

Audit Report

of independent audit company

“Crowe Expertiza” LLC

for accounting (financial) statements of
“Surgutneftegas” PJSC
for 2019

“Crowe Expertiza” LLC

Member of Crowe Global

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**To shareholders of “Surgutneftegas”
Public Joint Stock Company**

To shareholders of “Surgutneftegas” Public Joint Stock Company

AUDIT REPORT

Opinion

We have audited the accompanying annual accounting (financial) statements of “Surgutneftegas” Public Joint Stock Company (hereinafter – the Company) (State Registration Number: 1028600584540, ul.Grigoriya Kukuyevitskogo, 1, bld. 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation, 628415) consisting of the Balance Sheet as of December 31, 2019, Income Statement for 2019, appendices to the Balance Sheet and Income Statement, including Statement of Changes in Equity for 2019, Cash Flow Statement for 2019, Notes to the Balance Sheet and Income Statement for 2019, including general provisions of the accounting policy.

In our opinion, the accompanying annual accounting (financial) statements give a true and fair view in all material respects of the Company’s financial standing as of December 31, 2019, the results of the Company’s financial activity, and the cash flows for 2019 in accordance with the rules for preparation of accounting (financial) statements established in the Russian Federation.

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 Annual Accounting (Financial) Statements section of this report. We are independent of the audited entity in accordance with Auditors and Audit Organizations Independence Regulations and Code of Professional Ethics of Auditors compliant with Code of Ethics for Professional Accountants (including International Independence Standards) 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 annual accounting (financial) statements for the current period. These matters were addressed in the context of our audit of the annual accounting (financial) statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Revenue recognition is material to our audit, because the amount of revenue is material to the annual accounting (financial) statements of the Company.

Our procedures included revenue recognition control efficiency tests, analytical procedures

and detailed procedures, and were focused on testing completeness, timeliness, arithmetic accuracy and assessment of revenue recognition based on the terms and conditions of contracts, appendices thereto and other documents.

Note 5.1 contains information on the amount of revenue recognized in the annual accounting (financial) statements and the procedure of its recognition according to the accounting policy of the Company.

Accounting for Financial Investments

Accounting for long-term and short-term financial investments is material to our audit because their book value is material to the annual accounting (financial) statements of the Company.

Our procedures were focused on confirmation of the book value of financial investments recorded in annual accounting (financial) statements of the Company based on the analysis of deposit and other agreements. We have verified formation of the book value of deposits and loans granted, their classification by breakdown into long-term and short-term assets, carried out impairment tests and verified disclosures in Notes.

Note 3.5 and information in tables 3.1, 3.2 of the Notes to the Balance Sheet and the Income Statement (table form) contain information on the amounts of financial investments according to their types recorded in annual accounting (financial) statements of the Company.

Other information

The management is responsible for the other information. The other information represents the annual report, which is expected to be available to us after the date of this auditor's report.

Our opinion on the annual accounting (financial) statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounting (financial) statements, our responsibility is to study the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounting (financial) statements or our knowledge obtained in the 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 required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and the Audit Committee of the Board of Directors of the Audited Entity for the Annual Accounting (Financial) Statements

The management is responsible for the preparation of the said annual accounting (financial) statements that give a true and fair view in accordance with the rules for the preparation of accounting (financial) statements established in the Russian Federation and for such internal control as the management deems necessary for the preparation of annual accounting (financial) statements that are free from any material misstatement, whether due to fraud or error.

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



The Audit Committee of the Board of Directors is responsible for overseeing the preparation of the Company's accounting (financial) statements.

Auditor's Responsibilities for the Audit of the Annual Accounting (Financial) Statements

Our objectives are to obtain reasonable assurance of whether the annual accounting (financial) statements 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 ISA 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 the users taken on the basis of these annual accounting (financial) statements.

As part of the audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the annual accounting (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 efficiency of the audited entity's internal control;
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates calculated by the management of the audited entity and related disclosures;
- d. Conclude on the appropriateness of the use by the management of the 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 required to draw attention in our auditor's report to the related disclosures in the annual accounting (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 annual accounting (financial) statements, including the disclosures, and whether the annual accounting (financial) statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

From the matters communicated to the management and the Audit Committee of the Board of Directors of the audited entity, we have determined those matters that were of most significance in the audit of the annual accounting (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 of the matters 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.

Director General

A.V.Kozlov

Engagement partner
in audit following which
the Audit Report was compiled

A.M.Popov

Auditing organization:

"Crowe Expertiza" Limited Liability Company,
State Registration Number: 1027739273946;
ul.Mashi Poryvaevoy, 34, Moscow, Russian Federation, 107078;

A member of Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS),
Registration number of record of self-regulatory organizations of auditors entered into the
Auditors and Auditing Firms Register: 12006033851

"30" March 2020

Balance Sheet
as of 31 December 2019

Company **“Surgutneftegas” PJSC**

Taxpayer identification number

Type of economic

activity **crude oil production**

Form of legal organization/form of ownership

public joint stock company/private property

Unit of measure: **thousand RUB**

Location (address) **628415, Russian Federation, Tyumenskaya Oblast,**

Khanty-Mansiysky Autonomous Okrug – Yugra

Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1

Form by OKUD

Date (day, month, year)

by OKPO

INN

by OKVED2

by OKOPF/OKFS

by OKEI

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|------------|----|------|
| Codes | | |
| 0710001 | | |
| 31 | 12 | 2019 |
| 05753490 | | |
| 8602060555 | | |
| 06.10.1 | | |
| 12247 | 16 | |
| 384 | | |

Accounting statements are subject to statutory audit

☒ V YES

☐ NO

Name of audit organization/last name, first name, patronymic name (if any)

of individual auditor

“Crowe Expertiza” LLC

Taxpayer identification number

of audit organization/individual auditor

INN

Main state registration number

of audit organization/individual auditor

OGRN

OGRNIP

7708000473

1027739273946

| Notes | Indicator | Code | As of 31 December | As of 31 December | As of 31 December |
|-------|---|-------------|----------------------|----------------------|----------------------|
| | | | 2019 | 2018 | 2017 |
| | ASSETS | | | | |
| | I. NON-CURRENT ASSETS | | | | |
| 3.1 | Intangible assets | 1110 | 420 364 | 443 364 | 572 897 |
| 3.2 | R&D results | 1120 | 13 595 | 99 755 | 267 803 |
| 3.3 | Intangible prospecting assets | 1130 | 66 637 882 | 57 899 221 | 47 979 317 |
| | Tangible prospecting assets | 1140 | - | - | - |
| 3.4 | Fixed assets | 1150 | 913 439 627 | 866 873 313 | 836 009 871 |
| | including buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress | 1151 | 854 505 726 | 807 921 080 | 772 133 643 |
| 3.4 | Income yielding investments in tangible assets | 1160 | 2 267 598 | 2 456 728 | 2 672 188 |
| 3.5 | Financial investments | 1170 | 2 190 125 147 | 2 256 249 325 | 1 539 907 397 |
| | including other financial investments, excluding investments in organizations and loans granted | 1171 | 2 053 102 540 | 2 180 334 781 | 1 409 937 695 |
| 3.11 | Deferred tax assets | 1180 | 181 022 | 39 534 | 8 693 537 |
| 3.6 | Other non-current assets | 1190 | 49 860 114 | 53 984 986 | 59 352 979 |
| | Total for Section I | 1100 | 3 222 945 349 | 3 238 046 226 | 2 495 455 989 |
| | II. CURRENT ASSETS | | | | |
| 3.7 | Stocks | 1210 | 105 812 744 | 107 540 945 | 86 965 050 |
| | Value Added Tax on acquired valuables | 1220 | 5 027 904 | 6 098 816 | 4 921 233 |
| 3.8 | Accounts receivable | 1230 | 292 999 884 | 311 271 618 | 281 648 471 |
| 3.5 | Financial investments (excluding cash equivalents) | 1240 | 750 916 141 | 807 894 926 | 765 615 792 |
| | including other financial investments, excluding investments in organizations and loans granted | 1241 | 750 916 141 | 732 775 889 | 738 351 384 |
| 3.9 | Cash and cash equivalents | 1250 | 173 193 638 | 71 923 660 | 62 235 108 |
| | Other current assets | 1260 | 2 790 768 | 2 070 149 | 1 960 542 |
| | Total for Section II | 1200 | 1 330 741 079 | 1 306 800 114 | 1 203 346 196 |
| | BALANCE | 1600 | 4 553 686 428 | 4 544 846 340 | 3 698 802 185 |

