



**Tatneft Group**

**IFRS CONSOLIDATED INTERIM CONDENSED  
FINANCIAL STATEMENTS (UNAUDITED)**

**30 JUNE 2023**

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# Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholders and Board of Directors of Public Joint Stock Company TATNEFT named after V.D. Shashin:

## Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Public Joint Stock Company TATNEFT named after V.D. Shashin and its subsidiaries (together – the "Group") as at 30 June 2023 and the related consolidated interim condensed statements of profit or loss and other comprehensive income, of changes in equity and of cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

29 August 2023

Moscow, Russian Federation



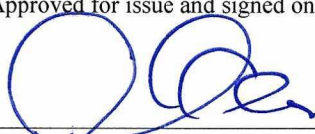
E.N. Kriventsev is authorised to sign on behalf of the general director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906099944)


**TATNEFT**
**Consolidated Interim Condensed Statement of Financial Position (Unaudited)**

(In million of Russian Rubles)

	Note	30 June 2023	31 December 2022
<b>Assets</b>			
Cash and cash equivalents	4	124,567	167,864
Financial services: Mandatory reserve deposits with the Bank of Russia		903	378
Short-term accounts receivable, net	5	153,462	107,869
Financial services: Loans to customers		46,098	44,881
Other short-term financial assets	6	16,763	23,764
Inventories	7	103,793	77,382
Prepaid expenses and other current assets	8	59,633	32,198
Prepaid income tax		2,328	1,180
Non-current assets held for sale		1,091	910
<b>Total current assets</b>		<b>508,638</b>	<b>456,426</b>
Long-term accounts receivable, net	5	12,899	12,823
Financial services: Loans to customers		116,153	112,525
Other long-term financial assets	6	107,711	90,241
Investments in associates and joint ventures		2,368	2,535
Property, plant and equipment, net	9	1,040,333	972,210
Right-of-use assets		16,879	3,237
Deferred income tax assets		7,828	5,504
Goodwill	18	18,898	4,504
Other long-term assets		21,418	15,832
<b>Total non-current assets</b>		<b>1,344,487</b>	<b>1,219,411</b>
<b>Total assets</b>		<b>1,853,125</b>	<b>1,675,837</b>
<b>Liabilities and equity</b>			
Short-term debt and current portion of long-term debt	11	3,901	2,665
Accounts payable and accrued liabilities	12	112,386	92,936
Dividends payable	13	92,060	26,025
Financial services: Due to banks and the Bank of Russia		13,257	3,290
Financial services: Customer accounts		185,584	211,919
Financial services: Other financial liabilities at fair value through profit or loss		712	1,433
Taxes payable, other than income tax	10	89,511	72,218
Income tax payable		1,206	4,428
Other short-term liabilities		2,486	140
<b>Total current liabilities</b>		<b>501,103</b>	<b>415,054</b>
Long-term debt, net of current portion	11	19,239	11,836
Financial services: Due to banks and the Bank of Russia		4,294	2,883
Financial services: Customer accounts		1,838	713
Decommissioning provision, net of current portion	9	31,517	53,994
Lease liabilities, net of current portion		13,052	2,641
Deferred income tax liability		57,613	50,912
Other long-term liabilities		34,275	33,360
<b>Total non-current liabilities</b>		<b>161,828</b>	<b>156,339</b>
<b>Total liabilities</b>		<b>662,931</b>	<b>571,393</b>
<b>Equity</b>			
Preferred shares		746	746
Ordinary shares		11,021	11,021
Additional paid-in capital		84,437	84,437
Accumulated other comprehensive income/(loss)		247	(249)
Retained earnings		1,095,494	1,010,027
Less: Ordinary shares held in treasury, at cost		(10,359)	(10,359)
<b>Total equity owned by shareholders of PJSC Tatneft</b>		<b>1,181,586</b>	<b>1,095,623</b>
Non-controlling interest		8,608	8,821
<b>Total equity</b>		<b>1,190,194</b>	<b>1,104,444</b>
<b>Total liabilities and equity</b>		<b>1,853,125</b>	<b>1,675,837</b>

Approved for issue and signed on 29 August 2023.

  
CEO Maganov N.U.

  
Chief Accountant Matveev O.M.

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**TATNEFT**
**Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**

(In million of Russian Rubles)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Continuing operations</b>			
<b>Revenue (excluding financial services)</b>	14	<b>623,863</b>	<b>790,798</b>
<b>Costs and expenses (excluding financial services)</b>			
Operating expenses		(94,032)	(84,208)
Purchased crude oil and refined products		(85,903)	(69,175)
Exploration		(1,053)	(1,017)
Transportation		(33,353)	(24,254)
Selling, general and administrative		(44,276)	(33,101)
Depreciation, depletion and amortization	14	(30,626)	(21,851)
Expected credit losses on financial assets net of reversal		129	(261)
Impairment losses on property, plant and equipment and other non-financial assets net of reversals		(14,286)	(5,107)
Taxes other than income taxes	10	(166,123)	(271,099)
Export duties		(6,391)	(23,347)
Maintenance of social infrastructure and transfer of social assets		(6,835)	(3,669)
<b>Total costs and expenses (excluding financial services)</b>		<b>(482,749)</b>	<b>(537,089)</b>
Loss on disposals of interests in subsidiaries and associates, net		(131)	-
Fair value gain from financial assets at fair value through profit or loss, net		48	814
Other operating income/(expense), net	18	16,370	(217)
<b>Operating profit (excluding financial services)</b>		<b>157,401</b>	<b>254,306</b>
<b>Net interest, fee and commission and other operating income/(expenses) and gains/(losses) from financial services</b>			
Interest, fee and commission income		12,590	12,261
Interest, fee and commission expense		(6,406)	(7,589)
Net expense on creating provision for credit losses associated with financial assets		(4,053)	(1,409)
Operating expenses		(4,873)	(4,250)
(Loss)/gain arising from dealing in foreign currencies, net		(26)	2,522
Other operating expense, net		(181)	(283)
<b>Total net interest, fee, commission and other operating (expenses)/ income and (losses)/gains from financial services</b>		<b>(2,949)</b>	<b>1,252</b>
<b>Other income/(expenses)</b>			
Foreign exchange gain/(loss), net	14	29,643	(61,905)
Interest income (excluding financial services)		4,031	4,959
Interest expense, net of amounts capitalised (excluding financial services)		(4,951)	(2,991)
Share of results of associates and joint ventures, net		(170)	460
<b>Total other income/(expenses), net</b>		<b>28,553</b>	<b>(59,477)</b>
<b>Profit before income tax</b>		<b>183,005</b>	<b>196,081</b>
<b>Income tax</b>			
Current income tax expense		(31,091)	(35,759)
Deferred income tax expense		(4,243)	(6,122)
<b>Total income tax expense</b>		<b>(35,334)</b>	<b>(41,881)</b>
<b>Profit from continuing operations</b>		<b>147,671</b>	<b>154,200</b>
<b>Loss from discontinued operation</b>		<b>-</b>	<b>(14,951)</b>
<b>Profit for the period</b>		<b>147,671</b>	<b>139,249</b>

