

To the shareholders and the Board of Directors  
"Surgutneftegas" Public Joint Stock Company

## AUDIT REPORT

### ***Opinion***

We have audited the accompanying consolidated financial statements of "Surgutneftegas" Public Joint Stock Company and its subsidiaries (hereinafter – the "Group") which comprise the consolidated statement of financial position as of 31 December 2020 and the consolidated statements of profit and loss and other comprehensive income, cash flows and changes in equity for 2020 and notes to the consolidated financial statements comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of the Group as of 31 December 2020, and its consolidated financial performance and consolidated cash flows for 2020 in accordance with International Financial Reporting Standards (hereinafter – IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent of the Group in accordance with Auditors and Audit Organizations Independence Regulations and Code of Professional Ethics of Auditors compliant with Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for 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.

We fulfilled our responsibilities described in Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report with regard to these matters. The audit included procedures developed in response to our assessment of risks of material misstatement of the consolidated financial statements. Results of our auditing procedures serve as a basis for our auditor's opinion about the accompanying consolidated financial statements.

**Key Audit Matter****How the respective key matter was reviewed in the course of our audit*****Impairment of non-current assets***

In accordance with the requirements of IFRS, the Group shall annually test non-current assets for impairment. This annual test for impairment was material to our audit because the carrying amount of non-current assets as of 31 December 2020 is material to the consolidated financial statements. In addition, the process of impairment of non-current assets is complex and it requires critical subjective judgements and assumptions from the management.

Volatility of oil prices and the exchange rate of the ruble, inflation and unstable economic situation may result in impairment of the Group's non-current assets.

Note 15 of the consolidated financial statements contains information on property, plant and equipment and on the conducted impairment test.

Our audit procedures included, among other matters, engagement of our business evaluation experts in examination of the results of the impairment test and calculation of the recoverable value of assets conducted by the Group. In the process of examination, price assumptions for oil and oil products used in calculations made by the Group were compared with the range of the forecasted market prices. The discounting rate applied by the Group was compared with the discounting rate peculiar to the industry in which the Group operates.

The impairment model applied by the Group and sensitivity analysis were checked for arithmetic accuracy as well as for consistency of formulas and calculations applied in the model as compared with the prior periods.

We also focused our audit procedures on adequacy of those judgements and assumptions to which the results of the impairment test are the most sensitive and have the most significant influence on determination of the recoverable value on non-current assets, namely, estimate of oil and gas reserves, future capital expenditures, forecasted production and refining of oil and oil products, forecasted oil and oil products prices, determination of applicable discount rates.



**Key Audit Matter****How the respective key matter was reviewed in the course of our audit*****Estimation of oil and gas reserves***

Estimate of oil and gas reserves is material to our audit because it is used for calculation of future cash flows which serve as one of the main indicators of impairment of non-current assets and influences the calculation of the indicators of depreciation, depletion and amortisation of oil and gas exploration and production assets as well as asset retirement obligations.

Note 4 of the consolidated financial statements contains information on significant accounting estimates made in connection with the appraisal of oil and gas reserves.

Our audit procedures included the assessment of sufficiency, objectivity and reliability of data available to the Group for the purpose of the estimate of oil and gas reserves. We ascertained the correspondence of assumptions made for the estimate of oil and gas reserves, such as forecasts of oil and gas production, operating expenses, planned capital investments, with the data from operational indicators approved by the Group's management.

We ascertained the data on oil and gas reserves obtained by the Group is used in calculations made during the test for impairment of non-current assets, determination of indicators of depreciation, depletion and amortisation of oil and gas exploration and production assets as well as asset retirement obligations.

***Revenue recognition***

Revenue recognition is material to our audit because the amount of revenue is significant to the consolidated financial statements. Besides, the Group has various sources of revenue in which the procedure of price determination as well as title, risks and benefits transfer differ significantly.

Despite the high level of standardisation due to the unified system of accounting when forming the amount of revenue, the large number of contracts and the significant amount of transactions may constitute a potential risk of misstatement of financial indicators of the consolidated financial statements.

Notes 3, 7 contain information on the amount of revenue recognised in the statements and the procedure of its recognition recorded in the accounting policy of the Group.

Our procedures included assessment of consistency of application of the accounting policy to different sources of revenue. We tested effectiveness of revenue recognition control means and carried out analytical procedures by types of revenues. Our detailed procedures were focused on assessment of arithmetic accuracy of revenue recognition.

We also checked timeliness of revenue recognition as well as the Group's right to the recognised revenue based on the terms and conditions of contracts, appendices thereto and other documents.

