PJSC “RussNeft”

Interim Condensed Consolidated
Financial Statements for the six months
ended 30 June 2026 and Report on Review

PJSC “RussNeft”

Interim Condensed Consolidated Financial Statements (Unaudited)

for the six months ended 30 June 2026

Contents

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and the Board of Directors of PJSC "RussNeft"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of of PJSC "RussNeft" (OGRN 1027717003467) and its subsidiaries (the Group), which comprise the interim condensed consolidated statement of financial position as at 30 June 2026, interim condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2026, interim condensed consolidated statement of changes in equity for the six-month period ended 30 June 2026 and interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2026 and notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2026 (interim financial information). The President of PJSC "RussNeft" is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The accompanying interim financial information reflects the Group's loan payable within long-term loans and borrowings, which may be claimed by the creditors ahead of schedule in the context of violation of certain restrictive terms provided for in the relevant agreements. As a result of these circumstances, line "Long-term loans and borrowings" was overstated and line "Short-term loans and borrowings" was understated in the interim condensed consolidated statement of financial position as at 30 June 2026 and 31 December 2025 by RUB 114,428 million and RUB 42,509 million, respectively.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The Engagement Partner on the review Yu.A. Golik

Audit organisation:
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Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: 12006020340

25 August 2026

PJSC "RussNeft"

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

for the six months ended 30 June 2026

(in millions of Russian rubles)

	Notes	Six months ended 30 June 2026	Six months ended 30 June 2025
Revenue	9	120,450	119,608
Cost of sales	10	(73,437)	(84,496)
Gross profit		**47,013**	**35,112**
Exploration expenses		(634)	(789)
Selling expenses	11	(8,878)	(8,264)
General and administrative expenses	11	(2,270)	(3,182)
Other operating income	13	2,245	4,208
Other operating expenses	13	(7,738)	(5,593)
Operating profit		**29,738**	**21,492**
Finance income	12	6,175	4,125
Finance expense	12	(9,833)	(7,416)
Foreign exchange differences, net		(2,882)	(5,079)
Share of loss of associates, net	8	(317)	(596)
Profit before tax		**22,881**	**12,526**
Income tax expense	25	(6,979)	(718)
Profit for the period		**15,902**	**11,808**
Other comprehensive income that may be subsequently reclassified to profit or loss		–	–
Total comprehensive income, net of tax		**15,902**	**11,808**
Profit / (Loss) attributable to:			
Shareholders of the Parent		15,914	11,839
Non-controlling interests		(12)	(31)
Total comprehensive income / (loss) attributable to:			
Shareholders of the Parent		15,914	11,839
Non-controlling interests		(12)	(31)
Basic and diluted earnings per share (RUB)	21	56	18
Weighted average number of common shares (millions)	21	221	227

E.V. Tolochek
President

Authorized for issue on 25 August 2026

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

PJSC “RussNeft”

Interim Condensed Consolidated Statement of Financial Position (Unaudited)

as at 30 June 2026

(in millions of Russian rubles)

	Notes	30 June 2026	31 December 2025
Assets			
Non-current assets			
Property, plant and equipment	14	182,992	177,903
Right-of-use assets	15	270	267
Goodwill	16	9,176	9,176
Investments in associates	8	16,036	16,353
Long-term trade and other receivables	19	4,000	4,001
Long-term financial assets	17	125,385	96,701
Deferred tax assets		1,376	1,137
Other non-current assets	19	963	1,143
Total non-current assets		**340,198**	**306,681**
Current assets			
Inventories	18	13,891	11,048
Trade and other receivables	19	6,761	5,698
Short-term financial assets	17	6,508	30,396
VAT receivable		923	804
Income tax receivable		857	193
Cash and cash equivalents	20	1,773	670
Other current assets	19	1,037	1,070
Total current assets		**31,750**	**49,879**
Total assets		**371,948**	**356,560**
Equity and liabilities			
Equity attributable to shareholders of the Parent			
Share capital	21	196	196
Share premium		60,289	60,289
Forward to purchase treasury shares	21	–	(21,123)
Treasury shares	21	(28,573)	(7,450)
Retained earnings		123,937	111,522
Total equity attributable to shareholders of the Parent		**155,849**	**143,434**
Non-controlling interests	7	1,018	1,029
Total equity		**156,867**	**144,463**
Long-term liabilities			
Long-term loans and borrowings	22	114,428	42,509
Decommissioning liability	23	4,776	5,807
Deferred tax liabilities		28,576	24,958
Long-term lease liabilities	15	266	267
Other long-term financial liabilities	24	418	482
Total long-term liabilities		**148,464**	**74,023**
Short-term liabilities			
Short-term loans and borrowings	22	38	47,865
Trade and other payables, other short-term financial liabilities	24	19,586	51,534
Taxes and levies payable (excluding income tax)	24	24,524	12,396
Short-term lease liabilities	15	72	55
Income tax payable		10	84
Advances received and other short-term liabilities	24	22,387	26,140
Total short-term liabilities		**66,617**	**138,074**
Total liabilities and equity		**371,948**	**356,560**

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

PJSC "RussNeft"

Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

for the six months ended 30 June 2026

(in millions of Russian rubles)

	Notes	Share capital	Share premium	Treasury shares	Forward to purchase treasury shares	Foreign currency translation reserve	Retained earnings/ (loss)	Total equity of PJSC "RussNeft"	Non-controlling interests	Total equity
		Equity attributable to shareholders of the Parent								
1 January 2025		**196**	**60,289**	**(4,700)**	**(21,123)**	**7,134**	**99,169**	**140,965**	**(9,747)**	**131,218**
Profit / (Loss) for the period		–	–	–	–	–	11,839	11,839	(31)	11,808
Foreign currency translation reserve		–	–	–	–	(7,134)	7,134	–	–	–
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**–**	**(7,134)**	**18,973**	**11,839**	**(31)**	**11,808**
Dividends		–	–	–	–	–	(7,821)	(7,821)	(1)	(7,822)
Dividends refund		–	–	–	–	–	–	–	2	2
Redemption of treasury shares		–	–	(2,750)	–	–	–	(2,750)	–	(2,750)
Changes in non-controlling interests of subsidiaries		–	–	–	–	–	(3)	(3)	(2)	(5)
Changes in non-controlling interests of subsidiaries due to reorganization		–	–	–	–	–	(10,881)	(10,881)	10,881	–
Other transactions		–	–	–	–	–	4	4	–	4
30 June 2025		**196**	**60,289**	**(7,450)**	**(21,123)**	**–**	**99,441**	**131,353**	**1,102**	**132,455**
31 December 2025		**196**	**60,289**	**(7,450)**	**(21,123)**	**–**	**111,522**	**143,434**	**1,029**	**144,463**
Profit / (Loss) for the period		–	–	–	–	–	15,914	15,914	(12)	15,902
Total comprehensive income / (loss) for the period		**–**	**–**	**–**	**–**	**–**	**15,914**	**15,914**	**(12)**	**15,902**
Dividends	6, 21	–	–	–	–	–	(3,499)	(3,499)	(1)	(3,500)
Dividends refund		–	–	–	–	–	–	–	2	2
Redemption of treasury shares	21	–	–	(21,123)	21,123	–	–	–	–	–
30 June 2026		**196**	**60,289**	**(28,573)**	**–**	**–**	**123,937**	**155,849**	**1,018**	**156,867**