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**TATNEFT**
**Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)**

(In million of Russian Rubles)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Other comprehensive income /(loss) net of income tax:</b>			
<b>Continuing operations</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation adjustments		428	(6,094)
Gain/(loss) on debt financial assets at fair value through other comprehensive income, net		136	(235)
<b>Items that will not be reclassified to profit or loss:</b>			
Loss on equity financial assets at fair value through other comprehensive income, net		(29)	(471)
<b>Other comprehensive income/(loss) from continuing operations</b>		<b>535</b>	<b>(6,800)</b>
<b>Other comprehensive income from discontinued operation</b>		<b>-</b>	<b>42</b>
<b>Total comprehensive income for the period</b>		<b>148,206</b>	<b>132,491</b>
<b>Profit/(loss) attributable to:</b>			
- Shareholders of PJSC Tatneft		147,830	139,884
- Non-controlling interest		(159)	(635)
		<b>147,671</b>	<b>139,249</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
- Shareholders of PJSC Tatneft		148,326	133,195
- Non-controlling interest		(120)	(704)
		<b>148,206</b>	<b>132,491</b>
<b>Total comprehensive income/(loss) attributable to shareholders of PJSC Tatneft from:</b>			
- continuing operations		148,326	147,865
- discontinued operation		-	(14,670)
		<b>148,326</b>	<b>133,195</b>
<b>Basic and diluted earnings per share (RR)</b>			
Ordinary		65.69	62.15
Preferred		65.69	62.15
<b>Basic and diluted earnings per share from continuing operations (RR)</b>			
Ordinary		65.69	68.69
Preferred		65.69	68.69
<b>Weighted average shares outstanding (millions of shares)</b>			
Ordinary		2,103	2,103
Preferred		148	148

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**TAINEFT**  
**Consolidated Interim Condensed Statement of Changes in Equity (Unaudited)**  
(In million of Russian Rubles)

	Total equity owned by shareholders of PJSC Tainetf										Non-con- trolling interest	Total equity
	Number of shares (thousands)	Share capital	Additional paid-in capital	Treasury shares	Actuarial loss on employee benefit plans	Foreign currency translation adjustments	Gain/(loss) on financial assets at fair value through other compre- hensive income, net	Retained earnings	Total			
Balance at 1 January 2022	2,250,562	11,767	84,437	(10,359)	(975)	2,344	976	850,198	938,388	4,987	943,375	
Profit/(loss) for the six months	-	-	-	-	-	-	-	139,884	139,884	(635)	139,249	
Other comprehensive loss for the six months	-	-	-	-	-	(6,052)	(637)	-	(6,689)	(69)	(6,758)	
Total comprehensive (loss)/income for the six months	-	-	-	-	-	(6,052)	(637)	139,884	133,195	(704)	132,491	
Dividends declared	-	-	-	-	-	-	-	(36,324)	(36,324)	(1)	(36,325)	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	356	356	
Other movements	-	-	-	-	-	-	-	184	184	562	746	
Balance at 30 June 2022	2,250,562	11,767	84,437	(10,359)	(975)	(3,708)	339	953,942	1,035,443	5,200	1,040,643	
Balance at 1 January 2023	2,250,562	11,767	84,437	(10,359)	(1,150)	1,090	(189)	1,010,027	1,095,623	8,821	1,104,444	
Profit/(loss) for the six months	-	-	-	-	-	-	-	147,830	147,830	(159)	147,671	
Other comprehensive income for the six months	-	-	-	-	-	428	68	-	496	39	535	
Total comprehensive income/(loss) for the six months	-	-	-	-	-	428	68	147,830	148,326	(120)	148,206	
Dividends declared (Note 13)	-	-	-	-	-	-	-	(62,363)	(62,363)	(93)	(62,456)	
Balance at 30 June 2023	2,250,562	11,767	84,437	(10,359)	(1,150)	1,518	(121)	1,095,494	1,181,586	8,608	1,190,194	

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**TATNEFT**
**Consolidated Interim Condensed Statement of Cash Flows (Unaudited)**

(In million of Russian Rubles)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Operating activities</b>			
Profit for the period		147,671	139,249
Adjustments:			
Net interest, fee and commission and other operating expenses/(income) and losses/(gains) from financial services		2,949	(1,252)
Depreciation, depletion and amortization	14	30,626	22,356
Income tax expense		35,334	43,425
Expected credit losses on financial assets net of reversal		(129)	226
Impairment losses on property, plant and equipment and other non-financial assets net of reversal	9	14,286	5,285
Loss on disposals of interests in subsidiaries and associates, net		131	19,630
Income from changes in the fair value of financial measured at fair value through profit or loss, net		(48)	(814)
Gain from purchase	18	(17,834)	-
Effects of foreign exchange		1,714	(1,440)
Share of results of associates and joint ventures, net		170	(460)
Interest income (excluding financial services)		(4,031)	(4,974)
Interest expense, net of amounts capitalised (excluding financial services)		4,951	3,246
Other		(8,152)	(2,222)
Changes in working capital related to operating activities, excluding cash:			
Accounts receivable		(23,826)	(37,939)
Inventories		(13,101)	(10,140)
Prepaid expenses and other current assets		(26,364)	(20,374)
Securities at fair value through profit or loss		59	101
Accounts payable and accrued liabilities		(3,379)	(6,525)
Taxes payable, other than income tax		15,225	12,968
<b>Net cash provided by operating activities before income tax and interest (excluding financial services)</b>		<b>156,252</b>	<b>160,346</b>
Net interest, fee and commission and other operating (expenses)/income and (losses)/gains from financial services		(2,949)	1,252
Adjustments:			
Net expense on creating of provision for credit losses associated with financial assets		4,053	1,409
Provision for losses on credit related commitments		51	44
Other		13	(55)
Changes in working capital related to financial services, excluding cash:			
Mandatory reserve deposits with the Bank of Russia		(525)	1,051
Due from banks		(1,860)	2,383
Loans to customers		616	(9,316)
Due to banks and the Bank of Russia		11,336	(20,029)
Customer accounts		(37,706)	101,238
Promissory notes issued		(105)	(167)
Securities at fair value through profit or loss		966	266
Other financial liabilities at fair value through profit or loss		(53)	(7,150)
<b>Net cash (used in)/ provided by operating activities from financial services before income tax</b>		<b>(26,163)</b>	<b>70,926</b>
Income taxes paid		(35,461)	(46,757)
Interest paid (excluding financial services)		(1,174)	(1,935)
Interest received (excluding financial services)		3,421	4,918
<b>Net cash provided by operating activities</b>		<b>96,875</b>	<b>187,498</b>

The accompanying notes are an integral part of these consolidated interim condensed financial statements.