| Notes | Indicator | Code | As of 31 December | As of 31 December | As of 31 December |
|-------|---|-------------|----------------------|----------------------|----------------------|
| | | | 2019 | 2018 | 2017 |
| | LIABILITIES | | | | |
| | III. CAPITAL AND RESERVES | | | | |
| 3.10 | Charter capital (share capital, authorized fund, partners' contributions) | 1310 | 43 427 993 | 43 427 993 | 43 427 993 |
| | Treasury shares | 1320 | - | - | - |
| | Revaluation of non-current assets | 1340 | 507 685 491 | 514 666 175 | 518 252 396 |
| | Additional capital (no revaluation) | 1350 | 192 511 786 | 192 511 786 | 192 511 786 |
| | Reserve capital | 1360 | 6 514 198 | 6 514 198 | 6 514 198 |
| | Retained profit (uncovered loss) | 1370 | 3 553 695 111 | 3 524 225 549 | 2 725 058 334 |
| | Total for Section III | 1300 | 4 303 834 579 | 4 281 345 701 | 3 485 764 707 |
| | IV. LONG-TERM LIABILITIES | | | | |
| | Borrowed funds | 1410 | - | - | - |
| 3.11 | Deferred tax liabilities | 1420 | 95 906 684 | 94 495 005 | 81 281 076 |
| | Estimated liabilities | 1430 | - | - | - |
| 3.12 | Other liabilities | 1450 | 174 928 | 174 768 | 199 902 |
| | Total for Section IV | 1400 | 96 081 612 | 94 669 773 | 81 480 978 |
| | V. SHORT-TERM LIABILITIES | | | | |
| | Borrowed funds | 1510 | - | - | - |
| 3.12 | Accounts payable | 1520 | 138 269 617 | 153 562 013 | 117 173 980 |
| 3.13 | Deferred income | 1530 | 1 010 984 | 927 073 | 689 238 |
| 3.14 | Estimated liabilities | 1540 | 14 164 965 | 14 025 450 | 13 339 290 |
| | Other liabilities | 1550 | 324 671 | 316 330 | 353 992 |
| | Total for Section V | 1500 | 153 770 237 | 168 830 866 | 131 556 500 |
| | BALANCE | 1700 | 4 553 686 428 | 4 544 846 340 | 3 698 802 185 |

First Deputy
Director General "Surgutneftegas" PJSC
on Finance and Taxation

(signature)

V.G.Barankov

(printed name)

Chief Accountant "Surgutneftegas" PJSC

(signature)

A.V.Druchinin

(printed name)

" 27 " March 2020

**Income Statement
for 2019**

Company **"Surgutneftegas" PJSC**

Taxpayer identification number

Type of economic

activity

crude oil production

Form of legal organization/form of ownership

public joint stock company/private property

Unit of measure: **thousand RUB**

Form by OKUD

Date (day, month, year)

by OKPO

INN

by OKVED2

by OKOPF/OKFS

by OKEI

| | | |
|------------|----|------|
| Codes | | |
| 0710002 | | |
| 31 | 12 | 2019 |
| 05753490 | | |
| 8602060555 | | |
| 06.10.1 | | |
| 12247 | 16 | |
| 384 | | |

| Notes | Indicator | Code | For January - December | For January - December |
|-------|---|-------------|---------------------------|---------------------------|
| | | | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 |
| 5.1 | Revenue | 2110 | 1 555 622 592 | 1 524 947 700 |
| 5.1 | Cost of sales | 2120 | (1 071 835 567) | (1 033 857 472) |
| | Gross profit (loss) | 2100 | 483 787 025 | 491 090 228 |
| | Selling expenses | 2210 | (108 760 679) | (99 303 190) |
| | Management expenses | 2220 | - | - |
| | Sales profit (loss) | 2200 | 375 026 346 | 391 787 038 |
| | Income from participation in other organizations | 2310 | 799 524 | 800 982 |
| | Interest receivable | 2320 | 118 289 493 | 106 160 339 |
| | Interest payable | 2330 | - | - |
| 5.2 | Other income | 2340 | 1 598 220 476 | 2 040 068 002 |
| 5.2 | Other expenses | 2350 | (1 969 041 130) | (1 530 425 890) |
| | Profit (loss) before tax | 2300 | 123 294 709 | 1 008 390 471 |
| 3.11 | Current profit tax | 2410 | (17 502 632) | (161 206 175) |
| 3.11 | including permanent tax liabilities (assets) | 2421 | (1 191 444) | 8 486 214 |
| 3.11 | Change in deferred tax liabilities | 2430 | (1 411 679) | (13 213 929) |
| 3.11 | Change in deferred tax assets | 2450 | 141 488 | (8 654 003) |
| | Other | 2460 | (1 965) | 377 948 |
| | Reallocation of profit tax within the consolidated group of taxpayers | 2465 | 958 722 | 1 946 981 |
| | Net profit (loss) | 2400 | 105 478 643 | 827 641 293 |

| Notes | Indicator | Code | For January - December | For January - December |
|-------|---|-------------|---------------------------|---------------------------|
| | | | 2019 | 2018 |
| 1 | 2 | 3 | 4 | 5 |
| | Results of revaluation of non-current assets not included in net profit (loss) for the period | 2510 | (1 598 942) | 1 163 363 |
| | Results of other operations not included in net profit (loss) for the period | 2520 | - | - |
| | For reference only Comprehensive income for the period | 2500 | 103 879 701 | 828 804 656 |
| 5.3 | Base profit (loss) per share | 2900 | | |
| | Diluted profit (loss) per share | 2910 | - | - |

First Deputy
Director General "Surgutneftegas" PJSC
on Finance and Taxation

(signature)

V.G.Barankov
(printed name)

Chief Accountant
"Surgutneftegas" PJSC

(signature)

A.V.Druchinin
(printed name)

" 27 " March 2020

| | | |
|-------------------------|------------|----|
| | Codes | |
| Form by OKUD | 0710004 | |
| Date (day, month, year) | 31.12.2019 | |
| by OKPO | 05753490 | |
| INN | 8602060555 | |
| by OKVED2 | 06.10.1 | |
| by OKOPF/OKFS | 12247 | 16 |
| by OKEI | 384 | |

Unit of measure: **thousand RUB**

| Indicator | Code | Charter capital | Treasury shares | Additional capital | Reserve capital | Retained profit (uncovered loss) | Total |
|---|-------------|-------------------|-----------------|--------------------|------------------|-------------------------------------|----------------------|
| Capital as of 31 December 2017 | 3100 | 43 427 993 | - | 710 764 182 | 6 514 198 | 2 725 058 334 | 3 485 764 707 |
| In 2018 | | | | | | | |
| Increase in capital – total: | 3210 | - | - | 2 703 133 | - | 833 017 869 | 835 721 002 |
| including: net profit | 3211 | x | x | x | x | 827 641 293 | 827 641 293 |
| revaluation of property | 3212 | x | x | 2 703 133 | x | - | 2 703 133 |
| income allocated directly to increase in capital | 3213 | x | x | - | x | 5 376 576 | 5 376 576 |
| additional issue of shares | 3214 | - | - | - | x | x | - |
| increase in par value of shares | 3215 | - | - | - | x | - | x |
| reorganization of a legal entity | 3216 | - | - | - | - | - | - |