PJSC “RussNeft”

Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

for the six months ended 30 June 2026

(in millions of Russian rubles)

	Notes	Six months ended 30 June 2026	Six months ended 30 June 2025
Cash flows − operating activities			
Profit before tax		**22,881**	**12,526**
Adjustments to reconcile profit before tax to net cash flows			
Depreciation, depletion and amortization	10	3,403	2,610
Disposal of property, plant and equipment and right-of-use assets, net	13	380	711
Impairment of property, plant and equipment and other assets, net	13	(55)	(179)
Impairment of financial assets, net	13	3,177	4,196
Change in fair value and settlement – swaps	13	(1,908)	(3,181)
Financial guarantees	13	−	(165)
Benefit obligations, allowances for expected credit losses and other provisions		605	1,749
Share of loss of associates, net	8	317	596
Change in decommissioning liability	13	(168)	(548)
Finance income	12	(6,175)	(4,125)
Finance expense	12	9,833	7,416
Foreign exchange differences, net		2,882	5,079
Other adjustments		(60)	(235)
Net operating cash flows before working capital changes		**35,112**	**26,450**
Working capital adjustments			
(Increase) / Decrease in inventories		(2,823)	2,357
(Increase) / Decrease in trade and other receivables and prepayments		(903)	4,948
Increase / (Decrease) in trade and other payables and advances received		2,118	(7,480)
Increase in other current assets		(146)	(6)
Interest paid for early payments		(1,439)	(908)
Income tax paid		(4,350)	(3,653)
Net cash − operating activities		**27,569**	**21,708**
Cash flows − investing activities			
Purchase of property, plant and equipment and other non-current assets		(11,328)	(14,442)
Disposal of property, plant and equipment		136	191
Loans issued		(3,033)	(3,529)
Proceeds from loans issued		−	2,973
Interests received		−	6
Net cash − investing activities		**(14,225)**	**(14,801)**
Cash flows − financing activities			
Redemption of treasury shares	21	(29,725)	(2,755)
Proceeds from loans and borrowings received	22	28,713	−
Repayment of loans and borrowings received	22	(5,476)	(3,028)
Interests paid	22	(5,706)	(3,310)
Payments of lease liabilities	15	(47)	(35)
Net cash − financing activities		**(12,241)**	**(9,128)**
Change in cash and cash equivalents		**1,103**	**(2,221)**
Cash and cash equivalents at the beginning of the period		670	2,562
Cash and cash equivalents at the end of the period		**1,773**	**341**

(in millions of Russian rubles)

1. Corporate information

The interim condensed consolidated financial statements of Public Joint Stock Company “RussNeft” (“PJSC “RussNeft”, the “Parent” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2026 were authorized for issue in accordance with a resolution of management on 25 August 2026.

The principal activities of the Group are prospecting, exploration, development, production and marketing of oil, gas and oil products.

The Parent was incorporated on 17 September 2002. In November 2016, the Parent made a public placement of common shares on the Moscow Exchange. Since November 2024 the Company's common shares are also traded on the SPB Exchange.

As at 30 June 2026, the average number of employees employed by the Group was 5,990 people (30 June 2025: 6,076 people, 31 December 2025: 6,082 people).

2. Basis of preparation

Statement of compliance with IFRS

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for 2025 prepared in accordance with International Financial Reporting Standards (IFRS). Any differences between comparative amounts and amounts recorded in the interim condensed consolidated financial statements for the six months ended 30 June 2026 represent only the result of reclassification for comparative purposes.

Basis of accounting

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements. The Group omitted disclosures which would duplicate the information contained in its 2025 audited consolidated financial statements, such as accounting policies, significant estimates and judgments, financial risk disclosures and other disclosures that have not been changed significantly in the amount or composition. Management believes that these interim condensed consolidated financial statements reflect all adjustments required to present fairly the Group’s financial position, performance results, and statements of changes in equity and cash flows for the interim reporting periods. The principal adjustments relate to the consolidation of subsidiaries, goodwill recognition and its impairment assessment, accounting for investments in associates, expense and revenue recognition, allowances for unrecoverable assets, depreciation and valuation of property, plant and equipment, use of fair values, impairment of assets, financial instruments, deferred taxes, right-of-use assets, decommissioning liability and land restoration liability.

2. Basis of preparation (continued)

Basis of accounting (continued)

The Group’s interim condensed consolidated financial statements are presented in millions of Russian rubles (“RUB million”), unless otherwise indicated.

Functional currency

The financial statements of each of the Group’s companies are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The functional currency of the Parent and Group’s subsidiaries operating in Russia is the Russian ruble.

Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis that contemplates the sale of assets and the settlement of any liabilities (including contractual) in the normal course of business. This statement was made based on the assessment of the Group’s ability to continue as a going concern for at least 12 months after the end of the reporting period.

As at 30 June 2026, the short-term liabilities exceed Group's current assets by RUB 34,867 million (as at 31 December 2025 – by RUB 88,195 million).

The Group's management reviews, on an ongoing basis, budget scenarios in different price ranges to assess operating risks and takes measures to mitigate liquidity risks, in particular:

- revising, if necessary, the capital investment programs;
- attracting prepayments from buyers to cover cash gaps and other borrowings;
- revising payment terms and schedules with suppliers and contractors of goods, works, and services.