**TATNEFT**
**Consolidated Interim Condensed Statement of Cash Flows (Unaudited)**

(In million of Russian Rubles)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Investing activities</b>			
Additions to property, plant and equipment		(97,674)	(71,419)
Proceeds from disposal of property, plant and equipment		66	251
Net cash flow from acquisitions of subsidiaries	18	(39,378)	(5,392)
Net cash flow from disposal of subsidiaries		-	(2,950)
Purchase of securities at fair value through other comprehensive income		(5,720)	(3,818)
Purchase of securities at amortised cost		(2,563)	(9,637)
Proceeds from disposal of securities at fair value through other comprehensive income		1,817	3,958
Proceeds from redemption of securities at amortised cost		7,482	3,325
Proceeds from sale of non-current assets held for sale		203	116
Proceeds from redemption of bank deposits measured at amortised cost		-	53,109
Placement of bank deposits measured at amortised cost		-	(12,750)
Proceeds from redemption of bank deposits measured at fair value through profit or loss		1,726	29,872
Placement of bank deposits measured at fair value through profit or loss		-	(5,105)
Proceeds from redemption of loans and notes receivable		662	647
Issuance of loans and notes receivable		(7,948)	(888)
Net cash flow from currency swaps		-	550
Advance payment for the acquisition of other long-term assets		(8,203)	-
Proceeds from sale of other non-current assets		473	191
Proceeds from government grants		511	1,892
<b>Net cash used in investing activities</b>		<b>(148,546)</b>	<b>(18,048)</b>
<b>Financing activities</b>			
Proceeds from issuance of debt (excluding financial services)		2,569	1,488
Repayment of debt (excluding financial services)		(5,789)	(1,845)
Repayment of principal portion of lease liabilities		(1,860)	(738)
Redemption of bonds		(2,008)	(1,190)
Dividends paid to shareholders	13	(16,196)	(22,396)
Dividends not claimed		19,868	-
Dividends paid to non-controlling shareholders		(93)	(1)
<b>Net cash used in financing activities</b>		<b>(3,509)</b>	<b>(24,682)</b>
<b>Net change in cash and cash equivalents</b>		<b>(55,180)</b>	<b>144,768</b>
Effect of foreign exchange on cash and cash equivalents		11,883	(24,309)
Cash and cash equivalents at the beginning of the year	4	167,864	66,487
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>124,567</b>	<b>186,946</b>

The accompanying notes are an integral part of these consolidated interim condensed financial statements.

**Note 1: Organisation**

PJSC TATNEFT n.a. V.D. Shashin (the “Company”) and its controlled subsidiaries (jointly referred to as the “Group”) are engaged in crude oil exploration, development and production principally in the Republic of Tatarstan (“Tatarstan”), a republic within the Russian Federation. The Group also engages in refining of crude oil and associated petroleum gas processing, marketing of crude oil and refined products, production and sale of tires, financial services (Note 14).

The Company was incorporated as an open joint stock company (now referred to as a public joint stock company) effective in January 1994 pursuant to the approval of the State Property Management Committee of the Republic of Tatarstan in accordance with Decree of the President of the Russian Federation No. 1403 on Privatization and Restructuring of Enterprises and Corporations into Joint-Stock Companies.

The Company does not have an ultimate controlling party.

As at 30 June 2023 and 31 December 2022 the government of Tatarstan controls about 36% of the Company’s voting stock. Tatarstan also holds a “Golden Share”, a special governmental right, in the Company. The exercise of its powers under the Golden Share enables the Tatarstan government to appoint one representative to the Board of Directors and one representative to the Revision Committee of the Company as well as to veto certain major decisions, including those relating to changes in the share capital, amendments to the Charter, liquidation or reorganization of the Company and “major” and “interested party” transactions as defined under Russian law. The Golden Share currently has an indefinite term.

At 30 June 2023 and 31 December 2022 the authorised, issued and paid share capital of PJSC Tatneft consists of 2,178,690,700 voting ordinary shares and 147,508,500 non-voting preferred shares; both classes of shares have a nominal value of RR 1.00 per share.

At 30 June 2023 and 31 December 2022 treasury shares include 75,636,735 ordinary shares of the Company owned by wholly-owned subsidiaries of the Group.

The Company is domiciled in the Russian Federation. The address of its registered office is Lenina St., 75, Almeteyevsk, Republic of Tatarstan, Russian Federation.

**Note 2: Basis of preparation**

The consolidated interim condensed financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The consolidated interim condensed financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These consolidated interim condensed financial statements do not include all the information required in the annual IFRS financial statements. The Company omitted disclosures which would substantially duplicate the disclosures contained in its 2022 audited consolidated financial statements, such as disclosures and details of accounts which have not changed significantly in amount or composition. Management believes that the information in these consolidated interim condensed financial statement is sufficiently disclosed to not inform users if are read in conjunction with the Group’s 2022 audited consolidated financial statements.

The accounting policies used in preparing these consolidated interim condensed financial statements were the same as those that applied to the consolidated financial statements for the previous financial year, except for the income tax accounting policy, which is reflected in these consolidated interim condensed financial statements based on an analysis of the weighted average annual income tax rate expected for the full financial year.

**Use of estimates in the preparation of financial statements.** The Group makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Note 2: Basis of preparation (continued)**

Judgements that have the most significant effect on the amounts recognised in the consolidated interim condensed financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

- Estimation of oil and gas reserves;
- Useful life of property, plant and equipment;
- Decommissioning provisions;
- Impairment of property, plant and equipment;
- Accounting of investments in JSC “National Non-State Pension Fund”;
- Sale and purchase of oil under contracts for counter oil deliveries;
- Financial assets impairment;
- Financial assets classification;
- Financial instruments fair value estimation;
- Presentation of excise tax, including reverse excise and export duties.

In preparing of these consolidated interim condensed financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022, excluding impairment of property, plant and equipment presented in Note 9.

**Operations for the sale and purchase of oil under contracts for counter oil deliveries.** During the six months ended 30 June 2023 and 2022 sales of crude oil under counter-delivery contracts in the amount of RR 97,862 million and RR 179,958 million respectively are presented net in the consolidated interim condensed statement of profit or loss and other comprehensive income of the Group in accordance with the IFRS 15 requirements for exchange of products of similar quality.

**Functional and presentation currency.** The presentation currency of the Group and the functional currency of the most Group's subsidiaries is the Russian Ruble.

The official rate of exchange, as published by the Central Bank of Russian Federation (“Bank of Russia”), of the Russian Ruble (“RR”) to the US Dollar (“US \$”) at 30 June 2023 and 30 June 2022 was RR 87.03 and RR 51.16 to US \$, respectively. Average rate of exchange for the six months ended 30 June 2023 and 30 June 2022 were RR 76.90 and RR 76.30 per US \$, respectively.