| | | | | | | | |
|--|-------------|-------------------|---|--------------------|------------------|----------------------|----------------------|
| Decrease in capital – total: | 3220 | - | - | (6 289 354) | - | (33 850 654) | (40 140 008) |
| including: | | | | | | | |
| loss | 3221 | x | x | x | x | - | - |
| revaluation of property | 3222 | x | x | (1 539 770) | x | - | (1 539 770) |
| expenses allocated directly to decrease in capital | 3223 | x | x | (4 749 584) | x | - | (4 749 584) |
| decrease in par value of shares | 3224 | - | - | - | x | - | - |
| decrease in the number of shares | 3225 | - | - | - | x | - | - |
| reorganization of a legal entity | 3226 | - | - | - | - | - | - |
| dividends | 3227 | x | x | x | x | (33 850 654) | (33 850 654) |
| Change in additional capital | 3230 | x | x | - | - | - | x |
| Change in reserve capital | 3240 | x | x | x | - | - | x |
| Capital as of 31 December 2018 | 3200 | 43 427 993 | - | 707 177 961 | 6 514 198 | 3 524 225 549 | 4 281 345 701 |
| In 2019 | | | | | | | |
| Increase in capital – total: | 3310 | - | - | 920 305 | - | 111 380 685 | 112 300 990 |
| including: | | | | | | | |
| net profit | 3311 | x | x | x | x | 105 478 643 | 105 478 643 |
| revaluation of property | 3312 | x | x | 920 305 | x | - | 920 305 |
| income allocated directly to increase in capital | 3313 | x | x | - | x | 5 902 042 | 5 902 042 |
| additional issue of shares | 3314 | - | - | - | x | x | - |
| increase in par value of shares | 3315 | - | - | - | x | - | x |
| reorganization of a legal entity | 3316 | - | - | - | - | - | - |
| Decrease in capital – total: | 3320 | - | - | (7 900 989) | - | (81 911 123) | (89 812 112) |
| including: | | | | | | | |
| loss | 3321 | x | x | x | x | - | - |
| revaluation of property | 3322 | x | x | (2 519 247) | x | - | (2 519 247) |
| expenses allocated directly to decrease in capital | 3323 | x | x | (5 381 742) | x | - | (5 381 742) |
| decrease in par value of shares | 3324 | - | - | - | x | - | - |
| decrease in the number of shares | 3325 | - | - | - | x | - | - |
| reorganization of a legal entity | 3326 | - | - | - | - | - | - |
| dividends | 3327 | x | x | x | x | (81 911 123) | (81 911 123) |
| Change in additional capital | 3330 | x | x | - | - | - | x |
| Change in reserve capital | 3340 | x | x | x | - | - | x |
| Capital as of 31 December 2019 | 3300 | 43 427 993 | - | 700 197 277 | 6 514 198 | 3 553 695 111 | 4 303 834 579 |

2. Adjustments due to changes in the accounting policy and error correction

| Indicator | Code | As of 31.12.2017 | Changes in capital for 2018 | | As of 31.12.2018 |
|---|------|------------------|-----------------------------|----------------------|------------------|
| | | | due to net profit (loss) | due to other factors | |
| Capital – total prior to adjustments | 3400 | - | - | - | - |
| adjustment due to: changes in the accounting policy | 3410 | - | - | - | - |
| error correction | 3420 | - | - | - | - |
| after adjustments | 3500 | - | - | - | - |
| including: retained profit (uncovered loss): prior to adjustments | 3401 | - | - | - | - |
| adjustment due to: changes in the accounting policy | 3411 | - | - | - | - |
| error correction | 3421 | - | - | - | - |
| after adjustments | 3501 | - | - | - | - |
| other adjusted capital items: (by items) | | | | | |
| prior to adjustments | 3402 | - | - | - | - |
| adjustment due to: changes in the accounting policy | 3412 | - | - | - | - |
| error correction | 3422 | - | - | - | - |
| after adjustments | 3502 | - | - | - | - |

3. Net assets

| Indicator | Code | As of 31.12.2019 | As of 31.12.2018 | As of 31.12.2017 |
|------------|------|------------------|------------------|------------------|
| Net assets | 3600 | 4 304 845 563 | 4 282 272 774 | 3 486 453 945 |

First Deputy
Director General "Surgutneftegas" PJSC
on Finance and Taxation

(signature)

V.G.Barankov
(printed name)

Chief Accountant
"Surgutneftegas" PJSC

(signature)

A.V.Druchinin
(printed name)

"27" March 2020

**Cash Flow Statement
for 2019**

Company **“Surgutneftegas” PJSC**
 Taxpayer identification number
 Type of economic activity: **crude oil production**
 Form of legal organization/form of ownership
public joint stock company/private property
 Unit of measure: **thousand RUB**

| | | |
|-------------------------|-------------|---------|
| Codes | | |
| 0710005 | | |
| Date (day, month, year) | 31 | 12 2019 |
| by OKPO | 05753490 | |
| INN | 8602060555 | |
| by OKVED2 | 06.10.1 | |
| by OKOPF/OKFS | 12247 | 16 |
| | by OKEI 384 | |

| Indicator | Code | for 2019 | for 2018 |
|---|-------------|------------------------|------------------------|
| Cash flow from current operations | | | |
| Proceeds – total | 4110 | 1 586 100 844 | 1 536 248 737 |
| including: | | | |
| from sales of goods, products, works and services | 4111 | 1 556 574 194 | 1 522 897 807 |
| lease payments, license payments, royalty, commission and other similar payments | 4112 | 786 086 | 730 152 |
| from resale of financial investments | 4113 | - | - |
| other proceeds | 4119 | 28 740 564 | 12 620 778 |
| Payments – total | 4120 | (1 277 801 626) | (1 290 318 965) |
| including: | | | |
| to suppliers (contractors) for raw materials, supplies, works and services | 4121 | (341 689 878) | (300 309 455) |
| due to remuneration of employees' labor | 4122 | (116 664 971) | (112 067 100) |
| debenture interest | 4123 | - | - |
| corporate profit tax | 4124 | (56 180 838) | (135 947 451) |
| taxes and charges (excl. profit tax) | 4125 | (751 659 334) | (732 339 766) |
| other payments | 4129 | (11 606 605) | (9 655 193) |
| Cash flow balance from current operations | 4100 | 308 299 218 | 245 929 772 |
| Cash flow from investing | | | |
| Proceeds – total | 4210 | 135 487 362 | 127 111 581 |
| including: | | | |
| from sale of non-current assets (excl. financial investments) | 4211 | 292 738 | 422 350 |
| from sale of shares of (interest in) other organizations | 4212 | 7 918 301 | 4 123 886 |
| from repayment of loans granted and sale of debt securities (cash receivables from other persons) | 4213 | 8 205 068 | 307 900 |
| dividends, interest on financial debt investments and similar proceeds from interest in other organizations | 4214 | 118 703 805 | 121 841 521 |
| other proceeds | 4219 | 367 450 | 415 924 |

| Indicator | Code | For 2019 | For 2018 |
|--|-------------|----------------------|----------------------|
| Payments – total | 4220 | (261 289 641) | (334 042 307) |
| including: due to acquisition, formation, modernization, reconstruction and preparation of non-current assets for use | 4221 | (46 237 463) | (43 904 017) |
| due to acquisition of shares of (interest in) other organizations | 4222 | (10 000) | - |
| due to acquisition of debt securities (cash receivables from other persons) and loans granted to other persons | 4223 | (3 783) | (1 273 692) |
| debenture interest to be included in the cost of investment assets | 4224 | - | - |
| other payments | 4229 | (215 038 395) | (288 864 598) |
| Cash flow balance from investing | 4200 | (125 802 279) | (206 930 726) |
| Cash flow from financing | | | |
| Proceeds – total | 4310 | - | - |
| including: borrowings and loans received | 4311 | - | - |
| cash deposits by owners (members) | 4312 | - | - |
| from issue of shares and increase in interest | 4313 | - | - |
| from issue of bonds, bills of exchange, other debt securities, etc. | 4314 | - | - |
| other proceeds | 4319 | - | - |
| Payments – total | 4320 | (77 439 814) | (31 530 243) |
| including: to owners (members) due to repurchase of their shares of (interest in) the organization or cessation of their membership | 4321 | - | - |
| for payment of dividends and other payments related to distribution of profit among owners (members) | 4322 | (77 439 814) | (31 530 243) |
| due to payment (buyback) of bills of exchange and other debt securities and repayment of borrowings and loans | 4323 | - | - |
| other payments | 4329 | - | - |
| Cash flow balance from financing | 4300 | (77 439 814) | (31 530 243) |
| Cash flow balance for the reporting period | 4400 | 105 057 125 | 7 468 803 |
| Balance of cash and cash equivalents at the beginning of the reporting period | 4450 | 71 923 611 | 62 235 094 |
| Balance of cash and cash equivalents at the end of the reporting period | 4500 | 173 193 611 | 71 923 611 |
| Effect of changes in the exchange rates of foreign currency to the Russian ruble | 4490 | (3 787 125) | 2 219 714 |

