel sales and supply facility	100%	100%
Hacienda Investments Limited	Cyprus	Group property management	100%	100%
Verulia Investments Limited	Cyprus	Investing and financing activities	100%	100%
Airport Management Company Limited	Isle of Man	Group management company	100%	100%
Domodedovo Training	Russia	Staff professional trainings and development	100%	100%
Domodedovo Non-aviation Sales	Russia	Rent and advertising services	100%	100%
DME Airport Designated Activity Company	Ireland	Investing and financing activities	-	-

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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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.

DME Stichting Administratiekantoor (“DME Administrative Foundation”), a foundation organized and existing under the laws of the Netherlands, together with Atlant Foundation, a private foundation established and governed under the laws of Malta, collectively own 100% of the issued share capital of DME Limited. The ultimate controlling party of the Group is Mr. Dmitry Kamenshchik.

The consolidated financial statements of the Group for the year ended 31 December 2022 were authorized for issue by management on 28 April 2023.

## 2. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

**Statement of compliance** – These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

**Basis of preparation** – These consolidated financial statements are prepared on the basis of standalone financial statements of the Company and its subsidiaries. The entities of the Group maintain their accounting records in accordance with laws, accounting and reporting regulations of the jurisdictions in which they are incorporated and registered. The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in that they reflect certain adjustments, not recorded in the statutory books, which are appropriate to present the financial position, results of operations and cash flows of the Group in accordance with IFRS.

These consolidated financial statements are presented in millions of Russian Rubles (hereinafter “RUB million”), unless otherwise indicated.

The consolidated financial statements have been prepared using the historical cost convention, except for financial instruments recognized at fair value and certain items of property, plant and equipment which were stated at deemed cost as at 1 January 2008 as part of the Group’s adoption of IFRS. The deemed cost was equal to fair value as determined by an independent appraiser.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in International Accounting Standard (“IAS”) 2 “Inventories” or value in use in IAS 36 “Impairment of assets”.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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**Going concern** – These consolidated financial statements have been 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 31 December 2022, the Group's current liabilities exceeded its current assets by RUB 17,304 million largely because of 2023 LPNs and Loan from commercial bank A (Note 20) falling due within 12 months from the reporting date.

Management concluded that owing to difficult operating environment following the events described in Notes 26, 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 refinancing the Group's debt and engaging in negotiations with banks;
- 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 these consolidated financial statements 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

#### **Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared through 31 December of each year.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is obtained until the date that control ceased. Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in full in preparing the consolidated financial statements.

Non-controlling interest in consolidated subsidiaries represents the equity in a subsidiary not attributable, directly or indirectly, to a parent and is identified separately from the Group's equity therein. Total comprehensive income / (loss) is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests.

**Functional and presentation currency** – The primary economic environment of the Group is the Russian Federation. Therefore, the Russian Ruble ("RUB") is the functional currency of the Company and all subsidiaries of the Group as well as the Group's presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the reporting date exchange rate.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Russian Ruble at foreign exchange rates ruling at the dates the fair value was determined. Exchange differences arising from such retranslation are included in the consolidated statement of profit or loss and other comprehensive income.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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Below are exchange rates as at year end which were used by the Group for the purpose of these consolidated financial statements:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Russian Ruble/USD	70.3375	74.2926
Russian Ruble/EUR	75.6553	84.0695

#### **Revenue recognition**

The Group's revenue consists from the following major segments: aviation services, auxiliary aviation services and commercial services. The Group recognizes revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In general, control is transferred to the contractual counterparty and subsequently the Group's performance obligations are met at the point in time of receipt of the services by the counterparty. The Group provides most services within one working day. Revenue is measured at the amount of transaction price received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes, estimated rebates and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

#### ***Airport and other related charges***

Revenue from airport and other related charges mainly includes fees collected for aircraft take-off and landing, runway lighting, aircraft parking, and passenger-related charges for the use of terminal. The Group typically satisfies its performance obligation as the service is provided. Revenue from airport and other related charges is recognized at the point in time at which the right to consideration becomes unconditional.

#### ***Rental income***

Rental income is generated principally from leasing trading space and office facilities located inside the airport terminal and adjacent buildings. Rental revenue is recognized on a straight-line basis during the term of rent agreements.

In accordance with the rent agreements, which are classified as operating lease, rental revenue can be calculated based on the fixed monthly rental rates or the passenger traffic volume for the period.

#### ***Ground handling***

Ground handling includes a wide range of services related to aircraft maintenance before take-off and after landing, including pre-flight aircraft preparation, towing, and cleaning, required technical maintenance before and after flights, luggage handling, passenger check-in, boarding and transportation to and from aircraft. The Group typically satisfies its performance obligation as the service is provided, therefore revenue from ground handling services is recognized at the point in time at which the right to consideration becomes unconditional.



## **DME LIMITED AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)**

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#### ***Jet fueling and storage services***

Jet fueling and storage services include revenue from into-plane fueling services and revenue from the storage of third-parties' jet fuel. The Group typically satisfies its performance obligation as the service is provided. Revenue from these services is recognized at the point in time at which the right to consideration becomes unconditional. Storage charge rates are regulated for foreign airline customers and periodically reviewed by the Federal Antimonopoly Service of the Russian Federation.

#### ***Aviation security***

Aviation security services include services such as the inspection/screening of passengers, crews, baggage, cargo and in-flight supplies, aircraft security (including guarding the aircraft at the airport), pre-flight inspection and access control and security of areas with restricted access. The Group typically satisfies its performance obligation as the service is provided. Revenue from aviation security services is recognized at the point in time at which the right to consideration becomes unconditional.

#### ***Parking fees and other revenue***

Parking fees consist of fees collected at the passenger terminal's car park. The Group considers the performance obligation is satisfied by the provision of the car parking space for each day the car is parked, therefore the revenue from such services is recognized for each day the car is parked. Other revenue consists of various other aviation and auxiliary services and is recognized at the point in time at which the right to consideration becomes unconditional.

#### ***Jet fuel sales***

Jet fuel sales comprise the sales of jet petroleum, lubricants and other specialized liquids. The Group considers the performance obligation is satisfied when control of the goods or services underlying the particular performance obligation is transferred to the customer, therefore revenue from the sale is recognized at the point in time at which the right to consideration becomes unconditional.

#### ***Catering***

Catering includes sales of pre-packaged in-flight meals. The Group considers the performance obligation is satisfied when control of the goods or services underlying the particular performance obligation is transferred to the customer, therefore revenue from catering is recognized when the meal packages are delivered to the aircraft, at which point the risks and rewards of ownership are transferred to the customers.

#### ***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**  
*(Amounts in millions of Russian Rubles)*

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**Leases**

***The Group as a lessee***

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use assets and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within operating expenses in the consolidated statement of profit and loss.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included as 'rent' in the statement of profit or loss and other comprehensive income (Note 7).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented separately in the consolidated statement of financial position and split into short-term and long-term portions accordingly.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

#### ***The Group as a lessor***

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, and amortized over the useful life of the asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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#### Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred income tax are recognized in the consolidated profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. Provisions in respect of uncertain tax positions which relate to income tax are included in current income tax at an amount expected to be payable including penalties, if any.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts of tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

At the end of each reporting period, an entity reassesses unrecognized deferred tax assets. The entity recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are not discounted.

#### Employee benefits

Remuneration to employees in respect of services rendered during the reporting period is recognized as an expense in that reporting period.

The Group contributes to the Pension Fund of the Russian Federation, a defined contribution plan. The Group's only obligation is to pay contributions to the Fund as they fall due. As such, the Group has no legal obligation to pay and does not guarantee any future benefits to its Russian employees. The Group's contributions to the Russian Federation State Pension Fund are recorded as an expense over the reporting period based on the related employee service rendered. In 2022 and 2021 contributions for each employee vary from 10% to 22%, depending on the annual gross remuneration of each employee.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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#### **Property, plant and equipment**

At the date of transition to IFRS (1 January 2008) the Group's property, plant and equipment were recognized in the consolidated financial statements at deemed cost.