**Note 3: Adoption of new or revised standards and interpretations**

New standards and amendments to existing standards effective from 1 January 2023 did not have a material impact on the Group's consolidated financial statements. In addition, the Management of the Group does not expect that the amendments to current standards issued in 2023 prior to the date of signing of these consolidated interim condensed financial statements will have a material impact on the Group's consolidated financial statements.

**Note 4: Cash and cash equivalents**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
Cash on hand and in banks	55,775	86,582
Term deposits with original maturity of less than three months	68,792	81,282
<b>Total cash and cash equivalents</b>	<b>124,567</b>	<b>167,864</b>

**Note 5: Accounts receivable**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
Short-term accounts receivable:		
Trade receivables	151,294	102,642
Other financial receivables	14,325	16,250
Other non-financial receivables	119	131
Less credit loss allowance	(12,276)	(11,154)
<b>Total short-term accounts receivable</b>	<b>153,462</b>	<b>107,869</b>
Long-term accounts receivable:		
Trade receivables	352	431
Other financial receivables	12,998	12,848
Less credit loss allowance	(451)	(456)
<b>Total long-term accounts receivable</b>	<b>12,899</b>	<b>12,823</b>
<b>Total accounts receivable</b>	<b>166,361</b>	<b>120,692</b>

**Note 6: Other financial assets**

Other short-term financial assets comprise the following:

	At 30 June 2023	At 31 December 2022
<b>Financial assets measured at amortised cost</b>		
Securities (net of credit loss allowance of RR 15 million and of RR 29 million as at 30 June 2023 and 31 December 2022 respectively):	4,001	12,034
Russian government and municipal debt securities	415	20
Corporate debt securities	3,586	12,014
Other (net of credit loss allowance of RR 229 million and of RR 327 million as at 30 June 2023 and 31 December 2022 respectively)	4,347	4,025
<b>Total</b>	<b>8,348</b>	<b>16,059</b>
<b>Financial assets measured at fair value through profit or loss</b>	<b>5,556</b>	<b>5,998</b>
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>2,859</b>	<b>1,707</b>
<b>Total short-term financial assets</b>	<b>16,763</b>	<b>23,764</b>

Other long-term financial assets comprise the following:

	At 30 June 2023	At 31 December 2022
<b>Financial assets measured at amortised cost</b>		
Loans (net of credit loss allowance of RR 16,874 million and of RR 17,647 million as at 30 June 2023 and 31 December 2022 respectively)	15,234	8,138
Securities (net of credit loss allowance of RR 39 million as at 30 June 2023 and 31 December 2022):	22,304	15,323
Russian government and municipal debt securities	2,331	2,434
Corporate debt securities	19,973	12,889
Other (net of credit loss allowance of RR 8,565 million and of RR 4,659 million as at 30 June 2023 and 31 December 2022 respectively)	6,277	6,605
<b>Total</b>	<b>43,815</b>	<b>30,066</b>
<b>Financial assets measured at fair value through profit or loss</b>	<b>2,252</b>	<b>2,331</b>
<b>Financial assets measured at fair value through other comprehensive income</b>		
Securities:	61,644	57,844
Russian government and municipal debt securities	14,276	14,208
Corporate shares	12,648	12,834
Corporate debt securities	22,374	19,503
Foreign country's debt securities	776	636
Investment fund units	11,570	10,663
<b>Total</b>	<b>61,644</b>	<b>57,844</b>
<b>Total long-term financial assets</b>	<b>107,711</b>	<b>90,241</b>

**TATNEFT****Notes to the Consolidated Interim Condensed Financial Statements (Unaudited)**

(In million of Russian Rubles)

**Note 7: Inventories**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
Materials and supplies	42,225	32,725
Crude oil	16,828	15,799
Refined oil products	28,808	21,657
Supplies and finished goods of tires business (Note 18)	9,817	-
Other finished products and goods	6,115	7,201
<b>Total inventories</b>	<b>103,793</b>	<b>77,382</b>

**Note 8: Prepaid expenses and other current assets**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
Prepaid export duties	1,194	1,569
VAT recoverable	7,177	6,130
Advances	9,985	7,983
Prepaid transportation expenses	4,581	2,923
Excise	31,174	12,323
Other	5,522	1,270
<b>Prepaid expenses and other current assets</b>	<b>59,633</b>	<b>32,198</b>

## Note 9: Property, plant and equipment

	Oil and gas properties	Buildings and constructions	Machinery and equipment	Construc- tion in progress	Total
<b>Cost</b>					
<b>As at 31 December 2021</b>	<b>459,339</b>	<b>339,619</b>	<b>248,819</b>	<b>264,690</b>	<b>1,312,467</b>
Additions	-	-	-	74,276	74,276
Disposals	(209)	(521)	(1,280)	(241)	(2,251)
Changes in Group structure	-	(6,419)	(21,619)	(29,033)	(57,071)
Transfers	6,788	23,822	14,085	(44,695)	-
Changes in decommissioning provision	1,007	-	-	-	1,007
Currency translation effect	-	(408)	(282)	(783)	(1,473)
<b>As at 30 June 2022</b>	<b>466,925</b>	<b>356,093</b>	<b>239,723</b>	<b>264,214</b>	<b>1,326,955</b>
<b>Depreciation, depletion and amortisation, impairment</b>					
<b>As at 31 December 2021</b>	<b>228,448</b>	<b>75,224</b>	<b>99,546</b>	<b>29,467</b>	<b>432,685</b>
Depreciation charge	11,977	4,643	5,849	-	22,469
Impairment	1,410	67	29	2,164	3,670
Disposals	(133)	(165)	(668)	-	(966)
Changes in Group structure	-	(4,518)	(23,383)	(2,021)	(29,922)
Transfers	93	195	(288)	-	-
Currency translation effect	-	(80)	(71)	-	(151)
<b>As at 30 June 2022</b>	<b>241,795</b>	<b>75,366</b>	<b>81,014</b>	<b>29,610</b>	<b>427,785</b>
<b>Net book value</b>					
<b>As at 31 December 2021</b>	<b>230,891</b>	<b>264,395</b>	<b>149,273</b>	<b>235,223</b>	<b>879,782</b>
<b>As at 30 June 2022</b>	<b>225,130</b>	<b>280,727</b>	<b>158,709</b>	<b>234,604</b>	<b>899,170</b>
<b>Cost</b>					
<b>As at 31 December 2022</b>	<b>516,865</b>	<b>385,300</b>	<b>258,668</b>	<b>278,454</b>	<b>1,439,287</b>
Additions	-	-	-	97,394	97,394
Disposals	(795)	(306)	(1,458)	(247)	(2,806)
Changes in the Group structure (Note 18)	-	13,262	19,778	696	33,736
Transfers	23,334	28,307	19,518	(71,159)	-
Changes in decommissioning provision	(25,150)	-	-	-	(25,150)
Currency translation effect	-	828	1,102	(977)	953
<b>As at 30 June 2023</b>	<b>514,254</b>	<b>427,391</b>	<b>297,608</b>	<b>304,161</b>	<b>1,543,414</b>
<b>Depreciation, depletion and amortisation, impairment</b>					
<b>As at 31 December 2022</b>	<b>265,433</b>	<b>83,241</b>	<b>85,240</b>	<b>33,163</b>	<b>467,077</b>
Depreciation, depletion and amortisation	12,004	7,878	7,831	-	27,713
Impairment	2,654	1,676	3,438	1,980	9,748
Disposals	(561)	(235)	(734)	-	(1,530)
Transfers	209	(211)	74	(72)	-
Currency translation effect	-	42	31	-	73
<b>As at 30 June 2023</b>	<b>279,739</b>	<b>92,391</b>	<b>95,880</b>	<b>35,071</b>	<b>503,081</b>
<b>Net book value</b>					
<b>As at 31 December 2022</b>	<b>251,432</b>	<b>302,059</b>	<b>173,428</b>	<b>245,291</b>	<b>972,210</b>
<b>As at 30 June 2023</b>	<b>234,515</b>	<b>335,000</b>	<b>201,728</b>	<b>269,090</b>	<b>1,040,333</b>