First Deputy
Director General “Surgutneftegas” PJSC
on Finance and Taxation

Chief Accountant
“Surgutneftegas” PJSC

(signature) V.G.Barankov
(printed name)

(signature) A.V.Druchinin
(printed name)

“27” March 2020

**Notes to the Balance Sheet
and the Income Statement of "Surgutneftegas" PJSC for 2019 (thous. RUB)
(table)**

1. Intangible assets and expenses on research and development engineering (R&D)

1.1. Availability and flow of intangible assets

[illegible]

1.2. Historical cost of intangible assets created by the organization

| Indicator | Code | As of 31 December | As of 31 December | As of 31 December |
|--|------|-------------------|-------------------|-------------------|
| | | 2019 | 2018 | 2017 |
| Total | 5120 | 861 315 | 862 574 | 843 362 |
| including: | | | | |
| exclusive rights to invention, industrial prototype, utility model | 5121 | 8 619 | 8 606 | 8 343 |
| exclusive rights to computer programs and databases | 5122 | 852 643 | 853 915 | 834 966 |
| exclusive rights to trademarks and service marks | 5123 | 53 | 53 | 53 |
| other protected results of intellectual property and individualization means | 5124 | - | - | - |

1.3. Intangible assets with fully redeemed cost

| Indicator | Code | As of 31 December | As of 31 December | As of 31 December |
|--|------|-------------------|-------------------|-------------------|
| | | 2019 | 2018 | 2017 |
| Total | 5130 | 501 443 | 422 911 | 351 055 |
| including: | | | | |
| exclusive rights to invention, industrial prototype, utility model | 5131 | 23 181 | 65 | 20 |
| exclusive rights to computer programs and databases | 5132 | 478 208 | 422 804 | 351 012 |
| exclusive rights to trademarks and service marks | 5133 | - | - | 11 |
| other protected results of intellectual property and individualization means | 5134 | 54 | 42 | 12 |
| goodwill | 5135 | - | - | - |

1.4. Availability and flow of R&D results

| Indicator | Code | Period | At year beginning | | Changes during the period | | | | At period end | |
|-------------|-------------|-----------------|-------------------|--|---------------------------|-----------------|--|---|-----------------|--|
| | | | historical cost | part of the cost written off to expenses | received | retired | | part of the cost written off to expenses for the period | historical cost | part of the cost written off to expenses |
| | | | | | | historical cost | part of the cost written off to expenses | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| R&D – total | 5140 | for 2019 | 710 135 | (664 350) | 3 254 | - | - | (48 743) | 713 389 | (713 093) |
| | 5150 | for 2018 | 664 350 | (406 321) | 45 785 | - | - | (258 029) | 710 135 | (664 350) |

1.5. R&D in progress, non-finalized R&D, acquisition of intangible assets in progress

| Indicator | Code | Period | At year beginning | Changes during the period | | | At period end |
|--|-------------|-----------------|-------------------|---------------------------|---|----------------------------|---------------|
| | | | | expenses for the period | expenses written off as those with negative results | recorded as assets/retired | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Expenses on research and development in progress – total | 5160 | for 2019 | 53 970 | 16 566 | - | (57 237) | 13 299 |
| | 5170 | for 2018 | 9 774 | 99 759 | - | (55 563) | 53 970 |
| Acquisition of intangible assets in progress – total | 5180 | for 2019 | 57 136 | 15 854 | - | (55 332) | 17 658 |
| | 5190 | for 2018 | 123 712 | 87 963 | (1 497) | (153 042) | 57 136 |
| including advances issued for intangible assets | 5181 | for 2019 | 2 537 | - | - | (2 537) | 0 |
| | 51901 | for 2018 | 12 485 | - | - | (9 948) | 2 537 |

1.6. Intangible prospecting assets

| Indicator | Code | Period | At year beginning | Changes during the period | | | | Results of impairment | At period end |
|---|-------|----------|-------------------|-----------------------------------|---|---|------------------|-----------------------|---------------|
| | | | | proceeds and costs for the period | retired | | | | |
| | | | | | costs to be written off when minerals production/license acquisition is recognized as unpromising/impractical | transferred to other non-current assets | other retirement | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Intangible prospecting assets – total | 5191 | for 2019 | 57 899 221 | 11 832 462 | (525 788) | (1 846 254) | (598 966) | (122 793) | 66 637 882 |
| | 5192 | for 2018 | 47 979 317 | 10 852 682 | (1 659 293) | - | (36 110) | 762 625 | 57 899 221 |
| including: licenses | 51910 | for 2019 | 6 191 632 | 1 630 576 | (57 244) | - | - | (349 283) | 7 415 681 |
| | 51920 | for 2018 | 6 354 002 | 66 250 | (211 646) | - | - | (16 974) | 6 191 632 |
| geological exploration | 51911 | for 2019 | 10 612 702 | 1 680 377 | (90 368) | (514 501) | - | (255 959) | 11 432 251 |
| | 51921 | for 2018 | 9 012 222 | 1 547 242 | (230 152) | - | - | 283 390 | 10 612 702 |
| construction of prospecting and exploration wells | 51912 | for 2019 | 40 495 921 | 8 520 328 | (378 176) | (1 331 753) | - | 482 449 | 47 788 769 |
| | 51922 | for 2018 | 32 576 983 | 8 640 224 | (1 217 495) | - | - | 496 209 | 40 495 921 |
| advances issued for construction of prospecting and exploration wells | 51913 | for 2019 | 598 966 | 1 181 | - | - | (598 966) | - | 1 181 |
| | 51923 | for 2018 | 36 110 | 598 966 | - | - | (36 110) | - | 598 966 |

2. Fixed assets

2.1. Availability and flow of fixed assets

| Indicator | Code | Period | At year beginning | | Changes during the period | | | | | | At period end | |
|--|-------------|-----------------|----------------------|--------------------------|---------------------------|---------------------|--------------------------|----------------------|--------------------|--------------------------|----------------------|--------------------------|
| | | | historical cost | accumulated depreciation | received | items retired | | accrued depreciation | revaluation | | historical cost | accumulated depreciation |
| | | | | | | historical cost | accumulated depreciation | | historical cost | accumulated depreciation | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Fixed assets (net of income yielding investments in tangible assets) – total | 5200 | for 2019 | 3 670 268 616 | (2 848 457 107) | 185 624 870 | (40 178 749) | 38 370 786 | (137 036 753) | 23 197 873 | (25 349 729) | 3 838 912 610 | (2 972 472 803) |
| | 5210 | for 2018 | 3 510 271 044 | (2 724 118 626) | 190 719 205 | (36 902 407) | 35 633 068 | (154 614 455) | 6 180 774 | (5 357 094) | 3 670 268 616 | (2 848 457 107) |
| including: land and objects of environmental management | 5201 | for 2019 | 13 890 429 | - | - | (6 590) | - | - | (1 949 758) | - | 11 934 081 | - |
| | 5211 | for 2018 | 14 018 775 | - | - | (130 914) | - | - | 2 568 | - | 13 890 429 | - |
| buildings, structures and transfer mechanisms | 5202 | for 2019 | 2 984 908 698 | (2 299 711 051) | 149 408 301 | (5 931 445) | 4 351 154 | (108 690 471) | (1 824 605) | 1 295 775 | 3 126 560 949 | (2 402 754 593) |
| | 5212 | for 2018 | 2 852 693 912 | (2 199 303 864) | 151 147 250 | (16 292 482) | 15 324 943 | (118 374 559) | (2 639 982) | 2 642 429 | 2 984 908 698 | (2 299 711 051) |
| machinery, equipment and vehicles | 5203 | for 2019 | 665 787 973 | (544 660 451) | 36 007 609 | (34 114 878) | 33 893 933 | (28 012 083) | 26 927 742 | (26 602 290) | 694 608 446 | (565 380 891) |
| | 5213 | for 2018 | 637 968 754 | (520 992 526) | 39 388 327 | (20 364 950) | 20 194 860 | (35 877 649) | 8 795 842 | (7 985 136) | 665 787 973 | (544 660 451) |
| other types of fixed assets | 5204 | for 2019 | 5 681 516 | (4 085 605) | 208 960 | (125 836) | 125 699 | (334 199) | 44 494 | (43 214) | 5 809 134 | (4 337 319) |
| | 5214 | for 2018 | 5 589 603 | (3 822 236) | 183 628 | (114 061) | 113 265 | (362 247) | 22 346 | (14 387) | 5 681 516 | (4 085 605) |
| Recorded as income yielding investments in tangible assets – total | 5220 | for 2019 | 3 272 720 | (815 992) | 45 495 | (25 653) | 6 264 | (215 236) | - | - | 3 292 562 | (1 024 964) |
| | 5230 | for 2018 | 3 272 720 | (600 532) | - | - | - | (215 460) | - | - | 3 272 720 | (815 992) |
| including: property given for temporary use (temporary possession and use) | 5221 | for 2019 | 3 272 720 | (815 992) | 45 495 | (25 653) | 6 264 | (215 236) | - | - | 3 292 562 | (1 024 964) |
| | 5231 | for 2018 | 3 272 720 | (600 532) | - | - | - | (215 460) | - | - | 3 272 720 | (815 992) |