Property, plant and equipment acquired by the Group subsequent to the date of transition to IFRS are recorded at purchase or construction cost, less accumulated depreciation and accumulated impairment, if any. The costs of day to day servicing of property, plant and equipment, including repairs and maintenance expenditure, are expensed as incurred. Major renewals and improvements are capitalized.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

#### ***Assets under construction***

Assets under construction ("Construction In-Progress" or "CIP") are carried at cost, less any recognized impairment loss. Cost includes capital expenditures directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads including capitalized borrowing costs on qualifying assets. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

Advance payments for assets under construction are shown separately in the consolidated statement of financial position and presented as non-current assets.

#### ***Investment property***

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost. Subsequent measurement is at cost less accumulated depreciation and impairment losses (if any) under IAS 36 "Impairment of assets". Investment properties are amortized using straight-line method over their useful lives which are from 35 to 50 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss in the period in which the property is derecognized.

#### ***Subsequent costs***

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The assets being replaced are written off immediately. All other costs are recognized in the consolidated profit or loss as an expense as incurred.

#### ***Depreciation***

Depreciation is recognized in consolidated profit or loss so as to write off the cost of assets (other than land and CIP) less their estimated residual values over their economic useful lives, using the straight-line method. Owned land plots are not depreciated.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

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The estimated useful economic lives for property, plant and equipment are as follows:

	<u>Number of years</u>
Buildings	10-50
Plant and equipment	5-20
Other	2-20

The assets' useful lives and methods are reviewed and adjusted as appropriate at each financial year-end.

#### ***Gain or loss on disposal***

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

#### **Intangible assets acquired separately**

Intangible assets that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives:

	<u>Number of years</u>
Software	3-5
Licenses and other	1-10

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### **Internally-generated intangible assets – research and development expenditure**

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**  
*(Amounts in millions of Russian Rubles)*

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The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

**Impairment of non-current assets**

The Group assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated profit or loss.

**Financial instruments**

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets**

Financial assets are classified into the following categories: cash and cash equivalents, bank deposits, restricted cash, loans and receivables, finance lease receivables and other financial assets. All financial assets are measured subsequently at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). As of the reporting date the Group had financial assets measured at amortized cost only.

***Amortized cost and effective interest method***

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

***Impairment of financial assets***

From 1 January 2020, the Group recognizes a loss allowance for expected credit losses ("ECL") on cash and cash equivalents, trade and other receivables, restricted cash and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assess expected credit loss of trade and other receivables on a collective basis where they possess shared credit risk characteristics and therefore group them based on the sector industry global default rates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group assess expected credit loss of cash and cash equivalents based on the available credit ratings of financial institutions it uses for banking.

For all other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.



## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

#### ***Credit-impaired financial assets***

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower or debtor will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

If, in a subsequent period, the amount of the impairment loss for assets carried at amortized cost decreased and the decrease was related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss was reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment was reversed did not exceed what the amortized cost would have been had the impairment not been recognized.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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#### ***Derecognition of financial assets***

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, balances with banks, short-term interest-bearing deposits and short-term bank overdrafts with original maturities of not more than three months.

#### ***Restricted cash***

Cash and cash equivalents that can only be used for a specific purpose or where access is restricted.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets were carried at amortized cost using the effective interest rate method. Gains and losses were recognized in the consolidated profit or loss when the loans and receivables were derecognized or impaired, as well as through the amortization process. Interest income was recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

#### ***Financial liabilities***

Financial liabilities are classified into the following categories: accounts payable and other financial liabilities. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

As of the reporting date the Group had financial liabilities measured at amortized cost only.

#### ***Accounts payable and other financial liabilities***

Accounts payable and other financial liabilities are initially recognized at cost, which is the fair value of the consideration received, taking into account transaction costs. After initial recognition, financial liabilities are carried at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis. As normally the expected term of accounts payable is short, the value is stated at the nominal amount without discounting, which corresponds with fair value.

#### ***Financial liabilities measured subsequently at amortized cost***

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method (see above).

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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#### ***Derecognition of financial liabilities***

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

#### ***Offsetting***

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

#### **Inventory**

Inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventory is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

#### **Value added tax**

Output value added tax ("VAT") related to revenue is payable to tax authorities upon delivery of the goods or services to customers, as well as upon collection of prepayments from customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Input VAT on capital expenditures can be reclaimed on receipt of VAT invoices for the particular stage of work performed or, if the construction project cannot be broken down into stages, on receipt of VAT invoices upon completion of the contracted work. The tax authorities permit the settlement of VAT on a net basis (except for input VAT related to export services provided which is reclaimable upon confirmation of export). VAT related to sales and purchases is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT deferred liability is maintained until the debtor is written off for tax purposes.

#### **Provisions**

Provisions are recognized when, and only when, the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is significant, the amount of a provision is the present value of the cash flows required to settle the obligation.

## **DME LIMITED AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)** *(Amounts in millions of Russian Rubles)*

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#### **Share capital**

Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

#### **Dividends**

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date by the shareholders at a general meeting. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

#### **Contractual commitments**

Contractual commitments comprise legally binding trading or purchase agreements with stated amount, price and date or dates in the future. The Group discloses significant contractual commitments in the notes to the consolidated financial statements.

#### **Contingencies**

Contingent liabilities are not recognized in the consolidated financial statements unless they arise as a result of a business combination. Contingences attributed to specific events are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

#### **Government grants**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants received to compensate certain expenses presented on the net basis within operating expenses in consolidated statement of profit or loss and other comprehensive income. The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

#### **Investments in joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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Under the equity method, an investment in a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Group's net investment in a joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

#### **Reclassification**

Certain reclassifications have been made in respect of comparative information to conform to current year presentation of amounts in these consolidated financial statements. The reclassification has no impact on net profit, equity or cash flows as previously reported.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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#### 4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

##### IFRS and IFRIC interpretations adopted in the current year

In the current year, the Group has adopted all new and revised standards and interpretations issued by the IASB and the IFRIC of the IASB that are mandatory for adoption in the annual periods beginning on or after 1 January 2022 as described below.

##### Standards and Interpretations

- Amendments to IFRS 3 *Reference to the Conceptual Framework*;
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*;
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

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

##### New and revised IFRS in issue but not yet effective

At the date of authorization of these consolidated financial statements, the following standards have been published, but which are not yet mandatory for adoption and which the Group has not early adopted:

Standards and Interpretations	Effective for annual periods beginning on or after
IFRS 17 – “Insurance Contracts”	1 January 2023
Amendments to IFRS 17 – “Insurance contracts”	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 IFRS 10 and IAS 28 – “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	1 January 2023
Amendments to IAS 1 – “Classification of Liabilities as Current or Non-current”	1 January 2024
Amendments to IAS 1 – “Non-current Liabilities with Covenants”	1 January 2024
Amendments to IFRS 16 – “Lease Liability in a Sale and Leaseback”	1 January 2024

The management does not expect that the adoption of the standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**  
*(Amounts in millions of Russian Rubles)*

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**5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

**Impairment of financial assets** – Management assess expected credit loss on cash and cash equivalents, bank deposits, loans and receivables, finance lease receivables and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The management makes use of a simplified approach in accounting for impairment of trade and other receivables and recognizes the loss allowance for lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating this amount, the Group uses its historical experience, external indicators, customer creditworthiness and changes in customer payment patterns and other forward-looking information to calculate the expected credit losses. As of 31 December 2022 and 2021 the total accumulated expected credit loss of receivables was recognized in the amount of RUB 1,737 million and RUB 2,098 million, respectively (Note 16). A significant portion of the expected credit loss for trade receivables as of 31 December 2022 and 2021 relates to two airlines that ceased their operations (Note 27).