**Note 9: Property, plant and equipment (continued)**

Due to indications of possible impairment as at 30 June 2023 the Group conducted impairment testing for individual assets, the current economic performance of which does not correspond to the forecast.

For the six months ended 30 June 2023 the Group recognised an impairment of the following assets:

- tires business assets in the amount of RR 5,194 million;
- assets related to the superviscous oil fields in the amount of RR 2,654 million;
- exploration and evaluation assets related to the oilfields located outside the Republic of Tatarstan in the amount of RR 274 million;
- other assets in the total amount of RR 1,626 million.

An impairment loss is included in the corresponding line of the consolidated interim condensed financial statement of profit or loss and other comprehensive income.

**Decommissioning provisions**

The following table summarizes changes in the Group's decommissioning provision for the year:

	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Balance at the beginning of period</b>	<b>54,177</b>	<b>38,710</b>
Unwinding of discount	2,674	1,611
New obligations	223	200
Expenses on current obligations	(1)	-
Changes in estimates	(25,373)	807
<b>Balance at the end of period</b>	<b>31,700</b>	<b>41,328</b>
Less: current portion of decommissioning provisions (Note 12)	(183)	(57)
<b>Long-term balance at the end of period</b>	<b>31,517</b>	<b>41,271</b>

The decrease in the provision for decommissioning of assets was primarily due to an increase in proved developed oil reserves and an increase in the production horizon.

**Note 10: Taxes**

The Group's effective income tax rate differs from the statutory tax rate primarily due to non-deductible expenses, including social expenses.

The Group is subject to a number of taxes other than income taxes, which are detailed as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Mineral extraction tax	178,044	313,530
Tax on additional income from hydrocarbon extraction	33,734	81,894
Excise,	(53,950)	(131,354)
incl. reverse excise	(103,185)	(171,474)
Property tax	7,052	6,090
Other	1,243	939
<b>Total taxes, other than income taxes</b>	<b>166,123</b>	<b>271,099</b>

Taxes payable, other than income taxes were as follows:

	At 30 June 2023	At 31 December 2022
Mineral extraction tax	32,041	21,650
Tax on additional income from hydrocarbon extraction	22,941	18,395
Value Added Tax	18,001	15,216
Excise	8,427	8,319
Export duties	-	672
Property tax	3,605	3,547
Other	4,496	4,419
<b>Total taxes payable, other than income taxes</b>	<b>89,511</b>	<b>72,218</b>



**TATNEFT****Notes to the Consolidated Interim Condensed Financial Statements (Unaudited)**

(In million of Russian Rubles)

**Note 11: Debt**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
<b>Short-term debt</b>		
Subordinated loans	21	22
Promissory notes issued	1,781	276
Other debt	1,187	-
<b>Short-term debt</b>	<b>2,989</b>	<b>298</b>
Current portion of long-term debt	912	2,367
<b>Total short-term debt and current portion of long-term debt</b>	<b>3,901</b>	<b>2,665</b>
<b>Long-term debt</b>		
Bonds issued	2	2,057
Promissory notes issued	10,543	11,621
Other debt	9,606	525
<b>Total long-term debt</b>	<b>20,151</b>	<b>14,203</b>
Less: current portion of long-term debt	(912)	(2,367)
<b>Total long-term debt, net of current portion</b>	<b>19,239</b>	<b>11,836</b>

The increase in the lines "Other debt" was mainly due to the acquisition of a business (Note 18).

Debt issued to related parties is presented in Note 15.

**Note 12: Accounts payable and accrued liabilities**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
Trade payables	62,958	49,609
Current portion of lease liabilities	3,580	974
Other payables	513	481
<b>Total financial liabilities within trade and other payables</b>	<b>67,051</b>	<b>51,064</b>
Salaries and wages payable	13,549	13,051
Current portion of long-term employee incentives program	80	80
Advances received from customers	18,583	21,118
Current portion of decommissioning provisions (Note 9)	183	183
Other accounts payable and accrued liabilities	12,940	7,440
<b>Total non-financial liabilities</b>	<b>45,335</b>	<b>41,872</b>
<b>Accounts payable and accrued liabilities</b>	<b>112,386</b>	<b>92,936</b>

**Note 13: Dividends payable**

In June 2023, the shareholders of the Company approved dividends for the year ended 31 December 2022, in the amount of RR 67.28 per preferred and ordinary share, including previously paid interim dividends for the six and nine months of 2022, in the amount of RR 39.57 per preferred and ordinary share.

In December 2022, the shareholders of the Company approved the payment of interim dividends for the nine months ended 30 September 2022, in the amount of RR 39.57 per preferred and ordinary share, including previously paid interim dividends for the six months ended 30 June 2022, in the amount of RR 32.71 per preferred and ordinary share.

**Note 14: Segment information**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Board of Directors and the Management Committee and for which discrete financial information is available.

Segments whose revenue, result or assets are 10% or more of all the segments are reported separately.

The Group's business activities are conducted predominantly through four main operating segments:

- Exploration and production consists of exploration, development, extraction and sale of own crude oil. Intersegment sales consist of transfer of crude oil to refinery and other goods and services provided to other operating segments;
- Refining and marketing comprises purchases and sales of crude oil and refined products from third parties, own refining activities and retailing operations;
- The tire business segment includes the production and sale of tires by companies acquired through business combinations in the first quarter of 2023 (Note 18). Shares and interests in subsidiaries that constituted the tire business segment in prior periods were sold in the 2nd quarter of 2022, accordingly classified as a discontinued operation;
- Financial services.