2.2. Capital investments in progress

| Indicator | Code | Period | At year beginning | Changes during the period | | | At period end |
|--|-------------|-----------------|-------------------|---------------------------|--------------------------------|---|-------------------|
| | | | | expenses for the period | delivered for assembly/retired | recorded as fixed assets or increase in the value | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Construction in progress, acquisition, modernization, etc. of fixed assets in progress – total | 5240 | for 2019 | 45 061 804 | 197 847 176 | (10 260 960) | (185 648 200) | 46 999 820 |
| | 5250 | for 2018 | 49 857 453 | 195 275 912 | (9 448 428) | (190 623 133) | 45 061 804 |
| including: equipment requiring assembly | 5241 | for 2019 | 2 746 014 | 11 139 061 | (9 471 278) | - | 4 413 797 |
| | 5251 | for 2018 | 3 163 887 | 8 391 059 | (8 808 932) | - | 2 746 014 |
| acquisition of land and objects of environmental management | 5242 | for 2019 | 372 | 22 | - | - | 394 |
| | 5252 | for 2018 | 372 | - | - | - | 372 |
| acquisition of fixed assets | 5243 | for 2019 | 455 111 | 25 784 440 | - | (25 079 207) | 1 160 344 |
| | 5253 | for 2018 | 1 148 488 | 27 595 694 | - | (28 289 071) | 455 111 |
| construction in progress, including proprietary manufacturing of fixed assets | 5244 | for 2019 | 41 734 823 | 160 790 307 | (664 203) | (160 568 993) | 41 291 934 |
| | 5254 | for 2018 | 45 292 469 | 159 166 460 | (390 044) | (162 334 062) | 41 734 823 |
| advances issued for capital construction | 5245 | for 2019 | 125 484 | 133 346 | (125 479) | - | 133 351 |
| | 5255 | for 2018 | 252 237 | 122 699 | (249 452) | - | 125 484 |

2.3. Change in the value of fixed assets resulting from additional construction, equipping, reconstruction, and partial liquidation

| Indicator | Code | For 2019 | For 2018 |
|--|-------------|--------------------|--------------------|
| 1 | 2 | 3 | 4 |
| Increase in the value of fixed assets resulting from additional construction, equipping, reconstruction – total | 5260 | 35 241 484 | 37 228 006 |
| including: | | | |
| buildings, structures and transfer mechanisms | 5261 | 34 223 422 | 36 008 680 |
| machinery, equipment and vehicles | 5262 | 1 017 599 | 1 217 267 |
| other fixed assets | 5263 | 463 | 2 059 |
| Decrease in the value of fixed assets resulting from partial liquidation – total: | 5270 | (7 918 306) | (6 531 470) |
| including: | | | |
| buildings, structures and transfer mechanisms | 5271 | (5 544 270) | (5 025 184) |
| machinery, equipment and vehicles | 5272 | (2 373 041) | (1 506 174) |
| other fixed assets | 5273 | (995) | (112) |

2.4. Other use of fixed assets

| Indicator | Code | As of 31.12.2019 | As of 31.12.2018 | as of 31.12.2017 |
|--|------|------------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| Leased fixed assets on the balance | 5280 | 15 995 912 | 16 047 841 | 16 145 062 |
| Leased fixed assets off the balance | 5281 | - | - | - |
| Fixed assets on the balance received under lease | 5282 | - | - | - |
| Fixed assets off the balance received under lease | 5283 | 18 068 959 | 18 388 808 | 18 401 849 |
| Real estate accepted for operation and actually used, currently in the process of state registration | 5284 | 10 389 871 | 7 986 395 | 5 007 773 |
| Fixed assets transferred for preservation | 5285 | 129 684 654 | 114 828 400 | 97 210 655 |
| Other use of fixed assets | 5286 | - | - | - |

3.1. Availability and flow of financial investments

[illegible]

| | | | | | | | | | | | | | |
|---|------|----------|---------------|-------------|---------------|---------------|---|---|-------------|---------------|--------------|---------------|-------------|
| Short-term – total | 5305 | for 2019 | 807 894 926 | - | 23 313 309 | (688 575 049) | - | - | - | (70 302 995) | 678 585 950 | 750 916 141 | - |
| | 5315 | for 2018 | 765 615 792 | - | 382 267 | (813 504 033) | - | - | - | 119 845 725 | 735 555 175 | 807 894 926 | - |
| including: securities issued by other organizations | 5306 | for 2019 | - | - | - | - | - | - | - | - | - | - | - |
| | 5316 | for 2018 | - | - | - | - | - | - | - | - | - | - | - |
| loans granted | 5307 | for 2019 | 75 119 037 | - | 439 | (6 821 883) | - | - | - | - | (68 297 593) | 0 | - |
| | 5317 | for 2018 | 27 264 408 | - | 382 267 | (57 900) | - | - | - | - | 47 530 262 | 75 119 037 | - |
| deposits | 5308 | for 2019 | 732 775 889 | - | 23 312 870 | (681 753 166) | - | - | - | (70 302 995) | 746 883 543 | 750 916 141 | - |
| | 5318 | for 2018 | 738 351 384 | - | - | (813 446 133) | - | - | - | 119 845 725 | 688 024 913 | 732 775 889 | - |
| other | 5309 | for 2019 | - | - | - | - | - | - | - | - | - | - | - |
| | 5319 | for 2018 | - | - | - | - | - | - | - | - | - | - | - |
| Financial investments – total | 5300 | for 2019 | 3 070 144 251 | (6 000 000) | 896 805 345 | (695 777 924) | - | - | - | (324 130 384) | - | 2 947 041 288 | (6 000 000) |
| | 5310 | for 2018 | 2 305 523 189 | - | 1 103 584 424 | (814 920 354) | - | - | (6 000 000) | 475 956 992 | - | 3 070 144 251 | (6 000 000) |

3.2. Other use of financial investments

| Indicator | Code | As of 31.12.2019 | As of 31.12.2018 | as of 31.12.2017 |
|--|------|------------------|------------------|------------------|
| Pledged financial investments – total | 5320 | - | - | - |
| including: securities issued by other organizations | 5321 | - | - | - |
| incl. debt securities (bonds, bills of exchange) | 5322 | - | - | - |