Expected credit losses associated with restricted cash held with a Cyprus branch of Federal Bank of the Middle East Ltd. are disclosed in Note 13.

If the financial condition of the Group's customers and other debtors were to deteriorate, actual write-offs might be higher than expected.

**Depreciable lives of property, plant and equipment** – The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. The key judgements inherent to the assessment of the remaining useful lives of the property, plant and equipment are comprised of the following:

- The expected usage of the asset whereby the usage is assessed by considering the expected capacity or output of the asset.
- The expected physical wear and tear, which will depend on the usage of the asset and the repair and maintenance programs in place for the asset.
- The technical or commercial obsolescence arising from changes or improvements or a change in the market demand for the output of the asset.
- Legal or similar restrictions on the use of the asset.

If expectations differ from the previous estimates, the changes are recognized in the current reporting period as a change in an accounting estimate in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" and could have a significant impact on the carrying values of property, plant and equipment and the related depreciation charges.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**  
*(Amounts in millions of Russian Rubles)*

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**Impairment of property, plant and equipment and other non-current assets** – The Group reviews the carrying amount of property, plant and equipment and other non-current assets when events or circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group determines the recoverable amount as the higher of fair value less costs to sell and value-in-use. If the carrying amount is not recoverable, the Group records an impairment charge for the excess of the carrying amount over the recoverable amount of the asset (cash-generating unit). The Group determines value-in-use by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment.

**Recoverability of deferred tax assets** – The Group completes a detailed analysis of its deferred income tax valuation allowances on an annual basis or more frequently if information comes to its attention that would indicate that a revision to its estimates is necessary. In evaluating the Group's ability to realize its deferred tax assets, management considers all available positive and negative evidence on an entity by entity basis, including past operating results and forecasts of future taxable income. In determining future taxable income, management makes assumptions to forecast operating income in each of the Group's entities, the reversal of temporary differences, and the implementation of any feasible and prudent tax planning strategies. These assumptions require significant judgment regarding the forecasts of the future taxable income in each entity and are consistent with the forecasts used to manage the Group's business.

As at 31 December 2022 the carrying value of deferred tax assets was RUB 2,551 million (2021: RUB 2,599 million) – Note 9.

**Taxation provisions** – In evaluating the Group's uncertain tax items, management considers all available positive and negative information, including the latest interpretation of tax legislation regarding arrangements entered into by the Group, tax courts outcomes and assessment of future legislation developing. These assumptions require significant judgment regarding the approach to the interpretation of tax legislation.

## **6. 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.

The Group's reportable segments are as follows:

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

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

**Commercial services segment** – includes retail concessions and advertising, car parking.



## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

Accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

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 year ended 31 December 2022 is presented below:

	Aviation services	Auxiliary aviation services	Commercial services	Inter-segment eliminations	Group
Ground handling	-	8,764	-	-	8,764
Airport and other related charges	6,907	-	-	-	6,907
Rental income	50	27	3,264	-	3,341
Jet fueling and storage services	-	2,560	-	-	2,560
Catering	-	2,688	-	-	2,688
Aviation security	1,967	-	-	-	1,967
Jet fuel sales	-	5,294	-	-	5,294
Parking fees	-	-	718	-	718
Other revenue	128	208	344	-	680
<b>Third-party revenue</b>	<b>9,052</b>	<b>19,541</b>	<b>4,326</b>	<b>-</b>	<b>32,919</b>
Intersegment revenue	2,819	437	1,677	(4,933)	-
<b>Total revenue</b>	<b>11,871</b>	<b>19,978</b>	<b>6,003</b>	<b>(4,933)</b>	<b>32,919</b>
<b>Operating profit</b>	<b>(591)</b>	<b>5,047</b>	<b>2,344</b>	<b>-</b>	<b>6,800</b>
<b>Other segment information</b>					
Depreciation and amortization	(2,687)	(1,352)	(754)	-	(4,793)

Below presented the reconciliation of the segments' operating profit to the Group's profit for the year:

<b>Operating profit</b>	<b>6,800</b>
Finance cost	(3,163)
Interest income	196
Foreign exchange gain, net	1,915
<b>Profit before income tax</b>	<b>5,748</b>
Income tax gain	331
<b>Profit for the year</b>	<b>6,079</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

The key financial information for the Group's segments for the year ended 31 December 2021 is presented below:

	Aviation services	Auxiliary aviation services	Commercial services	Inter-segment eliminations	Group
Ground handling	-	9,379	-	-	9,379
Airport and other related charges	7,674	-	-	-	7,674
Rental income	49	28	4,127	-	4,204
Jet fueling and storage services	-	2,724	-	-	2,724
Catering	-	2,620	-	-	2,620
Aviation security	2,197	-	-	-	2,197
Jet fuel sales	-	2,093	-	-	2,093
Parking fees	-	-	732	-	732
Other revenue	112	219	564	-	895
<b>Third-party revenue</b>	<b>10,032</b>	<b>17,063</b>	<b>5,423</b>	<b>-</b>	<b>32,518</b>
Intersegment revenue	2,714	382	1,531	(4,627)	-
<b>Total revenue</b>	<b>12,746</b>	<b>17,445</b>	<b>6,954</b>	<b>(4,627)</b>	<b>32,518</b>
<b>Operating profit</b>	<b>879</b>	<b>4,126</b>	<b>3,082</b>	<b>-</b>	<b>8,087</b>
<b>Other segment information</b>					
Depreciation and amortization	(2,736)	(1,487)	(751)	-	(4,974)

Below presented the reconciliation of the segments' operating profit to the Group's profit for the year:

<b>Operating profit</b>	<b>8,087</b>
Finance cost	(4,418)
Interest income	243
Foreign exchange loss, net	(322)
<b>Loss before income tax</b>	<b>3,590</b>
Income tax expense	(377)
<b>Loss for the year</b>	<b>3,213</b>

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

	2022		2021	
	Amount	% of total revenue	Amount	% of total revenue
<b>S7 Group</b>	<b>9,041</b>	<b>27%</b>	<b>9,850</b>	<b>30%</b>
Aviation services segment	3,057		3,484	
Auxiliary aviation services segment	5,520		5,802	
Commercial services segment	464		564	
<b>Emirates</b>	<b>3,410</b>	<b>10%</b>	<b>1,848</b>	<b>6%</b>
Aviation services segment	507		356	
Auxiliary aviation services segment	2,897		1,487	
Commercial services segment	6		5	
<b>Ural Airlines</b>	<b>3,206</b>	<b>10%</b>	<b>3,635</b>	<b>11%</b>
Aviation services segment	1,269		1,424	
Auxiliary aviation services segment	1,913		2,187	
Commercial services segment	24		24	

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

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 7. OPERATING EXPENSES

	2022	2021
Payroll and related charges:		
Wages and salaries	9,571	9,170
Social insurance taxes	2,551	2,459
Depreciation and amortization	4,793	4,974
Cost of jet fuel	4,092	1,839
Materials	2,415	2,157
Maintenance	724	1,093
Public utilities	654	537
Cleaning and waste management	471	645
Consulting, audit and other services	395	415
Rent	391	364
Transport	333	194
Taxes other than income tax	227	134
Staff development and training	78	128
Communication services expense	73	74
Certification and licensing	51	51
Change in allowance for impairment of receivables and advances to suppliers (Notes 5,10,16,17)	(341)	(29)
Advertising expenses	23	48
Charitable donations	15	85
Change in obsolete inventory provision	8	67
Government subsidy	-	(569)
Other	(193)	595
<b>Total operating expenses</b>	<b>26,331</b>	<b>24,431</b>

Other expenses include direct expenses arising from investment property in the amount of RUB 38 million and 39 million for the years ended 31 December 2022 and 2021, respectively.

