



Tatneft Group

**IFRS® ACCOUNTING STANDARDS
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

CONSOLIDATED FINANCIAL STATEMENTS

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Independent Auditor's Report

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Public Joint Stock Company TATNEFT named after V.D. Shashin and its subsidiaries (together – the "Group") at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position at 31 December 2024;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

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.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p><i>Estimation of oil and gas reserves</i></p> <p>We focused on this matter due to significant impact of the estimate of oil and gas reserves on the results of impairment testing, depreciation, depletion and amortisation of property, plant and equipment related to the oil and gas exploration and production, and the amount of decommissioning provisions. Also, the estimate of oil and gas reserves is an area of significant judgement due to geological, technical and commercial uncertainties.</p> <p>Information about the estimation of oil and gas reserves is provided in Note 29 “Critical accounting estimates and judgements in applying accounting policies” to the consolidated financial statements.</p> | <p>Regarding the update of the estimate of oil and gas reserves performed during 2024 we (on a sample basis, where applicable):</p> <ul style="list-style-type: none"> assessed appropriateness of the items selected for the 2024 update based on the current production information and remaining production periods; assessed the competence, capabilities and objectivity of the internal experts performing the estimation; assessed appropriateness of the methodology and key assumptions and estimates applied, among other things, in the context of the current production information and macroeconomic forecasts; obtained an understanding of reasons for the changes in the estimate of oil and gas reserves compared to the previous estimate. |
| <p><i>Impairment of property, plant and equipment</i></p> <p>We focused on this matter due to significance of the carrying amount of property, plant and equipment, significance of judgements and estimates applied in analysis of impairment of these assets, and the effect of the current geopolitical environment and economic situation on the recoverable amount of these assets.</p> <p>Information on property, plant and equipment, analysis of impairment of these assets and results of such analysis is disclosed in Note 9 “Property, Plant and Equipment” to the consolidated financial statements.</p> | <p>In respect of certain cash-generating units the Group identified indications of impairment (reversal of impairment) and prepared calculations of recoverable amount based on expected discounted cash flows. Regarding these calculations we (on a sample basis, where applicable):</p> <ul style="list-style-type: none"> assessed appropriateness of the methodology and key assumptions and estimates applied, including consistency of the discount rates used with the range of acceptable values considering current economic conditions and the business of the Group; tested input data, including consistency of the used information about oil and gas reserves related to the upstream assets with the estimates of the Group; tested mathematical accuracy of the calculations; compared carrying amount of the assets with their recoverable amount. |

Other information

Management is responsible for the other information. The other information comprises Management’s discussion and analysis of financial condition and results of operations for the years ended 31 December 2024 and 2023 (but does not include the consolidated financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report, and the Integrated Annual Report for 2024 and Securities Issuer’s Report for the 12 months of 2024, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Integrated Annual Report for 2024 and Securities Issuer's Report for the 12 months of 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS Accounting Standards, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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.

The certified auditor responsible for the audit resulting in this independent auditor's report is Kriventsev Evgenii Nikolaevich.

12 March 2025
Moscow, Russian Federation



Kriventsev Evgenii Nikolaevich 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 Statement of Financial Position at the 31 December 2024

(In million of Russian Rubles)

| | Note | 31 December 2024 | 31 December 2023 |
|--|------|------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | 3 | 117,454 | 84,115 |
| Financial services: Mandatory reserve deposits with the Bank of Russia | | 997 | 903 |
| Short-term accounts receivable, net | 4 | 215,500 | 219,905 |
| Financial services: Loans to customers | 5 | 79,781 | 62,582 |
| Other short-term financial assets | 6 | 31,622 | 37,868 |
| Inventories | 7 | 125,826 | 121,157 |
| Prepaid expenses and other current assets | 8 | 62,879 | 58,315 |
| Prepaid income tax | | 924 | 4,034 |
| Non-current assets held for sale | | 6,939 | 744 |
| Total current assets | | 641,922 | 589,623 |
| Long-term accounts receivable, net | 4 | 10,839 | 9,519 |
| Financial services: Loans to customers | 5 | 116,771 | 127,811 |
| Other long-term financial assets | 6 | 102,835 | 103,515 |
| Investments in associates and joint ventures | | 3,639 | 5,018 |
| Property, plant and equipment, net | 9 | 1,238,124 | 1,131,481 |
| Right-of-use assets | 10 | 23,417 | 27,529 |
| Deferred income tax assets | 11 | 18,778 | 7,332 |
| Intangible assets | 25 | 27,366 | 21,020 |
| Other non-current assets | 26 | 21,218 | 22,325 |
| Total non-current assets | | 1,562,987 | 1,455,550 |
| Total assets | | 2,204,909 | 2,045,173 |
| Liabilities and equity | | | |
| Short-term debt and current portion of long-term debt | 12 | 3,199 | 4,809 |
| Accounts payable and accrued liabilities | 13 | 163,202 | 160,532 |
| Dividends payable | 17 | 104,851 | 119,137 |
| Financial services: Due to banks and the Bank of Russia | 14 | 36,938 | 27,014 |
| Financial services: Customer accounts | 15 | 205,127 | 202,048 |
| Financial services: Other financial liabilities at fair value through profit or loss | 3 | 19,197 | 14,983 |
| Taxes payable, other than income tax | 11 | 129,035 | 141,874 |
| Income tax payable | | 3,291 | 1,515 |
| Total current liabilities | | 664,840 | 671,912 |
| Long-term debt, net of current portion | 12 | 10,084 | 18,048 |
| Financial services: Due to banks and the Bank of Russia | 14 | 1,184 | 3,737 |
| Financial services: Customer accounts | 15 | 1,127 | 1,531 |
| Decommissioning provision, net of current portion | 9 | 28,742 | 30,771 |
| Lease liabilities, net of current portion | 10 | 18,130 | 20,344 |
| Deferred income tax liability | 11 | 105,659 | 61,430 |
| Other long-term liabilities | 16 | 44,899 | 40,230 |
| Total non-current liabilities | | 209,825 | 176,091 |
| Total liabilities | | 874,665 | 848,003 |
| Equity | | | |
| Preferred shares | | 746 | 746 |
| Ordinary shares | | 11,021 | 11,021 |
| Additional paid-in capital | | 84,437 | 84,437 |
| Accumulated other comprehensive income | | 17,076 | 10,533 |
| Retained earnings | | 1,218,834 | 1,094,451 |
| Less: Ordinary shares held in treasury, at cost | | (10,345) | (10,345) |
| Total equity owned by shareholders of PJSC Tatneft | | 1,321,769 | 1,190,843 |
| Non-controlling interest | | 8,475 | 6,327 |
| Total equity | | 1,330,244 | 1,197,170 |
| Total liabilities and equity | | 2,204,909 | 2,045,173 |

Approved for issue and signed on 12 March 2025


CEO Magahov N.U.


Deputy Chief Accountant Gaysin A.I.

TATNEFT
**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2024**

(In million of Russian Rubles)

| | | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|-------|--------------------------------|--------------------------------|
| | Note | | |
| Revenue (excluding financial services) | 21 | 2,030,371 | 1,589,082 |
| Costs and other expenses (excluding financial services) | | | |
| Operating expenses | | (279,350) | (200,228) |
| Purchased crude oil and refined products | | (444,536) | (306,393) |
| Exploration | | (4,019) | (3,001) |
| Transportation | | (93,932) | (71,901) |
| Selling, general and administrative expenses | | (114,552) | (97,632) |
| Depreciation, depletion and amortization | 9,21 | (62,238) | (60,647) |
| Expected credit losses on financial assets net of reversals | 4,6 | 759 | (566) |
| Impairment losses on property, plant and equipment and other non-financial assets net of reversals | 9 | (6,576) | (21,732) |
| Taxes other than income taxes | 11 | (602,091) | (458,014) |
| Export duties | | (888) | (17,616) |
| Maintenance of social infrastructure and transfer of social assets | | (16,811) | (12,023) |
| Total costs and expenses (excluding financial services) | | (1,624,234) | (1,249,753) |
| Other operating (expenses)/income, net | 24 | (3,130) | 17,314 |
| Operating profit (excluding financial services) | | 403,007 | 356,643 |
| Net interest, fee and commission and other operating income/(expenses) and gains/(losses) from financial services | | | |
| Interest, fee and commission income | 20,21 | 46,108 | 28,294 |
| Interest, fee and commission expense | 20 | (34,178) | (15,962) |
| Net income/(expense) on recovery/creating provision for credit losses on debt financial assets | 5,6 | 8,503 | (10,414) |
| Operating expenses | | (8,475) | (9,187) |
| Gain arising from dealing in foreign currencies, net | | 377 | 477 |
| Other operating expenses, net | | (2,282) | (1,130) |
| Total net interest, fee, commission and other operating income/(expenses) and gains/(losses) from financial services | | 10,053 | (7,922) |
| Other income/(expenses) | | | |
| Foreign exchange gain, net | 27 | 12,121 | 25,049 |
| Interest income (excluding financial services) | | 18,982 | 10,367 |
| Interest expense (excluding financial services) | 19 | (20,052) | (21,025) |
| Share of results of associates and joint ventures, net | | (2,963) | 2,395 |
| Total other income, net | | 8,088 | 16,786 |
| Profit before income tax | | 421,148 | 365,507 |
| Income tax | | | |
| Current income tax expense | | (79,871) | (73,172) |
| Deferred income tax expense | | (32,348) | (6,072) |
| Total income tax expense | 11 | (112,219) | (79,244) |
| Profit for the year | | 308,929 | 286,263 |

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

TATNEFT**Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2024**

(In million of Russian Rubles)

| | Note | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|------|--------------------------------|--------------------------------|
| Other comprehensive income/(loss) net of income tax: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation adjustments | | 8,022 | 7,848 |
| Loss on debt financial assets at fair value through other comprehensive income, net | | (2,243) | (209) |
| Items that will not be reclassified to profit or loss: | | | |
| Gain on equity financial assets at fair value through other comprehensive income, net | | 192 | 2,251 |
| Actuarial (loss)/gain on employee benefit plans | | (77) | 832 |
| Other comprehensive income | | 5,894 | 10,722 |
| Total comprehensive income for the period | | 314,823 | 296,985 |
| Profit/(loss) attributable to: | | | |
| - Shareholders of PJSC Tatneft | | 306,140 | 287,921 |
| - Non-controlling interest | | 2,789 | (1,658) |
| | | 308,929 | 286,263 |
| Total comprehensive income/(loss) attributable to: | | | |
| - Shareholders of PJSC Tatneft | | 312,683 | 298,703 |
| - Non-controlling interest | | 2,140 | (1,718) |
| | | 314,823 | 296,985 |
| Basic and diluted earnings per share (RR) | | | |
| Ordinary | 17 | 136.03 | 127.93 |
| Preferred | | 136.03 | 127.93 |
| Weighted average shares outstanding (millions of shares) | | | |
| Ordinary | 17 | 2,103 | 2,103 |
| Preferred | | 148 | 148 |

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

TATNEFT
Consolidated Statement of Changes in Equity for the year ended 31 December 2024

(In million of Russian Rubles)

| | Total equity owned by shareholders of PJSC Tatneft | | | | | | | | Non-con- trolling interest | Total equity |
|---|--|----------------------------------|--------------------|---|---|---|----------------------|------------------|----------------------------------|------------------|
| | Share capital | Additional paid-in capital | Treasury shares | Actuarial (loss)/gain on employee benefit plans | Foreign currency translation adjustments | (Loss)/gain on financial assets at fair value through other compre- hensive income, net | Retained earnings | Total | | |
| Balance at 1 January 2023 | 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 year | - | - | - | - | - | - | 287,921 | 287,921 | (1,658) | 286,263 |
| Other comprehensive income/(loss) for the year | - | - | - | 832 | 7,848 | 2,102 | - | 10,782 | (60) | 10,722 |
| Total comprehensive income/(loss) for the year | - | - | - | 832 | 7,848 | 2,102 | 287,921 | 298,703 | (1,718) | 296,985 |
| Other movements | - | - | 14 | - | - | - | - | 14 | (676) | (662) |
| Dividends declared (Note 17) | - | - | - | - | - | - | (203,497) | (203,497) | (100) | (203,597) |
| Balance at 31 December 2023 | 11,767 | 84,437 | (10,345) | (318) | 8,938 | 1,913 | 1,094,451 | 1,190,843 | 6,327 | 1,197,170 |
| Balance at 1 January 2024 | 11,767 | 84,437 | (10,345) | (318) | 8,938 | 1,913 | 1,094,451 | 1,190,843 | 6,327 | 1,197,170 |
| Profit for the year | - | - | - | - | - | - | 306,140 | 306,140 | 2,789 | 308,929 |
| Other comprehensive (loss)/income for the year | - | - | - | (77) | 8,022 | (1,402) | - | 6,543 | (649) | 5,894 |
| Total comprehensive (loss)/income for the year | - | - | - | (77) | 8,022 | (1,402) | 306,140 | 312,683 | 2,140 | 314,823 |
| Other movements | - | - | - | - | - | - | - | - | 135 | 135 |
| Dividends declared (Note 17) | - | - | - | - | - | - | (181,757) | (181,757) | (127) | (181,884) |
| Balance at 31 December 2024 | 11,767 | 84,437 | (10,345) | (395) | 16,960 | 511 | 1,218,834 | 1,321,769 | 8,475 | 1,330,244 |

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

TATNEFT
Consolidated Statement of Cash Flows for the year ended 31 December 2024

(In million of Russian Rubles)

| | Note | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|------|--------------------------------|--------------------------------|
| Operating activities | | | |
| Profit for the year | | 308,929 | 286,263 |
| Adjustments: | | | |
| Net interest, fee and commission and other operating (income)/expenses and (gains)/losses from financial services activities | | (10,053) | 7,922 |
| Depreciation, depletion and amortization | 9,21 | 62,238 | 60,647 |
| Income tax expense | 11 | 112,219 | 79,244 |
| Expected credit losses on financial assets net of reversals | 4,6 | (759) | 566 |
| Impairment losses on property, plant and equipment and other non-financial assets net of reversals | 9 | 6,576 | 21,732 |
| Loss on disposals of interests in subsidiaries and associates, net | | 56 | 324 |
| Income from changes in the fair value of financial assets measured at fair value through profit or loss, net | | - | (158) |
| Gain from purchase | 24 | - | (19,111) |
| Effects of foreign exchange | | 2,790 | 2,264 |
| Share of results of associates and joint ventures, net | | 2,963 | (2,395) |
| Interest income (excluding financial services) | | (18,982) | (10,367) |
| Interest expense (excluding financial services) | | 20,052 | 21,025 |
| Other, net | | (2,681) | 613 |
| Changes in operational working capital related to operating activities, excluding cash: | | | |
| Accounts receivable | | 5,739 | (91,661) |
| Inventories | | (7,586) | (30,396) |
| Prepaid expenses and other current assets | | (4,549) | (25,204) |
| Securities at fair value through profit or loss | | (423) | 167 |
| Accounts payable and accrued liabilities | | 6,631 | 37,787 |
| Taxes payable, other than income tax | | (12,843) | 68,859 |
| Net cash provided by operating activities before income tax and interest (excluding financial services) | | 470,317 | 408,121 |
| Net interest, fee and commission and other income/(expenses) and gains/(losses) from financial services | | 10,053 | (7,922) |
| Adjustments: | | | |
| Net (income)/expense on reversal/creating of provision for credit losses on debt financial assets | 5,6 | (8,503) | 10,414 |
| Provision for losses on credit related commitments | | 5 | 21 |
| Changes in operational working capital related to financial services, excluding cash: | | | |
| Mandatory reserve deposits with the Bank of Russia | | (94) | (525) |
| Due from banks | | 6,767 | (1,548) |
| Loans to customers | | (5,500) | (27,558) |
| Due to banks and the Bank of Russia | | 8,526 | 24,562 |
| Customer accounts | | (255) | (24,012) |
| Promissory notes issued | | 8 | (66) |
| Securities at fair value through profit or loss | | 822 | 3,083 |
| Other financial liabilities at fair value through profit or loss | | 5,192 | 14,049 |
| Net cash provided/(used in) by operating activities from financial services before income tax | | 17,021 | (9,502) |
| Income taxes paid | | (74,985) | (78,939) |
| Interest paid (excluding financial services) | | (3,865) | (2,077) |
| Interest received (excluding financial services) | | 16,641 | 9,029 |
| Net cash provided by operating activities | | 425,129 | 326,632 |

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

TATNEFT
Consolidated Statement of Cash Flows for the year ended 31 December 2024

(In million of Russian Rubles)

| | Note | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|----------|--------------------------------|--------------------------------|
| Investing activities | | | |
| Additions to property, plant and equipment | 9 | (170,967) | (223,599) |
| Proceeds from disposal of property, plant and equipment | | 498 | 317 |
| (Acquisition)/sale of interest in associate | | (1,664) | 80 |
| Net cash flow from acquisitions of subsidiaries | 24 | (4,068) | (39,684) |
| Purchase of securities at fair value through other comprehensive income | 6 | (9,170) | (17,535) |
| Purchase of securities at amortised cost | 6 | (441) | (4,664) |
| Proceeds from disposal of securities at fair value through other comprehensive income | 6 | 10,506 | 8,876 |
| Proceeds from redemption of securities at amortised cost | 6 | 10,169 | 13,750 |
| Proceeds from sale of non-current assets held for sale | | 338 | 871 |
| Proceeds from redemption of bank deposits measured at amortised cost | | 21,386 | - |
| Placement of bank deposits measured at amortised cost | | (21,560) | - |
| Proceeds from redemption of bank deposits measured at fair value through profit or loss | | - | 1,687 |
| Placement of bank deposits measured at fair value through profit or loss | | - | (483) |
| Redemption of loans | 6 | 6,374 | 5,038 |
| Issuance of loans | 6 | (23,064) | (43,047) |
| Advance payment for acquisition of other non-current assets | | - | (8,203) |
| Advance repayment for acquisition of other non-current assets | | - | 5,607 |
| Acquisition of intangible assets | | (3,725) | (3,496) |
| (Acquisition)/disposal of other non-current assets | | (701) | 88 |
| Proceeds from government grants | 16 | 4,452 | 7,489 |
| Net cash used in investing activities | | (181,637) | (296,908) |
| Financing activities | | | |
| Proceeds from issuance of debt (excluding financial services) | 27 | 112,958 | 57,373 |
| Repayment of debt (excluding financial services) | 27 | (114,965) | (61,933) |
| Repayment of principal portion of lease liabilities | 10,27 | (3,405) | (4,563) |
| Redemption of bonds | 27 | (1) | (2,008) |
| Promissory notes redemption | 27 | (11,400) | - |
| Dividends paid to shareholders | 17 | (222,590) | (141,304) |
| Unclaimed dividends | | 26,547 | 30,956 |
| Dividends paid to non-controlling shareholders | | (127) | (100) |
| Proceeds from disposal of treasury shares | | - | 11 |
| Net cash used in financing activities | | (212,983) | (121,568) |
| Net change in cash and cash equivalents | | 30,509 | (91,844) |
| Effect of foreign exchange on cash and cash equivalents | | 2,830 | 8,095 |
| Cash and cash equivalents at the beginning of the year | 3 | 84,115 | 167,864 |
| Cash and cash equivalents at the end of the year | 3 | 117,454 | 84,115 |

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

Note 1: Organisation

PJSC TATNEFT n.a. V.D. Shashin (the “Company” or PJSC Tatneft) 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 21,24).