4. Stocks

4.1. Availability and flow of stock

| Indicator | Code | Period | At year beginning | | Changes during the period | | | | | At period end | |
|--|-------------|-----------------|--------------------|------------------------------------|---------------------------|------------------------|------------------------------------|------------------------------------|---|--------------------|------------------------------------|
| | | | production costs | reserve for decreases in the value | proceeds and costs | retired | | losses from decreases in the value | stock turnover among their groups (types) | production costs | reserve for decreases in the value |
| | | | | | | production costs | reserve for decreases in the value | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Stocks – total | 5400 | for 2019 | 107 542 166 | (1 221) | 1 891 316 645 | (1 893 046 067) | 1 221 | - | - | 105 812 744 | - |
| | 5420 | for 2018 | 86 966 283 | (1 233) | 1 885 979 249 | (1 865 403 366) | 12 | - | - | 107 542 166 | (1 221) |
| including: raw materials, supplies and other similar values | 5401 | for 2019 | 64 307 683 | (1 221) | 135 847 580 | (454 948 427) | 1 221 | - | 330 903 955 | 76 110 791 | - |
| | 5421 | for 2018 | 61 345 609 | (1 233) | 113 868 578 | (424 975 950) | 12 | - | 314 069 446 | 64 307 683 | (1 221) |
| work-in-progress expenses | 5402 | for 2019 | 6 161 215 | - | 4 818 941 | (4 352 306) | - | - | - | 6 627 850 | - |
| | 5422 | for 2018 | 3 069 327 | - | 4 190 180 | (1 098 292) | - | - | - | 6 161 215 | - |
| finished goods | 5403 | for 2019 | 16 923 045 | - | 1 393 343 594 | (258 665 561) | - | - | (1 137 348 036) | 14 253 042 | - |
| | 5423 | for 2018 | 10 194 114 | - | 1 345 527 935 | (274 190 845) | - | - | (1 064 608 159) | 16 923 045 | - |
| goods for resale | 5404 | for 2019 | 259 289 | - | 1 227 270 | (1 251 526) | - | - | - | 235 033 | - |
| | 5424 | for 2018 | 257 103 | - | 1 105 936 | (1 103 750) | - | - | - | 259 289 | - |
| goods shipped | 5405 | for 2019 | 4 075 876 | - | 125 024 | (806 744 200) | - | - | 806 444 081 | 3 900 781 | - |
| | 5425 | for 2018 | 2 634 013 | - | 148 635 | (749 245 485) | - | - | 750 538 713 | 4 075 876 | - |
| deferred expenses | 5406 | for 2019 | 691 965 | - | 1 910 585 | (1 908 522) | - | - | - | 694 028 | - |
| | 5426 | for 2018 | 628 318 | - | 1 901 081 | (1 837 434) | - | - | - | 691 965 | - |
| other stock and costs | 5407 | for 2019 | 15 123 093 | - | 354 043 651 | (365 175 525) | - | - | - | 3 991 219 | - |
| | 5427 | for 2018 | 8 837 799 | - | 419 236 904 | (412 951 610) | - | - | - | 15 123 093 | - |

4.2. Pledged stock

| Indicator | Code | As of 31.12.2019 | As of 31.12.2018 | as of 31.12.2017 |
|--|------|------------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| Stock unpaid at the reporting date – total | 5440 | - | - | - |
| Pledged stock under contract – total | 5445 | - | - | - |

5. Accounts receivable and payable

5.1. Availability and flow of accounts receivable

| Indicator | Code | Period | At year beginning | | Changes during the period | | | | | | | | At period end | |
|--|-------------|-----------------|---|----------------------------|--|--|----------------------|---------------------------------|---------------------|--------------------------------|------------------|---|---|----------------------------|
| | | | recorded as per contract terms and conditions | reserve for doubtful debts | received | | retired | | | | reserve creation | transferred from long-term to short-term debt | recorded as per contract terms and conditions | reserve for doubtful debts |
| | | | | | resulting from business transactions (the amount of debt under a transaction or operation) | interest, fines, and other charges due | paid off | written off to financial result | reserve restoration | written off to reserve amounts | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Long-term accounts receivable – total | 5501 | for 2019 | 84 773 011 | - | 71 479 275 | - | (126 478) | - | - | - | - | (61 464 941) | 94 660 867 | - |
| | 5521 | for 2018 | 86 572 353 | - | 90 559 626 | - | (150 280) | - | - | - | - | (92 208 688) | 84 773 011 | - |
| including: settlements with buyers and customers | 5502 | for 2019 | 470 232 | - | 10 711 | - | (107 510) | - | - | - | - | (18 597) | 354 836 | - |
| | 5522 | for 2018 | 426 624 | - | 1 850 | - | (123 307) | - | - | - | - | 165 065 | 470 232 | - |
| advances paid | 5503 | for 2019 | 1 872 | - | 40 | - | - | - | - | - | - | - | 1 912 | - |
| | 5523 | for 2018 | 1 105 638 | - | 28 | - | - | - | - | - | - | (1 103 794) | 1 872 | - |
| other | 5504 | for 2019 | 84 300 907 | - | 71 468 524 | - | (18 968) | - | - | - | - | (61 446 344) | 94 304 119 | - |
| | 5524 | for 2018 | 85 040 091 | - | 90 557 748 | - | (26 973) | - | - | - | - | (91 269 959) | 84 300 907 | - |
| Short-term accounts receivable – total | 5510 | for 2019 | 226 680 154 | (181 547) | 137 073 761 | 29 | (226 495 438) | (580) | 14 420 | (11 038) | (216 723) | 61 464 941 | 198 711 829 | (372 812) |
| | 5530 | for 2018 | 195 131 670 | (55 552) | 135 280 338 | 665 | (195 939 586) | (1 621) | 37 | - | (126 032) | 92 208 688 | 226 680 154 | (181 547) |
| including: settlements with buyers and customers | 5511 | for 2019 | 111 148 934 | (221) | 97 688 374 | 29 | (111 165 222) | (27) | - | - | - | 18 597 | 97 690 685 | (221) |
| | 5531 | for 2018 | 91 079 176 | (51) | 111 144 934 | 665 | (90 910 776) | - | - | - | (170) | (165 065) | 111 148 934 | (221) |
| advances paid | 5512 | for 2019 | 7 174 822 | - | 9 612 464 | - | (7 163 317) | - | - | - | - | - | 9 623 969 | - |
| | 5532 | for 2018 | 6 423 763 | - | 7 152 185 | - | (7 504 920) | - | - | - | - | 1 103 794 | 7 174 822 | - |

| Indicator | Code | Period | At year beginning | | Changes during the period | | | | | | | | At period end | |
|--------------------------------|-------------|-----------------|---|----------------------------|--|--|----------------------|---------------------------------|---------------------|--------------------------------|------------------|---|---|----------------------------|
| | | | recorded as per contract terms and conditions | reserve for doubtful debts | received | | retired | | | | reserve creation | transferred from long-term to short-term debt | recorded as per contract terms and conditions | reserve for doubtful debts |
| | | | | | resulting from business transactions (the amount of debt under a transaction or operation) | interest, fines, and other charges due | paid off | written off to financial result | reserve restoration | written off to reserve amounts | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| settlements with incorporators | 5513 | for 2019 | - | - | - | - | - | - | - | - | - | - | - | - |
| | 5534 | for 2018 | - | - | - | - | - | - | - | - | - | - | - | - |
| other | 5514 | for 2019 | 108 356 398 | (181 326) | 29 772 923 | - | (108 166 899) | (553) | 14 420 | (11 038) | (216 723) | 61 446 344 | 91 397 175 | (372 591) |
| | 5534 | for 2018 | 97 628 731 | (55 501) | 16 983 219 | - | (97 523 890) | (1 621) | 37 | - | (125 862) | 91 269 959 | 108 356 398 | (181 326) |
| Total | 5500 | for 2019 | 311 453 165 | (181 547) | 208 553 036 | 29 | (226 621 916) | (580) | 14 420 | (11 038) | (216 723) | - | 293 372 696 | (372 812) |
| | 5520 | for 2018 | 281 704 023 | (55 552) | 225 839 964 | 665 | (196 089 866) | (1 621) | 37 | - | (126 032) | - | 311 453 165 | (181 547) |