3. Changes in accounting policies, significant accounting judgments, estimates and assumptions

The accounting principles adopted in the preparation of the interim condensed consolidated financial statements are consistent with the principles applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except taking into account new standards and interpretations that are mandatory for application for the annual periods beginning on or after 1 January 2026.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments to the standards listed below effective for the annual periods beginning on or after 1 January 2026 had no material impact on the interim condensed consolidated financial statements of the Group:

- Amendments to IFRS 9 and IFRS 7: *Classification and Measurement of Financial Instruments* and *Contracts Referencing Nature-Dependent Electricity.*

4. New standards and interpretations issued but not yet effective

The complete list of new standards, amendments to and interpretations of the existing standards that become effective after the annual reporting period ended 31 December 2025 is provided in the Group's consolidated financial statements for 2025. The Group estimates the possible future effect of adopting these amendments and those additionally adopted during the reporting period. The Group intends to apply these standards and interpretations when they become effective.

5. Segment information

Operations of the Group are represented by one segment *Exploration, production and related service* comprising the Parent, production subsidiaries and subsidiaries providing other services, including property lease services relating to oil and gas exploration, development, production and transportation. Operating results of other subsidiaries are generally insignificant and management of the Group does not use them for the purpose of taking operational and financial decisions.

Revenue from external customers broken down by key products and services and geographical segments as well as information about major customers are disclosed in Note 9 *Revenue.* The Group's non-current assets are located in the Russian Federation.

6. Subsidiaries of the Group

At the reporting date, the Group comprises 25 subsidiaries established as joint-stock companies and limited liability companies as defined in the Civil Code of the Russian Federation. In most subsidiaries, the Group's ownership interest ranges from 95% to 100%.

Based on the results of 2025, the annual meetings of shareholders of the Group's public subsidiaries, within the timeframes established by the law, decided to pay dividends to preference shareholders, in connection with which these shares are not voting on the reporting date.

7. Non-controlling interests

Non-controlling interests include:

	30 June 2026		Six months ended 30 June 2026	31 December 2025		Six months ended 30 June 2025
	Non-controlling interests in share capital	Non-controlling interests in net assets	Non-controlling interests in profit / (loss)	Non-controlling interests in share capital	Non-controlling interests in net assets	Non-controlling interests in profit / (loss)
	%	RUB million	RUB million	%	RUB million	RUB million
Group of subsidiaries	5%	1,477	27	5%	1,451	(5)
Group of subsidiaries	4%	582	11	4%	569	3
Other subsidiaries	0.4-49%	(1,041)	(50)	0.1-49%	(991)	(29)
Non-controlling interests at the end of the period		**1,018**	**(12)**		**1,029**	**(31)**

8. Investments in associates

The carrying amount of the Group's investments in associates as at the reporting date was RUB 16,036 million, as at 31 December 2025 – RUB 16,353 million.

Company	Principal activity	Country of incorporation	Effective ownership 30 June 2026	Effective ownership 31 December 2025
Associate	Investment property	Russian Federation	44.20%	44.20%
Associates	Investment property	Russian Federation	48.67%	48.67%

The Group accounts for these interests as investments in associates using the equity method and are disclosed in aggregate in this note.

	30 June 2026 RUB million	31 December 2025 RUB million
Non-current assets	34,367	35,666
Current assets	9,709	9,780
including Cash and cash equivalents	*529*	*139*
Long-term liabilities	(20,324)	(21,142)
including Long-term loans and borrowings	*(13,812)*	*(14,296)*
Short-term liabilities	(878)	(790)
including Short-term loans and borrowings	*(99)*	*(99)*
Total equity	**22,874**	**23,514**

	Six months ended 30 June 2026 RUB million	Six months ended 30 June 2025 RUB million
Revenue	1,407	1,491
Cost of sales	(887)	(898)
including Depreciation and amortization	*(334)*	*(363)*
Other operating expenses	(716)	(1,330)
Operating loss	**(196)**	**(737)**
Finance income	244	309
Finance expense	(876)	(1,227)
Loss before tax	**(828)**	**(1,655)**
Income tax benefit	188	458
Loss for the period	**(640)**	**(1,197)**
The Group's share of loss for the period	**(317)**	**(596)**

9. Revenue

Revenue from external customers broken down by geographical segments is presented based on the location of customers.

The Group sells in two geographical regions: export and domestic market.

The information on revenue is presented in the table below:

	Export		Domestic market		Total	
	Six months ended 30 June 2026	Six months ended 30 June 2025	Six months ended 30 June 2026	Six months ended 30 June 2025	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million	RUB million	RUB million	RUB million	RUB million
Crude oil sales (finished products)	84,149	55,542	32,792	60,358	116,941	115,900
Crude oil sales (commodities)	–	–	218	1,574	218	1,574
Petroleum products sales (finished products)	–	–	135	136	135	136
Gas sales (finished products, commodities)	–	–	2,895	1,759	2,895	1,759
Other sales	–	–	261	239	261	239
Total revenue	**84,149**	**55,542**	**36,301**	**64,066**	**120,450**	**119,608**

Revenue includes revenue from customers for the reporting period (whereby the revenue from each customer exceeds 10% of the total revenue in the respective reporting period):

		Geographical area	Six months ended 30 June 2026	Six months ended 30 June 2025
			RUB million	RUB million
Major customer 1	Crude oil sales	Export	27,643	–
Major customer 2	Crude oil sales	Export	18,968	–
Major customer 3	Crude oil sales	Export	18,069	–
Major customer 4	Crude oil sales	Domestic market	13,166	–
Major customer 5	Crude oil sales	Domestic market	5,851	43,044
Major customer 6	Crude oil sales	Export	229	16,497
Major customer 7	Crude oil sales	Export	–	39,044
Total revenue from sales to major customers			**83,926**	**98,585**

10. Cost of sales

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Mineral extraction tax	54,617	62,491
Payroll and related taxes	4,580	5,273
Heat and electricity	3,427	3,598
Depreciation, depletion and amortization	3,369	2,583
Transportation expenses	1,416	1,605
Tax on additional income	1,005	1,509
Raw materials and supplies used in production	993	1,231
Production services	890	877
Equipment repair, operation and maintenance	485	832
Cost of crude oil sold	202	1,776
Depreciation of right-of-use assets	34	27
Other expenses	2,419	2,694
Total cost of sales	**73,437**	**84,496**

11. Selling, general and administrative expenses

Selling expenses comprise:

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Pipeline tariffs and transportation expenses	8,471	8,121
Other selling expenses	407	143
Total selling expenses	**8,878**	**8,264**

General and administrative expenses comprise the following:

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Payroll and related taxes	1,486	2,009
Entertainment and business travel	167	210
Taxes other than income tax, including fines and penalties	104	205
Allowance for expected credit losses	102	324
Repair and maintenance	65	46
Software	64	92
Bank services	50	47
Consulting services	27	75
Other expenses	205	174
Total general and administrative expenses	**2,270**	**3,182**

12. Finance income and expense

Finance income comprises the following:

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Interest income on loans and deposits	6,175	4,125
Total finance income	**6,175**	**4,125**

Finance expense comprises the following:

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Interest expense on loans and borrowings	7,270	3,384
Interest expense for early payments	1,312	859
Loss from discounting derivative financial liabilities (Note 21)	883	2,555
Accretion expense (Note 23)	348	258
Interest expense on lease liabilities	20	18
Other finance expense	–	342
Total finance expense	**9,833**	**7,416**

13. Other operating income and expenses

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Change in fair value and settlement – swaps (Note 21)	1,908	3,181
Change in decommissioning liability	168	548
Impairment of property, plant and equipment, net	55	179
Financial guarantees	–	165
Other income	114	135
Total other operating income	**2,245**	**4,208**

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Charity and other gratuitous expenses	3,281	440
Impairment of financial assets, net	3,177	4,196
Fines and penalties excluding income tax penalties	706	63
Disposal of property, plant and equipment, net	380	711
Other expenses	194	183
Total other operating expenses	**7,738**	**5,593**

14. Property, plant and equipment

	Oil and gas properties	Other property, plant and equipment	Construction in progress	Total
	RUB million	RUB million	RUB million	RUB million
1 January 2025				
Cost	314,046	6,610	–	**320,656**
Accumulated depreciation and impairment	(162,004)	(2,512)	–	**(164,516)**
Net book value as at 1 January 2025	**152,042**	**4,098**	**–**	**156,140**
Additions	29,939	–	5	**29,944**
Acquisition of subsidiaries	–	4	–	**4**
Decommissioning liability	845	–	–	**845**
Transfer from construction in progress	–	5	(5)	**–**
Depreciation	(5,081)	(4)	–	**(5,085)**
Impairment	(1,491)	(3)	–	**(1,494)**
Reversal of impairment	219	–	–	**219**
Disposals, net	(2,670)	–	–	**(2,670)**
31 December 2025				
Cost	340,922	6,574	–	**347,496**
Accumulated depreciation and impairment	(167,119)	(2,474)	–	**(169,593)**
Net book value as at 31 December 2025	**173,803**	**4,100**	**–**	**177,903**
Additions	10,475	1	2	**10,478**
Decommissioning liability	(1,145)	–	–	**(1,145)**
Transfer from construction in progress	–	2	(2)	**–**
Depreciation	(3,363)	(1)	–	**(3,364)**
Impairment	–	(3)	–	**(3)**
Reversal of impairment	58	–	–	**58**
Disposals, net	(935)	–	–	**(935)**
30 June 2026				
Cost	348,680	6,577	–	**355,257**
Accumulated depreciation and impairment	(169,787)	(2,478)	–	**(172,265)**
Net book value as at 30 June 2026	**178,893**	**4,099**	**–**	**182,992**

The cost of construction in progress included in oil and gas properties is RUB 10,797 million as at 30 June 2026 and RUB 10,188 million as at 31 December 2025.

In the reporting period, a mortgage agreement is in effect for a non-residential building and a lease right for a land plot for a fixed asset with the carrying amount of RUB 3,433 million and the collateral value of RUB 4,508 million as at 30 June 2026 (Note 22).

The Group had no other significant amounts of property, plant and equipment pledged as at 30 June 2026.

Impairment losses

No indicators of significant impairment of fixed assets were identified in the reporting period. The Group recognized impairment in the amount of RUB 3 million and simultaneously reversed the previously recognized impairment in the amount of RUB 58 million. As at 30 June 2026 and 31 December 2025, the impairment allowance amounts equal to RUB 15,047 million and RUB 15,158 million, respectively.

15. Right-of-use assets and lease liabilities

Right-of-use assets

	Oil and gas right-of-use assets	Other right-of-use assets	Total right-of-use assets
	RUB million	**RUB million**	**RUB million**
1 January 2025			
Cost	98	253	351
Accumulated depreciation and impairment	(35)	(65)	(100)
Net book value as at 1 January 2025	**63**	**188**	**251**
Additions	38	30	68
Modification and reassessment, net	2	2	4
Disposals, net	(15)	–	(15)
Depreciation	(8)	(19)	(27)
30 June 2025			
Cost	117	285	402
Accumulated depreciation and impairment	(37)	(84)	(121)
Net book value as at 30 June 2025	**80**	**201**	**281**
1 January 2026			
Cost	117	293	410
Accumulated depreciation and impairment	(40)	(103)	(143)
Net book value as at 1 January 2026	**77**	**190**	**267**
Modification and reassessment, net	20	17	37
Depreciation	(13)	(21)	(34)
30 June 2026			
Cost	137	310	447
Accumulated depreciation and impairment	(53)	(124)	(177)
Net book value as at 30 June 2026	**84**	**186**	**270**

Lease liabilities

Lease liabilities	**30 June 2026**	**31 December 2025**
	RUB million	**RUB million**
At the beginning of the period	**322**	**297**
including short-term lease liabilities	*55*	*39*
Recognition of lease liabilities	–	75
Disposals	–	(19)
Modification and reassessment	43	13
Interest on lease liabilities	20	38
Payments of lease liabilities	(47)	(82)
At the end of the period	**338**	**322**
including short-term lease liabilities	*72*	*55*

16. Goodwill

The carrying amount of goodwill, amounting to RUB 9,176 million as at 30 June 2026 and 31 December 2025, respectively, is allocated to the Group's cash-generating units (CGU) as follows:

CGU	Segment [1]	30 June 2026	31 December 2025
		RUB million	RUB million
CGU 1	Exploration, production and related service	8,256	8,256
CGU 2	Exploration, production and related service	598	598
CGU 3	Exploration, production and related service	227	227
CGU 4	Exploration, production and related service	95	95
		9,176	**9,176**

No potential indication of goodwill impairment was identified in the reporting period.