The Company was incorporated as an open joint stock company (now referred to as a public joint stock company) 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 31 December 2024 and 31 December 2023 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 (Note 17).

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

Note 2: Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

These consolidated financial statements have been prepared on a historical cost basis, except for initial recognition of financial instruments and revaluation of financial instruments at fair value.

The entities of the Group maintain their accounting records and prepare their statutory financial statements principally in accordance with the Regulations and Federal standards on Accounting and Reporting of the Russian Federation (“RAR”), and applicable accounting and reporting standards of countries outside the Russian Federation. A number of entities of the Group prepare their financial statements in accordance with IFRS Accounting Standards. The accompanying consolidated financial statements have been prepared from these accounting records and adjusted as necessary to comply with IFRS Accounting Standards.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 29.

Note 3: Cash and cash equivalents

| | At 31 December 2024 | At 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Cash on hand and in banks | 46,939 | 48,326 |
| Term deposits with original maturity of less than three months | 70,515 | 35,789 |
| Total cash and cash equivalents | 117,454 | 84,115 |

As at 31 December 2024 and 2023 reverse REPO agreements included in the line “Cash and cash equivalents” in the amount of RR 19,641 million and RR 17,638 million, respectively, were secured by securities with a fair value of RR 20,332 million and RR 18,356 million, respectively. The Group had the right to sell or repledge these securities. Part of these securities as at 31 December 2024 was sold and obligations to return these securities in the amount of RR 19,197 million (at 31 December 2023: RR 14,983 million) are reflected in the line “Financial services: Other financial liabilities at fair value through profit or loss.”

Note 4: Accounts receivable

Short-term and long-term accounts receivable comprise the following:

| | At 31 December 2024 | At 31 December 2023 |
|---|----------------------------|----------------------------|
| Short-term accounts receivable: | | |
| Trade receivables | 211,732 | 219,580 |
| Other financial receivables | 18,147 | 13,397 |
| Other non-financial receivables | 53 | 80 |
| Less expected credit loss allowance | (14,432) | (13,152) |
| Total short-term accounts receivable | 215,500 | 219,905 |
| Long-term accounts receivable: | | |
| Trade receivables | 333 | 308 |
| Other financial receivables | 12,651 | 9,449 |
| Less expected credit loss allowance | (2,145) | (238) |
| Total long-term accounts receivable | 10,839 | 9,519 |
| Total trade and other receivables | 226,339 | 229,424 |

The following table explains the changes in the expected credit loss allowance for trade and other receivables:

| | 2024 | | 2023 | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Trade receivables | Other receivables | Trade receivables | Other receivables |
| Expected credit loss allowance at 1 January | (7,993) | (5,397) | (5,717) | (5,893) |
| Reversal of provision/(provision) | 368 | 722 | (251) | (812) |
| Write-offs | - | 200 | - | 983 |
| Exchange differences | (35) | - | (180) | - |
| Changes in provision as a result of business acquisitions | - | - | (2,156) | - |
| Receivables purchased credit impaired | - | (1,276) | - | - |
| Reclassification from advances due to expected repayment in cash | - | (3,199) | - | - |
| Other changes | - | 33 | 311 | 325 |
| Expected credit loss allowance at 31 December | (7,660) | (8,917) | (7,993) | (5,397) |

Note 4: Accounts receivable (continued)

Analysis by credit quality of trade and other receivables is as follows:

| | At 31 December 2024 | | At 31 December 2023 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Trade receivables | Other receivables | Trade receivables | Other receivables |
| <i>Not past due</i> | | | | |
| - international traders of crude oil, oil products and petrochemicals | 48,682 | - | 55,301 | - |
| - russian crude oil and oil products traders | 14,518 | - | 5,661 | - |
| - russian oil and petrochemicals refineries | 39,670 | - | 42,477 | - |
| - foreign refineries | 27,277 | - | 67,660 | - |
| - tire dealers and automotive manufacturers | 27,845 | - | 14,155 | - |
| - other | 44,192 | 18,300 | 25,616 | 17,430 |
| <i>including related parties</i> | <i>12,711</i> | <i>10,589</i> | <i>4,411</i> | <i>10,561</i> |
| Not past due | 202,184 | 18,300 | 210,870 | 17,430 |
| Expected credit loss allowance | (550) | (146) | (540) | (63) |
| <i>Past due but not individually assessed for credit loss allowance</i> | | | | |
| - less than 90 days overdue | 1,983 | 305 | 1,357 | 2 |
| - 91 to 180 days overdue | 282 | 205 | 157 | 5 |
| - over 180 days overdue | - | - | - | 6 |
| Total past due but not individually assessed for credit loss allowance | 2,265 | 510 | 1,514 | 13 |
| Expected credit loss allowance | (31) | (5) | (26) | (3) |
| <i>Individually assessed for credit loss allowance (gross)</i> | | | | |
| - not past due | - | 3,059 | - | - |
| - less than 90 days overdue | - | - | 441 | - |
| - 91 to 180 days overdue | 481 | - | - | - |
| - over 180 days overdue | 7,135 | 8,929 | 7,063 | 5,403 |
| Total individually assessed for credit loss allowance | 7,616 | 11,988 | 7,504 | 5,403 |
| Expected credit loss allowance | (7,079) | (8,766) | (7,427) | (5,331) |
| Total | 204,405 | 21,881 | 211,895 | 17,449 |

Note 5: Financial services: Loans to customers

| | At 31 December 2024 | At 31 December 2023 |
|---|------------------------|------------------------|
| Loans to legal entities | 83,740 | 68,333 |
| Loans to individuals | 2,638 | 2,542 |
| Short-term loans to customers measured at amortised cost before expected credit loss allowance | 86,378 | 70,875 |
| Expected credit loss allowance | (6,597) | (8,293) |
| Total short-term loans to customers measured at amortised cost | 79,781 | 62,582 |
| Total short-term loans to customers | 79,781 | 62,582 |

| | At 31 December 2024 | At 31 December 2023 |
|--|------------------------|------------------------|
| Loans to legal entities | 63,416 | 73,910 |
| Loans to individuals | 56,735 | 57,800 |
| Long-term loans to customers measured at amortised cost before expected credit loss allowance | 120,151 | 131,710 |
| Expected credit loss allowance | (3,380) | (3,899) |
| Total long-term loans to customers measured at amortised cost | 116,771 | 127,811 |
| Total long-term loans to customers | 116,771 | 127,811 |

There is a certain concentration of loans issued to customers in the financial services segment of the Group. As at 31 December 2024 and 2023 the Group granted loans to 33 and 39 customers totalling RR 106,460 million and RR 107,808 million respectively, which individually exceeded 5% of segment equity.

Movements in the expected credit loss allowance during the year ended at 31 December 2024 are as follows:

| | Loans to legal entities | Loans to individuals | Total |
|--|----------------------------|-------------------------|-----------------|
| Expected credit loss allowance as at 1 January 2024 | (7,114) | (5,078) | (12,192) |
| Net reversal of provision/(provision) for expected credit loss allowance during the period | 731 | (478) | 253 |
| Other changes | 844 | 1,118 | 1,962 |
| Expected credit loss allowance as at 31 December 2024 | (5,539) | (4,438) | (9,977) |

Movements in the expected credit loss allowance during the year ended at 31 December 2023 are as follows:

| | Loans to legal entities | Loans to individuals | Total |
|--|----------------------------|-------------------------|-----------------|
| Expected credit loss allowance as at 1 January 2023 | (6,968) | (4,828) | (11,796) |
| Net provision for expected credit loss allowance during the period | (471) | (629) | (1,100) |
| Other changes | 325 | 379 | 704 |
| Expected credit loss allowance as at 31 December 2023 | (7,114) | (5,078) | (12,192) |

Note 5: Financial services: Loans to customers (continued)

Risk concentrations by customer industry within the customer loan portfolio are as follows:

| | At 31 December 2024 | | At 31 December 2023 | |
|---|---------------------|-------------------------------------|---------------------|-------------------------------------|
| | Gross book value | Share in customer loan portfolio, % | Gross book value | Share in customer loan portfolio, % |
| Trade | 26,809 | 12.98% | 23,885 | 11.79% |
| Manufacturing | 75,913 | 36.76% | 66,951 | 33.05% |
| Construction | 837 | 0.41% | 1,019 | 0.50% |
| Services | 10,280 | 4.98% | 19,566 | 9.66% |
| Food | 4,855 | 2.35% | 1,248 | 0.62% |
| Finance | 16,392 | 7.94% | 26,037 | 12.85% |
| Agriculture | 1,761 | 0.85% | 287 | 0.14% |
| Oil and gas | 7,079 | 3.43% | 2,861 | 1.41% |
| Individuals, including: | 59,373 | 28.75% | 60,342 | 29.79% |
| mortgage loans | 26,341 | 12.75% | 29,394 | 14.52% |
| consumer loans | 15,335 | 7.43% | 16,275 | 8.03% |
| car loans | 17,043 | 8.25% | 14,161 | 6.99% |
| plastic cards overdrafts | 654 | 0.32% | 512 | 0.25% |
| Other | 3,230 | 1.55% | 389 | 0.19% |
| Total loans to customers before expected credit loss allowance | 206,529 | 100% | 202,585 | 100% |

Note 6: Other financial assets

Other short-term financial assets comprise the following:

| | At 31 December 2024 | At 31 December 2023 |
|--|---------------------|---------------------|
| Financial assets measured at amortised cost | | |
| Securities (net of expected credit loss allowance of RR 857 million and of RR 6 million as at 31 December 2024 and 31 December 2023 respectively): | 4,973 | 7,274 |
| Russian government and municipal debt securities | 1,220 | 164 |
| Corporate debt securities | 3,753 | 7,110 |
| Loans (net of expected credit loss allowance of RR 318 million and of RR 170 million as at 31 December 2024 and 31 December 2023 respectively) | 18,484 | 18,286 |
| Other | 503 | - |
| Total | 23,960 | 25,560 |
| Financial assets measured at fair value through profit or loss | 4,058 | 3,138 |
| Financial assets measured at fair value through other comprehensive income | | |
| Securities: | | |
| Corporate debt securities | 2,403 | 8,758 |
| Other | 1,201 | 412 |
| Total | 3,604 | 9,170 |
| Total short-term financial assets | 31,622 | 37,868 |

Note 6: Other financial assets (continued)

Other long-term financial assets comprise the following:

| | At 31 December 2024 | At 31 December 2023 |
|---|------------------------|------------------------|
| Financial assets measured at amortised cost | | |
| Loans (net of expected credit loss allowance of RR 15,579 million and of RR 17,012 million as at 31 December 2024 and 31 December 2023 respectively), including issued to associated companies and joint ventures in the amount of RR 19,934 million and RR 15,656 million as at 31 December 2024 and 31 December 2023. | 29,257 | 23,553 |
| Securities (net of expected credit loss allowance of RR 12 million and of RR 9 million as at 31 December 2024 and 31 December 2023 respectively): | 11,231 | 15,609 |
| Russian government and municipal debt securities | 207 | 2,097 |
| Corporate debt securities | 11,024 | 13,512 |
| Other (net of expected credit loss allowance of RR 5,553 million and of RR 14,355 million as at 31 December 2024 and 31 December 2023 respectively) | 793 | 892 |
| Total | 41,281 | 40,054 |
| Financial assets measured at fair value through profit or loss | 138 | 2,134 |
| Financial assets measured at fair value through other comprehensive income | | |
| Securities: | 61,416 | 61,327 |
| Russian government and municipal debt securities | 11,899 | 13,649 |
| Corporate shares | 16,091 | 15,253 |
| Corporate debt securities | 21,836 | 19,466 |
| Foreign country's debt securities | - | 851 |
| Investment fund units | 11,590 | 12,108 |
| Total | 61,416 | 61,327 |
| Total long-term financial assets | 102,835 | 103,515 |

Investment fund units are mainly presented with investment in closed mutual investment fund (45.45% of the total number of units), owner of investments in land plots located in Tatarstan Republic. The Group does not exercise significant influence over this investment and therefore accounts for it as a financial asset measured at fair value through other comprehensive income.

Note 7: Inventories

| | At 31 December 2024 | At 31 December 2023 |
|--|------------------------|------------------------|
| Materials and supplies | 44,752 | 43,380 |
| Crude oil | 19,770 | 22,639 |
| Refined oil products | 39,024 | 39,310 |
| Supplies and finished products of tires business | 13,805 | 9,642 |
| Other finished products and goods | 8,475 | 6,186 |
| Total inventories | 125,826 | 121,157 |

Note 8: Prepaid expenses and other current assets

| | At 31 December 2024 | At 31 December 2023 |
|--|------------------------|------------------------|
| Settlements with customs authorities | 1,060 | 2,194 |
| VAT recoverable | 11,389 | 9,469 |
| Advances | 13,773 | 9,706 |
| Prepaid transportation expenses | 6,800 | 5,892 |
| Excise | 27,533 | 25,152 |
| Other | 2,324 | 5,902 |
| Prepaid expenses and other current assets | 62,879 | 58,315 |

Note 9: Property, plant and equipment

| | Oil and gas properties | Buildings and constructions | Machinery and equipment | Construc- tion in progress | Total |
|---|-----------------------------------|--|--|---|------------------|
| Cost | | | | | |
| As at 31 December 2022 | 516,865 | 385,300 | 258,668 | 278,454 | 1,439,287 |
| Additions | - | - | - | 228,662 | 228,662 |
| Disposals | (2,105) | (705) | (5,089) | (1,286) | (9,185) |
| Changes in Group structure (Note 24) | - | 15,691 | 21,602 | 699 | 37,992 |
| Transfers | 67,349 | 47,399 | 37,316 | (152,064) | - |
| Changes in decommissioning provision | (27,876) | - | - | - | (27,876) |
| Currency translation effect | - | 818 | 1,539 | 343 | 2,700 |
| As at 31 December 2023 | 554,233 | 448,503 | 314,036 | 354,808 | 1,671,580 |
| Depreciation, depletion, amortisation and impairment | | | | | |
| As at 31 December 2022 | 265,433 | 83,241 | 85,240 | 33,163 | 467,077 |
| Depreciation, depletion and amortisation | 25,350 | 15,659 | 16,744 | - | 57,753 |
| Impairment | 6,689 | 2,434 | 4,803 | 5,126 | 19,052 |
| Disposals | (1,457) | (537) | (1,841) | - | (3,835) |
| Transfers | 179 | (269) | 279 | (189) | - |
| Currency translation effect | - | 36 | 16 | - | 52 |
| As at 31 December 2023 | 296,194 | 100,564 | 105,241 | 38,100 | 540,099 |
| Net book value | | | | | |
| As at 31 December 2022 | 251,432 | 302,059 | 173,428 | 245,291 | 972,210 |
| As at 31 December 2023 | 258,039 | 347,939 | 208,795 | 316,708 | 1,131,481 |
| Cost | | | | | |
| As at 31 December 2023 | 554,233 | 448,503 | 314,036 | 354,808 | 1,671,580 |
| Additions | - | - | - | 173,074 | 173,074 |
| Disposals | (2,504) | (8,576) | (2,540) | (2,392) | (16,012) |
| Changes in Group structure | - | 473 | 482 | 110 | 1,065 |
| Transfers | 72,083 | 46,710 | 16,614 | (135,407) | - |
| Changes in decommissioning provision | (2,501) | - | - | - | (2,501) |
| Currency translation effect | - | 1,875 | 3,289 | 4,555 | 9,719 |
| As at 31 December 2024 | 621,311 | 488,985 | 331,881 | 394,748 | 1,836,925 |
| Depreciation, depletion, amortisation and impairment | | | | | |
| As at 31 December 2023 | 296,194 | 100,564 | 105,241 | 38,100 | 540,099 |
| Depreciation, depletion and amortisation | 17,940 | 17,398 | 22,146 | - | 57,484 |
| Impairment | (12,633) | 9,887 | 7,486 | (819) | 3,921 |
| Disposals | (1,608) | (399) | (1,591) | - | (3,598) |
| Transfers | (59) | 1,415 | (1,378) | 22 | - |
| Currency translation effect | - | 375 | 485 | 35 | 895 |
| As at 31 December 2024 | 299,834 | 129,240 | 132,389 | 37,338 | 598,801 |
| Net book value | | | | | |
| As at 31 December 2023 | 258,039 | 347,939 | 208,795 | 316,708 | 1,131,481 |
| As at 31 December 2024 | 321,477 | 359,745 | 199,492 | 357,410 | 1,238,124 |

Additions for 2024 and 2023 years include construction of TANECO refinery complex, wells, oil fields facilities and petrochemical business development.