5.2. Overdue accounts receivable

| Indicator | Code | As of 31.12.2019 | | As of 31.12.2018 | | as of 31.12.2017 | |
|---|-------------|---|---------------|---|----------------|---|------------|
| | | recorded as per contract terms and conditions | book value | recorded as per contract terms and conditions | book value | recorded as per contract terms and conditions | book value |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Total | 5540 | 386 674 | 13 862 | 515 972 | 334 425 | 55 830 | 278 |
| including: settlements with buyers and customers | 5541 | 13 940 | 13 719 | 324 969 | 324 748 | 329 | 278 |
| advances paid | 5542 | 143 | 143 | 9 677 | 9 677 | - | - |
| other | 5543 | 372 591 | - | 181 326 | - | 55 501 | - |

5.3. Availability and flow of accounts payable

| Indicator | Code | Period | Balance at year beginning | Changes during the period | | | | | Balance at period end |
|---|------|----------|---------------------------|--|--|---------------|---------------------------------|---|-----------------------|
| | | | | received | | retired | | transferred from long-term to short-term debt | |
| | | | | resulting from business transactions (the amount of debt under a transaction or operation) | interest, fines, and other charges due | paid off | written off to financial result | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Long-term accounts payable – total | 5551 | for 2019 | 94 669 773 | 1 411 759 | - | - | - | 80 | 96 081 612 |
| | 5571 | for 2018 | 81 480 978 | 13 213 933 | - | - | - | (25 138) | 94 669 773 |
| including: settlements with suppliers and contractors | 5552 | for 2019 | - | - | - | - | - | - | - |
| | 5572 | for 2018 | 25 128 | - | - | - | - | (25 128) | 0 |
| advances received | 5553 | for 2019 | 8 | 80 | - | - | - | 80 | 168 |
| | 5573 | for 2018 | 14 | 4 | - | - | - | (10) | 8 |
| borrowings and loans | 5554 | for 2019 | - | - | - | - | - | - | - |
| | 5574 | for 2018 | - | - | - | - | - | - | - |
| deferred tax liabilities | 5555 | for 2019 | 94 495 005 | 1 411 679 | - | - | - | - | 95 906 684 |
| | 5575 | for 2018 | 81 281 076 | 13 213 929 | - | - | - | - | 94 495 005 |
| other | 5556 | for 2019 | 174 760 | - | - | - | - | - | 174 760 |
| | 5576 | for 2018 | 174 760 | - | - | - | - | - | 174 760 |
| Short-term accounts payable – total | 5560 | for 2019 | 153 562 013 | 137 928 970 | 5 | (153 212 135) | (9 156) | (80) | 138 269 617 |
| | 5580 | for 2018 | 117 173 980 | 152 152 779 | - | (115 733 499) | (56 385) | 25 138 | 153 562 013 |
| including: settlements with suppliers and contractors | 5561 | for 2019 | 22 511 138 | 21 127 132 | 5 | (22 341 498) | (9 005) | - | 21 287 772 |
| | 5581 | for 2018 | 17 993 363 | 21 691 911 | - | (17 143 251) | (56 013) | 25 128 | 22 511 138 |
| advances received | 5562 | for 2019 | 30 026 335 | 23 886 514 | - | (30 023 313) | (2) | (80) | 23 889 454 |
| | 5582 | for 2018 | 20 639 005 | 30 025 139 | - | (20 637 703) | (116) | 10 | 30 026 335 |
| taxes, charges, payments to | 5563 | for 2019 | 85 544 570 | 76 767 819 | - | (85 544 570) | - | - | 76 767 819 |

| | | | | | | | | | |
|---|------|----------|------------|------------|---|--------------|---|---|------------|
| the budget and state non-budget funds settlements | 5583 | for 2018 | 62 695 083 | 85 544 570 | - | (62 695 083) | - | - | 85 544 570 |
|---|------|----------|------------|------------|---|--------------|---|---|------------|

| Indicator | Code | Period | Balance at year beginning | Changes during the period | | | | | Balance at period end |
|---|------|----------|---------------------------|--|--|---------------|---------------------------------|---|-----------------------|
| | | | | received | | retired | | transferred from long-term to short-term debt | |
| | | | | resulting from business transactions (the amount of debt under a transaction or operation) | interest, fines, and other charges due | paid off | written off to financial result | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| settlements with incorporators for income payment | 5564 | for 2019 | 726 158 | 617 986 | - | (551 239) | - | - | 792 905 |
| | 5584 | for 2018 | 1 263 021 | 138 219 | - | (675 082) | - | - | 726 158 |
| borrowings and loans | 5565 | for 2019 | - | - | - | - | - | - | - |
| | 5585 | for 2018 | - | - | - | - | - | - | - |
| other | 5566 | for 2019 | 14 753 812 | 15 529 519 | - | (14 751 515) | (149) | - | 15 531 667 |
| | 5586 | for 2018 | 14 583 508 | 14 752 940 | - | (14 582 380) | (256) | - | 14 753 812 |
| Total | 5550 | for 2019 | 248 231 786 | 139 340 729 | 5 | (153 212 135) | (9 156) | - | 234 351 229 |
| | 5570 | for 2018 | 198 654 958 | 165 366 712 | - | (115 733 499) | (56 385) | - | 248 231 786 |

5.4. Overdue accounts payable

| Indicator | Code | As of 31.12.2019 | As of 31.12.2018 | as of 31.12.2017 |
|--|-------------|------------------|------------------|------------------|
| 1 | 2 | 3 | 4 | 5 |
| Total | 5590 | 296 095 | 451 073 | 66 497 |
| including: | | | | |
| settlements with suppliers and contractors | 5591 | 296 095 | 451 073 | 66 497 |
| borrowings and loans | 5592 | - | - | - |
| advances received | 5593 | - | - | - |
| other | 5594 | - | - | - |

6. Costs of production

| Indicator | Code | For 2019 | For 2018 |
|--|-------------|----------------------|----------------------|
| 1 | 2 | 3 | 4 |
| Material expenses | 5610 | 245 022 619 | 221 050 163 |
| Remuneration of labor | 5620 | 97 690 563 | 95 879 713 |
| Social expenditures | 5630 | 22 243 036 | 21 510 446 |
| Depreciation | 5640 | 127 586 299 | 142 701 568 |
| Other costs | 5650 | 674 505 851 | 669 588 129 |
| Total for the elements | 5660 | 1 167 048 368 | 1 150 730 019 |
| Change in balances (increase [–], decrease [+]): for work-in-progress, finished goods, etc. | 5670 | 13 547 878 | (17 569 357) |
| Total expenses for ordinary activities | 5600 | 1 180 596 246 | 1 133 160 662 |

7. Estimated liabilities

| Indicator | Code | Balance at year beginning | Recognized | Paid off | Written off as extra amount | Balance at period end |
|---|-------------|---------------------------|-------------------|---------------------|-----------------------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Estimated liabilities – total | 5700 | 14 025 450 | 21 603 192 | (20 778 101) | (685 576) | 14 164 965 |
| Long-term estimated liabilities – total | 5701 | - | - | - | - | - |
| including: reserves for future expenses/reserves for assets liquidation | 5702 | - | - | - | - | - |
| reserves for future expenses/reserves for reclamation of disturbed lands | 5703 | - | - | - | - | - |
| Short-term estimated liabilities – total | 5704 | 14 025 450 | 21 603 192 | (20 778 101) | (685 576) | 14 164 965 |
| including: reserves for future expenses/reserves for vacation payments to employees | 5705 | 14 025 450 | 21 603 192 | (20 778 101) | (685 576) | 14 164 965 |
| reserves for future expenses/reserves for reclamation of disturbed lands | 5706 | - | - | - | - | - |

8. Collateral for obligations

| Indicator | Code | As of 31.12.2019 | As of 31.12.2018 | As of 31.12.2017 |
|--|-------------|-------------------|-------------------|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Received – total | 5800 | 1 113 756 | 1 750 780 | 2 017 082 |
| including: fixed assets | 5801 | - | - | - |
| securities and other financial investments | 5802 | - | - | - |
| other | 5803 | 1 113 756 | 1 750 780 | 2 017 082 |
| Granted – total | 5810 | 22 923 749 | 22 005 525 | 21 687 529 |
| including: securities and other financial investments | 5811 | - | - | - |
| other | 5812 | 22 923 749 | 22 005 525 | 21 687 529 |

9. Government aid

| Indicator | Code | For 2019 | | For 2018 | |
|---|-------------|--------------------------|---------------------------------|-------------------------------|--------------------|
| 1 | 2 | 3 | | 4 | |
| Budgetary funds received – total | 5900 | 544 113 | | 522 749 | |
| including: | | | | | |
| for current expenses | 5901 | 176 663 | | 106 825 | |
| for investments in non-current assets | 5905 | 367 450 | | 415 924 | |
| Budgetary loans – total | | At year beginning | Received during the year | Repaid during the year | At year end |
| | <u>2019</u> | 5910 | - | - | - |
| | <u>2018</u> | 5920 | - | - | - |
| including: | | | | | |
| | <u>2019</u> | 5911 | - | - | - |
| | <u>2018</u> | 5921 | - | - | - |

First Deputy
Director General “Surgutneftegas” PJSC
on Finance and Taxation

(signature)

V.G.Barankov
(printed name)

Chief Accountant
“Surgutneftegas” PJSC

(signature)

A.V.Druchinin
(printed name)

“27” March 2020

Notes
to the Balance Sheet and the Income Statement of
“Surgutneftegas” Public Joint Stock Company for 2019
(text form)

1. General Information on “Surgutneftegas” PJSC

Location: ul.Grigoriya Kukuyevitskogo, 1, building 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation.