Other sales include revenues from ancillary services provided by the specialised subdivisions and subsidiaries of the Group, such as sales of oilfield equipment, revenues from the sale of auxiliary petrochemical related services and materials as well as other business activities, which do not constitute reportable business segments.

The Group evaluates performance of its reportable operating segments and allocates resources based on segment earnings, defined as profit before income tax not including interest income and expense (excluding financial services), gains from equity investments, other income (expenses). Intersegment sales are at prices that approximate market. The Group uses an export netback calculated based on average Urals quotes less export duty, freight and transportation costs to calculate the cost of its own oil for refining. The Group financing including interest expense and interest income (excluding financial services) and income taxes are managed on a Group basis and are not allocated to operating segments.

For the six months ended 30 June 2023, revenues of RR 68,530 million or 11% of the Group's total sales and operating revenues are derived from one external customer.

For the six months ended 30 June 2022, revenues of RR 107,268 million or 13% of the Group's total sales and operating revenues are derived from one external customer.

These revenues represent sales of crude oil and are attributable to the exploration and production segment.

Management does not believe the Group is dependent on any particular customer.

## Note 14: Segment information (continued)

## Segment sales

	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Exploration and production</b>		
Domestic sales of own crude oil	92,381	132,116
Own crude oil sales to far abroad countries	119,648	173,106
Other	4,820	3,439
Intersegment sales	162,368	262,012
<b>Total exploration and production</b>	<b>379,217</b>	<b>570,673</b>
<b>Refining and marketing</b>		
<i>Domestic sales</i>		
Refined products	250,460	219,697
Total Domestic sales	250,460	219,697
<i>Near abroad countries sales</i>		
Refined products	11,804	5,740
Total near abroad countries sales	11,804	5,740
<i>Far abroad countries sales</i>		
Crude oil purchased for resale	-	1,825
Refined products	97,472	203,581
Total far abroad countries sales	97,472	205,406
Other	10,637	13,383
Intersegment sales	3,182	1,762
<b>Total refining and marketing</b>	<b>373,555</b>	<b>445,988</b>
<b>Tires business</b>		
Tires – domestic sales	5,199	-
Tires – near abroad countries sales	1,068	-
Other	135	-
<b>Total tires business</b>	<b>6,402</b>	<b>-</b>
<b>Financial services</b>		
Interest income	10,681	10,642
Fee and commission income	1,909	1,619
<b>Total financial services</b>	<b>12,590</b>	<b>12,261</b>
<b>Total segment sales</b>	<b>771,764</b>	<b>1,028,922</b>
Corporate and other sales	30,239	37,911
Elimination of intersegment sales	(165,550)	(263,774)
<b>Total sales</b>	<b>636,453</b>	<b>803,059</b>

## Segment earnings

	Six months ended 30 June 2023	Six months ended 30 June 2022
<b>Segments result</b>		
Exploration and production	78,344	63,074
Refining and marketing	102,913	164,466
Tires business	(4,176)	-
Financial services	(1,028)	(840)
<b>Total segments result</b>	<b>176,053</b>	<b>226,700</b>
Corporate and other	8,042	(33,047)
Other (expenses)/income, net (excluding exchange differences)	(1,090)	2,428
<b>Profit before income tax</b>	<b>183,005</b>	<b>196,081</b>

**Note 14: Segment information (continued)**

Segment result includes foreign exchange gain (loss), net. For the six months ended 30 June 2023, the Group recorded a foreign exchange gain of RR 46,758 million and a foreign exchange loss of RR 17,115 million in the consolidated interim condensed statement of profit or loss and other comprehensive income on a net basis (for the six months ended 30 June 2022: RR 58,224 million and RR 120,129 million, respectively). Foreign exchange gain and loss were received mainly on receivables from operating activities from the sale of crude oil and refined products for export, as well as from the revaluation of cash in foreign currencies.

"Corporate and other" line includes Head Office administrative expenses, impairment losses on financial assets net of reversal, impairment losses and losses on disposal on property, plant and equipment and other non-financial assets, charity expenses, maintenance of social infrastructure and transfer of social assets, income from changes in the fair value of financial assets measured at fair value through profit or loss, and gain from purchase (Note 18).

**Segment assets**

	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
<b>Assets</b>		
Exploration and production	472,586	446,794
Refining and marketing	721,786	630,216
Tires business	68,251	-
Financial services	272,925	319,444
Corporate and other	317,577	279,383
<b>Total assets</b>	<b>1,853,125</b>	<b>1,675,837</b>

As at 30 June 2023 corporate and other includes RR 117,628 million of property, plant and equipment, RR 23,899 million of securities measured at fair value through other comprehensive income, RR 5,696 million loans receivable, RR 62,773 million of bank deposits measured at amortised cost, RR 28,397 million of cash, RR 23,213 million of inventories.

As at 31 December 2022 corporate and other assets includes RR 100,371 million of property, plant and equipment, RR 22,079 million of securities measured at fair value through other comprehensive income, RR 12,551 million loans receivable, RR 75,080 million of bank deposits measured at amortised cost, RR 3,451 million of cash, RR 18,070 million of inventories.

The Group's assets and operations are primarily located and conducted in the Russian Federation.

**Segment depreciation, depletion and amortisation and additions to property, plant and equipment**

	<b>Six months ended 30 June 2023</b>	<b>Six months ended 30 June 2022</b>
<b>Depreciation, depletion and amortization</b>		
Exploration and production	16,521	12,854
Refining and marketing	10,349	7,032
Tires business	1,348	-
Financial services	234	180
Corporate and other	2,174	1,785
<b>Total depreciation, depletion and amortization</b>	<b>30,626</b>	<b>21,851</b>
<b>Additions to property, plant and equipment</b>		
Exploration and production	47,414	33,215
Refining and marketing	36,148	28,359
Tires business	27,704	-
Financial services	60	27
Corporate and other	19,804	12,675
<b>Total additions to property, plant and equipment</b>	<b>131,130</b>	<b>74,276</b>

Additions to property, plant and equipment of exploration and production segment are presented net of changes in estimated decommissioning provisions (Note 9). Total additions from property, plant and equipment for the six months ended 30 June 2022 is presented net of additions from discontinued operation.

**Note 15: Related party transactions**

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions are entered into in the normal course of business with associates, joint ventures, government related companies, key management personnel and other related parties. These transactions include sales and purchases of refined products, purchases of electricity, transportation services and financial services. The Group enters into transactions with related parties based on market or regulated prices.