Advances for construction within construction in progress amounted to RR 25,358 million and RR 45,450 million at 31 December 2024 and 2023, respectively.

Note 9: Property, plant and equipment (continued)

Changes in the net book value of exploration and evaluation assets are presented below:

| | |
|--|--------------|
| At 1 January 2023 | 3,158 |
| Additions | 2,881 |
| Reclassification to development assets | (88) |
| Charged to expense | (2,305) |
| At 31 December 2023 | 3,646 |
| Additions | 1,891 |
| Charged to expense | (265) |
| At 31 December 2024 | 5,272 |

As at 31 December 2024 due to indications of possible impairment the Group conducted impairment testing for the separate groups of assets, whose current economic efficiency does not correspond to the forecast. The Group also assessed indications whether impairment losses recognised in prior periods had decreased and tested the recoverable amount of assets related to the development of superviscous oi fields for which oil and gas reserves increased compared with the results of the previous assessment. Assets are grouped for impairment purposes to the cash generating units (CGU) at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets:

- field-by-field basis for exploration and production assets;
- separate complex level for refining assets;
- a separate tire producing plant;
- other assets were grouped depending on the nature of the generated cash flows.

The macroeconomic factors, including but not limited to the changes in oil production and crude oil and oil products prices, the volatility of the Russian Ruble to the US dollar and a changes in the level of business activity were taken into account when preparing models, which are the main source of information for measuring the value in use of non-current assets, including forecasts of oil production volumes, oil and oil products price dynamics, petrochemical production forecast, as well as when determining the discount rate.

In assessing impairment, the recorded value of assets was compared with the estimated value in use of the CGUs. The value in use is determined as the discounted net cash flows based on the forecasts of revenue, production costs and changes in working capital based on confirmed long-term strategic plans of the Group. The forecasting period for determining the value in use is in line with the management of the Group assumptions used for long-term strategy and does not exceed the useful life of assets included in the CGUs.

Key assumptions applied to the calculation of value in use are follows:

- oil prices and forecast US dollar/Russian ruble exchange rates are based on available forecasts from globally recognised research institutions;
- estimated production volumes were based on detailed information of the production plans approved by management as part of the long-term strategy, considering the estimates of proved oil reserves and the current geopolitical situation.

The discount rate was calculated based on the Company's weighted average cost of capital adjusted for asset specific risks. The Group applied the following nominal pre-tax discount rates for impairment testing purposes:

- 34.3% for oil and gas fields;
- 23.16% for the production of tires.

The Group applied a real pre-tax discount rates from 12.21% to 14.25% for impairment testing of petrochemical complexes.

Note 9: Property, plant and equipment (continued)

For the purposes of impairment testing, the following Brent price assumptions have been used: \$ 72.24 per barrel in 2025, \$ 71.03 per barrel in 2026, \$ 72.10 per barrel in 2027, \$ 72.93 per barrel in 2028 and \$ 76.13 per barrel in 2029 with further growth in subsequent years according to forecasts. A forecast discount was applied to Brent crude prices to bring them to Urals crude prices.

A reasonably justified change in key assumptions, taken into account by management for the purpose of preparing models as at the reporting date, does not necessitate the recognition of an additional impairment other than the below.

In 2024 the Group recognised an impairment loss on property, plant and equipment and other non-financial assets in the amount of RR 6,576 million (in 2023: RR 21,732 million). These losses consist of impairment losses on property, plant and equipment in the amount of RR 18,419 million less of reversal in the amount of RR 14,498 (in 2023 in the amount of RR 19,052 million), loss from impairment of goodwill and other long-term assets in the amount of RR 1,971 million (in 2023 impairment loss in the amount of RR 1,508 million), expense from the writing down the value of inventory to the net realizable value in the amount of RR 82 million (in 2023 income from restoration of the value of inventories in the amount of RR 462 million) and losses on disposal of property, plant and equipment in the amount of RR 602 million (in 2023 in the amount of RR 1,634 million).

For the year ended 31 December 2024 the Group recognised an impairment of the following assets:

- refining and petrochemical assets in the amount of RR 10,070 million;
- tire business assets in the amount of RR 5,363 million;
- assets related to the sale of oil and gas products, in the amount of RR 1,617 million;
- assets related to the exploration and evaluation of oil reserves, in the amount of RR 1,369 million;
- and also reversed losses from impairment of assets related to the development of superviscous oil in the amount of RR 14,461 million and other assets in the amount of RR 37 million.

For the year ended 31 December 2023 the Group recognised an impairment of the following assets:

- tire business assets in the amount of RR 8,042 million;
- assets related to the superviscous oil fields in the amount of RR 7,242 million;
- assets related to the exploration and evaluation of oil reserves, in the amount of RR 2,024 million;
- other assets in the total amount of RR 1,744 million.

The recoverable amount of superviscous oil fields, for which impairment were recovered (recorded in 2023), was determined in the amount of RR 29,362 million (at 31 December 2023: in the amount of RR 18,014 million). The recoverable amount of tire producing assets, which were impaired, was determined in the amount of RR 1,333 million (at 31 December 2023: in the amount of RR 6,916 million).

The recoverable amount of the petrochemical complex, for which impairment was recorded, was determined in the amount of RR 27,597 million. The recoverable amount of this CGU is particularly sensitive to changes in the discount rate. In case of increasing range of rate by 50 bp, the additional impairment loss might be determined in the amount RR 11,728 million.

At 31 December 2024 and 2023 the Group held social assets with a net book value of RR 5,665 million and RR 5,492 million, respectively.

Decommissioning provisions

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

| | 2024 | 2023 |
|---|---------------|---------------|
| Balance at the beginning of period | 31,076 | 54,177 |
| Unwinding of discount | 3,505 | 4,813 |
| New obligations | 323 | 734 |
| Expenses on current obligations | (58) | (38) |
| Changes in estimates with impact on assets | (2,824) | (28,610) |
| Changes in estimates with impact on financial result | (3,187) | - |
| Balance at the end of period | 28,835 | 31,076 |
| Less: current portion of decommissioning provisions (Note 13) | (93) | (305) |
| Long-term balance at the end of period | 28,742 | 30,771 |

Note 9: Property, plant and equipment (continued)

In 2024, the decrease in estimate for oil and gas properties decommissioning was primarily due to an increase in the discount rate (in 2023, the decrease in estimate for oil and gas properties decommissioning was primarily due to an increase in proven developed oil reserves and an increase in the production horizon, as well as changes in the discount rate). The gain from a decrease in the provision as a result of changes in accounting estimates with an impact on the financial results is reflected in other operating (expenses)/income, net consolidated statement of profit or loss and other comprehensive income.

Key assumptions used for evaluation of decommissioning provision were as follows:

| | At 31 December 2024 | At 31 December 2023 |
|------------------------------------|--------------------------------|--------------------------------|
| Discount rate | 14.58% | 11.87% |
| Discount rate for superviscous oil | 14.58% | 11.48% |
| Long-term inflation rate | 3.91% | 3.00% |

Note 10: Right-of-use assets and lease liabilities

Changes in the right-of-use assets are presented below:

| | 2024 | 2023 |
|---|---------------|---------------|
| Balance at the beginning of period | 27,529 | 3,237 |
| Additions | 825 | 26,076 |
| Disposals | (59) | (247) |
| Depreciation | (4,191) | (2,896) |
| Revaluation and modification | (687) | 1,359 |
| Balance at the end of period | 23,417 | 27,529 |

The reconciliation between the undiscounted lease liabilities and present value are presented below:

| | At 31 December 2024 | At 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Lease liabilities | | |
| Less than one year | 4,730 | 5,332 |
| Between one and five years | 15,638 | 15,359 |
| More than five years | 17,814 | 19,631 |
| Total lease liabilities excluding discounting | 38,182 | 40,322 |
| Discounting | (16,055) | (15,168) |
| Lease liabilities | 22,127 | 25,154 |
| Of which: | | |
| Current portion of lease liabilities presented in Accounts payable and accrued liabilities (Note 13) | 3,997 | 4,810 |
| Long-term portion of lease liabilities | 18,130 | 20,344 |

Note 11: Taxes

Presented below is reconciliation between the provision for income taxes and taxes determined by applying the statutory tax rate 20% to income before income taxes:

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Profit before income tax | 421,148 | 365,507 |
| Theoretical income tax expense at statutory rate | (84,230) | (73,101) |
| (Increase)/decrease due to: | | |
| Non-deductible expenses, net | (9,300) | (8,571) |
| Income tax withheld at source on dividends for treasury shares | (916) | (1,026) |
| Gain from purchase | - | 3,827 |
| Deferred income tax expense as a result of change in tax rate | (16,873) | - |
| Other | (900) | (373) |
| Income tax expense | (112,219) | (79,244) |

On 12 July 2024, Federal Law No. 176-FZ "On Amendments to Parts One and Two of the Tax Code of the Russian Federation, Certain Legislative Acts of the Russian Federation and Recognizing Certain Provisions of Legislative Acts of the Russian Federation as Invalid" was adopted (hereinafter referred to as the "Law"). In accordance with the provisions of the Law, the corporate income tax rate was increased from 20% to 25% from 1 January 2025. In accordance with the requirements of IAS 12, deferred tax assets and liabilities at 31 December 2024 were revalued using the new rate.

At 31 December 2024 no deferred tax liabilities have been recognised for taxable temporary differences of RR 93,004 million (2023: RR 84,575 million) on undistributed earnings of certain subsidiaries. These earnings have been and will continue to be reinvested.

The Group falls within the scope of the Pillar Two model rules published by the OECD. Legislation implementing the Pillar Two model rules has been enacted in the jurisdictions in which certain subsidiaries are registered and operate. The Group estimates that the impact of the Pillar Two legislation will not have a material impact on the Group's income tax expense, as the effective tax rates for these subsidiaries are mostly in excess of 15%.

Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognised for consolidated financial reporting purposes and such amounts recognised for statutory tax purposes. Deferred tax assets/(liabilities) are comprised of the following:

| | At 31 December 2024 | At 31 December 2023 |
|---|------------------------|------------------------|
| Tax loss carry forward | 1,984 | 859 |
| Decommissioning provision | 7,209 | 6,215 |
| Lease liabilities | 5,532 | 5,031 |
| Prepaid expenses and other current assets and liabilities | 7,472 | 4,884 |
| Long-term loans and certificates of deposits | 7,030 | 1,730 |
| Other | 1,644 | 3,227 |
| Deferred income tax assets | 30,871 | 21,946 |
| Property, plant and equipment | (96,220) | (64,033) |
| Right-of-use assets | (5,747) | (5,506) |
| Inventories | (3,702) | (1,232) |
| Prepaid expenses and other current assets | (5,115) | (3,271) |
| Debt | (2,149) | (1,792) |
| Other liabilities | (4,819) | (210) |
| Deferred income tax liabilities | (117,752) | (76,044) |
| Net deferred tax liability | (86,881) | (54,098) |

Deferred income taxes are reflected in the consolidated statement of financial position as follows:

| | At 31 December 2024 | At 31 December 2023 |
|-----------------------------------|------------------------|------------------------|
| Deferred income tax asset | 18,778 | 7,332 |
| Deferred income tax liability | (105,659) | (61,430) |
| Net deferred tax liability | (86,881) | (54,098) |

Note 11: Taxes (continued)

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

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--|--|
| Mineral extraction tax | 583,082 | 494,071 |
| Tax on additional income from hydrocarbon extraction | 163,393 | 122,649 |
| Excise | (162,451) | (176,020) |
| incl. reverse excise | (318,501) | (279,004) |
| Property tax | 15,731 | 14,809 |
| Other | 2,336 | 2,505 |
| Total taxes, other than income taxes | 602,091 | 458,014 |

Taxes payable, other than income taxes were as follows:

| | At 31 December 2024 | At 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Mineral extraction tax | 49,583 | 54,952 |
| Tax on additional income from hydrocarbon extraction | 28,470 | 46,611 |
| Value Added Tax | 29,117 | 21,170 |
| Excise | 12,321 | 8,979 |
| Export duties | - | 311 |
| Property tax | 4,225 | 3,966 |
| Other | 5,319 | 5,885 |
| Total taxes payable, other than income taxes | 129,035 | 141,874 |

Note 12: Debt

| | At 31 December 2024 | At 31 December 2023 |
|---|--------------------------------|--------------------------------|
| Short-term debt | | |
| Subordinated debt | 23 | 22 |
| Debt securities issued | 1,869 | 3,399 |
| Other debt | 224 | 447 |
| Total short-term debt | 2,116 | 3,868 |
| Current portion of long-term debt | 1,083 | 941 |
| Total short-term debt, including current portion of long-term debt | 3,199 | 4,809 |
| Long-term debt | | |
| Promissory notes issued | 5 | 9,391 |
| Other debt | 11,162 | 9,598 |
| Total long-term debt | 11,167 | 18,989 |
| Less: current portion of long-term debt | (1,083) | (941) |
| Total long-term debt, net of current portion | 10,084 | 18,048 |

Note 13: Accounts payable and accrued liabilities

| | At 31 December 2024 | At 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Trade payables | 102,090 | 87,445 |
| Current portion of lease liabilities | 3,997 | 4,810 |
| Other payables | 636 | 6,344 |
| Total financial liabilities within trade and other payables | 106,723 | 98,599 |
| Salaries and wages payable | 13,696 | 16,725 |
| Advances received from customers | 29,432 | 31,779 |
| Current portion of decommissioning provisions (Note 9) | 93 | 305 |
| Other accounts payable and accrued liabilities | 13,258 | 13,124 |
| Total non-financial liabilities | 56,479 | 61,933 |
| Accounts payable and accrued liabilities | 163,202 | 160,532 |

In 2024, revenue in the amount of RR 31,779 million was recognised in relation to contractual obligations as of 1 January 2024, which related to advances received.

In 2023, revenue in the amount of RR 21,118 million was recognised in relation to contractual obligations as of 1 January 2023, which related to advances received.

Note 14: Financial services: Due to banks and the Bank of Russia

| | At 31 December 2024 | At 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Term deposits from banks | 12,087 | 3,506 |
| Term deposits from the Bank of Russia | 12,825 | 4,709 |
| REPO | 12,831 | 22,347 |
| Correspondent accounts and banks' overnight deposits | 379 | 189 |
| Total due to banks and the Bank of Russia | 38,122 | 30,751 |
| Less: long term due to banks and the Bank of Russia | (1,184) | (3,737) |
| Total short term of due to banks and the Bank of Russia | 36,938 | 27,014 |

There is a certain concentration of sources of financing in the Group's financial services segment. As at 31 December 2024 within due to banks and the Bank of Russia there are RR 38,122 million of correspondent accounts and term deposits borrowed from the Bank of Russia and 5 Russian banks which individually exceeded 5% of the segment equity. As at 31 December 2023 within due to banks and the Bank of Russia there are RR 30,557 million of correspondent accounts and term deposits, borrowed from the Bank of Russia and 3 Russian banks which individually exceeded 5% of the segment equity.

Note 15: Financial services: Customer accounts

| | At 31 December 2024 | At 31 December 2023 |
|---|----------------------------|----------------------------|
| State and public organizations | | |
| Current / settlement accounts | 2,373 | 2,464 |
| Term deposits | 1,074 | 709 |
| Other legal entities | | |
| Current / settlement accounts | 14,039 | 13,272 |
| Term deposits | 81,867 | 91,275 |
| Individuals | | |
| Current / settlement accounts | 21,127 | 21,727 |
| Term deposits | 85,774 | 74,132 |
| Total customer accounts | 206,254 | 203,579 |
| Less: long-term customer accounts | (1,127) | (1,531) |
| Total short-term customer accounts | 205,127 | 202,048 |

There is a certain concentration of sources of financing in the Group's financial services segment. Within customer accounts at 31 December 2024 and 2023 there are RR 69,091 million and RR 78,275 million of current/settlement accounts and term deposits from 25 and 34 customers respectively, which individually exceeded 5% of the segment equity.