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

In April 2021 the Group was released from the obligation to repay the outstanding principle amount of the debt under non-revolving credit facility agreements with bank E in accordance with the terms and conditions of government sponsored COVID-19 program. The loan was used to partially finance payroll and other operating expenses. Income from extinguishment of this debt amounting to RUB 569 million was presented as government subsidy.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 8. FINANCE COST

	2022	2021
Interest expense on the LPNs (Note 20)	2,288	2,707
Interest expense on RUB debt securities (Note 20)	1,067	1,250
Interest expense on bank loans (Note 20)	418	215
Interest expense on lease liability (Note 20)	29	39
<b>Total interest expense</b>	<b>3,802</b>	<b>4,211</b>
Early redemption charge	-	717
Loss on LPNs modification due to early redemption	-	135
Less: capitalized interest (Note 10)	(639)	(645)
<b>Total finance cost</b>	<b>3,163</b>	<b>4,418</b>

#### 9. INCOME TAX

	2022	2021
Current income tax expense	(602)	(1,046)
Release of provision for uncertain tax positions	249	281
Release of withholding tax	725	-
Adjustments recognized in the current year in relation to the current tax of prior years	(77)	21
<b>Total current income benefit/ (expense)</b>	<b>295</b>	<b>(744)</b>
Origination and reversal of temporary differences	36	367
<b>Total deferred income tax benefit</b>	<b>36</b>	<b>367</b>
<b>Total income tax benefit/ (expense)</b>	<b>331</b>	<b>(377)</b>

In 2022 the Group's subsidiaries were released from obligation to pay dividends to DME Limited, due to the expiration of the claim periods set forth in the law. As a result, the Group recognized RUB 725 million of income tax benefit.

Majority of the Group's operating activities are conducted in the Russian Federation. Therefore, the reconciliation of the Group's profit before income tax to income tax charge is presented using the statutory income tax rate effective in Russia:

	2022	2021
<b>Profit/(loss) before income tax</b>	<b>5,748</b>	<b>3,590</b>
Theoretical tax charge at Russian statutory rate of 20%	1,150	718
<b>Tax effect of items which are not deductible or assessable for taxation purposes:</b>		
Release of withholding tax	(725)	-
Tax rate differences relating to other jurisdictions	(283)	27
(Non-taxable)/non-deductible foreign exchange differences	(74)	24
Tax incentives	(22)	(55)
Adjustments recognized in the current year in relation to the current tax of prior years	77	(21)
Release of provision for uncertain tax positions	(249)	(281)
Other non-taxable items	(205)	(35)
<b>Income tax</b>	<b>(331)</b>	<b>377</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

Total accumulated temporary differences that arise between the statutory tax base of assets and liabilities and their carrying amounts in the accompanying consolidated statements of financial position give rise to the following deferred tax effects:

	31 December 2022	Charged to profit or loss	31 December 2021
Tax losses carried forward	1,468	(55)	1,523
Property, plant and equipment	231	56	175
Trade and other receivables	102	(72)	174
Prepayments and other current assets	305	10	295
Trade and other payables	182	31	151
Accrued expenses and other current liabilities	244	36	208
Other	19	(54)	73
<b>Deferred tax asset</b>	<b>2,551</b>	<b>(48)</b>	<b>2,599</b>
Property, plant and equipment	(6,082)	3	(6,103)
Intangible assets	(19)	17	(36)
Other	(15)	64	(61)
<b>Deferred tax liability</b>	<b>(6,116)</b>	<b>84</b>	<b>(6,200)</b>

	31 December 2021	Charged to profit or loss	31 December 2020
Tax losses carried forward	1,523	(143)	1,666
Property, plant and equipment	175	115	60
Trade and other receivables	174	(116)	290
Prepayments and other current assets	295	(21)	316
Trade and other payables	151	98	53
Accrued expenses and other current liabilities	208	(65)	273
Other	73	11	62
<b>Deferred tax asset</b>	<b>2,599</b>	<b>(121)</b>	<b>2,720</b>
Property, plant and equipment	(6,103)	507	(6,610)
Intangible assets	(61)	(36)	(25)
Other	(36)	17	(53)
<b>Deferred tax liability</b>	<b>(6,200)</b>	<b>488</b>	<b>(6,688)</b>

Unused tax losses for which no deferred tax asset was recognized amounted to RUB 1,775 million and RUB 1,775 million as of 31 December 2022 and 2021, respectively. The Group did not recognize a deferred tax liability related to the remaining undistributed earnings of its subsidiaries as it has not made any decisions regarding future distributions of retained earnings within the Group. Undistributed earnings, in relation to which deferred tax liability was not accrued, amounted to RUB 29,821 million and RUB 21,394 million as of 31 December 2022 and 2021, respectively.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and equipment	Other	CIP	Total
<b>Cost</b>					
<b>1 January 2021</b>	<b>93,812</b>	<b>13,635</b>	<b>1,591</b>	<b>22,723</b>	<b>131,761</b>
Additions	607	131	32	2,825	3,595
Transfers	78	496	36	(610)	-
Disposals	(39)	(194)	(51)	(33)	(317)
<b>31 December 2021</b>	<b>94,458</b>	<b>14,068</b>	<b>1,608</b>	<b>24,905</b>	<b>135,039</b>
Additions	414	68	95	2,141	2,718
Transfers	241	85	83	(409)	-
Disposals	(4)	(279)	(35)	(63)	(381)
<b>31 December 2022</b>	<b>95,109</b>	<b>13,942</b>	<b>1,751</b>	<b>26,574</b>	<b>137,376</b>
<b>Accumulated depreciation</b>					
<b>1 January 2021</b>	<b>(18,685)</b>	<b>(10,530)</b>	<b>(1,345)</b>	-	<b>(30,560)</b>
Depreciation charge	(3,131)	(987)	(109)	-	(4,227)
Disposals	25	192	51	-	268
<b>31 December 2021</b>	<b>(21,791)</b>	<b>(11,325)</b>	<b>(1,403)</b>	-	<b>(34,519)</b>
Depreciation charge	(3,121)	(892)	(106)	-	(4,119)
Disposals	2	274	35	-	311
<b>31 December 2022</b>	<b>(24,910)</b>	<b>(11,943)</b>	<b>(1,474)</b>	-	<b>(38,327)</b>
<b>Net book value</b>					
<b>31 December 2021</b>	<b>72,667</b>	<b>2,743</b>	<b>205</b>	<b>24,905</b>	<b>100,520</b>
<b>31 December 2022</b>	<b>70,199</b>	<b>1,999</b>	<b>277</b>	<b>26,574</b>	<b>99,049</b>

“Buildings” consist primarily of passenger and cargo terminals, catering facility, car park and auxiliary buildings.

“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.

“Other” consists mainly of administrative equipment and vehicles.

“Construction in-progress” consists mainly of capital expenditures related to the extension of passenger terminal T-1, construction of passenger terminal T-2 and reconstruction and extension of cargo terminal.

During the years ended 31 December 2022 and 2021 the Group capitalized borrowing costs in the amount of RUB 639 million and RUB 645 million, respectively.

The weighted average capitalization rate on borrowed funds was 6.3% and 6.6% per annum for the years ended 31 December 2022 and 2021, respectively.