17. Long-term and short-term financial assets

	Currency	30 June 2026	31 December 2025
		RUB million	RUB million
Long-term loans issued to related parties	USD	117,619	115,715
Long-term loans issued to related parties	RUB	32,419	2,624
Long-term loans issued to related parties	EUR	23,341	23,762
Allowances for expected credit losses on long-term loans issued		(47,994)	(45,400)
Total long-term financial assets		**125,385**	**96,701**
Short-term loans issued to related parties	RUB	3,421	30,410
Short-term loans issued to other companies	RUB	3,090	–
Allowances for expected credit losses on short-term loans issued		(3)	(14)
Total short-term financial assets		**6,508**	**30,396**

18. Inventories

	30 June 2026	31 December 2025
	RUB million	RUB million
Crude oil	9,993	6,743
Raw materials and components	3,937	4,369
Petroleum products	32	26
Allowance for obsolete inventories[2]	(71)	(90)
Total inventories	**13,891**	**11,048**

1 The segment is defined in Note 5.

2 *Allowance for obsolete inventories* relates to the *Raw materials and components*.

19. Other non-current and current assets, trade and other receivables

	30 June 2026 RUB million	31 December 2025 RUB million
Long-term prepayments for capital construction	1,018	1,106
Long-term prepayments	101	183
Allowance for prepayments	(175)	(189)
Exploration and evaluation assets	1	17
Other non-current assets	18	26
Total other non-current assets	**963**	**1,143**

	30 June 2026 RUB million	31 December 2025 RUB million
Other long-term receivables	4,965	4,971
Allowance for expected credit losses	(965)	(970)
Total long-term receivables	**4,000**	**4,001**

	30 June 2026 RUB million	31 December 2025 RUB million
Trade receivables	5,915	5,659
Other receivables	1,163	233
Allowance for expected credit losses	(317)	(194)
Total trade and other receivables	**6,761**	**5,698**

	30 June 2026 RUB million	31 December 2025 RUB million
Short-term prepayments	1,072	1,256
Other current assets[3]	205	56
Allowance for prepayments	(240)	(242)
Total other current assets	**1,037**	**1,070**

Analysis of movements in allowance for expected credit losses on long-term, trade and other receivables and allowance for prepayments is as follows:

	30 June 2026 RUB million	31 December 2025 RUB million
At the beginning of the period	**(1,595)**	**(1,894)**
(Charge)/Reversal in allowance	(102)	298
Allowance used	–	1
At the end of the period	**(1,697)**	**(1,595)**

3 In respect of individual bank accounts, there are temporarily blocked amounts of RUB 8 million as at 30 June 2026 and 8 million as at 31 December 2025, which are therefore reflected within the Group's *Other current assets*.

20. Cash and cash equivalents

	30 June 2026	31 December 2025
	RUB million	**RUB million**
RUB-denominated cash at bank and on hand	1,703	668
Deposits and other cash equivalents	70	2
Total cash and cash equivalents	**1,773**	**670**

21. Equity

	30 June 2026	30 June 2026	31 December 2025	31 December 2025
	thousand	**RUB million**	**thousand**	**RUB million**
Common shares (issued and paid) with a nominal value of RUB 0.5 each	294,120	147	294,120	147
Preference shares[4] with a nominal value of RUB 0.5 each	98,032	49	98,032	49
Total share capital	**392,152**	**196**	**392,152**	**196**

The Company does not have a controlling shareholder as at the reporting date.

Under the Russian legislation, basis for the dividend distribution is net profit calculated in accordance with the Russian Accounting Standards.

The General Meeting of Shareholders of the Company on 26 June 2026 decided to allocate USD 70 million or RUB 5,294[5] million at the exchange rate of the Central Bank of the Russian Federation on the date of distribution for the payment of dividends on preference shares of PJSC “RussNeft”, at the rate of USD 0.7140525543 per preference share of the Company. As at the reporting date, declared dividends have not been paid and the balance payable is reflected in the *Other short-term liabilities* in the interim condensed consolidated statement of financial position (Note 24). Taking into account the decision made to pay dividends on preference shares, these shares are not voting. No dividends were declared or paid on the Parent’s common shares.

Treasury shares

	30 June 2026	30 June 2026	31 December 2025	31 December 2025
	thousand	**RUB million**	**thousand**	**RUB million**
Common shares	73,530	(7,450)	73,530	(7,450)
Preference shares	33,241	(21,123)	–	–
Total treasury shares	**106,771**	**(28,573)**	**73,530**	**(7,450)**

The Parent’s shares repurchased by the Group companies are pledged as collateral to secure the Parent’s obligations under a Rouble-denominated credit agreement (Notes 22, 28).

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4 The preference shares of PJSC “RussNeft” are not cumulative.

5 Includes dividends attributable to a subsidiary holding a package of the Company’s preference shares in the amount of USD 24 million or RUB 1,795 million at the exchange rate on the distribution date.

21. Equity (continued)

Treasury shares (continued)

In April 2026, the Group acquired, through its subsidiary as part of a forward transaction, 33,240,827 preference shares of PJSC “RussNeft”, representing 8.48% of the share capital and 33.91% of the Parent’s preference shares. This transaction is recorded in the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of changes in equity as *Treasury shares* at initial value of RUB 21,123 million which was determined at the time the forward contract was concluded and was not revised upon its settlement. The settlements for the redemption of these Parent’s treasury shares were fully completed at the reporting date.

The forward liability measured at amortized cost using the effective interest rate method was fully settled in the amount of RUB 21,983 million, including the interim payment under the forward contract for the reporting period in the amount of RUB 883 million (Note 12).

At the same time, the currency interest rate swap with the subsidiary as the counterparty during the forward contract term reached its scheduled maturity. The settlements under the currency interest rate swap were made in the amount of RUB 7,742 million, including interest rate swap instalment in the amount of RUB 130 million. The effect of closing the currency interest rate swap transaction amounted to RUB 1,908 million and is recorded within other operating income in the interim condensed consolidated statement of profit or loss and other comprehensive income as *Change in fair value and settlement — swaps* (Note 13).

Earnings per share

During the reporting period, the weighted average number of the Company's issued common shares is adjusted for treasury common shares redeemed by the Group's companies multiplied by a weighted time factor. No potentially dilutive securities were issued and therefore basic and diluted earnings per share are the same.