Risk concentrations by customer industry within customer accounts are as follows:

| | At 31 December 2024 | | At 31 December 2023 | |
|--------------------------------|----------------------------|--|----------------------------|--|
| | Carrying value | Share in customer loan portfolio, % | Carrying value | Share in customer loan portfolio, % |
| Individuals | 106,901 | 51.83% | 95,859 | 47.09% |
| Finance | 31,522 | 15.28% | 30,516 | 14.99% |
| Oil and gas | 3,243 | 1.57% | 16,887 | 8.30% |
| Trade | 18,890 | 9.16% | 20,993 | 10.31% |
| Services | 16,603 | 8.05% | 17,043 | 8.37% |
| Manufacturing | 21,637 | 10.49% | 14,634 | 7.19% |
| Construction | 4,626 | 2.24% | 3,501 | 1.72% |
| Other | 2,832 | 1.38% | 4,146 | 2.03% |
| Total customer accounts | 206,254 | 100% | 203,579 | 100% |

Note 16: Other long-term liabilities

Other long-term liabilities are as follows:

| | At 31 December 2024 | At 31 December 2023 |
|---|----------------------------|----------------------------|
| Pension and other long-term liabilities to employees and retirees | 3,066 | 3,037 |
| Government grants | 38,361 | 35,762 |
| Long-term employee incentives program (Note 18) | 1,622 | 444 |
| Other long-term liabilities | 1,850 | 987 |
| Total other long-term liabilities | 44,899 | 40,230 |

Pension liabilities. The Group has various pension plans offered to all employees. The amount of contributions, frequency of benefit payments and other conditions of these plans are regulated by the “Statement of Organization of Corporate Non-Governmental Pension Benefits for PJSC Tatneft Employees”, similar provisions of controlled subsidiaries and agreements arranged between the Company and the JSC “National Non-Governmental Pension Fund”. In accordance with the terms of the agreements the Group is committed to make certain contributions on favor of its employees, the aggregated amount of savings guarantees the payment of a non-state pension in an amount not lower than the minimum amount provided by pension agreements. The amount of contributions and non-state pensions depends on the amount of contributions chosen by the employee and the achievement of the target indicators of the companies.

In accordance with the provisions of collective agreements concluded on an annual basis between the Company or its subsidiaries and their employees, the Group is obliged to pay other certain post-employment benefits to employees upon completion of their employment with the Company or its controlled subsidiaries.

Note 16: Other long-term liabilities (continued)

Government grants. The Group received grants from the Republic of Tatarstan for the creation, modernization and reconstruction of energy facilities, processing capacity and infrastructure.

Long-term employee incentives program. According to the Tatneft Group long-term employee incentives program for key employees the benefits are based on the change in the Company share price during a five-year cycle. In accordance with the terms of the program, 14 million shares are “conditionally” assigned to the management and directors of the Company, based on which, at the end of the cycle, remuneration is paid on the amount of the positive difference in the average annual price of an ordinary share of PJSC Tatneft for the fifth year of the five-year cycle and the year adopted as a base. Payments are made in cash. Receipt of payouts is contingent upon meeting the required service period, certain performance metrics and an increase in the value of shares.

The fair value of the Program was determined as RR 250.2 per share in accordance with the Black-Scholes option pricing model. The fair value was calculated using the spot price of the Company's shares at the end of 2024 in the amount of RR 682, the exercise price of the option in the amount of RR 405.68, an expected dividend yield of 11.4% per annum, the risk-free interest rate equal to 17.5% per annum, the term until the maturity of the program, and the volatility of the return on the underlying asset equal to 28.0%. The expected volatility was determined based on the historical volatility of the Company's shares.

Note 17: Shareholders' equity

Authorised share capital. As at 31 December 2024 and 2023 the authorised, issued and paid share capital of PJSC Tatneft consists of 2,178,690,700 voting common shares and 147,508,500 non-voting preferred shares; both classes of shares have a nominal value of RR 1.00 per share. The nominal value of authorised share capital differs from it carrying value due to effect of the hyperinflation on capital contributions made before 2003.

As at 31 December 2024 and 2023 treasury shares include 75.6 million ordinary shares of the Company owned by wholly-owned subsidiaries of the Group.

Golden share. Republic of Tatarstan holds a “Golden Share” – a special governmental right – in the PJSC Tatneft company. The exercise of its powers under the Golden Share enables the Tatarstan government to appoint one representative to the Board of Directors and Revision Commission of the Company and to veto certain major decisions, including those relating to changes in the share capital, amendments to the Charter, liquidation or reorganization and “major” and “interested party” transactions as defined under Russian law. The Golden Share currently has an indefinite term.

Rights attributable to preferred shares. Unless a different amount is approved at the annual shareholders meeting, preferred shares earn dividends equal to their nominal value. The amount of a dividend for a preferred share may not be less than the amount of a dividend for a common share. Preferred shareholders may vote at meetings only on the following decisions:

- the amendment of the dividends payable per preferred share;
- the issuance of additional shares with rights greater than the current rights of preferred shareholders; and
- the liquidation or reorganization of the Company.

The decisions listed above can be made only if approved by 75% of preferred shareholders.

Holders of preferred shares acquire the same voting rights as holders of common shares in the event that preferred dividends are either not declared, or declared but not paid. On liquidation, the shareholders are entitled to receive a distribution of net assets. Under Russian Joint Stock Companies Law and the Company's charter in case of liquidation, preferred shareholders have priority over shareholders holding common shares in respect of declared but unpaid dividends on preferred shares and the liquidation value of preferred shares, if any.

Amounts available for distribution to shareholders. The source of payment of dividends is the Company's net profit for the reporting period, determined based on the Company's non-consolidated statutory accounts prepared in accordance with RAR, which differ significantly from IFRS Accounting Standards financial statements.

When determining the dividend amount (per share) recommended to the General Meeting of Shareholders, the decision of PJSC Tatneft's Board of Directors is based on the amount of net profit under RAR or IFRS Accounting Standards, depending on the availability of published accounting and consolidated financial statements for the relevant period, and assuming that the target level of the total funds allocated for dividends payment accounts for least 50% of the net profit amount determined by RAR or IFRS Accounting Standards, whichever is greater.

Note 17: Shareholders' equity (continued)

In December 2024, the shareholders of the Company approved the payment of interim dividends for the nine months ended 30 September 2024, in the amount of RR 55.59 per preferred and ordinary share, including previously paid interim dividends for the six months ended 30 June 2024, in the amount of RR 38.2 per preferred and ordinary share.

In September 2024, the shareholders of the Company approved the payment of interim dividends for the six months ended 30 June 2024 in the amount of RR 38.2 per each preferred and ordinary share.

In June 2024, the shareholders of the Company approved the payment of dividends for the year ended 31 December 2023 in the amount of RR 87.88 per each preferred and ordinary share, including the previously approved interim dividends for the six and nine months of 2023 in the amount of RR 62.71 per each preferred and ordinary share.

In December 2023, the shareholders of the Company approved the payment of interim dividends for the nine months ended 30 September 2023, in the amount of RR 62.71 per preferred and ordinary share, including previously paid interim dividends for the six months ended 30 June 2023, in the amount of RR 27.54 per preferred and ordinary share.

In September 2023, the shareholders of the Company approved the payment of interim dividends for the six months ended 30 June 2023 in the amount of RR 27.54 per preferred and ordinary share.

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.

Earnings per share. Preferred shares are not redeemable and are considered to be participating shares. Basic and diluted earnings per share are calculated by dividing profit or loss attributable to ordinary and preferred shareholders by the weighted average number of ordinary and preferred shares outstanding during the period. Profit or loss attributed to equity holders is reduced by the amount of dividends declared in the current period for each class of shares.

The remaining profit or loss is allocated ordinary and preferred shares to the extent that each class may have share in earnings if all the earnings for the period had been distributed. Treasury shares are excluded from calculations. The total earnings allocated to each class of shares are determined by adding together the amount allocated for dividends and the amount unallocated for now.

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--|--|
| Profit attributable to shareholders of PJSC Tatneft | 306,140 | 287,921 |
| Ordinary share dividends | (169,844) | (190,159) |
| Preferred share dividends | (11,913) | (13,338) |
| Income available to shareholders of PJSC Tatneft, net of dividends | 124,383 | 84,424 |
| Basic and diluted: | | |
| Weighted average number of shares outstanding (millions of shares): | | |
| Ordinary | 2,103 | 2,103 |
| Preferred | 148 | 148 |
| Combined weighted average number of ordinary and preferred shares outstanding (millions of shares) | 2,251 | 2,251 |
| Basic and diluted earnings per share (RR) | | |
| Ordinary | 136.03 | 127.93 |
| Preferred | 136.03 | 127.93 |

Note 18: Employee benefit expenses

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Wages and salaries | 94,025 | 81,628 |
| Statutory insurance contributions | 27,188 | 23,310 |
| Provision for long term employee incentives program compensations (Note 16) | 1,178 | 444 |
| Pension costs – defined benefit plans | 416 | 338 |
| Other employee benefits | 3,437 | 3,242 |
| Total employee benefit expense | 126,244 | 108,962 |

Employee benefit expenses are included in operating expenses, selling, general and administrative expenses and maintenance of social infrastructure and transfer of social assets, other expenses, operating expenses from financial services.

Note 19: Interest expense (excluding financial services)

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Loans and borrowings | 1,368 | 614 |
| Unwinding of discount of decommissioning provisions | 3,505 | 4,813 |
| Interest expenses on lease liabilities | 2,488 | 1,634 |
| Unwinding of discount on long-term financial liabilities | 749 | 688 |
| Discount on long-term financial assets | 11,942 | 13,276 |
| Total interest expense (excluding financial services) | 20,052 | 21,025 |

Note 20: Interest and commission income and expense from financial services

| | Year ended 31 December: | |
|--|-------------------------|-----------------|
| | 2024 | 2023 |
| Interest income | 42,422 | 24,593 |
| Loans to customers | 33,199 | 18,868 |
| Other | 9,223 | 5,725 |
| Fee and commission income | 3,686 | 3,701 |
| Settlement transactions | 2,178 | 2,211 |
| Other | 1,508 | 1,490 |
| Total interest and commission income from financial services | 46,108 | 28,294 |
| Interest expense | (32,104) | (14,308) |
| Term deposits | (25,514) | (11,448) |
| Other | (6,590) | (2,860) |
| Fee and commission expense | (2,074) | (1,654) |
| Settlement transactions | (1,890) | (1,554) |
| Other | (184) | (100) |
| Total interest and commission expense from financial services | (34,178) | (15,962) |

Note 21: 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 1st quarter of 2023 (Note 24);
- Financial services.

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 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 year ended 31 December 2024, revenues of RR 255,912 million or 12% of the Group's total revenues are derived from one external customer. For the year ended 31 December 2023, revenues of RR 181,052 million or 11% of the Group's total 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 21: Segment information (continued)

Revenue

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|--|--|
| Exploration and production | | |
| Domestic sales of own crude oil | 289,973 | 239,377 |
| Own crude oil sales to far abroad countries | 382,192 | 338,062 |
| Other | 9,117 | 9,278 |
| Intersegment sales | 538,037 | 448,277 |
| Total exploration and production | 1,219,319 | 1,034,994 |
| Refining and marketing | | |
| <i>Domestic sales</i> | | |
| Refined products | 647,728 | 573,094 |
| Total Domestic sales | 647,728 | 573,094 |
| <i>Near abroad countries sales</i> | | |
| Refined products | 27,843 | 18,709 |
| Total near abroad countries sales | 27,843 | 18,709 |
| <i>Far abroad countries sales</i> | | |
| Crude oil purchased for resale | 466 | - |
| Refined products | 509,641 | 300,902 |
| Total far abroad countries sales | 510,107 | 300,902 |
| Other | 32,567 | 24,418 |
| Intersegment sales | 6,759 | 6,843 |
| Total refining and marketing | 1,225,004 | 923,966 |
| Tires business | | |
| Tires – domestic sales | 49,108 | 20,631 |
| Tires – near abroad countries sales | 2,953 | 1,684 |
| Other | 1,458 | 234 |
| Intersegment sales | 20 | 13 |
| Total tires business | 53,539 | 22,562 |
| Financial services | | |
| Interest income | 42,422 | 24,593 |
| Fee and commission income | 3,686 | 3,701 |
| Total financial services | 46,108 | 28,294 |
| Total segment revenue | 2,543,970 | 2,009,816 |
| Sales of segments that are not reportable | 77,325 | 62,693 |
| Elimination of intersegment sales | (544,816) | (455,133) |
| Total revenue | 2,076,479 | 1,617,376 |

Note 21: Segment information (continued)

Segments result

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--|--|
| Exploration and production | 310,243 | 219,453 |
| Refining and marketing | 139,148 | 170,589 |
| Tires business | 10,192 | 14,212 |
| Financial services | 9,743 | (6,076) |
| Segments result | 469,326 | 398,178 |
| Segments that are not reportable | (44,145) | (24,408) |
| Other expenses, net (w/o foreign exchange differences) | (4,033) | (8,263) |
| Profit before income tax | 421,148 | 365,507 |

"Segments that are not reportable" line includes impairment losses on financial assets net of reversal, impairment losses and losses on disposal on property, plant and equipment and other non-financial assets, profit/(loss) on exchange rate differences at the Head Office, charity expenses, maintenance of social infrastructure and transfer of social assets, Head Office administrative expenses. The result of the tire business for the year ended 31 December 2023 includes gain from purchase (Note 24).

Segment assets

| | At 31 December 2024 | At 31 December 2023 |
|----------------------------------|--------------------------------|--------------------------------|
| Exploration and production | 602,924 | 593,254 |
| Refining and marketing | 843,912 | 784,760 |
| Tires business | 94,255 | 82,421 |
| Financial services | 302,749 | 303,800 |
| Segments that are not reportable | 361,069 | 280,938 |
| Total assets | 2,204,909 | 2,045,173 |

As at 31 December 2024 assets of segments that are not reportable include RR 175,881 million of property, plant and equipment, RR 26,053 million of securities, RR 4,782 million loans receivable, RR 60,669 million of bank deposits, RR 3,206 million of cash, RR 26,781 million of inventories.

As at 31 December 2023 assets of segments that are not reportable include RR 137,400 million of property, plant and equipment, RR 26,336 million of securities, RR 4,354 million loans receivable, RR 32,489 million of bank deposits, RR 4,848 million of cash, RR 22,339 million of inventories.

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

Note 21: Segment information (continued)

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

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|---|--------------------------------|--------------------------------|
| Depreciation, depletion and amortization | | |
| Exploration and production | 25,512 | 30,669 |
| Refining and marketing | 29,484 | 22,782 |
| Tires business | 3,052 | 2,898 |
| Financial services | 386 | 564 |
| Segments that are not reportable | 3,804 | 3,734 |
| Total depreciation, depletion and amortization | 62,238 | 60,647 |
| Additions to property, plant and equipment | | |
| Exploration and production | 78,325 | 107,686 |
| Refining and marketing | 53,582 | 90,318 |
| Tires business | 3,308 | 28,399 |
| Financial services | 112 | 348 |
| Segments that are not reportable | 38,812 | 39,903 |
| Total additions to property, plant and equipment | 174,139 | 266,654 |

Additions to property, plant and equipment of tires business for the year ended 31 December 2023 resulted from the acquisition of the business (Note 24).

Note 22: 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.

In the normal course of business Group enters into operations 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, except for loans to associates, the rates of which may be determined taking into account the agreements of the shareholders of the relevant companies.

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:

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--------------------------------|--------------------------------|--------------------------------|
| Revenues and income | 699 | 457 |
| Costs and expenses | 1,349 | 1,363 |
| Interest expenses (Note 19,20) | 14,653 | 3,233 |

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

| | At 31 December 2024 | At 31 December 2023 |
|------------------------|------------------------|------------------------|
| Short-term assets | 19,188 | 19,065 |
| Loans | 18,128 | 17,414 |
| Other | 1,060 | 1,651 |
| Long-term assets | 31,203 | 24,633 |
| Loans | 19,934 | 15,656 |
| Other | 11,269 | 8,977 |
| Short-term liabilities | (3,816) | (2,659) |

Note 22: Related party transactions (continued)

Government related companies

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

| | Year ended 31 December 2024 | Year ended 31 December 2023 |
|--|--|--|
| Sales of crude oil | - | 17,333 |
| Sales of refined products | 48,836 | 40,043 |
| Other sales | 14,064 | 4,961 |
| Interest income | 15,612 | 11,037 |
| Interest expense | 2,410 | 5,399 |
| Purchases of refined products and natural gas | 14,515 | 18,436 |
| Purchases of electricity | 26,753 | 25,917 |
| Purchases of transportation and compounding services | 40,535 | 35,127 |
| Other purchases | 11,688 | 5,687 |

The outstanding balances with Government related companies were as follows:

| | At 31 December 2024 | At 31 December 2023 |
|--|--------------------------------|--------------------------------|
| Assets | | |
| Cash and cash equivalents | 47,435 | 28,733 |
| Financial services: Mandatory reserve deposits with the Bank of Russia | 997 | 903 |
| Accounts receivable | 15,488 | 4,312 |
| Financial services: Loans to customers | 3,887 | 3,192 |
| Other short-term financial assets | | |
| Securities measured at amortised cost | 3,717 | 5,584 |
| Other | 3,528 | 4,256 |
| Prepaid expenses and other current assets | 6,506 | 4,852 |
| Total short-term assets | 81,558 | 51,832 |
| Financial services: Loans to customers | 2,813 | 3,281 |
| Accounts receivable | 9,362 | 8,841 |
| Other long-term financial assets | | |
| Securities measured at fair value through other comprehensive income | 39,527 | 40,863 |
| Securities measured at amortised cost | 8,422 | 13,059 |
| Advances for the acquisition of non-current assets | 5,588 | 7,771 |
| Total long-term assets | 65,712 | 73,815 |
| Liabilities | | |
| Accounts payable and accrued liabilities | (4,259) | (5,531) |
| Financial services: Due to banks and the Bank of Russia | (19,655) | (1,014) |
| Financial services: Customer accounts | (6,610) | (2,062) |
| Debt | (13) | (50) |
| Total short-term liabilities | (30,537) | (8,657) |
| Financial services: Due to banks and the Bank of Russia | (1,184) | (3,737) |
| Government grants (Note 16) | (38,361) | (35,762) |
| Other long-term liabilities | (478) | (373) |
| Total long-term liabilities | (40,023) | (39,872) |

As at 31 December 2024 guarantees issued to government related parties amounted to RR 5,461 million (at 31 December 2023: RR 5,959 million).