As at 31 December 2022 and 2021 no property, plant and equipment was pledged as collateral for the Group’s borrowings.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### Impairment review of the Group's property, plant and equipment and other non-current non-financial assets

In accordance with IAS 36 "Impairment of assets", at the end of each reporting period, an entity is required to assess whether there is any indication that assets may be impaired. The Group determined that the impact of a special military operation in Ukraine and extended sanctions on the Russian Federation and airline industry is such a trigger event and conducted an impairment test as of 31 December 2022. The recoverable value was determined by reference to the value in use, representing the discounted cash flows resulted from the Group's revenue generating activities. This recoverable amount was compared with the carrying amount of non-current assets engaged in generating respective cash flows. The key assumptions for calculating the recoverable amounts are the discount rate and the passenger traffic recovery period. The discount rate used was the Group's weighted average cost of capital (WACC), which equals 15.58% p.a. for the entire forecasting period. The recovery period of the passenger traffic is set to 2025. Based on the review performed, no impairment charge was recognized.

#### Advances for acquisition of non-current assets

As of 31 December 2022 and 2021 advances for acquisition of non-current assets in the amounts of RUB 1,373 million and RUB 1,119 million, respectively, consisted of amounts paid for construction of the passenger terminals and implementation of additional functionalities. The amount of impairment of advances for acquisition of non-current assets amounted to RUB 23 million as of 31 December 2022 (31 December 2021: RUB 21 million).

## 11. INVESTMENT PROPERTY

The Group's investment property consists of administrative buildings, which are leased to several airlines.

	2022	2021
Cost at the beginning of the year	1,115	1,115
Cost at the end of the year	1,115	1,115
Accumulated depreciation at the beginning of the year	(463)	(429)
Depreciation charge for the year	(34)	(34)
Accumulated depreciation at the end of the year	(497)	(463)
Net book value at the end of the year	618	652

Fair value of the investment property as at 31 December 2022 was RUB 3,782 million (RUB 4,307 million as at 31 December 2021) and has been arrived at on the basis of a valuation carried out on this date 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 market evidence for similar properties, discounted at an estimated relevant rate (Level 2 category for determining fair value).

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 12. INTANGIBLE ASSETS

	Software	Licenses and other	Software in development	Total
<b>Cost</b>				
<b>1 January 2021</b>	<b>3,110</b>	<b>1,140</b>	<b>386</b>	<b>4,636</b>
Additions	294	147	29	470
Transfers	231	6	(237)	-
Disposals	(15)	(15)	-	(30)
<b>31 December 2021</b>	<b>3,620</b>	<b>1,278</b>	<b>178</b>	<b>5,076</b>
Additions	364	7	10	381
Transfers	6	56	(62)	-
Disposals	(117)	(25)	(1)	(143)
<b>31 December 2022</b>	<b>3,873</b>	<b>1,316</b>	<b>125</b>	<b>5,314</b>
<b>Accumulated amortization</b>				
<b>1 January 2021</b>	<b>(2,551)</b>	<b>(664)</b>	-	<b>(3,215)</b>
Amortization charge	(306)	(264)	-	(570)
Disposals	14	8	-	22
<b>31 December 2021</b>	<b>(2,843)</b>	<b>(920)</b>	-	<b>(3,763)</b>
Amortization charge	(279)	(286)	-	(565)
Disposals	77	20	-	97
<b>31 December 2022</b>	<b>(3,045)</b>	<b>(1,186)</b>	-	<b>(4,231)</b>
<b>Net book value</b>				
<b>31 December 2021</b>	<b>777</b>	<b>358</b>	<b>178</b>	<b>1,313</b>
<b>31 December 2022</b>	<b>828</b>	<b>130</b>	<b>125</b>	<b>1,083</b>

Software mainly comprises internally generated code with a net book value of RUB 750 million and RUB 699 million as at 31 December 2022 and 2021, respectively.

#### 13. OTHER NON-CURRENT ASSETS

	31 December 2022	31 December 2021
Restricted cash in FBME, net of impairment loss recognized	1,798	1,995
Other non-current receivable	-	63
<b>Other non-current assets</b>	<b>1,798</b>	<b>2,058</b>

Restricted cash in FBME represents cash balances held by the Group at a Cyprus branch of Federal Bank of the Middle East Ltd. ("FBME"), registered in Tanzania, whose banking license was revoked by the Central Bank of Cyprus on 21 December 2015 after investigation of the U.S. Department of the Treasury's Financial Crimes Enforcement Network into money laundering.



## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

The relevant authorities in Cyprus and Tanzania initiated liquidation process for the bank, however there is a continuing legal uncertainty as to the appropriate sequencing of the liquidation process that affects the timing of expected recovery of the Group's cash balances. The bank's liquidation process, which has not yet started, could take a minimum of one to two years to complete.

Based on the information available to the Group, it is believed that FBME has sufficient solvent funds to honor substantially all of the bank's obligations. The Group expects that once the legal position is finalized and an appropriate liquidator is established the bank's funds would be released, and the Group would recover most of its cash balances with FBME. The Group reassesses an impairment allowance it holds against these balances at each reporting date based on changes in the management's estimate of the likely amounts to be recovered. The total amount of lifetime expected credit losses recognized as at 31 December 2022 was RUB 599 million (as at 31 December 2021 – RUB 665 million). The change in the balance of expected credit losses during the period is primarily attributable to currency revaluation.

#### 14. LEASES

##### The Group as a lessee

In May 1998 the Group entered into lease arrangement with FGUP "Administration of the Airport Domodedovo" (a state-owned enterprise) for the use of the airport's runways, aprons, taxiways and related equipment for a term of 75 years (the "75-year Lease"). The Group also leases the land on which the airfield is located from the Federal Air Transportation Agency. The term of the lease of land is 49 years from the inception of lease agreement in May 1998.

The most recent revision of the 75-year Lease took place in 2019 and is effective from 1 January 2019. The Group is now required to make monthly payments for the right to use the assets during the remaining term of the agreement based on specific methodology issued by the Russian Government in December 2017. Under this methodology the total amount of annual payments depends on average passengers and cargo volumes for the last three years adjusted for multiplier specified in this additional agreement and investments deflator confirmed by the Ministry of Economic Development of the Russian Federation, subject to a minimum annual payment of RUB 1.5 million.

The Group also leases buildings, certain items of movable property and land, and is subject to lease payments which could be modified by the lessor from time to time and which are treated as variable lease payments not dependent on an index or rate under IFRS 16. Total lease expense in respect of such leases is reported in Note 7 as 'Rent'.

#### 15. INVENTORY

	31 December 2022	31 December 2021
Spare parts	853	850
Supplies	888	508
Raw materials	453	256
Jet fuel	149	393
Other inventory	124	163
<b>Total inventory</b>	<b>2,467</b>	<b>2,170</b>

# DME LIMITED AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

### 16. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
<b>31 December 2022</b>			
Other receivables	9	-	9
<b>Total non-current trade and other receivables</b>	<b>9</b>	<b>-</b>	<b>9</b>
Trade receivables	5,168	(1,628)	3,540
Other receivables	798	(109)	689
<b>Total current trade and other receivables</b>	<b>5,966</b>	<b>(1,737)</b>	<b>4,229</b>
<b>Total</b>	<b>5,975</b>	<b>(1,737)</b>	<b>4,238</b>
<b>31 December 2021</b>			
Trade receivables	1,025	(144)	881
Other receivables	704	(208)	496
<b>Total non-current trade and other receivables</b>	<b>1,729</b>	<b>(352)</b>	<b>1,377</b>
Trade receivables	3,837	(1,636)	2,201
Other receivables	207	(110)	97
<b>Total current trade and other receivables</b>	<b>4,044</b>	<b>(1,746)</b>	<b>2,298</b>
<b>Total</b>	<b>5,773</b>	<b>(2,098)</b>	<b>3,675</b>

The average credit period for the Group's receivables (other than sales carried out on a prepayment basis) is 44 days (2021: 37 days).

Included in the Group's total trade and other receivables are debtors with carrying amounts of RUB 1,448 million and RUB 1,097 million as of 31 December 2022 and 2021, 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.