**Associates, joint ventures and other related parties**

The amounts of transactions for each period with associates, joint ventures and other related parties are as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Revenues and income	637	118
Costs and expenses	595	484

The outstanding balances with associates, joint ventures and other related parties were as follows:

	At 30 June 2023	At 31 December 2022
Short-term assets	2,731	2,279
Long-term assets	19,387	12,157
Short-term liabilities	(2,200)	(2,076)
Long-term liabilities	(472)	-

Long-term assets mainly include securities at fair value through other comprehensive income, other loans and loans to customers.

**Government related companies**

The amounts of transactions for each period with Government related companies are as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Sales of crude oil	10,279	14,734
Sales of refined products	16,990	13,845
Other sales	-	14,299
Other proceeds	2,366	5,052
Interest income	4,900	3,758
Income from changes in the fair value of financial assets	-	1,367
Interest expense	204	357
Purchases of crude oil	-	1,346
Purchases of refined products and natural gas	8,605	7,754
Purchases of electricity	13,457	11,793
Purchases of transportation and compounding services	16,830	22,562
Other purchases	4,618	3,649

Other sales include proceeds from assignment of claims and sale of interests and shares.

**Note 15: Related party transactions (continued)**

The outstanding balances with Government related companies were as follows:

	At 30 June 2023	At 31 December 2022
<b>Assets</b>		
Cash and cash equivalents	91,304	79,214
Financial services: Mandatory reserve deposits with the Bank of Russia	903	378
Accounts receivable	6,015	5,733
Financial services: Loans to customers	2,639	251
Other short-term financial assets		
Securities measured at amortised cost	3,398	5,966
Other	2,212	2,069
Prepaid expenses and other current assets	3,326	3,290
<b>Total short-term assets</b>	<b>109,797</b>	<b>96,901</b>
Financial services: Loans to customers	5,293	7,436
Accounts receivable	12,179	12,060
Other long-term financial assets		
Securities measured at fair value through other comprehensive income	42,240	39,478
Securities measured at amortised cost	13,109	13,826
Other loans	-	16
Advances for the acquisition of non-current assets	10,328	6,629
<b>Total long-term assets</b>	<b>83,149</b>	<b>79,445</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	(3,814)	(4,536)
Financial services: Due to banks and the Bank of Russia	(1,908)	(2,356)
Financial services: Customer accounts	(78)	(1,097)
Financial services: Other financial liabilities at fair value through profit or loss	(695)	(819)
Debt	(118)	(199)
<b>Total short-term liabilities</b>	<b>(6,613)</b>	<b>(9,007)</b>
Financial services: Due to banks and the Bank of Russia	(4,294)	(2,883)
Government grants	(29,100)	(28,948)
Other long-term liabilities	(395)	(365)
<b>Total long-term liabilities</b>	<b>(33,789)</b>	<b>(32,196)</b>

As at 30 June 2023 guarantees issued to government related parties amounted to RR 5,775 million (as at 31 December 2022: RR 5,575 million).

At 30 June 2023 and 31 December 2022 the Group's key management personnel accounts in the customer accounts amounted to RR 28,780 million and RR 33,079 million, respectively.

During the six months ended 30 June 2023, there were no significant changes in the terms and conditions of remuneration for key management personnel.

**Note 16: Contingencies and commitments**

For the six months ended 30 June 2023, there were no significant changes in contingent and contractual commitments, except for capital commitments, which increased by approximately RR 55 billion. This increase is mainly due to the conclusion of new contracts in the framework of the development of the petrochemical business and oil refining and payments under contracts in force at the reporting date.

**Operating Environment of the Group**

The economy of the Russian Federation displays certain characteristics of an emerging market. It is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and sanctions imposed by a number of countries against certain sectors of the Russian economy, Russian companies and individuals.

**Note 16: Contingencies and commitments (continued)**

Ban imposed in 2022 by a number of countries on new investments by citizens and legal entities of such countries in the energy industry of Russia, as well as on the supply of certain nomenclatures of goods, equipment and a number of technologies continues. Since December 2022, some countries, including EU countries, have banned their citizens and legal entities from importing Russian oil, as well as from providing brokerage, transport, insurance and other services in relation to Russian oil transported by tankers and sold at a price above the price threshold set by these countries. In February 2023, similar restrictive measures came into force for Russian oil products.

Further limitations on business activity affecting companies operating in the Russian Federation, as well as further negative consequences for the Russian economy in general cannot be ruled out, but it is not possible to determine the duration, full extent and scale of possible effects.

The Group is characterized by a low level of debt and, although the current uncertainty may affect the Group's future profitability and cash flows in the near future, management believes this will not affect the Group's ability to continue as a going concern and meet its obligations for the foreseeable future.

The Group's management takes the necessary measures to ensure its sustainable operation. However, the future impact of the current economic and geopolitical situation is difficult to predict and the Group's management's current expectations and estimates may differ from actual results.

**Note 17: Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The estimated fair values of financial instruments are determined with reference to various market information and other valuation techniques as considered appropriate. The different levels of fair value hierarchy have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that Group has the ability to assess at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

**Recurring fair value measurements**

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	At 30 June 2023			Carrying value
	Level 1	Level 2	Fair value Level 3	
Securities measured at fair value through profit or loss	5,326	219	191	5,736
Derivatives measured at fair value through profit or loss	-	1	-	1
Loans measured at fair value through profit or loss	-	-	2,071	2,071
Securities measured through other comprehensive income	25,099	17,955	21,449	64,503
Investment property	-	-	893	893
Financial services: Other financial liabilities measured at fair value through profit or loss	(695)	(17)	-	(712)
<b>Total</b>	<b>29,730</b>	<b>18,158</b>	<b>24,604</b>	<b>72,492</b>

## Note 17: Fair value (continued)

	At 31 December 2022			Carrying value
	Level 1	Level 2	Fair value Level 3	
Financial services: Loans to customers measured at fair value through profit or loss	-	-	37	37
Securities measured at fair value through profit or loss	4,438	479	690	5,607
Derivatives measured at fair value through profit or loss	-	562	-	562
Loans measured at fair value through profit or loss	-	-	2,160	2,160
Securities measured through other comprehensive income	31,570	7,334	20,647	59,551
Investment property	-	-	786	786
Financial services: Other financial liabilities measured at fair value through profit or loss	(526)	(907)	-	(1,433)
<b>Total</b>	<b>35,482</b>	<b>7,468</b>	<b>24,320</b>	<b>67,270</b>

There were no changes in valuation technique for Level 2 and Level 3 recurring fair value measurements during the six months ended 30 June 2023 and year ended 31 December 2022. There have been no transfers between Level 1, Level 2 and Level 3 during these periods.