		Six months ended 30 June 2026	Six months ended 30 June 2025
Profit attributable to shareholders of the Parent	RUB million	15,914	11,839
Dividends on preference shares	RUB million	(3,499)[6]	(7,821)
Profit attributable to shareholders of the Parent as adjusted	RUB million	**12,415**	**4,018**
Weighted average number of common shares issued	million	221	227
Basic and diluted earnings per share	RUB per share	56	18

[6] The amount net of dividends attributable to the subsidiary holding a package of the Company’s preference shares.

22. Loans and borrowings

	Currency	Weighted average interest rate by type of liability as at 30 June 2026	30 June 2026
		%	RUB million
Long-term loans and borrowings			
Bank loans	RUB	19.40%	96,154
Borrowings	CNY	7%	18,274
Total long-term loans and borrowings			**114,428**
Short-term borrowings			
Borrowings	RUB	6.57%	38
Total short-term borrowings			**38**

	Currency	Weighted average interest rate by type of liability as at 31 December 2025	31 December 2025
		%	RUB million
Long-term loans and borrowings			
Bank loans	RUB	21.15%	24,947
Borrowings	CNY	7%	17,562
Total long-term loans and borrowings			**42,509**
Short-term loans and borrowings			
Bank loans	RUB	20.49%	2,977
Bank loans	USD	9.63%	44,849
Borrowings	RUB	6.56%	39
Total short-term loans and borrowings			**47,865**

In the reporting period, principal payments under the credit agreement in foreign currency amounted to RUB 1,378 million at the exchange rate on the date of payment (USD 18 million). The Company paid total amount of interest under this credit agreement in foreign currency in the amount of RUB 1,427 million at the exchange rate on the date of payment (USD 17 million) prior to the restructuring date.

In April 2026, an agreement was signed to the current credit agreement for the USD tranche to convert the outstanding portion of the principal debt in the amount of USD 554 million into rubles at the conversion rate, which equalled RUB 42 001 million, and to provide additional funds in the amount of RUB 28,713 million. The credit agreement for these two tranches was extended until March 2031, using the the CBR Key rate plus a margin of 5.15%, with revision of schedules for principal repayments and interest payments.

As at the reporting date, outstanding principal payable of this credit agreement amounts to RUB 71,207 million, including capitalized interest on two tranches in accordance with the terms of the credit agreement in the amount of RUB 1,644 million.

The Company repays a portion of accrued interest on a monthly basis, in accordance with the schedule and the interest rate set for the date of payment. In the reporting period, the Company paid the total interest under the specified two tranches of the credit agreement in accordance with the schedule in the amount of RUB 961 million. In the reporting period, principal payments amounted to RUB 1,151 million as part of accelerated repayment funded by the Company’s free cash flow.

22. Loans and borrowings (continued)

In the reporting period, a ruble credit agreement signed in 2025 for the amount of RUB 24,947 million is in effect with a maturity date in September 2030. Interest is paid monthly at the interest rate set for the date of payment (based on the CBR Key rate plus a margin of 5.15%). In the reporting period, the Company paid a total of RUB 2,527 million in interest under this credit agreement.

The Company's credit is secured by pledge of the common and preference shares of the Parent, including those repurchased by the Group's companies, and the equity interests that the Parent holds in certain subsidiaries. At the same time, certain subsidiaries of the Group and other related and third parties are joint guarantors to the creditor with regard to the Parent’s liabilities (Note 28).

In the reporting period, the Company has the loan agreement in the amount of CNY 1,579 million or RUB 18,274 million at the exchange settlement rate as at the reporting date (the settlement rate is determined at the rate published on the Moscow Exchange website on the business day preceding the date of interest payment for the period, plus 1%). The loan was issued at a fixed interest rate of 7% per annum and monthly interest payment, with maturity date of the principal in March 2029. The Group's subsidiaries act as joint guarantors for the Parent's obligations under this loan agreement (Note 28). The Company's loan is secured by a pledge of shares of the Group's associates (Note 8) and pledge of property (Note 14).

The ruble credit agreement and the yuan loan agreement contain restrictive covenants in the financial and production areas, which the Company, its related parties and other entities are obliged to fulfil during the term of the agreements. At the same time, the covenants under the loan agreement provide for the fulfilment of the corresponding covenants under the credit agreement with the bank. Failure to fulfil or improper fulfilment of the agreed covenants under the credit agreement give the right to early termination of the terms of the loan agreement, including the right of the lender to charge penalties and default interest on overdue debts.

Interest accrued on other borrowings is primarily repaid simultaneously with the principal amount, unless otherwise specified in loan agreements.

23. Decommissioning liability

	30 June 2026		**31 December 2025**	
	Decommissioning liability	**Land restoration liability**	**Decommissioning liability**	**Land restoration liability**
	RUB million	**RUB million**	**RUB million**	**RUB million**
At the beginning of the period	**3,954**	**1,853**	**3,634**	**1,431**
Acquisitions	12	5	31	57
Disposals	(93)	(13)	(482)	(109)
Change in estimates	(857)	(433)	395	335
Accretion expense	246	102	376	139
At the end of the period	**3,262**	**1,514**	**3,954**	**1,853**

24. Long-term and short-term financial and other liabilities

Other long-term financial liabilities	**30 June 2026**	**31 December 2025**
	RUB million	**RUB million**
Long-term trade payables	418	482
Total other long-term financial liabilities	**418**	**482**

Trade and other payables, other short-term financial liabilities	**30 June 2026**	**31 December 2025**
	RUB million	**RUB million**
Trade payables	16,965	17,736
Other short-term payables	2,621	5,643
Derivative financial instruments (Notes 21, 27)	–	28,155
Total trade and other payables, other short-term financial liabilities	**19,586**	**51,534**

Taxes and levies payable (excluding income tax)	**30 June 2026**	**31 December 2025**
	RUB million	**RUB million**
Mineral extraction tax	10,527	5,905
Value added tax	2,549	1,882
Tax on additional income	626	311
Property tax	447	460
Other taxes and levies (excluding income tax) [7]	10,375	3,838
Total taxes and levies payable (excluding income tax)	**24,524**	**12,396**

Advances received and other short-term liabilities	**30 June 2026**	**31 December 2025**
	RUB million	**RUB million**
Advances received	18,764	26,113
Other short-term liabilities	3,623[8]	27
Total advances received and other short-term liabilities	**22,387**	**26,140**

[7] Including overdue debt to the Federal Tax Service in the amount of RUB 10,051 million as at 30 June 2026 and RUB 3,616 million, including penalties of RUB 3.9 million, as at 31 December 2025.