Analysis of trade and other receivables by quantity of days overdue is as follows:

	Not passed due	Trade and other receivables – past due			Credit - impaired	Total
		less than 90 days	90-180 days	more than 180 days		
<b>31 December 2022</b>						
Trade and other receivables	2,826	307	120	1,033	1,689	5,975
Allowance for expected credit losses	(36)	(6)	(3)	(3)	(1,689)	(1,737)
						<b>4,238</b>

	Not passed due	Trade and other receivables – past due			Credit - impaired	Total
		less than 90 days	90-180 days	more than 180 days		
<b>31 December 2021</b>						
Trade and other receivables	2,787	394	193	607	1,792	5,773
Allowance for expected credit losses	(209)	(29)	(25)	(43)	(1,792)	(2,098)
						<b>3,675</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

The movement in the impairment allowance on trade and other receivables is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	(2,098)	(2,176)
Additional allowance recognized in the current year	(13)	(25)
Release of allowance	352	54
Use of allowance	22	49
Balance at the end of the year	<u>(1,737)</u>	<u>(2,098)</u>

In determining the recoverability of trade and other receivables the Group considers any change in the credit quality of trade and other receivables from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related risk management activities are provided in Note 27.

#### 17. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
VAT receivable	2,250	1,506
Advances to suppliers, net of impairment	528	540
Taxes receivable other than income tax and VAT receivable	87	126
Other current assets	72	72
Total prepayments and other current assets	<u>2,937</u>	<u>2,244</u>

The movement in the allowance for impairment is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	(107)	(118)
Additional allowance recognized in the current year	(2)	(1)
Release of allowance	6	1
Use of allowance	-	11
Balance at the end of the year	<u>(103)</u>	<u>(107)</u>

In determining the recoverability of advances to suppliers the Group considers any change in the credit quality of advances to suppliers from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related risk management activities are provided in Note 27.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 18. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
USD-denominated current account balances with banks	3,086	4,241
RUB-denominated cash on hand and balances with banks	6,808	679
EUR-denominated current account balances with banks	9	7
USD-denominated short-term bank deposits	-	594
<b>Total cash and cash equivalents</b>	<b>9,903</b>	<b>5,521</b>

#### 19. EQUITY

##### Share capital and dividends

Authorized and issued capital as of 31 December 2022 and 31 December 2021 comprises 304,831,519 ordinary shares with par value EUR 1, of which 274,348,367 represent Class A shares and 30,483,152 represent Class B shares. Class A and Class B shares have equal voting rights on liquidation of DME Limited, while Class A shares confer on their holder the exclusive right to receive distributions by way of dividend or return of capital.

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

During the year ended 31 December 2022 dividends of USD 10.6 million and EUR 62 million (RUB 4,683 million at the Central Bank of Russia exchange rate as at the declaration date) were declared, out of which RUB 1,281 million were paid to the shareholders of the Group.

Additionally, the Group paid USD 4.1 million and EUR 16.7 million (total of RUB 1,529 million at the Central Bank of Russia exchange rate as at the payment date) and RUB 11 million of dividends declared prior to 1 January 2022.

During the year ended 31 December 2021 dividends of USD 13.6 million (RUB 998 million at the Central Bank of Russia exchange rate as at the declaration date) were declared, out of which RUB 487 million were paid to the shareholders of the Group.

Additionally, the Group paid USD 13.2 million and EUR 20.6 million (total of RUB 2,807 million at the Central Bank of Russia exchange rate as at the payment date) and RUB 20 million of dividends declared prior to 1 January 2021.

As of 31 December 2022 the remaining balance of dividends payable is RUB 2,790 million (as of 31 December 2021: RUB 280 million).

**Retained earnings** – In accordance with statutory legislation, 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 at 31 December 2022 and 2021 such accumulated earnings and deficit amounted to RUB 12,110 million and RUB 821 million, respectively.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 20. DEBT SECURITIES AND LOANS

	Effective interest rate during 2022, %	31 December 2022	31 December 2021
Seven-year USD loan participation notes issued in 2021 (the "2028 LPNs") <sup>(i)</sup>	5.49%	30,138	34,126
Five-year USD loan participation notes issued in 2018 (the "2023 LPNs") <sup>(ii)</sup>	5.46%	13,296	15,452
Three-year RUB debt securities issued in 2022 <sup>(iii)</sup>	13.41%	14,995	-
Five-year RUB debt securities issued in 2017	8.32%	-	10,020
Three-year RUB debt securities issued in 2019	9.01%	-	5,000
Loan from bank A <sup>(iv)</sup>	11.56%	7,847	-
Loan from bank B <sup>(v)</sup>	4.11%	1,203	1,994
<b>Total</b>		<b>67,479</b>	<b>66,592</b>
<b>Less:</b> due within twelve months, including accrued interest		(24,963)	(17,030)
<b>Long-term portion of debt securities</b>		<b>42,516</b>	<b>49,562</b>

- (i) In February 2021 the Group issued the 2028 LPNs for the total amount of USD 453 million (RUB 34,025 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to USD 449.4 million (RUB 33,754 million at the Central Bank of Russia exchange rate as at the inception date). The annual coupon rate of the 2028 LPNs is 5.35% with interest being paid semi-annually. The 2028 LPNs are guaranteed by certain entities of the Group. The Group used net proceeds from the issuance for refinancing of the 2021 LPNs and partial redemption of the 2023 LPNs. Partial redemption of the 2023 LPNs was amounted to USD 95.3 million (RUB 6,985 million at the Central Bank of Russia exchange rate as at the inception date). Premium for early redemption paid to noteholders of LPNs 2021 and 2023 was equal to RUB 717 million. The 2028 LPNs mature in February 2028.
- (ii) In February 2018 the Group issued non-convertible five-year loan participation notes for the total amount of USD 300 million (RUB 17,277 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. The annual coupon rate of the 2023 LPNs is 5.075% with interest being paid semi-annually. The 2023 LPNs are guaranteed by certain entities of the Group. The outstanding amount due is USD 204.7 million and matured in February 2023 (Note 28).
- (iii) In December 2022 the Group issued non-convertible three-year debt securities for the total amount of RUB 15,000 million on the Moscow Stock Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to RUB 14,931 million. The annual coupon rate of the debt securities is 12.8% with interest being paid semi-annually. The debt securities mature in December 2025. These funds were used to refinance the five-year RUB debt securities issued in 2017.
- (iv) In June 2022 the Group entered into a loan facility agreement for a total amount of RUB 10,000 million provided by commercial bank A to refinance debt securities. The Group used RUB 7,889 million out of RUB 10,000 million. The floating annual interest rate is key interest rate Central Bank of Russia + 2.25%. Interest being paid quarterly.
- (v) In October 2021 the Group refinanced its outstanding balance with commercial bank C by entering into a new EUR-denominated three-year agreement with commercial bank B for the total amount of EUR 23.8 million (RUB 2,009 million at the Central Bank of Russia exchange rate as at the inception date). The floating annual interest rate is EURIBOR + Margin, where the Margin is determined by reference to the Group's leverage ratio as defined in the agreement. Interest is paid semi-annually.