**Key Audit Matter****How the respective key matter was reviewed in the course of our audit*****Accounting for deposits placed***

Accounting for placed deposits is material to our audit because the carrying amount of placed deposits is significant to the consolidated financial statements.

Notes 10, 31, 32 contain information on the amounts of placed deposits recorded in the Group's consolidated financial statements.

Our procedures were focused on confirmation of the carrying amount of deposits recorded in the Group's consolidated financial statements. We analysed the data on ratings of financial institutions with which the Group placed deposits as of the reporting dates and ascertained that deposits were placed with financial institutions having high reliability ratings. We tested placed deposits for correctness of accounting recognition in accordance with the terms and conditions of contracts. We also ascertained that cash was placed at rates close to market rates. We checked mathematic correctness of formation of the carrying amount of deposits and their recognition in current and non-current assets.

***Other information***

The Group's management is responsible for other information. Other information includes quarterly reports of the issuer for the 1, 2, 3 and 4 quarters of 2020 (but does not include the consolidated financial statements and our audit report thereon) which we received before the date of this audit report and a quarterly report of the issuer for the 1 quarter of 2021 which will be provided to us after this date.

Our opinion on the consolidated financial statements does not cover other information and we do not make any conclusion providing certainty in any form thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read other information and, in doing so, consider whether other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the course of audit and otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of such other information, we are obliged to report that fact. We have not elicited any facts to report in this regard.

***Responsibility of the Audited Entity Management for the Consolidated Financial Statements***

The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, and for the system of internal control as the management determines to be necessary to enable preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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



***Auditor's Responsibility for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance that the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to prepare 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 ISA always detects 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 ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. Besides, we also:

- a) 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- b) 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 audited entity's internal control;
- c) evaluate the appropriateness of accounting policies applied and the reasonableness of estimates and related disclosures made by the management;
- d) conclude on the appropriateness of the use by the management of an audited entity of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the audited entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged 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 audited entity to cease to continue as a going concern;
- e) 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 their fair presentation;
- f) obtain sufficient and appropriate audit evidence related to the financial information of organisations or activities within the Group to express the opinion on the consolidated financial statements. We are responsible for management, control and performance of the Group's audit. We are fully responsible for our audit report.

We communicate information to the management of an audited entity about, 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 the management of an audited entity with a statement that we have complied with all relevant ethical requirements regarding independence, and communicated to them about all relationships and other matters that may be reasonably thought to bear on the auditor's independence, and where applicable, related safeguards.

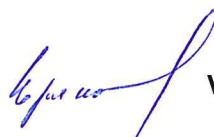
From the matters communicated to the management of the audited entity, we have determined those matters that were of most significance in the audit of the consolidated financial statements for 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure of these matters or when, in extremely rare circumstances, we determine that a matter shall 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.

"Crowe Expertiza" LLC  
29 April 2021

Audit report engagement partner

**Deputy Director General**

Auditor's Qualification Certificate No. 05-000192  
issued on the grounds of resolution of Self-Regulatory  
Organization of Auditors Non-Profit Partnership  
"Russian Collegium of Auditors" No. 39 dated  
05.10.2012.



V.N. Chernyakov

Primary Registration Number in the Register of  
Auditors and Audit Firms: 22006014930,  
a member of Self-Regulatory Organization of Auditors "Auditor Association Sodruzhestvo"  
Resolution No. 428 dated 24.01.2020 on the admission to the membership of  
the self-regulatory organization of auditors.

**Director General**

General Audit Qualification Certificate No. K008734  
issued as per Resolution No. 9  
of the Ministry of Finance of Russia  
dated 24.10.1994 for an unlimited period.



A.V. Kozlov

Primary Registration Number in the Register of  
Auditors and Audit Firms: 22006023186,  
a member of Self-Regulatory Organization of Auditors "Auditor Association Sodruzhestvo"  
Resolution No. 430 dated 31.01.2020 on the admission to the membership of  
the self-regulatory organization of auditors.

**Details of the audited entity**

Name: "Surgutneftegas" Public Joint Stock Company.  
Main state registration number: 1028600584540.  
Location: ul. Grigoriya Kukuyevitskogo, 1, building 1,  
Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra,  
Tyumenskaya Oblast, Russian Federation.

**Details of the auditor**

"Crowe Expertiza" Limited Liability Company,  
Main state registration number: 1027739273946,  
Main registration number in the Register of  
Auditors and Audit Organizations 12006033851,  
Legal address: per. Tikhvinskiy, 7 building 3 office 20  
Moscow, Russian Federation, 127055.  
A member of self-regulatory organization of auditors "Auditor Association Sodruzhestvo".