Note 22: Related party transactions (continued)

Key management personnel

The key management personnel of the Group include members of the Board of Directors and the Management Board of PJSC Tatneft.

For the years ended 31 December 2024 and 2023 total remuneration, including pension cost, for key management personnel was RR 2,040 million and RR 1,826 million, respectively.

At 31 December 2024 and 2023 the Group's key management personnel accounts in the customer accounts amounted to RR 19,370 million and RR 19,068 million, respectively.

At 31 December 2024 and 2023 the liability was recognized for the services provided by the key management personnel of the Group in accordance with the long-term incentive program for executive employees, long-term in the amount of RR 554 million and RR 120 million respectively (Note 16), short-term in the amount of RR 156 million and RR 330 million respectively.

Note 23: Contingencies and commitments

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. Continued political tension in the region, as well as sanctions imposed by a number of countries against certain sectors of the Russian economy, Russian companies and citizens, continue to have a negative impact on the Russian economy.

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. In June 2024, the United States imposed sanctions on the Moscow Exchange, as well as the National Clearing Center and the National Settlement Depository that are part of its group. In this regard, from June 2024, trading in dollars and euros, as well as instruments that involve the use of these currencies in settlements, were suspended on the Moscow Exchange. At the same time, transactions with the US dollar and euro continue to be conducted on the over-the-counter market. In January 2025, the United States imposed new large-scale sanctions against the Russian energy sector.

Further restrictions on the foreign business activities of Russian organizations, as well as further negative consequences for the Russian economy as a whole, cannot be ruled out, but it is not possible to fully assess the duration, extent and scale of possible consequences.

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.

Capital commitments. As at 31 December 2024 and 2023 the Group has approximate outstanding capital commitments of RR 125,812 million and RR 112,886 million, respectively, mainly for the construction of the TANECO refinery complex, construction of wells and oil fields facilities, replacement of pipelines, construction and development of petrochemical business. These commitments are expected to be paid between 2025 and 2027.

Management believes the Group's current and long-term capital expenditures program can be funded through cash flows generated from existing operations as well as lines of credit available to the Company or issuance of debt instruments.

Management believes the Group has the ability to obtain financings as needed to continue funding the own projects, refinance any maturing debts as well as finance business acquisitions and other transactions that may arise in the future.

Credit related commitments. The credit related commitments comprise loan commitments, letters of credit and guarantees. The contractual commitments represent the value at risk should the contract be fully drawn upon, the client defaults, and the value of any existing collateral becomes worthless. In general, certain part of Group's letters of credit are collateralised with cash deposits or collateral pledged to the Group and accordingly the Group normally assumes minimal risk.

Note 23: Contingencies and commitments (continued)

Outstanding credit related commitments are as follows:

| | At 31 December 2024 | At 31 December 2023 |
|--|---------------------|---------------------|
| Undrawn credit lines that are irrevocable or are revocable only in response to a material adverse change | 56,947 | 47,823 |
| Unused limits on the issuance of guarantees | 43,252 | 28,742 |
| Guarantees issued | 48,884 | 36,822 |
| Letters of credit | 2,065 | 58 |
| Less: allowance for credit related commitment | (397) | (431) |
| Less: commitments collateralised by cash deposits under guarantees issued | (43) | (63) |
| Less: commitments collateralised by cash deposits under Letters of credit | (2,065) | (58) |
| Total credit related commitments | 148,643 | 112,893 |

Taxation. The Russian tax legislation is subject to varying interpretations and changes which can occur frequently. Management's interpretation of the legislation, as applied to the transactions and activities, may be challenged by the tax authorities.

The tax authorities may take a different position in their interpretation of the legislation, and it is possible that transactions and activities that have not been challenged in the past may be challenged.

This legislation allows tax authorities to assess additional taxes for controllable transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis and this leads to decrease of the amount of tax payable to the Russian budget, or increase of the amount of loss determined in accordance with Chapter 25 of the Russian Tax Code, unless otherwise is provided by the mutual agreement procedures in accordance with the international taxation treaty concluded by the Russian Federation. The Management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from intercompany transactions are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Company's operations. Management believes that its pricing policy is arm's length and it has implemented internal processes to be in compliance with the new transfer pricing legislation.

Environmental contingencies. The Group, through its predecessor entities, has operated in Tatarstan for many years without developed environmental laws, regulations and the Group's policies. Environmental regulations and their enforcement are currently being considered in the Russian Federation and the Group is monitoring its potential obligations related thereto. The outcome of environmental liabilities under proposed or any future environmental legislation cannot reasonably be estimated at present, but could be material. The Group has analysed its exposure to climatic and other emerging business risks, but has not identified any risks that could affect the financial results or the position of the Group at the reporting date. Under existing legislation, however, management believes that there are no probable liabilities, which would have a material adverse effect on the operating results or financial position of the Group. In addition, the Group is introducing and applying best health, safety and environmental protection practices and standards which might go beyond any existing and potential legal requirements in the Russian Federation.

Legal contingencies. The Group is subject to various lawsuits and claims arising in the ordinary course of business. The outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present. In the case of all known contingencies the Group accrues a liability when the loss is probable and the amount is reasonably estimable. Based on currently available information, management believes that it is remote that future costs related to known contingent liability exposures would have a material adverse impact on the Group's consolidated financial statements.

Social commitments. The Group contributes significantly to the maintenance of local infrastructure and the welfare of its employees within Tatarstan, which includes contributions towards the construction, development and maintenance of housing, hospitals and transport services, recreation and other social needs. Such funding is periodically determined by the Board of Directors after consultation with governmental authorities and recorded as expenditures when incurred.

Transportation of crude oil. The Group transports substantially all of the crude oil that it sells in export and local markets through trunk pipelines in Russia that are controlled by PJSC Transneft, the state-owned monopoly owner and operator of Russia's trunk crude oil pipelines. The Group's crude oil is blended in the Transneft pipeline system with other crude oil of varying qualities to produce an export blend commonly referred to as Urals. There is currently no equalization scheme for differences in crude oil quality within the Transneft pipeline system and the implementation of any such scheme or the impact of it on the Group's business is not currently determinable.

Note 24: Business combinations

In 1st 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 1st 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.

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

| | Fair value |
|--|-------------------|
| Cash and cash equivalents | 6,998 |
| Property, plant and equipment | 13,632 |
| Inventories | 8,387 |
| Accounts receivable and advances issued | 17,461 |
| Deferred tax assets | 978 |
| Other assets | 581 |
| Trade and other payables | (3,677) |
| Deferred tax liabilities | (62) |
| Other liabilities | (2,137) |
| Fair value of identifiable net assets of subsidiaries | 42,161 |
| Gain from purchase | (19,111) |
| Total purchase consideration | 23,050 |
| Cash and cash equivalents of subsidiaries acquired | (6,998) |
| Net cash flow from acquisition of subsidiaries | 16,052 |

For the period from the acquisition date to 31 December 2023 the acquired business accounted for RR 20,836 million in the Group's revenue and RR 4,559 million in profit.

Gain from purchase is presented in other operating (expenses)/income, net of the consolidated 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 2nd quarter 2023. The consideration paid by the Group was based on the results of the evaluation of the business value of the acquired entity.

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

| | Fair value |
|--|-------------------|
| Cash and cash equivalents | 6,739 |
| Property, plant and equipment | 10,144 |
| Intangible assets | 10,013 |
| Right-of-use assets | 2,877 |
| Inventories | 3,980 |
| Accounts receivable and advances issued | 4,370 |
| Deferred tax assets | 779 |
| Other assets | 2,264 |
| Debt | (5,163) |
| Trade and other payables | (8,529) |
| Deferred tax liabilities | (3,731) |
| Other liabilities | (1,510) |
| Fair value of identifiable net assets of subsidiary | 22,233 |
| Goodwill related to the acquisition | 5,093 |
| Total purchase consideration | 27,326 |
| Cash and cash equivalents of subsidiary acquired | (6,739) |
| Net cash flow from acquisition of subsidiary | 20,587 |

Note 24: Business combinations (continued)

For the period from the acquisition date to 31 December 2023 the acquired business accounted for RR 137,846 million in the Group's revenue and RR 1,597 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 25: Intangible assets

Intangible assets include a subsidiary's trademark with an indefinite useful life of RR 8,709 million, as well as contracts with customers of RR 4,293 million, the term of which expires primarily in the period 2025-2028. The trademark relates to a CGU to which goodwill has been allocated, information on impairment testing is presented in Note 26 (no impairment to a CGU was identified).

Note 26: Other non-current assets

Other non-current assets are presented below:

| | At 31 December 2024 | At 31 December 2023 |
|--|------------------------|------------------------|
| Goodwill | 11,943 | 9,992 |
| Advances for the acquisition of non-current assets | 5,322 | 7,731 |
| Other | 3,953 | 4,602 |
| Total other non-current assets | 21,218 | 22,325 |

Movements in goodwill are as follows:

| | 2024 | 2023 |
|---|---------------|--------------|
| Gross book value at 1 January | 9,992 | 4,504 |
| Accumulated impairment losses as at 1 January | - | - |
| Carrying amount at 1 January | 9,992 | 4,504 |
| Change | 1,951 | 5,488 |
| Gross book value at 31 December | 13,863 | 9,992 |
| Accumulated impairment losses as at 31 December | (1,920) | - |
| Carrying amount at 31 December | 11,943 | 9,992 |

For the purposes of impairment testing of goodwill allocated to a foreign subsidiary, the recoverable amount of the CGU was determined based on a value in use calculation. These calculations used cash flow projections based on financial budgets approved by management for a five-year period. Cash flows beyond the five-year period were extrapolated using projected growth rates. The growth rates do not exceed the long-term average growth rates projected for the industry and jurisdiction in which the CGU operates. The discount rate was determined based on the weighted average cost of capital, taking into account the inherent risks, and amounted to 31.4% for the projection period (21.4% for the terminal period).

Note 27: Financial risk management

Financial risk management objectives and policies.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group has introduced a risk management system and developed a number of procedures to measure, assess and monitor risks and select the relevant risk management techniques.

Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business.

The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest rate risk and (c) financial instruments price risk.

a) Currency risk

The Group operates internationally and is exposed to currency risk due to fluctuations in exchange rates. Foreign exchange risk arises from assets, liabilities, commercial transactions and financing denominated in foreign currencies.

The table below summarises the Group's exposure to foreign currency exchange rate risk as at 31 December 2024:

| | Russian Ruble | US Dollar | Chinese yuan | Other currencies |
|--|----------------------|------------------|---------------------|-------------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 68,423 | 1,664 | 27,878 | 19,489 |
| Financial services: Mandatory reserves with the Bank of Russia | 997 | - | - | - |
| Accounts receivable | 125,557 | 80,068 | - | 20,661 |
| Financial services: Loans to customers | 186,327 | 930 | 9,290 | 5 |
| Other financial assets | 109,537 | 14,408 | 3,969 | 6,543 |
| Total financial assets | 490,841 | 97,070 | 41,137 | 46,698 |
| Financial liabilities | | | | |
| Trade and other financial payables | 87,170 | 5,520 | 1,351 | 12,682 |
| Dividends payable | 104,851 | - | - | - |
| Lease obligations, net of current portion | 6,363 | 10,946 | - | 821 |
| Financial services: Other financial liabilities at FVTPL | 19,197 | - | - | - |
| Debt | 1,552 | 11,126 | - | 605 |
| Financial services: Due to banks and the Bank of Russia | 34,919 | 73 | 3,118 | 12 |
| Financial services: Customer accounts | 190,266 | 6,763 | 6,537 | 2,688 |
| Total financial liabilities | 444,318 | 34,428 | 11,006 | 16,808 |
| Net balance sheet position | 46,523 | 62,642 | 30,131 | 29,890 |

Note 27: Financial risk management (continued)

The table below summarises the Group's exposure to foreign currency exchange rate risk as at 31 December 2023.

| | Russian Ruble | US Dollar | Chinese yuan | Other currencies |
|--|----------------|----------------|---------------|------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 52,656 | 1,410 | 16,497 | 13,552 |
| Financial services: Mandatory reserves with the Bank of Russia | 903 | - | - | - |
| Accounts receivable | 90,319 | 128,847 | - | 10,178 |
| Financial services: Loans to customers | 177,996 | 1,320 | 8,136 | 2,941 |
| Other financial assets | 111,926 | 11,970 | 14,501 | 2,986 |
| Total financial assets | 433,800 | 143,547 | 39,134 | 29,657 |
| Financial liabilities | | | | |
| Trade and other financial payables | 78,259 | 9,525 | 2,897 | 7,918 |
| Dividends payable | 119,137 | - | - | - |
| Lease obligations, net of current portion | 7,461 | 12,154 | - | 729 |
| Financial services: Other financial liabilities at FVTPL | 14,983 | - | - | - |
| Debt | 12,981 | 9,010 | - | 866 |
| Financial services: Due to banks and the Bank of Russia | 25,429 | 2 | 5,307 | 13 |
| Financial services: Customer accounts | 182,950 | 8,807 | 8,842 | 2,980 |
| Total financial liabilities | 441,200 | 39,498 | 17,046 | 12,506 |
| Net balance sheet position | (7,400) | 104,049 | 22,088 | 17,151 |

For the year ended 31 December 2024 the Group recognised foreign exchange gain of RR 64,813 million and a foreign exchange loss of RR 52,692 million in the consolidated interim condensed statement of profit or loss and other comprehensive income on a net basis (for the year ended 31 December 2023: RR 74,206 million and RR 49,157 respectively). Gain and loss on foreign exchange differences were received mainly on receivables from operating activities from the sale of crude oil and refining products for export, as well as from the revaluation of cash in foreign currencies.

Below is data on the sensitivity of the Group to an increase or decrease in the exchange rate of the US dollar and the Chinese yuan against the Russian Ruble:

| | Year ended 31 December 2024 | | Year ended 31 December 2023 | |
|-----------------------------------|--------------------------------|---------------------|-----------------------------------|---------------------|
| | Impact on profit before tax | Impact on equity | Impact on profit before tax | Impact on equity |
| US Dollar strengthening by 20% | 12,528 | 10,023 | 20,810 | 16,648 |
| US Dollar weakening by 20% | (12,528) | (10,023) | (20,810) | (16,648) |
| Chinese yuan strengthening by 20% | 6,026 | 4,821 | 4,418 | 3,534 |
| Chinese yuan weakening by 20% | (6,026) | (4,821) | (4,418) | (3,534) |

b) Interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Operations interest rate risk management (excluding financial services)

The majority of the Group's borrowings is at fixed interest rates. The Group's treasury function performs periodic analysis of the interest rate environment. The Group does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, the Group performs periodic analysis of the current interest rate environment and depending on that analysis at the time of raising new debts management makes decisions whether to obtain financing on fixed-rate or variable-rate basis would be more beneficial to the Group over the expected period until maturity.

Note 27: Financial risk management (continued)

Operations interest rate risk management from financial services

Management of interest rate risk is performed through analysis of the structure of assets and liabilities by repricing dates. Interest rates that are contractually fixed on both assets and liabilities may be renegotiated before any new credit tranche is issued to reflect current market conditions. All new credit products and transactions are assessed in respect of interest rate risk upfront, prior to starting these transactions.

Interest rate risk analysis on assets and liabilities of the Group

The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

| | Demand and less than 1 month | From 1 to 6 months | From 6 to 12 months | From 1 to 5 years | More than 5 years | Non-sensitive | Total |
|---|---|-------------------------------|--------------------------------|------------------------------|------------------------------|----------------------|----------------|
| 31 December 2024 | | | | | | | |
| Total financial assets | 168,445 | 41,816 | 67,037 | 86,681 | 43,987 | 267,780 | 675,746 |
| Total financial liabilities | 126,963 | 106,573 | 22,837 | 31,309 | 11,110 | 207,768 | 506,560 |
| Net interest sensitivity gap | 41,482 | (64,757) | 44,200 | 55,372 | 32,877 | 60,012 | 169,186 |
| 31 December 2023 | | | | | | | |
| Total financial assets | 56,310 | 70,279 | 50,808 | 116,855 | 73,855 | 278,031 | 646,138 |
| Total financial liabilities | 113,236 | 105,933 | 18,292 | 46,911 | 12,887 | 212,991 | 510,250 |
| Net interest sensitivity gap | (56,926) | (35,654) | 32,516 | 69,944 | 60,968 | 65,040 | 135,888 |

The following table presents a sensitivity analysis of interest rate risk on financial assets and liabilities:

| | Year ended 31 December 2024 | | Year ended 31 December 2023 | |
|------------------------------|--|-----------------------------|--|-----------------------------|
| | Impact on profit before tax | Impact on equity | Impact on profit before tax | Impact on equity |
| Increase by 200 basis points | 2,183 | 1,747 | 1,417 | 1,134 |
| Decrease by 200 basis points | (2,183) | (1,747) | (1,417) | (1,134) |

Note 27: Financial risk management (continued)

c) Financial instruments price risk

Financial instruments price risk is the risk that movements in market prices resulting from factors associated with an issuer of financial instruments (specific risk) and general changes in the market prices of financial instruments (general risk) will affect the fair value or future cash flows of a financial instrument and, as a result, the Group's profitability.