**TATNEFT**
**Notes to the Consolidated Interim Condensed Financial Statements (Unaudited)**

(In million of Russian Rubles)

**Note 17: Fair value (continued)**
**Assets and liabilities not measured at fair value but for which fair value is disclosed**

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows:

	At 30 June 2023				At 31 December 2022			
	Fair value			Carrying value	Fair value			Carrying value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>Assets</b>								
Cash and cash equivalents								
Cash on hand and in banks	3,697	52,078	-	55,775	3,599	82,983	-	86,582
Term deposits	-	68,792	-	68,792	-	81,282	-	81,282
Financial services: Mandatory reserve deposits with the Bank of Russia	-	903	-	903	378	-	-	378
Accounts receivable								
Trade receivables	-	-	144,287	144,287	-	-	97,356	97,356
Other financial receivables	-	933	21,022	21,955	-	1,229	21,976	23,205
Financial services: Loans to customers measured at amortised cost	-	-	160,961	162,251	-	-	161,065	157,369
Other financial assets								
Loans measured at amortised cost	-	-	19,581	19,581	-	-	11,622	11,622
Securities measured at amortised cost	17,246	4,748	3,124	26,305	15,761	4,952	6,240	27,357
Other	-	-	6,277	6,277	-	543	6,606	7,146
<b>Total</b>	<b>20,943</b>	<b>127,454</b>	<b>355,252</b>	<b>506,126</b>	<b>19,738</b>	<b>170,989</b>	<b>304,865</b>	<b>492,297</b>
<b>Liabilities</b>								
Accounts payable								
Trade payables	-	-	62,958	62,958	-	-	49,609	49,609
Current portion of lease liabilities	-	-	3,580	3,580	-	-	974	974
Other payables	-	-	513	513	-	-	481	481
Dividend payable	-	-	92,060	92,060	-	-	26,025	26,025
Non-current lease liabilities	-	-	13,052	13,052	-	-	2,641	2,641
Debt								
Bonds issued	-	2	-	2	-	2,052	-	2,057
Subordinated debt	-	21	-	21	-	22	-	22
Promissory notes issued	-	12,319	-	12,324	-	11,666	-	11,897
Other debt	-	-	10,793	10,793	-	-	525	525
Financial services: Due to banks and the Bank of Russia	226	17,179	-	17,551	921	5,240	-	6,173
Financial services: Customer accounts	-	63,949	121,076	187,422	-	76,333	133,868	212,632
<b>Total</b>	<b>226</b>	<b>93,470</b>	<b>304,032</b>	<b>400,276</b>	<b>921</b>	<b>95,313</b>	<b>214,123</b>	<b>313,036</b>

The fair values in Level 2 fair value hierarchy were estimated using the discounted contractual cash flows and observable interest rates for identical instruments. The fair values in Level 3 fair value hierarchy were estimated using the discounted cash flows and observable interest rates for similar instruments with adjustment to credit risk and maturity.

**Note 18: Business combinations**

In 1 quarter of 2023, the Group acquired the Russian tire business of the Finnish company Nokian Tyres plc, including a plant in the city of Vsevolozhsk, Leningrad Region, by purchasing shares in Nokian Tyres LLC, Nokian Shina LLC, Hakka Invest LLC (renamed to Ikon Tyres LLC, Ikon Shina LLC, Ikon Invest LLC in 2nd quarter 2023) and obtained control becoming the sole participant of these entities.

The purchase price amounted RR 23,050 million and the cash consideration was fully paid in 1 quarter 2023. The consideration paid by the Group was based on the results of the evaluation of the business value of the acquired entities, taking into account the total allowable transaction price determined by the Government Commission of the Russian Federation for the Control of Foreign Investments.

At the 30 June 2023 the assessment of the fair value of the assets and liabilities of the acquired subsidiaries has not been completed. The allocation of the purchase price to the fair value of the assets and liabilities acquired will be completed within 12 months from the acquisition date.

Details of assessment of the fair value of acquired assets and liabilities performed by the Group are as follows:

	<b>Preliminary fair value</b>
Cash and cash equivalents	6,998
Property, plant and equipment	13,763
Inventories	8,387
Accounts receivable and advances issued	17,461
Deferred tax assets	978
Other assets	450
Trade and other payables	(4,954)
Deferred tax liabilities	(62)
Other liabilities	(2,137)
<b>Fair value of identifiable net assets of subsidiaries</b>	<b>40,884</b>
<b>Gain from purchase</b>	<b>(17,834)</b>
<b>Total purchase consideration</b>	<b>23,050</b>
Cash and cash equivalents of subsidiaries acquired	(6,998)
<b>Net cash flow from acquisition of subsidiaries</b>	<b>16,052</b>

For the period from the acquisition date to reporting date the acquired business accounted for RR 5,487 million in the Group's revenue and RR 1,459 million in profit.

Gain from purchase is presented in other operating income/(expenses), net of the consolidated interim condensed statement of profit or loss and other comprehensive income.

In 2nd quarter 2023, as part of expanding sales markets, the Group acquired shares of the Turkish company Aytemiz Akaryakıt Dağıtım A.Ş. and obtained control becoming the sole participant of this entity.

The purchase price amounted RR 27,326 million and the cash consideration was fully paid in 2 quarter 2023. The consideration paid by the Group was based on the results of the evaluation of the business value of the acquired entity.

At the 30 June 2023 the assessment of the fair value of the assets and liabilities of the acquired subsidiary has not been completed. The allocation of the purchase price to the fair value of the assets and liabilities acquired will be completed within 12 months from the acquisition date.

**Note 18: Business combinations (continued)**

Details of assessment of the fair value of acquired assets and liabilities performed by the Group are as follows:

	<b>Preliminary fair value</b>
Cash and cash equivalents	6,739
Property, plant and equipment	6,157
Right-of-use assets	2,991
Inventories	4,138
Accounts receivable and advances issued	4,810
Deferred tax assets	810
Other assets	4,409
Debt	(5,368)
Trade and other payables	(8,867)
Other liabilities	(2,887)
<b>Fair value of identifiable net assets of subsidiary</b>	<b>12,932</b>
<b>Goodwill related to the acquisition</b>	<b>14,394</b>
<b>Total purchase consideration</b>	<b>27,326</b>
Cash and cash equivalents of subsidiary acquired	(6,739)
<b>Net cash flow from acquisition of subsidiary</b>	<b>20,587</b>

For the period from the acquisition date to reporting date the acquired business accounted for RR 18,479 million in the Group's revenue and RR 92 million in profit.

In addition, in the 1st quarter of 2023, the Group acquired the tire business in the Republic of Uzbekistan by purchasing a share in Birinchi Rezinotexnika Zavodi LLC from third parties and obtained control becoming the sole participant of this entity.

**Note 19: Subsequent events**

In August 2023, the Board of Directors of the Company decided to convene an extraordinary general meeting of shareholders on 21 September 2023, and also recommended that shareholders approve the amount of interim dividends for the six months ended 30 June 2023 in the amount of RR 27.54 per preferred and ordinary share.