[8] Including dividends payable on the Company's preference shares, less dividends attributable to the subsidiary holding a package of the Company's preference shares.

25. Income tax

The major components of income tax benefit and income tax expense are:

	Six months ended 30 June 2026	Six months ended 30 June 2025
	RUB million	RUB million
Current income tax		
Current income tax expense	3,562	3,282
Income tax relating to previous years	38	(124)
Deferred income tax		
Relating to origination and reversal of temporary differences	3,328	(2,295)
Change in deferred income tax relating to previous years	51	(145)
Income tax expense reported in the interim condensed consolidated statement of profit or loss and other comprehensive income	**6,979**	**718**

26. Transactions with related parties

The Group’s transactions with its subsidiaries that are also related parties are excluded from the interim condensed consolidated financial statements and are not disclosed in this Note. Transactions with associates before consolidation adjustments are fully disclosed herein.

The nature of the related party relations for those related parties with whom the Group entered into significant transactions during the six months ended 30 June 2026 and 30 June 2025 or had significant balances outstanding as at 30 June 2026 and 31 December 2025 is detailed below.

Transactions with related parties for the six months ended 30 June 2026 and 30 June 2025:

Six months ended 30 June 2026	Sales	Other transactions	Acquisitions	Finance income	Other transactions with effect on capital
	RUB million	RUB million	RUB million	RUB million	RUB million
Other related parties	5,854	3,237	11	5,831	2
Total	**5,854**	**3,237**	**11**	**5,831**	**2**

Six months ended 30 June 2025	Sales	Other transactions	Acquisitions	Finance income	Finance expense	Other transactions with effect on capital
	RUB million	RUB million	RUB million	RUB million	RUB million	RUB million
Other related parties	43,048	4,807	41	3,672	342	8
Total	**43,048**	**4,807**	**41**	**3,672**	**342**	**8**

26. Transactions with related parties (continued)

As at 30 June 2026 and 31 December 2025, amounts due to and due from related parties are as follows:

30 June 2026	**Receivables**	**Loans issued**	**Payables**
	RUB million	**RUB million**	**RUB million**
Associates	–	–	3
Other related parties	470	128,804	85
Total	**470**	**128,804**	**88**

31 December 2025	**Receivables**	**Loans issued**	**Payables**
	RUB million	**RUB million**	**RUB million**
Associates	–	–	2
Other related parties	458	127,097	2,091
Total	**458**	**127,097**	**2,093**

Pricing policy

The Group determines prices for related party transactions within the range of market prices. In addition, the Group’s management performs control envisaged by the regulation governing transactions between related parties.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, including directors (executive and other directors) of the Group. There were no significant transactions carried out during the reporting period with directors and key management personnel.

In the first half of 2026, key management personnel compensation expense, consisting of salaries, bonuses and payroll taxes, totaled RUB 496 million (in the first half of 2025: RUB 496 million).

In the reporting period the Company adopted another three-year long-term motivation program for senior and medium management for the period of 2026-2028. The program recognizes the phantom shares to be paid off in cash as a liability expensed to bonuses during the period of rendering services. Planned payments are calculated upon reaching the target program criteria in each reporting period. At the end of the reporting period, the Company accrued RUB 65 million (including insurance contributions) from calculation for time actually worked for the first year of the program based on the preliminary estimate of planned performance progress. In the reporting period the Company made final payments for the third year of the previous program in the amount of RUB 460 million (including insurance contributions).

27. Fair value measurement

All financial instruments are measured at fair value using a valuation model based on Level 3 non-market observable inputs that require additional evaluations and corrections. There have been no transfers between the levels of the fair value hierarchy during the reporting period.

Management believes that the fair value of the Group’s cash, short-term financial assets, short-term trade payables and short-term loans and borrowings is equal to their carrying amount. The fair value of long-term loans and borrowings received by the Group, long-term trade payables and receivables and loans issued is determined using a discounted cash flow model based on the discount rates that are equal to the market rates effective at the reporting date.

27. Fair value measurement (continued)

The accounting classification of each category of financial instruments, their carrying amounts and fair values are as follows below.

	30 June 2026		31 December 2025	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RUB million		**RUB million**	
Financial assets				
Loans issued	131,893	175,428	127,097	164,906
Trade and other receivables	7,220	7,421	5,936	6,139
Cash and cash equivalents	1,773	1,773	670	670
Financial liabilities at amortized cost				
Trade and other payables	18,632	18,427	20,965	20,712
Loans and borrowings	114,466	120,100	90,374	93,802

The Group’s derivative financial instruments are measured at fair value or amortized cost as presented in the following table. As at the reporting date, the derivative financial instruments were settled (Note 21).

Derivative financial instruments	**30 June 2026**	**31 December 2025**
	RUB million	**RUB million**
Short-term derivative financial liabilities – forward	–	21,769
Short-term derivative financial liabilities – swaps	–	6,386
Short-term derivative financial instruments, net	–	**28,155**

28. Contingencies, commitments and operating risks

The main business activities of the Group are in the Russian Federation. Russian economy is characterized by significant vulnerability to world prices for crude oil, fluctuations of commodity and financial markets, economic slowdowns elsewhere in the world and involvement in geopolitical risks and conflicts.

During the reporting period, external sanctions continued to apply against the Russian Federation, major Russian projects, certain legal entities and individuals, whose lists are being systematically updated with new participants, considering the 20th package of sanctions launched by the European Union (hereinafter referred to as the EU) and its partner countries. The Government of the Russian Federation regularly updates legislation and packages of measures to protect the interests of Russian companies and conducts negotiations to mitigate the consequences of new sanctions.

In December 2025 and February 2026, sanctions were imposed on PJSC “RussNeft” by Great Britain and Canada, respectively. The Group's management is assessing the potential impact of these sanctions on the Group's activities.

28. Contingencies, commitments and operating risks (continued)

The length of sanctions depends on future arrangements between Russia and the Western countries on key geopolitical issues. It is currently difficult to predict what arrangements will be put in place. Management is closely monitoring the developments and steps being taken on both sides, to be able to promptly respond to the rapidly changing business environment.