#### Changes in terms of the "2023 LPNs" and the "2028 LPNs"

In September 2022, the Group announced a consent solicitation with noteholders to consider the resignation of the Original Trustee and appointment of the New Trustee and the amendments and waiver of certain terms of the 2023 and 2028 LPNs ("The new payment mechanics", "Simplified cancellation of the Notes", "Deferral of August 2022 payments" and others). In October, all proposals of consent solicitation were approved by noteholders. Transaction costs for this consent solicitation were equal RUB 100 million.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	31 December 2021	Financing cash flows (i)	Non-cash flow changes			31 December 2022
			Exchange rate changes	Accrual of finance cost	Other changes (ii)	
Debt securities and loans	66,592	261	(3,008)	3,773	(139)	67,479
Dividends payable	280	(2,821)	648	-	4,683	2,790
Lease liability	289	(171)	(1)	30	32	179
	<b>67,161</b>	<b>(2,348)</b>	<b>(2,361)</b>	<b>3,803</b>	<b>4,193</b>	<b>70,448</b>

- (i) The cash flows from bank loans and debt securities represents the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.
- (ii) Included as other changes is mainly dividends declaration and debt securities and loans , lease modifications

#### Covenants

In accordance with the terms of the 2023, 2028 LPNs, three-year RUB debt securities issued in 2022, loan facility agreements with bank A and bank B the Group is subject to certain covenants, which are calculated on the basis of 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 31 December 2022, the Group exceeded the Consolidated Net Debt to Consolidated EBITDA covenant under the terms of the 2023, 2028 LPNs and loan facility agreement with bank A 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.

As of 31 December 2022, the Group was in compliance with other covenants.

#### 21. TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Amounts payable for the acquisition of property, plant and equipment	52	119
<b>Total non-current financial liabilities</b>	<b>52</b>	<b>119</b>
Amounts payable for the acquisition of property, plant and equipment	449	1,243
Rent deposits received	1,256	1,286
Trade payables	1,086	1,179
<b>Total current financial liabilities</b>	<b>2,791</b>	<b>3,708</b>
Advances received	905	732
<b>Total current non-financial liabilities</b>	<b>905</b>	<b>732</b>
<b>Total</b>	<b>3,748</b>	<b>4,559</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 22. TAXES OTHER THAN INCOME TAX PAYABLE

	31 December 2022	31 December 2021
Value added tax (Note 26)	2,508	1,972
Social insurance tax (Note 26)	1,944	714
Property tax	6	20
Other taxes	30	23
<b>Total taxes other than income tax payable</b>	<b>4,488</b>	<b>2,729</b>

#### 23. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
Accrued employee expenses	1,388	1,389
Other liabilities	210	192
<b>Total accrued expenses and other current liabilities</b>	<b>1,598</b>	<b>1,581</b>

Accrued employee expenses as of 31 December 2022 and 2021 comprised accrued salaries and bonuses of RUB 690 million and RUB 701 million, respectively, and an accrual for unused vacation of RUB 698 million and RUB 688 million, respectively.

#### 24. 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 entities under common control during the years ended 31 December 2022 and 2021 as well as closing balances as of 31 December 2022 and 2021.

	Entities under common control	
	31 December 2022	31 December 2021
Trade and other receivables	3,296	1,409
Advances for acquisition of non-current assets	953	1,012
Other financial instruments	1,109	426
Advances to suppliers	110	105
<b>Total assets</b>	<b>5,468</b>	<b>2,952</b>
Trade and other payables	207	34
<b>Total liabilities</b>	<b>207</b>	<b>34</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

Expected credit losses were recognized for trade and other receivables in amount of RUB nil million and RUB 352 million as of 31 December 2022 and 2021 respectively. Advances for acquisition of non-current assets as of 31 December 2022 and 2021 mainly represent advances for acquisition of land plots.

The income and expense items with related parties for the years ended 30 December 2022 and 2021 were as follows:

	Entities under common control	
	2022	2021
Sales to related parties	588	110
Purchases from related parties	224	130
Interest income	17	21

#### Compensation of key management personnel

Key management comprised 6 persons as at 31 December 2022 and as at 31 December 2021. 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 82 million (including social insurance tax of RUB 12 million) and RUB 99 million (including social insurance tax of RUB 13 million) for the years ended 31 December 2022 and 31 December 2021, respectively. The outstanding balances due to key management personnel amounted to RUB 10 million and RUB 21 million as at 31 December 2022 and 31 December 2021, respectively, and comprised accrued salaries, bonuses, accrual for unused vacation and other monetary benefits.

## 25. INVESTMENT IN JOINT VENTURE

Name of joint venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			31 December 2022	31 December 2021
DOMODEDOVO FUEL AERO LLC	Jet fuel sales and supply facility	Russia	50%	-

Joint venture is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 3.



## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

The summarized financial information below represents amounts in joint ventures financial statements prepared in accordance with IFRS Standards:

	<b>DOMODEDOVO FUEL AERO LLC</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
Current assets	1,284	-
Current liabilities	(860)	-
Revenue	(5,970)	-
Profit from continuing operations	(520)	-
Profit for the year	(424)	-

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint venture recognized in the consolidated financial statements:

	<b>DOMODEDOVO FUEL AERO LLC</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
Net assets of joint venture	424	-
Proportion of the Group's ownership interest in the joint venture	212	-
<b>Carrying amount of the Group's interest in the joint venture</b>	<b>212</b>	<b>-</b>

## 26. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

The Group's contracted capital commitments, related to construction of passenger terminal, transport maintenance building and modernization of existing assets as of 31 December 2022 and 2021, consisted of the following:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Reconstruction and expansion of passenger terminal	2,029	3,204
Reconstruction of fuel storage facilities	101	175
Reconstruction of office buildings	115	160
Construction of transport maintenance building	125	125
Construction of a canine center	69	69
Construction of multilevel parking	-	5
Other	150	255
<b>Total capital commitments</b>	<b>2,589</b>	<b>3,993</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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**Operating environment** – 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. The share of domestic flights in the total flights of airlines using Domodedovo airport in 2022 was about 70% compared to approximately 80% in 2021. Circumstances described above led to a decline in passenger flow approximately by 15% compared to 2021. The impact of these and further developments on future operations and financial position of the Group might be significant.

**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.

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.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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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.

**Legal proceedings** – During the year, 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 consolidated financial statements.

**Insurance** – The Group's insurance program is designed to cover a majority of risks inherent in airport operation without any substantial gaps in coverage. The main operational risks of the Group are covered by property damage policy and airport civil liability policy while other insurance contracts are designed to cover minor losses or to provide additional benefits for employees and to meet current legislation requirements without any major influence to airport business.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

Property and civil liability of the Group are insured by well-known Russian insurance companies. The full coverage insurance value of property is RUB 11,878 million. Third party liability of DME Limited and its subsidiaries is insured for the amount of USD 500 million.

## 27. RISK MANAGEMENT ACTIVITIES

The Group's senior management oversees the risk management process and ensures that appropriate policies and procedures are designed and implemented, and that financial risks are timely identified, measured and managed in accordance with approved policies. Such policies are summarized below.

### Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the equity holder through the optimization of the debt and equity balance. The capital structure of the Group consists of borrowings, including debt securities, loans and overdrafts, lease liability and equity, consisting of share capital and retained earnings.

Management of the Group regularly reviews its gearing ratio, calculated as proportion of net debt to equity, to ensure that it is in line with the Group's adopted policy on debt management. During 2022 the Group complied with all external capital requirements.

### Major categories of financial instruments

The Group's financial assets include cash and cash equivalents, trade and other receivables, finance lease receivable, other financial instruments and restricted cash. All financial assets are carried at amortized cost.

	31 December 2022	31 December 2021
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	9,903	5,521
Trade and other receivables	4,238	3,675
Finance lease receivable	340	430
Other financial instruments	1,231	458
Restricted cash	1,798	1,995
<b>Total financial assets at amortized cost</b>	<b>17,510</b>	<b>12,079</b>

The Group's principal financial liabilities are debt securities and loans, trade and other payables, and lease liability. All financial liabilities are carried at amortized cost.

	31 December 2022	31 December 2021
<b>Financial liabilities at amortized cost</b>		
Debt securities and loans	67,479	66,592
Trade and other payables	2,843	3,708
Lease liability	179	288
<b>Total financial liabilities at amortized cost</b>	<b>70,501</b>	<b>70,588</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 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 Group has both interest bearing and non-interest bearing financial liabilities. The interest bearing liabilities consist of lease liability, loans and overdrafts, the debt securities. The non-interest bearing liabilities include trade and other payables, accrued expenses and other current liabilities.