Financial instruments price risk for financial instruments held within the Group's financial assets at fair value through profit or loss is managed: (a) through maintaining a diversified structure of portfolios; and (b) by setting position limits (i.e. limits restricting the total amount of an investment or maximum mismatch between respective assets and liabilities) as loss limits, sensitivity limits and potential losses under stress. In addition to these, the Group sets limits on the structure of securities portfolio, their liquidity, credit quality, and on a maximum duration of debt financial instruments. When necessary the Group establishes margin and collateral requirements.

Financial instruments price risk is managed primarily through daily mark-to-market procedures, sensitivity analysis and control of limits established for various types of financial instruments. The Group assesses the price risk of equity instruments through sensitivity to a change in their fair value by 10%. For debt instruments, the Group assesses price risk by assessing the change in their fair value if interest rates increase by 100 bps. The assessment is made using the modified duration method taking into account convexity.

According to the results of the assessment for financial assets at fair value through profit or loss and available-for-sale financial assets the price risk does not exceed RR 1 billion.

Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment (Note 23).

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Expected credit loss (ECL) measurement. ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default, Exposure at Default, Loss Given Default and Discount Rate.

Note 27: Financial risk management (continued)

Credit risk management. Management carefully manages its exposure to credit risk.

An assessment is performed at each reporting date to identify a significant increase in credit risk since initial recognition of a financial instrument. Such assessment is performed on the basis of qualitative and quantitative information:

- Quantitative assessment is performed on the basis of a change in risk of default arising over the expected lifetime of a financial asset.
- Qualitative assessment implies that a number of factors are important for assessing significant increase in credit risk (restructuring indicative of problems, establishing favourable schedule for repaying loan interest and principal, significant changes in expected results of operations and behaviour of a borrower and other material changes).

Financial assets move from Stage 1 to Stage 2 if there is one or a combination of the following factors:

- financial assets are over 30 days overdue;
- credit rating deteriorates;
- there are early warning indicators of an increase in credit risk; a need to change previously agreed on terms of the agreement to create more favourable environment for a customer due to his inability to meet current liabilities because of the customer's financial position; full or partial refinancing of the current debt which would not be required if the client did not experience financial difficulties;
- information on future changes in assets that may result in credit losses not considered in the rating systems is identified (e.g. military conflicts in the region that may have a significant impact on future credit quality).

A default is recognised if one or a combination of the following events occur:

- financial assets are over 90 days overdue (a rebuttable presumption);
- a default rating is assigned;
- restructuring indicative of problems is undertaken;
- a favourable schedule for repaying interest and principal with payments to be made at the end of the term is granted.

Credit risk management (excluding financial services)

Credit risk (excluding financial services) arises from cash and cash equivalents, bank deposits, loans and notes receivables, as well as credit exposures to customers including outstanding trade and other receivables.

Credit risks related to accounts receivable are systematically monitored taking into account the customer's financial position, past experience and other factors. Management systematically reviews ageing analysis of receivables and uses this information for calculation of expected credit losses. A significant portion of the Group's accounts receivable is due from domestic and export trading companies. The Group does not always require collateral to limit the exposure to loss. The Group operates with various customers but a substantial part of its sales relates to major customers.

Although collection of accounts receivable could be influenced by economic factors affecting these customers, management believes there is no significant risk of loss to the Group beyond the provisions already recorded. Credit quality analysis for accounts receivable is presented in Note 4.

The Group performs an ongoing assessment and monitoring of the risk of default. In addition, as part of its cash management and credit risk function, the Group regularly evaluates the creditworthiness of financial and banking institutions where it deposits cash.

The Group deposits available cash mostly with financial institutions in the Russian Federation. To manage this credit risk, the Group allocates its available cash to a variety of Russian banks.

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an approach based on risk grades estimated by internal ratings. Internal ratings are mapped to external credit rating provided by agencies (Expert RA JSC, ACRA JSC) on an internally defined master scale with a specified range of probabilities of default.

Credit risk management in financial services

The Group's credit risk policies prescribe its acceptance only through formalized procedures and only based on decisions of the authorized collegial body. The Group has a system of credit committees responsible for making credit decisions, the main objective of which is to create a high-quality loan portfolio that ensures the implementation of the strategy, credit policies and risk management policies. Collegial authorities, authorized to make credit decisions, have a clear segmentation according to business lines, lending segments and the amount of authority.

Note 27: Financial risk management (continued)

The Group structures the level of credit risk it undertakes by placing the appropriate limits. Limits are set by the Group on an individual (for example, for specific customers and counterparties), group and portfolio basis (for example, industry and regional limits, limits on types of operations, etc.).

Internal regulations on financial analysis and risk assessment are created and applied to each segment of the lending activity, including lending to legal entities, individuals, financial institutions and other categories of borrowers.

To reduce the level of risk, the Group accepts collateral in the form of pledges, sureties and guarantees. In case of acceptance of a surety, the Group performs a financial analysis of the guarantor. The assessment of collateral is performed internally by special division responsible for collateral assessment and control. They use several methodologies developed for each type of collateral.

Valuations performed by third parties, including independent appraisal firms authorized by the Group, may serve as additional data for such assessment. The Group usually requires collateral to be insured by insurance companies authorized by the Group.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Group uses the same credit policies in assuming conditional obligations as it does for on balance sheet financial instruments, through established credit approvals, risk control limits and monitoring procedures.

The Group regularly analyzes and monitors the impact on borrowers' performance indicators of the expected macroeconomic situation and changes in the economy caused by the introduction of restrictive measures, changes in the key rate, exchange rate volatility and other factors. Taking into account the current economic situation in 2023-2024, increased attention was paid to the risk of non-payment to fulfill obligations, as well as the risks of capital outflow, concentration, logistics and infrastructure risks, and the risk of non-fulfillment of obligations.

Note 27: Financial risk management (continued)

Credit risk analysis of the Group

To quantify the credit risk, the Group uses internal models (rating systems). The Group uses the following rating categories for the analysis of credit quality of assets other than loans to customers and accounts receivable:

- investment grade ratings referred to classification in the range from AAA (RU) to BBB- (RU) of the agencies of Expert RA JSC, ACRA JSC. The probability of default for assets of this category ranges from 0% to 1.51%;
- non-investment grade ratings referred to classification referred from BB+ (RU) to D (RU) of the agencies of Expert RA JSC, ACRA JSC. The probability of default for assets of this category ranges from 1.51% to 100%. On average, the risk for this category is about 9.3% (in 2023: 21.55%).

The following table contains an analysis of the credit risk exposure of cash and cash equivalents including mandatory reserve deposits with the Bank of Russia. Cash and cash equivalents are classified as Stage 1. As at 31 December 2024 and 31 December 2023 there is no cash classified as Stage 2, Stage 3, or acquired or originated impaired. The carrying amount also represents the Group's maximum exposure to credit risk on these financial assets.

| | At 31 December 2024 | At 31 December 2023 |
|---|----------------------------|----------------------------|
| | Stage 1 (12-months ECL) | Stage 1 (12-months ECL) |
| <i>Cash on hand and cash in banks</i> | | |
| - Investment grade rating | 42,984 | 41,432 |
| - Non-investment grade rating | 3,955 | 6,894 |
| Gross carrying amount | 46,939 | 48,326 |
| Credit loss allowance | - | - |
| Carrying amount | 46,939 | 48,326 |
| <i>Term deposits</i> | | |
| - Investment grade rating | 59,028 | 30,829 |
| - Non-investment grade rating | 11,487 | 3,166 |
| - No ratings | - | 1,803 |
| Gross carrying amount | 70,515 | 35,798 |
| Credit loss allowance | - | (9) |
| Carrying amount | 70,515 | 35,789 |
| <i>Financial services: Mandatory reserve deposits with the Bank of Russia</i> | | |
| - Investment grade rating | 997 | 903 |
| Gross carrying amount | 997 | 903 |
| Credit loss allowance | - | - |
| Carrying amount | 997 | 903 |

The following table contains an analysis of the credit risk exposure of other financial assets measured at amortised cost and measured at fair value through other comprehensive income for which ECL allowance is recognised other than cash and cash equivalents including mandatory reserve deposits with the Bank of Russia, loans to customers and accounts receivable. The carrying amount also represents the Group's maximum exposure to credit risk on these financial assets.

Note 27: Financial risk management (continued)

| | At 31 December 2024 | | | | |
|--|-------------------------------|--|--|----------|---------------|
| | Stage 1 (12-months ECL) | Stage 2 (lifetime ECL for SICR) | Stage 3 (lifetime ECL for credit im- paired) | POCI | Total |
| <i>Loans</i> | | | | | |
| - Investment grade rating | - | 2,067 | - | - | 2,067 |
| - Non-investment grade rating | 13,502 | 30,943 | 886 | - | 45,331 |
| - No ratings | - | - | 16,240 | - | 16,240 |
| Gross carrying amount | 13,502 | 33,010 | 17,126 | - | 63,638 |
| Credit loss allowance | - | - | (15,897) | - | (15,897) |
| Carrying amount | 13,502 | 33,010 | 1,229 | - | 47,741 |
| <i>Bank deposits</i> | | | | | |
| - Investment grade rating | 8 | - | - | - | 8 |
| - Non-investment grade rating | - | - | 2,989 | - | 2,989 |
| Gross carrying amount | 8 | - | 2,989 | - | 2,997 |
| Credit loss allowance | - | - | (2,989) | - | (2,989) |
| Carrying amount | 8 | - | - | - | 8 |
| <i>Other</i> | | | | | |
| - Non-investment grade rating | 501 | - | 3,344 | - | 3,845 |
| - No ratings | - | - | 3,041 | - | 3,041 |
| Gross carrying amount | 501 | - | 6,385 | - | 6,886 |
| Credit loss allowance | (6) | - | (5,592) | - | (5,598) |
| Carrying amount | 495 | - | 793 | - | 1,288 |
| <i>Debt securities measured at amortised cost</i> | | | | | |
| - Investment grade rating | 16,217 | - | - | - | 16,217 |
| - Non-investment grade rating | 856 | - | - | - | 856 |
| Gross carrying amount | 17,073 | - | - | - | 17,073 |
| Credit loss allowance | (869) | - | - | - | (869) |
| Carrying amount | 16,204 | - | - | - | 16,204 |
| <i>Debt securities measured at fair value through other comprehensive income</i> | | | | | |
| - Investment grade rating | 37,240 | - | - | - | 37,240 |
| - Non-investment grade rating | 128 | - | - | - | 128 |
| Gross carrying amount | 37,368 | - | - | - | 37,368 |
| Credit loss allowance | (29) | - | - | - | (29) |
| Carrying amount | 37,339 | - | - | - | 37,339 |

Note 27: Financial risk management (continued)

| | At 31 December 2023 | | | | |
|---|--|--|---|-------------|---------------|
| | Stage 1 (12-months ECL) | Stage 2 (lifetime ECL for SICR) | Stage 3 (lifetime ECL for credit im- paired) | POCI | Total |
| <i>Loans</i> | | | | | |
| - Investment grade rating | - | 812 | - | - | 812 |
| - Non-investment grade rating | 16,478 | 24,530 | 385 | - | 41,393 |
| - No ratings | - | - | 16,816 | - | 16,816 |
| Gross carrying amount | 16,478 | 25,342 | 17,201 | - | 59,021 |
| Credit loss allowance | - | (91) | (17,091) | - | (17,182) |
| Carrying amount | 16,478 | 25,251 | 110 | - | 41,839 |
| <i>Bank deposits</i> | | | | | |
| - Non-investment grade rating | - | - | 2,989 | - | 2,989 |
| Gross carrying amount | - | - | 2,989 | - | 2,989 |
| Credit loss allowance | - | - | (2,989) | - | (2,989) |
| Carrying amount | - | - | - | - | - |
| <i>Other</i> | | | | | |
| - Non-investment grade rating | - | - | 11,584 | - | 11,584 |
| - No ratings | - | - | 3,663 | - | 3,663 |
| Gross carrying amount | - | - | 15,247 | - | 15,247 |
| Credit loss allowance | - | - | (14,355) | - | (14,355) |
| Carrying amount | - | - | 892 | - | 892 |
| <i>Debt securities measured at amortised cost</i> | | | | | |
| - Investment grade rating | 22,898 | - | - | - | 22,898 |
| Gross carrying amount | 22,898 | - | - | - | 22,898 |
| Credit loss allowance | (15) | - | - | - | (15) |
| Carrying amount | 22,883 | - | - | - | 22,883 |
| <i>Debt securities measured at fair value through other comprehensive income</i> | | | | | |
| - Investment grade rating | 42,053 | - | - | - | 42,053 |
| - Non-investment grade rating | 1,757 | - | - | - | 1,757 |
| - No ratings | 139 | - | - | - | 139 |
| Gross carrying amount | 43,949 | - | - | - | 43,949 |
| Credit loss allowance | (921) | - | - | - | (921) |
| Carrying amount | 43,028 | - | - | - | 43,028 |

Note 27: Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Liquidity risk management (excluding financial services)

The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In managing its liquidity risk, the Group maintains adequate cash reserves and debt facilities, continuously monitors forecast and actual cash flows and matches the maturity profiles of financial assets and liabilities.

The Group prepares various financial plans (monthly, quarterly and annually) which ensures that the Group has sufficient cash on demand to meet expected operational expenses, financial obligations and investing activities for a period of 30 days or more. To fund cash requirements of a more permanent nature, the Group will normally raise long-term debt.

Liquidity risk management in financial services

The objective of liquidity risk management is to ensure the stable operations of the Group, the possibility of uninterrupted operations in accordance with the Group's business plans, including the timely fulfilment of all obligations to customers and counterparties related to making payments, as well as minimising the negative impact on financial results, own funds (capital), the Group's reputation for a possible liquidity deficit. Also, the priority objective of liquidity risk management is to ensure that the Group comply with the mandatory liquidity ratios established by the Central Bank of Russia.

The Group's approach to financial services liquidity management is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both ordinary and stressed conditions, without incurring unacceptable losses or damaging the Group's reputation.

In respect to the financial services segment The Group endeavors to maintain a stable and diversified funding base including core corporate and individual customer accounts; short-, medium- and long-term loans from other banks; promissory notes and bonds issued. On the other hand, the Group tends to keep diversified portfolios of liquid and highly liquid assets in order to be able to settle unforeseen liquidity requirements in an efficient and timely manner.

Key parameters in liquidity risk management such as the structure of assets and liabilities, composition of liquid assets and acceptable liquidity risks are established by Assets and Liabilities Management Committee (ALCO). ALCO sets and reviews limits on liquidity gaps which are assessed on the basis of liquidity stress-tests in regard to medium- and long-term liquidity. These tests are performed using the following information:

- current structure of assets and liabilities including any known renewal arrangements as at the date of the respective test;
- amounts, maturity and liquidity profiles of transactions projected by business units;
- current and projected characteristics of liquid assets which include, apart from cash and cash equivalents, amounts due from other banks and certain financial assets held-for-trading; and
- relevant external factors.

The resulting models allow for the assessment of future expected cash flows due to projected future business and different crisis scenarios.

While managing liquidity risk distinguish liquidity required within a current business day and term liquidity.

For managing current liquidity (with a 1-day horizon) the following methods are used:

- reallocation of cash between accounts with banks;
- collection of information from business and other supporting units on large transactions (both proprietary and customer based);
- purchase and sale of certain financial assets in liquid portfolios;
- accelerating closure of trade positions;
- estimation of minimum expected cash inflow during a business day; and
- daily control over the balance of cash and estimated liabilities to be settled on demand.

Note 27: Financial risk management (continued)

The monitoring of the current and forecasted state of urgent liquidity is carried out daily on the basis of calculating the sufficiency of highly liquid assets to cover planned and unplanned outflows and meeting resource requirements for a period of up to 30 days.

The share of liquid assets is maintained at a level sufficient to meet obligations to customers and counterparties of the Group, which can significantly reduce liquidity risks and non-market funding rates.

To maintain instant liquidity, limits are opened by a significant number of Russian banks. In addition, the liquidity risk is minimized by the Group's ability to raise funds from the Bank of Russia within the framework of the refinancing system and state support for the financial sector, as well as established liquidity management policies and technologies that provide for stress approaches in estimating future cash flows.

In accordance with the Group's Liquidity Management Policy, the basic principle of liquidity management is risk limiting, in particular, using the required liquid assets limit. If necessary (changing the financial situation in the markets or at Group), other limits (for counterparties, financial instruments, etc.) can be used to manage liquidity.