The interim condensed consolidated financial statements have been prepared taking into account management's assessment of the impact of the economic situation in the Russian Federation and on the global market on the financial position and results of the Group’s operations. The actual impact of future business conditions may differ from the estimates made by management. The Company's management regularly monitors possible risks, including analysis of country and geopolitical risks, builds new logistics chains with a focus on domestic market operations and expanding its presence in the Asian region and, if necessary, will develop a set of necessary measures to reduce possible adverse consequences for the Group.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretation and changes, including legislative response to possible aggravation of financial, economic, geopolitical, country and other risks. Management interpretation of such legislation as applied to the transactions and activity of the Group’s entities may be challenged by the relevant regional and federal authorities. The tax authorities can take a more assertive position in their interpretation of the legislation and tax assessments. It is therefore possible that transactions and accounting methods that have not been challenged in the past may be challenged by the tax authorities. As such, additional taxes, penalties and interest may be assessed.

Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. The fact that a year has been reviewed does not close that year, or any tax return applicable to that year, from further review during the three-year period.

Where uncertainty exists regarding taxes, the Group accrues tax liabilities based on management's best estimate of the probable outflow of resources embodying economic benefits to settle such liabilities.

Russian transfer pricing legislation allows the Russian tax authorities to apply transfer pricing adjustments and impose additional profits tax liabilities in respect of all “controlled” transactions if the transaction price differs from the market price. In case a domestic transaction results in an accrual of additional income tax liabilities for one party, the other party may correspondingly adjust its income tax liabilities.

There are control procedures applied to all types of controlled transactions of the Company to ensure consistency between the prices used in the controlled transactions and the level of market prices for the purposes of taxation, which are updated on an annual basis taking into account current legal requirements. When the Company concludes transactions with related parties, it applies control procedures to ensure consistency between the prices used in the controlled transactions and the level of market prices for the purposes of taxation, while establishing the transaction price. The activities performed focus on minimizing tax risks of the Group.

The Company is the Parent of a multinational corporation (MNC). In 2026, the Company, as the Parent of the MNC, has submitted a notification of participation in the MNC and the CbC report for 2025 will be presented to the tax authority within the statutory timeframe.

28. Contingencies, commitments and operating risks (continued)

Taxation (continued)

To ensure compliance with the legislation governing taxation of controlled foreign companies and to mitigate related tax risks, the Group’s management developed a set of internal routine procedures.

The Group takes measures to reduce its tax risks on a regular basis. Management believes that the Group has complied with all regulations, and paid and accrued all taxes that are applicable.

Compliance with the terms and conditions for subsoil use

In accordance with Part 4, art. 12.1 of the Russian Federation Law No. 2395-1 dated 21 February 1992 *On Subsoil Resources*, the authorized agency for the execution, state registration and issuance of hydrocarbon licenses is the Federal Agency for Subsoil Use, its local divisions and state budgetary institutions subordinate to it. Under art. 10 of the Russian Federation Law No. 2395-1 dated 21 February 1992 *On Subsoil Resources*, the Group's companies may request extension to its subsoil license, as necessary, to complete a geological survey or mineral extraction process. The Russian executive authorities exercise oversight and supervision of the Group's companies operations and their compliance with the subsoil license conditions to ensure adherence to the mandatory requirements of applicable legislation. The Company may face administrative charges and withdrawal of the subsoil license in the event of non-compliance. The Company's employees use all reasonable efforts to prevent and mitigate the risks of non-compliance with subsoil license conditions.

Liabilities concerning environmental and safety matters

The Russian environmental and safety legislation complies with the general requirements and practice of applying international legislation in this field.

Management of the Group understands its responsibilities concerning environmental and safety matters and undertakes to comply with the requirements of federal, regional and industry regulations concerning environmental protection, rational use of mineral resources and safety, including international environmental and labor safety management standards. The Group implements the Corporate policy that complies with the environmental legislation.

Management believes that, considering existing controls and current legislation, the Group is not imposed to significant risks and liabilities except for those that are recognized in these interim condensed consolidated financial statements and relate to ordinary business operations.

Insurance

The Group applies the Insurance Policy, which describes the Company’s key insurance principles and procedures. In accordance with the applied Insurance Policy, the Group insures its major oil and gas extraction facilities. The Group’s subsidiaries and the Parent insure especially hazardous facilities pursuant to the Federal Law No. 225-FZ dated 27 July 2010 *On Compulsory Insurance of Civil Liability of the Owner of a Hazardous Facility for Damages Caused by an Accident at a Hazardous Facility*.

The Group also provides selective car insurance for vehicles. In addition, the Group purchases mandatory car liability insurance policies for all automobiles, special purpose equipment, trailers and other vehicles.

28. Contingencies, commitments and operating risks (continued)

Insurance (continued)

The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents at the Group’s facilities or relating to the Group’s operations.

Retirement obligations

The Group makes contributions to the Pension and Social Fund of the Russian Federation. These payments are calculated by the employer as a percentage of gross salary expense and are expensed as accrued. The Group adheres to its Regulation on non-state pension benefits for the Group’s employees. The Group's subsidiaries are parties to pension insurance agreements with a Russian non-state pension fund.

Litigations

Management believes that there are no current claims outstanding which could have a material effect on the results of operations or financial position of the Group and which have not been accrued or disclosed in these interim condensed consolidated financial statements.

Guarantees issued

The Group’s subsidiaries are joint guarantors with regard to the Parent’s liabilities under the credit agreement with the outstanding balance under all three tranches (including capitalized interest) of RUB 96,154 million (Note 22). The agreements on the revenue pledge of several companies of the Group are used as additional security under the credit agreement within the established limits, and the pledge of rights under bank account agreements of the Parent and its subsidiary.

The Group’s subsidiaries are joint guarantors with regard to the Parent’s liabilities under the loan agreement in the amount not exceeding CNY 2,500 million or RUB 28,656 million at the exchange rate at the reporting date, the current debt on which is CNY 1,579 million or RUB 18,274 million at the settlement rate on the reporting date established by the terms of the agreement (Note 22).

Several subsidiaries of the Group provided independent guarantees to a third party for the Parent’s obligations under oil purchase and sale agreements. As at the reporting date, these guarantees amounted to RUB 1,038 million.

As at the reporting date, the RUB 72,000 million independent guarantee issued by the Parent together with several subsidiaries for the subsidiary under the forward contract to purchase preference shares of PJSC “RussNeft” (Notes 21, 27) was terminated.

29. Subsequent events

As at the date of issue of these interim condensed consolidated financial statements, there are no significant events after the reporting period to disclose in this note.

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