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
<b>31 December 2022</b>							
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
<b>Total</b>		<b>1,550</b>	<b>14,841</b>	<b>13,461</b>	<b>26,297</b>	<b>29,705</b>	<b>85,854</b>
<b>31 December 2021</b>							
Non-interest bearing liabilities	-	1,102	750	2,045	62	57	4,016
Debt securities and loans	4.11%-9.01%	295	1,305	18,085	26,337	33,577	79,599
Lease liability	9.9%-12.33%	29	10	182	90	70	381
<b>Total</b>		<b>1,426</b>	<b>2,065</b>	<b>20,312</b>	<b>26,489</b>	<b>33,704</b>	<b>83,996</b>

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 on those.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
<b>31 December 2022</b>							
Accounts receivable		1,611	175	2,443	9	-	4,238
Other financial instruments	1.5%-11%	25	-	768	476	-	1,269
Finance lease receivable	45%	17	34	152	440	-	643
<b>Total</b>		<b>1,653</b>	<b>209</b>	<b>3,363</b>	<b>925</b>	<b>-</b>	<b>6,150</b>
<b>31 December 2021</b>							
Accounts receivable		1,999	292	7	1,377	-	3,675
Other financial instruments	7%-11%	22	-	-	489	-	511
Finance lease receivable	45%	19	38	172	727	-	956
<b>Total</b>		<b>2,040</b>	<b>330</b>	<b>179</b>	<b>2,593</b>	<b>-</b>	<b>5,142</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

#### 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 export 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 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 Financial Assets Management 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 year ended 31 December 2022 the Russian Ruble appreciated against the US Dollar by 5% and appreciated the EURO by 10%, respectively (depreciated against the US Dollar, EURO by 1%, 7% for the year ended 31 December 2021). 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 at the reporting date are as follows:

	Denominated in USD		Denominated in EUR	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Assets</b>				
Cash and cash equivalents	3,086	4,835	9	7
Trade and other receivables	717	1,124	55	156
Other financial instruments	433	438	765	-
Finance lease receivable	-	-	341	430
Restricted cash	1	1	1,772	1,969
<b>Total assets</b>	<b>4,237</b>	<b>6,398</b>	<b>2,942</b>	<b>2,562</b>
<b>Liabilities</b>				
Debt securities and loans	43,434	49,578	1,203	1,660
Trade and other payables	1,176	1,206	36	48
<b>Total liabilities</b>	<b>44,610</b>	<b>50,784</b>	<b>1,239</b>	<b>1,708</b>

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	
	2022	2021	2022	2021
<b>Loss/ (gain)</b>	<b>4,037</b>	<b>4,439</b>	<b>(170)</b>	<b>(85)</b>

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) *(Amounts in millions of Russian Rubles)*

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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 consolidated financial statements of the Group to that shown above.

#### **Interest rate risk**

Interest rate risk is the risk that movement in interest rates for borrowed funds will have an adverse effect on the Group's financial performance.

Management carefully monitors changes in interest rates and takes steps to mitigate interest rate risk through careful evaluation of contractual terms for new borrowings, as well as continued improvement of its existing debt portfolio. In assessing the quality of its debt portfolio the Group aims to maintain mainly fixed interest rate instruments, and to ensure that contractual terms for the borrowings provide for minimal or no early repayment fees, an option to negotiate a decrease in interest rates and an inability of a credit institution to unilaterally increase interest rates without prior notification and granting an early repayment option at no additional charge.

#### **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not hedge its credit risk.

The Group's exposure to credit risk arises primarily with respect to amounts held with the banks, lease receivables, loans issued and receivables in connection with aviation, auxiliary and commercial activities. Credit exposure is managed by establishing credit terms for the most significant customers that are reviewed and approved by management. Credit sales are offered only to foreign customers and most significant customers located within the Commonwealth of Independent States ("CIS") and the Russian Federation with proven credit history. Sales to other customers are made on a prepayment basis. The credit quality of the bank balances and loans issued is assessed by reference to external credit rating if available or to the working history of the counterparty with the Group.

The carrying amount of cash and cash equivalents, trade and other receivables, lease receivables, restricted cash and other financial assets, net of allowance for expected credit losses, represents the maximum amount exposed to credit risk (Notes 16-18). If the financial condition of the Group's customers and other debtors were to deteriorate due to events, described in Note 26, actual write-offs might be higher than expected.

## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

As of 31 December 2022, 68% of the total net amount of trade and other receivables related to the eight largest counterparties of the Group (31 December 2021: 68%):

31 December 2022			
	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
S7 Group	878	(17)	861
Transaero	880	(880)	-
Quantico Limited	830	-	830
Plemzavod Yamskoy	561	-	561
Vim-avia	504	(504)	-
Forum-Invest	272	-	272
Emirates	208	-	208
DOMODEDOVO DEVELOPMENT	135	-	135
<b>Total</b>	<b>4,268</b>	<b>(1,401)</b>	<b>2,867</b>

31 December 2021			
	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
S7 Group	857	(11)	846
Transaero	880	(880)	-
Quantico Limited	644	(107)	537
Vim-avia	504	(504)	-
Forum-Invest	411	(123)	288
Emirates	391	-	391
Plemzavod Yamskoy	374	(62)	312
PRIORITY PASS LTD	131	(3)	128
<b>Total</b>	<b>4,192</b>	<b>(1,690)</b>	<b>2,502</b>

As of 31 December 2022, 99,9% of the total amount of amounts held with the banks related to four banks (31 December 2021: 99,7%). Bank deposits and cash balances placed with the largest banks as of 31 December 2022 and 2021 are as follows:

	Credit rating	Rating Agency	31 December 2022	31 December 2021
Bank E	ruAAA	RAexpert	6,404	1,678
Bank F	BBB+	Fitch	2,169	3,096
Bank G	ruAAA	RAexpert	894	113
Bank B	A -	S&P	427	617
<b>Total</b>			<b>9,894</b>	<b>5,504</b>

#### Fair value of financial instruments

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.



## DME LIMITED AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED) (Amounts in millions of Russian Rubles)

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 2 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. Certain financial instruments, such as available-for-sale bonds were excluded from fair value analysis either due to their insignificance or due to the fact that the assets were acquired or liabilities incurred close to the reporting dates and management believes that their carrying value either approximates their fair value, or may not significantly differ from each other.

#### Fair value of financial assets and liabilities

	31 December 2022		31 December 2021	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets				
Other financial instruments	1,101	1,231	366	426
<b>Total</b>	<b>1,101</b>	<b>1,231</b>	<b>366</b>	<b>426</b>
Financial liabilities				
Debt securities and loans (Note 20)	66,251	67,479	65,833	66,592
<b>Total</b>	<b>66,251</b>	<b>67,479</b>	<b>65,833</b>	<b>66,592</b>

## 28. SUBSEQUENT EVENTS

**Dividends** – During period from January to date of approval of these consolidated financial statements, dividends of USD 10.6 million and EUR 13.2 million (RUB 1,773 million at the Central Bank of Russia exchange rate as at the declaration date) were declared, out of which RUB 818 million were paid to the shareholders of the Group.

Additionally, the Group paid EUR 0.2 million (total of RUB 12 million at the Central Bank of Russia exchange rate as at the payment date) of dividends declared prior to 1 January 2022.

**Loan from commercial bank D** – In February 2023, the Group entered into a new loan facility agreement with a bank D in the total amount up to RUB 8,500 million and maturity on 30 April 2026.

**The 2023 LPNs** – In February 2023, the Group redeemed the 2023 LPNs.