Liquidity risk analysis of the Group

The following tables summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, including interest payments:

| | At 31 December 2024 | | | Total |
|--|---------------------|-----------------------|---------------|----------------|
| | Less than 1 year | Between 1 and 5 years | Over 5 years | |
| Financial liabilities | | | | |
| Trade and other financial payables | 107,456 | - | - | 107,456 |
| Dividend payable | 104,851 | - | - | 104,851 |
| Lease obligations, net of current portion | - | 15,638 | 17,814 | 33,452 |
| Financial services: Other financial liabilities at fair value through profit or loss | 19,197 | - | - | 19,197 |
| Debt | 3,625 | 6,926 | 6,857 | 17,408 |
| Financial services: Due to banks and the Bank of Russia | 37,633 | 1,207 | - | 38,840 |
| Financial services: Customer accounts | 211,601 | 1,850 | 8 | 213,459 |
| Credit related commitments (Note 23) | 95,736 | 46,602 | 8,811 | 151,149 |
| Total | 580,099 | 72,223 | 33,490 | 685,812 |

| | At 31 December 2023 | | | Total |
|--|---------------------|-----------------------|---------------|----------------|
| | Less than 1 year | Between 1 and 5 years | Over 5 years | |
| Financial liabilities | | | | |
| Trade and other financial payables | 99,121 | - | - | 99,121 |
| Dividend payable | 119,137 | - | - | 119,137 |
| Lease obligations, net of current portion | - | 15,359 | 19,631 | 34,990 |
| Financial services: Other financial liabilities at fair value through profit or loss | 14,983 | - | - | 14,983 |
| Debt | 5,406 | 16,979 | 7,133 | 29,518 |
| Financial services: Due to banks and the Bank of Russia | 27,568 | 4,021 | - | 31,589 |
| Financial services: Customer accounts | 203,200 | 4,637 | 10 | 207,847 |
| Credit related commitments (Note 23) | 60,917 | 46,537 | 5,676 | 113,130 |
| Total | 530,332 | 87,533 | 32,450 | 650,315 |

Note 27: Financial risk management (continued)

Fair values

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 31 December 2024 |
|---|---------------|--------------|---------------|----------------------------|
| | Fair value | | | Carrying value |
| | Level 1 | Level 2 | Level 3 | |
| Investment property | - | - | 1,431 | 1,431 |
| Other financial assets | | | | |
| Securities measured at fair value through profit or loss | 1,327 | 158 | - | 1,485 |
| Loans measured at fair value through profit or loss | - | - | 1,758 | 1,758 |
| Securities measured through other comprehensive income | 36,116 | 8,791 | 20,113 | 65,020 |
| Money market funds, measured at fair value through profit or loss | - | 953 | - | 953 |
| Financial services: Other financial liabilities measured at fair value through profit or loss | (19,196) | (1) | - | (19,197) |
| Total | 18,247 | 9,901 | 23,302 | 51,450 |

| | | | | At 31 December 2023 |
|---|---------------|---------------|---------------|----------------------------|
| | Fair value | | | Carrying value |
| | Level 1 | Level 2 | Level 3 | |
| Investment property | - | - | 827 | 827 |
| Other financial assets | | | | |
| Securities measured at fair value through profit or loss | 2,903 | 152 | 177 | 3,232 |
| Derivatives measured at fair value through profit or loss | - | 19 | - | 19 |
| Loans measured at fair value through profit or loss | - | - | 2,021 | 2,021 |
| Securities measured through other comprehensive income | 36,262 | 12,525 | 21,710 | 70,497 |
| Financial services: Other financial liabilities measured at fair value through profit or loss | (14,983) | - | - | (14,983) |
| Total | 24,182 | 12,696 | 24,735 | 61,613 |

Note 27: Financial risk management (continued)

The description of valuation technique and description of inputs used in the fair value measurement for Level 2 and Level 3 measurements at 31 December 2024 и 2023:

| | Fair value hierarchy | Valuation technique and key input data |
|---|-----------------------------|---|
| Investment property | Level 3 | Market data on comparable objects, adjusted in case of differences from similar objects |
| Securities at FVTPL | Level 2, Level 3 | Quoted prices for similar investments in active markets, net assets valuation, comparative (market) approach / Publicly available information, comparable market prices/ discounted cash flow models adjusted at credit risk |
| Loans measured at FVTPL | Level 3 | Discounted cash flow models adjusted at credit risk |
| Securities at FVOCI | Level 2, Level 3 | Quoted prices for similar investments in active markets, net assets valuation, comparative (market) approach / Publicly available information, comparable market prices / discounted cash flow models adjusted at credit risk |
| Money market funds, measured at fair value through profit or loss | Level 2, Level 3 | Quoted prices for similar investments in active markets, net assets valuation, comparative (market) approach / Publicly available information, comparable market prices / discounted cash flow models adjusted at credit risk |
| Financial services: Other financial liabilities at FVTPL | Level 2 | Discounted cash flow models adjusted at credit risk |

There were no significant changes in valuation technique for Level 2 and Level 3 recurring fair value measurements during the years ended 31 December 2024 and 2023. There have been no significant transfers between Level 1, Level 2 and Level 3 during these periods.

Note 27: Financial risk management (continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values at 31 December 2024 and 2023, with the Group primarily classifying cash as Level 2 of the hierarchy and accounts receivable and accounts payable as Level 3.

| | At 31 December 2024 | | | | At 31 December 2023 | | | |
|---|---------------------|---------------|----------------|----------------|---------------------|---------------|----------------|----------------|
| | Fair value | | | Carrying value | Fair value | | | Carrying value |
| | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 | |
| Assets | | | | | | | | |
| Financial services: Loans to customers measured at amortised cost | - | - | 195,511 | 196,552 | - | - | 193,751 | 190,393 |
| Other financial assets | | | | | | | | |
| Loans measured at amortised cost | - | - | 38,052 | 47,741 | - | - | 41,839 | 41,839 |
| Securities measured at amortised cost | 9,454 | 5,318 | - | 16,204 | 14,885 | 5,244 | 1,942 | 22,883 |
| Other | - | 516 | 793 | 1,296 | - | - | 892 | 892 |
| Total | 9,454 | 5,834 | 234,356 | 261,793 | 14,885 | 5,244 | 238,424 | 256,007 |
| Liabilities | | | | | | | | |
| Debt | | | | | | | | |
| Bonds issued | - | 1 | - | 1 | - | 2 | - | 2 |
| Subordinated debt | - | 22 | - | 23 | - | 22 | - | 22 |
| Promissory notes issued | - | 251 | 1,607 | 1,874 | - | 11,341 | - | 12,790 |
| Other debt | - | - | 11,385 | 11,385 | - | - | 10,043 | 10,043 |
| Financial services: Due to banks and the Bank of Russia | 374 | 37,425 | - | 38,122 | 186 | 30,251 | - | 30,751 |
| Financial services: Customer accounts | - | 37,040 | 166,230 | 206,254 | - | 36,953 | 163,088 | 203,579 |
| Total | 374 | 74,739 | 179,222 | 257,659 | 186 | 78,569 | 173,131 | 257,187 |

The fair values in Level 2 and Level 3 fair value hierarchy were estimated using the model of discounted cash flows. The fair value of instruments that do not have a quoted market price in an active market was estimated based on estimated future cash flows, discounted using prevailing market interest rates for new instruments with similar credit risk and maturity.

Management of Capital

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and increase shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group defines capital under management as the "Total equity owned by shareholders of PJSC Tatneft" as shown in the consolidated statement of financial position. The amount of capital that the Group managed as at 31 December 2024 was RR 1,321,769 million (2023: RR 1,190,843 million).

The Group considers equity and debt to be the principal elements of capital management. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, revise its investment program, attract new or settle existing debt or sell certain non-core assets. The Group monitors capital on the basis of its gearing ratio.

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of the movements in the Group's liabilities from financing activities (excluding financial services) for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

TATNEFT
Notes to the Consolidated Financial Statements
(In million of Russian Rubles)

Note 27: Financial risk management (continued)

| | Liabilities arising as a result of financing activities | | | | | | Total |
|--|---|--------------|-------------------|-------------------|------------------|------------------|----------------|
| | Credits and loans | Bonds issued | Subordinated debt | Lease liabilities | Dividend payable | Promissory notes | |
| At 31 December 2022 | 525 | 2,057 | 22 | 3,615 | 26,025 | 11,897 | 44,141 |
| Cash flow movement, including: | | | | | | | |
| Proceeds from issuance of debt | 57,373 | - | - | - | - | - | 57,373 |
| Repayment of debt | (61,933) | - | - | - | - | - | (61,933) |
| Redemption of bonds | - | (2,008) | - | - | - | - | (2,008) |
| Repayment of principal portion of lease liabilities | - | - | - | (4,563) | - | - | (4,563) |
| Interest paid | (443) | (69) | (118) | (1,634) | - | - | (2,264) |
| Dividends paid to shareholders | - | - | - | - | (141,304) | - | (141,304) |
| Unclaimed dividends | - | - | - | - | 30,956 | - | 30,956 |
| Foreign exchange adjustments | 1,342 | - | - | 1,234 | - | - | 2,576 |
| Interest accrual | 614 | 21 | 118 | 1,634 | - | 957 | 3,344 |
| Dividends declared | - | - | - | - | 203,497 | - | 203,497 |
| Change in liabilities as a result of acquisition of businesses (Note 24) | 12,434 | - | - | 1,262 | - | - | 13,696 |
| Change in liabilities as a result of acquisition of right-of-use assets | - | - | - | 23,150 | - | - | 23,150 |
| Other non-cash flows | 131 | 1 | - | 456 | (37) | (64) | 487 |
| At 31 December 2023 | 10,043 | 2 | 22 | 25,154 | 119,137 | 12,790 | 167,148 |
| Cash flow movement, including: | | | | | | | |
| Proceeds from issuance of debt | 112,958 | - | - | - | - | - | 112,958 |
| Repayment of debt | (114,965) | - | - | - | - | - | (114,965) |
| Redemption of promissory notes | - | - | - | - | - | (11,400) | (11,400) |
| Redemption of bonds | - | (1) | - | - | - | - | (1) |
| Repayment of principal portion of lease liabilities | - | - | - | (3,405) | - | - | (3,405) |
| Interest paid | (1,377) | - | (99) | (2,488) | - | (1,832) | (5,796) |
| Dividends paid to shareholders | - | - | - | - | (222,590) | - | (222,590) |
| Unclaimed dividends | - | - | - | - | 26,547 | - | 26,547 |
| Foreign exchange adjustments | 1,121 | - | - | 1,392 | - | 1 | 2,514 |
| Interest accrual | 1,368 | - | 99 | 2,488 | - | 700 | 4,655 |
| Dividends declared | - | - | - | - | 181,757 | - | 181,757 |
| Change in liabilities as a result of acquisition of businesses | 1,503 | - | - | - | - | 1,607 | 3,110 |
| Change in liabilities as a result of acquisition of right-of-use assets | - | - | - | 1,299 | - | - | 1,299 |
| Other non-cash flows | 734 | - | 1 | (2,313) | - | 8 | (1,570) |
| At 31 December 2024 | 11,385 | 1 | 23 | 22,127 | 104,851 | 1,874 | 140,261 |

Note 28: Material accounting policy information

Material accounting policy information used in preparing these consolidated financial statements are presented below. This accounting policy have been applied consistently to all periods presented in the statements.

Functional and presentation currency. The presentation currency of the Group is the Russian Ruble.

Management has determined the functional currency for the Company and each consolidated subsidiary of the Group, except for subsidiaries located outside of the Russian Federation, is the Russian Ruble because the majority of Group revenues, costs, property and equipment purchased, debt and trade liabilities are either priced, incurred, payable or otherwise measured in Russian Rubles. Accordingly, transactions and balances not measured in Russian Rubles (primarily US Dollars) have been re-measured into Russian Rubles in accordance with the relevant provisions of IAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into functional currency at year-end official exchange rates of the Central Bank of the Russian Federation (the “Bank of Russia”) at the end of the year are reflected in profit or loss for the year as other income /(expenses) within “Foreign exchange gain, net.”

For operations of major subsidiaries located outside of the Russian Federation, that primarily use US Dollar as the functional currency, adjustments resulting from translating foreign functional currency assets and liabilities into Russian Rubles are recorded in other comprehensive income. Revenues, expenses and cash flows are translated at average exchange rates of the relevant period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

The official rates of exchange, as published by the Bank of Russia, of the Russian Ruble (“RR”) to the US Dollar (“US \$”) at 31 December 2024 and 2023 were RR 101.68 and RR 89.69 to US \$, respectively. Average rates of exchange for the years ended 31 December 2024 and 2023 were RR 92.57 and RR 85.25 per US \$, respectively.

Consolidation. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group has the power to direct relevant activities of the investee that significantly affect their returns, exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations

Goodwill. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies as a result of the combination. These units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger in size than an operating segment.

The Group tests goodwill for impairment at least once a year and whenever there is an indication that it may be impaired. The impairment is recognised immediately as an expense and is not subsequently reversed.

Associates and joint ventures. Associates and joint ventures are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. The Group classifies investments in its joint ventures as joint ventures based on the nature of the venture and the contractual rights and obligations of each investor. Joint venture is a joint arrangement that involves the Group and the other parties to the joint venture having joint control over the activity having rights to the net assets of the activity. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates and joint ventures reduce the carrying value of the investment in associates and joint ventures. Other post-acquisition changes in Group’s share of net assets of an associate and joint ventures are recognised as follows: (i) the Group’s share of profits or losses of associates or joint ventures is recorded in the consolidated profit or loss for the year as share of result of associates or joint ventures, (ii) the Group’s share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group’s share of the carrying value of net assets of associates or joint ventures are recognised in profit or loss within the share of result of associates or joint ventures.

Financial instruments – key measurement terms. 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. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the Group. This is the case even if a market’s normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Note 28: Material accounting policy information (continued)

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL").

Financial instruments – initial recognition. Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains (losses) on debt financial assets at FVOCI.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition.

Note 27 provides information about inputs, assumptions and estimation techniques used in measuring ECL.

The Group applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, type of product or service, geography of sales and the days past due. The Group calculates expected credit losses on trade receivables based on historical data assuming reasonable approximation of current losses rates adjusted on forward-looking information.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition, excluding write-off. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

Financial liabilities designated at FVTPL. The Group may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

Note 28: Material accounting policy information (continued)

Cash and cash equivalents. Cash represents cash on hand and in bank accounts and the Bank of Russia, other than mandatory reserves deposits with the Bank of Russia, which can be effectively withdrawn at any time without prior notice. Cash equivalents include highly liquid short-term investments that can be converted to a certain cash amount and mature within three months or less from the date of purchase.

Mandatory reserve deposits with the Bank of Russia. Mandatory cash balances with the Bank of Russia are carried at AC and represent non-interest bearing mandatory reserve deposits, which are not available to finance the Group's day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Due from banks. Amounts due from banks are recorded when the Group advances money to counterparty banks due on fixed or determinable dates. Amounts due from banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Due from banks that mature within three months or less from the date of placement are included in cash and cash equivalents.

Loans to customers. Loans to customers are recorded when the Group advances money to purchase or originate a loan due from a customer. Note 27 provides information about inputs, assumptions and estimation techniques used in measuring ECL.

Trade and other receivables. Trade and other receivables are recognised initially at fair value and are subsequently carried at AC using the effective interest method.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at AC using the effective interest method.

Due to banks and the Bank of Russia. Amounts due to banks and the Bank of Russia are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at AC.

Customer accounts. Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at AC.

Debt securities and bonds issued. Debt securities issued include promissory notes issued by the Group to its customers in the course of its financial services. Bonds issued represent securities issued by the Bank that are traded and quoted in the open market. Promissory notes carry a fixed date of repayment. These may be issued against cash deposits or as a payment instrument, which the customer can sell at a discount in the over-the-counter market.

Non-current assets classified as held for sale. Non-current assets are classified in the consolidated statement of financial position as "Long term assets held for sale" if their carrying amount will be recovered principally through a sale transaction within twelve months after the end of the reporting period.

Inventories. Inventories of crude oil, refined oil products, materials and supplies, finished goods and other inventories are valued at the lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The Group uses the weighted-average-cost method. Costs include both direct and indirect expenditures incurred in bringing an item or product to its existing condition and location.

Prepaid expenses and other current assets. Prepaid expenses and other current assets include advances for purchases of products and services, insurance fees, excise tax refundable, prepayments for export duties, VAT and other taxes. Prepayments are carried at cost less provision for impairment.

Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

Tax on additional income from hydrocarbon extraction. AIT is levied at the rate of 50% on additional income from oil production, calculated as the difference between the estimated revenue from the sale of hydrocarbons and the actual and estimated costs of its production, including capital costs. This tax regime includes MET, but with a reduced rate. This regime covers depleted oil fields in Republic of Tatarstan, as well as the Group's license areas in the Nenets Autonomous District. AIT is included in taxes other than income tax in the consolidated statements of profit or loss and other comprehensive income.

Note 28: Material accounting policy information (continued)

Reverse excise on crude oil refined and negative excise on gasoline and diesel fuel. In the consolidated statement of profit or loss and other comprehensive income reverse (“negative”) excise on crude oil refined and negative excise on gasoline and diesel fuel is recognised as a reduction (additional expense, if reverse excise payable) in excise tax expense included in taxes other than income tax (Note 29) and is presented in prepaid expenses and other current assets line in the statement of consolidated financial position. The investment premium for refineries Kinv is also included in reverse (negative) excise of the period.

Value added tax. Value added tax (VAT) at a standard rate of 20% is payable on the difference between output VAT on sales of goods and services and recoverable input VAT charged by suppliers. Output VAT is charged on the earliest of the dates: either the date of the shipment of goods (works, services) or the date of advance payment by the buyer. Input VAT can be recovered when purchased goods (works, services) are accounted for and other necessary requirements provided by the tax legislation are met. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Export of goods and rendering certain services related to exported goods are subject to 0% VAT rate upon the submission of confirmation documents to the tax authorities.

VAT advance payment, VAT refundable and VAT payable are recognised in the Consolidated Statement of Financial Position on a gross basis and disclosed separately within Prepaid expenses and other current assets and tax liabilities other than on income taxes.

Oil and gas exploration and development cost. Oil and gas exploration and development activities are accounted for using the successful efforts method whereby costs of acquiring unproved and proved oil and gas property as well as costs of drilling and equipping productive wells and related production facilities are capitalised.

Other exploration expenses, including geological and geophysical expenses and the costs of carrying and retaining undeveloped properties, are expensed as incurred. The costs of exploratory wells that find oil and gas reserves are capitalised as exploration and evaluation assets on a “field by field” basis pending determination of whether proved reserves have been found. Exploration and evaluation assets are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When indicators of impairment are present, resulting impairment loss is measured.

If subsequently commercial reserves are discovered, the carrying value, less losses from impairment of respective exploration and evaluation assets, is classified as development assets. However, if no commercial reserves are discovered, such costs are expensed after exploration and evaluation activities have been completed.

Property, plant and equipment. Property, plant and equipment are carried at historical cost of acquisition or construction less accumulated depreciation, depletion, amortization and impairment.

Proved oil and gas properties include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The cost of maintenance, repairs and replacement of minor items of property are expensed when incurred within operating expenses; renewals and improvements of assets are capitalised and depreciated during the remaining useful life. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

Advances made on construction of property, plant and equipment are accounted for within Construction in progress.

Non-current assets, including proved oil and gas properties at a field level, are assessed for possible impairment in accordance with IAS 36 Impairment of assets. Individual assets are grouped for impairment purposes at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets - generally on a field-by-field basis for exploration and production assets, at an entire complex level for refining assets or at a site level for petrol stations. Impairment losses are recognised in the profit or loss for the year.

The Group calculates depreciation expense for oil and gas proved properties using the units-of-production method for each field based upon proved developed oil and gas reserves, except in the case of significant asset components whose useful life differs from the lifetime of the field, in which case the straight-line method is applied.

Oil and gas licenses for exploration of unproved reserves are capitalised within property, plant and equipment; they are depreciated on the straight-line basis over the period of each license validity.

Note 28: Material accounting policy information (continued)

Depreciation of all other property, plant and equipment is determined on the straight-line method based on estimated useful lives which are as follows:

| | Years |
|-----------------------------|--------------|
| Buildings and constructions | 20-50 |
| Machinery and equipment | 5-30 |

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds, if any, with the carrying amount. Gains and losses are recorded in impairment losses on property, plant and equipment and other non-financial assets net of reversal in the consolidated statement of profit or loss and other comprehensive income.

Leases. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An asset is identified by being explicitly specified in a contract, or implicitly specified at the time that the asset is made available for use by the Group. The Group does not have the right to use an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used. Generally, the Group determines its incremental borrowing rate as possible borrowing rate offered by banks for the funds, necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The rate is determined based on indicative rates of banks or indicative yield to maturity of bonds of oil and gas industry companies.

The term used to measure a liability and an asset in the form of a right of use is defined as the period during which the Group has sufficient confidence that it will lease the asset. Any option for renewal or termination is taken into account when estimating the term. Extension options are included in a number of equipment leases across the Group. For a number of other assets that have a buyout option, the depreciation period is determined based on the useful life of the underlying asset.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Debt. Debt is recognised initially at fair value, net of transaction costs incurred and is subsequently carried at AC using the effective interest method.

Interest income (excluding financial services). Interest income (excluding financial services) is recognised on a time-proportion basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums.

Employee benefits, post-employment and other long-term benefits. Wages, salaries, contributions to the social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has various pension plans covering substantially all eligible employees and members of management. The pension liabilities are measured at the present value of the estimated future cash outflows using interest rates of government securities, which have the same currency and terms to maturity approximating the terms of the related liability. Pension costs are recognised using the projected unit credit method.

The cost of providing pensions is accrued and charged to staff expense within operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income reflecting the cost of benefits as they are earned over the service lives of employees.

Remeasurements of the net defined benefit liability arising as the actuarial gains or losses from changes in assumptions and from experience adjustments with regard to post employment benefit plans are recognised immediately in other comprehensive income. Actuarial gains and losses related to other long-term benefits are recognised immediately in the profit or loss for the year.

Past service costs are recognised as an expense for the year immediately.

Note 28: Material accounting policy information (continued)

Plan assets are measured at fair value and are subject to certain limitations. Fair value of plan assets is based on market prices. When no market price is available the fair value of plan assets is estimated by different valuation techniques, including discounted expected future cash flow using a discount rate that reflects both the risk associated with the plan assets and maturity or expected disposal date of these assets.

Long-term employee incentives program. The Group operates a cash-settled share-based compensation plan.

The terms of share-based compensation plan, initial data, assumptions and models used in measurement of cash-settled share-based compensation plan are presented in Note 16.

Decommissioning provisions. The Group recognises a liability for the present value of legally required or constructive decommissioning provisions associated with non-current assets in the period in which the retirement obligations are incurred. The Group has numerous asset removal obligations that it is required to perform under law or contract once an asset is permanently taken out of service. The Group's field exploration, development, and production activities include assets related to: well bores and related equipment and operating sites, gathering and oil processing systems, oil storage facilities and gathering pipelines.

Generally, the Group's licenses and other operating permits require certain actions to be taken by the Group in the abandonment of these operations. Such actions include well abandonment activities, equipment dismantlement and other reclamation activities. The Group's estimates of future abandonment costs consider present regulatory or license requirements, as well as actual dismantling and other related costs. These liabilities are measured by the Group using the present value of the estimated future costs of decommissioning of these assets. The discount rate is reviewed at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability. Most of these costs are not expected to be incurred until several years, or decades, in the future and will be funded from general Group resources at the time of removal.

The Group capitalises the associated decommissioning costs as part of the carrying amount of the non-current assets. Changes in obligation, reassessed regularly, related to new circumstances or changes in law or technology, or in the estimated amount of the obligation, or in the pre-tax discount rates, are recognised as an increase or decrease of the cost of the relevant asset. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in profit or loss.

The Group's petrochemical, refining and marketing and distribution operations are carried out at large manufacturing facilities and fuel outlets. The nature of these operations is such that the ultimate date of decommissioning of any sites or facilities is unclear. Current regulatory and licensing rules do not provide for liabilities related to the liquidation of such manufacturing facilities or of retail fuel outlets. Management therefore believes that there are no legal or contractual obligations related to decommissioning or other disposal of these assets.

Income Taxes. Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Note 28: Material accounting policy information (continued)

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Income tax penalties expense and income tax penalties payable are included in Taxes other than income tax in the consolidated statement of profit or loss and other comprehensive income and taxes payable in the consolidated statement of financial position, respectively. Income tax interest expense and payable are included in interest expense in the consolidated statements of profit or loss and other comprehensive income and other accounts payable and accrued expenses in the consolidated statement of financial position, respectively.

Share capital. Ordinary shares and non-redeemable preferred shares with discretionary dividends are both classified as equity.

Dividends paid to shareholders are determined by the Board of directors and approved at the annual or extraordinary shareholders' meeting. Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved.

Treasury shares. Common shares of the Company owned by the Group at the reporting date are designated as treasury shares and are recorded at cost using the weighted-average method. Gains on resale of treasury shares are entered in additional paid-in capital whereas losses reduce additional paid-in capital to the extent that previous net gains from resale are included therein or otherwise to retained earnings.

Earnings per share. Preferred shares are not redeemable and are considered to be participating shares.

Basic and diluted earnings per share are calculated by dividing profit or loss attributable to ordinary and preferred shareholders by the weighted average number of ordinary and preferred shares outstanding during the period. Profit or loss attributed to equity holders is reduced by the amount of dividends declared in the current period for each class of shares. The remaining profit or loss is allocated to ordinary and preferred shares to the extent that each class may share in earnings if all the earnings for the period had been distributed. Treasury shares are excluded from calculations. The total earnings allocated to each class of shares are determined by adding together the amount allocated for dividends and the amount allocated for a participation feature.

Revenue from Contracts with Customers. Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of discounts, value added taxes.

The Group's business activities include sales of crude oil and refined products, petrochemical raw materials. Revenues are recognised at a point in time when control over such products has transferred to a customer, which refers to ability to direct the use of, and obtain substantially all of the remaining benefits from the products. Transfer occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group operates a chain of own petrol (gas) stations selling refined products. Revenue from the sale of products is recognised when a group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the fuel. Since no right of return, no refund liability is recognised.

Receivables are recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. No significant element of financing is deemed present as the sales are made with short-term credit terms consistent with market practice. As a consequence, the Group does not adjust any of the transaction prices for the time value of money. If the amount of payments exceeds the cost of the transferred products, a liability under the contract with the buyer is recognised and reflected in the item "Accounts payable and accrued liabilities" as "Advances received from buyers and customers".

Recognition of interest, fee and commission income and expense from financial services. Interest income and expense are recognised on an accrual basis calculated using the effective interest method. Fee and commission income are recognised over time on a straight line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Such income includes recurring fees for account maintenance, account servicing fees, account subscription fees, premium service package fees, portfolio and other asset management advisory and service fees, wealth management and financial planning services, or fees for servicing loans on behalf of third parties, etc.

Note 28: Material accounting policy information (continued)

Transportation expenses. Transportation expenses recognised in the consolidated statements of profit or loss and other comprehensive income represent all expenses incurred by the Group to transport crude oil and refined products to end customers (they may include pipeline tariffs and any additional railroad costs, handling costs, port fees, sea freight and other costs). Compounding fees are included in selling, general and administrative expenses.

Government grants. Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to other operating income on a straight line basis over the expected lives of the related assets.

Translation of results and financial position of a subsidiary whose functional currency is the currency of a hyperinflationary economy. The Group considers the effect of translation of changes in the general price index (inflation) for a subsidiary whose functional currency is the currency of a hyperinflationary economy as part of the Foreign currency translation adjustment in the other comprehensive income. The effect on the subsidiary's monetary assets and liabilities is reflected in the "Foreign exchange gain, net".

Elimination of intercompany transactions with a subsidiary operating in a hyperinflationary economy. IFRS and the interpretations to IFRS do not provide detailed guidance on accounting for the elimination of intercompany income and expenses in a situation where a parent operating in a stable economy records inventory sales at the exchange rate at the date of the transaction, and the subsidiary has related expenses (the cost of inventory purchased from the parent company and sold to final consumers) is recalculated using the general price index (inflation) and converted into the presentation currency of the consolidated financial statements at the exchange rate at the reporting date. Considering the impact of moving inventory to a hyperinflationary economy, the rate of exchange at the date of the transaction is used for the purpose of eliminating this intercompany income and expenses in the consolidated financial statements.

Changes in consolidated financial statement presentation. During the year ended 31 December 2024, the Group changed the presentation of intangible assets in the consolidated statement of financial position. Before the change, the Group's intangible assets were presented within the line "Other non-current assets". After the change, intangible assets are presented in a separate line. The Group's management believes that this change allows for a better assessment of the Group's asset structure and provides more relevant information about the financial position of the Group. The figures for the previous period have been adjusted to match the current year's presentation.

Impact of the changes in presentation for the year ended 31 December 2023 in the table below:

| | Items before changes | Changes | Items after changes |
|--------------------------|----------------------|----------|---------------------|
| Other non-current assets | 43,345 | (21,020) | 22,325 |
| Intangible assets | x | + 21,020 | 21,020 |

Note 29: Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated 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.

Management of the Group also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated 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 instruments fair value estimation;
- Presentation of excise tax, including reverse excise.

Estimation of oil and gas reserves. Oil and gas development and production assets are depreciated on a unit-of-production (UOP) basis for each field or group of fields with similar characteristics at a rate calculated by reference of proved developed reserves. Estimates of proved reserves are also used in the determination of whether impairments have arisen or should be reversed. Also, exploration drilling costs are capitalised pending the results of further exploration or appraisal activity, which may take several years to complete and before any related proved reserves can be booked.

Proved reserves are estimated by reference to available geological and engineering data and only include volumes for which access to market is assured with reasonable certainty. Estimates of oil and gas reserves are inherently uncertain, require the application of judgment and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells, observation of long-term reservoir performance under producing conditions and changes in economic factors, including product prices, contract terms or development plans. In 2024, internal experts, in accordance with the regular review procedure, updated the estimates of the Group's oil and gas reserves most susceptible to the factors listed above in accordance with rules approved by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) for proved reserves.

Changes to the Group's estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortization charged and, consequently, the carrying amounts of oil and gas properties. It is expected, however, that in the normal course of business the diversity of the Group's portfolio will limit the effect of such revisions. The outcome of, or assessment of plans for, exploration or appraisal activity may result in the related capitalised exploration drilling costs being written off in the profit or loss for the year.

Note 29: Critical accounting estimates and judgements in applying accounting policies (continued)

Useful life of property, plant and equipment. Based on the terms included in the licenses and past experience, management believes hydrocarbon production licenses will be extended past their current expiration dates at insignificant additional costs. As a result of the anticipated license extensions, the assets are depreciated over their useful lives beyond the end of the current license term.

Management assesses the useful life of an asset by considering the expected usage, estimated technical obsolescence, residual value, physical wear and tear and the operating environment in which the asset is located. Differences between such estimates and actual results may have a material impact on the amount of the carrying values of the property, plant and equipment and may result in adjustments to future depreciation expenses for the period.

Management reviews the appropriateness of the assets' useful economic lives and residual values at the end of each reporting period. The review is based on the current condition of the assets, the estimated period during which they will continue to bring economic benefit to the Group and the estimated residual value.

Decommissioning provisions. Management makes provision for the future costs of decommissioning oil and gas production facilities, wells, pipelines, and related support equipment and for site restoration based on the best estimates of future costs and economic lives of the oil and gas assets. Estimating future decommissioning provisions is complex and requires management to make estimates and judgments with respect to removal obligations that will occur many years in the future.

Changes in the measurement of existing obligations can result from changes in estimated timing, future costs or discount rates used in valuation.

The amount recognised as a provision is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current legislation in each jurisdiction where the Group's operating assets are located, and is also subject to change because of revisions and changes in laws and regulations and their interpretation. As a result of the subjectivity of these provisions there is uncertainty regarding both the amount and estimated timing of such costs.

Sensitivity analysis for changes in discount rate:

| | | Impact on decommissioning provision | |
|---------------|------------------|--|----------------------------|
| | Change in | At 31 December 2024 | At 31 December 2023 |
| Discount rate | 100 bp increase | (3,361) | (4,365) |
| | 100 bp decrease | 4,010 | 5,521 |

Information about decommissioning provision is presented in Note 9.

Impairment of property, plant and equipment. Information is presented in Note 9.

Accounting of investments in JSC "National Non-State Pension Fund"

As at 31 December 2024 and 2023 the Group has 88.39% of shares of JSC "National Non-Governmental Pension Fund". The Group does not exercise either control or significant influence over JSC "National Non-Governmental Pension Fund" based on corporate governance and pension legislation. These investments are presented within financial assets carried at FVOCI as at 31 December 2024 and 2023 (Note 6).

Operations for the sale and purchase of oil under contracts for counter oil deliveries. During the years ended 31 December 2024 and 2023 sales of crude oil under counter-delivery contracts in the amount of RR 486,086 million and RR 305,492 million respectively are presented net in the consolidated 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.

Financial assets impairment. Detailed information is presented in Note 27.

Note 29: Critical accounting estimates and judgements in applying accounting policies (continued)

Financial instruments fair value estimation. Financial instruments carried at FVTPL or FVOCI are stated at fair value. If a quoted market price is available for an instrument, the fair value is calculated based on the quoted market price. When valuation parameters are not observable in the market or cannot be derived from quoted market prices, the fair value is derived through analysis of other observable market data appropriate for each product and pricing models which use a mathematical methodology based on accepted financial theories. Pricing models take into account the contract terms of the financial instruments as well as market-based valuation parameters, such as interest rates, volatility, exchange rates and the credit rating of the counterparty. Where market-based valuation parameters are missed, management makes a judgment as to its best estimate of that parameter in order to determine a reasonable reflection of how the market would be expected to price the instrument, in exercising this judgment, a variety of tools are used including proxy observable data, historical data, and extrapolation techniques. The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the instrument is evidenced by comparison with data from observable markets.

Any difference between the transaction price and the value based on a valuation technique is not recognised in the consolidated statement of profit or loss and other comprehensive income on initial recognition unless the value is based on valuation technique that uses only data from observable markets. Subsequent gains or losses are only recognised to the extent that they arise from a change in a factor that market participants would consider in setting a price.

Information on fair value of financial instruments where estimate is based on assumptions that do not utilize observable market prices is presented in Note 27.

Presentation of excise tax, including reverse excise. Excise taxes, including reverse (negative) excise tax on crude oil, motor gasoline and diesel fuel, are presented in the Group's consolidated statement of profit or loss and other comprehensive income as part of the line "Taxes other than income tax" (Note 11).

Note 30: Adoption of new or revised standards and interpretations

The following amended standards became mandatory for the consolidated financial statements of 2024, but did not have any material impact on the Group:

- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, deferred to 1 January 2024 by amendments to IAS 1 as below).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023, deferred to 1 January 2024).
- Non-current Liabilities with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).
- Lease Liability in a Sale and Leaseback Amendments to IFRS 16 – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

The Group early adopted Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – No Currency Convertibility (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025) for the purposes of preparing its consolidated financial statements for 2024, and the application of the standard did not have a material impact on the Group.

With respect to IFRS 18 Presentation and Disclosures in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027), the Group is assessing the impact of this standard on its consolidated financial statements.

The following published new standards and interpretations mandatory for annual periods beginning on 1 January 2025 or after, are not expected to have any material impact on the Group's consolidated financial statements when adopted:

- IFRS 19 Subsidiaries Not Obligated to Report Publicly: Disclosures (issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- Annual Improvements to IFRSs – Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (issued on 18 July 2024 and effective for annual periods beginning on or after 1 January 2026).
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).