Location of the issuer’s continuing executive body: ul.Grigoriya Kukuyevitskogo, 1, building 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation.

Mailing address: 628415, Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, building 1.

Full corporate name: “Surgutneftegas” Public Joint Stock Company.

Abbreviated corporate name: “Surgutneftegas” PJSC.

Date of introduction of the existing name: 03.07.2018.

Grounds for introduction of the corporate name: Federal Law of the Russian Federation No. 208-FZ dated 26.12.1995 “On Joint Stock Companies”.

State registration of the issuer:

Initial state registration:

State registration number: 12-4782.

Date of state registration: 27.06.1996.

Body that conducted the state registration: Administration of the city of Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast.

Registration of the legal entity:

Main state registration number of the legal entity: 1028600584540.

Registration date: 18.09.2002.

Name of the registration authority: Inspectorate of the Ministry of Taxation of the Russian Federation for Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra.

1.1. Core operations of “Surgutneftegas” PJSC

Core operations of “Surgutneftegas” PJSC (hereinafter – the Company) include:

crude oil, petroleum (associated) and natural gas production;
processing and marketing of oil and gas as well as their products and other related activities.

1.2. Management structure of the Company

General Shareholders’ Meeting of the Company.

Board of Directors of the Company.

Executive body of the Company (Director General).

The General Shareholders’ Meeting of the Company is the supreme management body of the Company.

Members of the Board of Directors:
 Erokhin Vladimir Petrovich (Chairperson)
 Bogdanov Vladimir Leonidovich
 Bulanov Alexander Nikolaevich
 Dinichenko Ivan Kalistratovich
 Egorov Valery Nikolaevich
 Krivosheev Viktor Mikhailovich
 Matveev Nikolai Ivanovich
 Mukhamadeev Georgy Rashitovich
 Usmanov Ildus Shagalievich.

Additional information is available at the website: www.surgutneftegas.ru.

Individual executive body of the Company:
 Bogdanov Vladimir Leonidovich – Director General.

1.3. Members of the Company's Auditing Committee

Oleynik Tamara Fedorovna
 Prishchepova Lyudmila Arkadyevna
 Musikhina Valentina Viktorovna

1.4. Number of the Company's employees

The average number of employees for 2019 was 101 653 people.

2. Information on accounting policy and amendments thereto

The accounting policy of "Surgutneftegas" PJSC for 2019 for accounting purposes complies with the legislation of the Russian Federation on accounting.

The accounting policy for 2019 has not undergone any significant amendments. Amendments in the Company's accounting policy are made subject to any amendments in the legislation of the Russian Federation and (or) accounting legal regulations when the Company develops or chooses a new method for accounting, which, when applied, increases the quality of information on an object of accounting and significant amendments in the operational conditions of the Company.

Significant methods for accounting are disclosed in the relevant sections of the Notes to the Company's Balance Sheet and the Income Statement.

3. Notes to the Balance Sheet Items

3.1. Intangible assets (hereinafter – IA)

The Company's IA include:
 exclusive rights to invention, industrial prototype, utility model;
 exclusive rights to computer programs and databases;
 exclusive rights to trademarks and service marks;
 other protected results of intellectual activities and individualization means.

Intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded.

The cost of IA is redeemed through accrued amortization under the straight-line method within the fixed period of their useful life.

The useful life of IA is determined when an item is entered in accounting records based on the term of a patent or certificate, and other limitations for the useful life of intellectual property in accordance with the legislation of the Russian Federation, and the expected useful life of such an item during which the Company expects to obtain economic benefits (income).

The Company does not have intangible assets with an indefinite useful life.

The useful life of IA is checked by the Company annually during inventory to see whether it needs to be adjusted. If the duration of the period during which the Company expects to use the asset changes by more than 5%, the useful life of such asset shall be adjusted.

Changes in estimated values caused by this are shown in prospect.

Intangible assets are not revalued and not tested for impairment.

In the Balance Sheet, IA are recorded at residual value with advances issued to acquire and make IA, as well as costs of creation (acquisition) of IA.

Information on availability and flow of intangible assets is given in Tables 1.1, 1.2, 1.3, 1.5 of the Notes to the Balance Sheet and the Income Statement (table form).

3.2. Research and Development Engineering (R&D)

The historical cost of R&D assets is the amount of actual expenses on their acquisition or development.

R&D cost is written off as cost of production of goods (performing of works, rendering of services) evenly under the straight-line method within the fixed period of their expected useful life (but within 5 years) from the first day of a month following the month when the R&D results were first applied.

Once R&D results have ceased to be used and when there is a clear proof that the use of R&D results will not bring economic benefits in the future, the residual value of R&D assets is subject to write-off as other expenses.

The Balance Sheet includes finalized R&D as well as R&D in progress (non-finalized R&D) recognized in investments in non-current assets.

Information on availability and flow of R&D results is given in Tables 1.4, 1.5 of the Notes to the Balance Sheet and the Income Statement (table form).

3.3. Intangible prospecting assets

Intangible prospecting assets include prospecting costs (costs of prospecting, appraisal of hydrocarbon fields and hydrocarbon resources exploration) associated with acquisition of licenses, paid for discovery of hydrocarbon fields and preliminary appraisal of reserves.

Prospecting costs paid by the Company for discovery of hydrocarbon fields and preliminary appraisal of reserves before production was proved to be commercially feasible are accumulated within a group of objects in every license block and recorded as investments in non-current assets.

Intangible prospecting assets are not amortized during prospecting, appraisal of hydrocarbon fields and hydrocarbon resources exploration, except for licenses which authorize to carry out prospecting, appraisal of hydrocarbon fields and hydrocarbon resources exploration.

Part of the cost of licenses which authorize to carry out prospecting and appraisal of hydrocarbon fields and hydrocarbon resources exploration is transferred equally during the term of these licenses and is included in the costs for creation of an exploration asset.

As of December 31, the Company analyzes factors which imply potential impairment of intangible prospecting assets.

Intangible prospecting assets are not revalued.

The Company's intangible prospecting assets are ceased to be recognized in relation to a certain subsoil area when hydrocarbon production is proved to be commercially feasible or recognized as unpromising.

If production of hydrocarbons in a relevant license area (field) is proved to be commercially feasible, intangible prospecting asset is tested for impairment and transferred to fixed assets or other non-current assets:

prospecting and exploration wells built in the process of formation of intangible prospecting assets and recognized by the Company as suitable for further use in production activity are recorded as fixed assets;

prospecting costs for discovery of hydrocarbon fields and preliminary appraisal of reserves form the value of exploration assets.

If production of hydrocarbons in the relative license area (field) is recognized as unpromising, the value of intangible prospecting assets constitutes the part of the Company's other expenses.

In the Balance Sheet, intangible prospecting assets are recorded with regard to advances issued.

Information on intangible prospecting assets is given in Table 1.6 of the Notes to the Balance Sheet and the Income Statement (table form).

3.4. Fixed assets and capital investments in progress

Assets are recorded as fixed assets if the requirements defined in Clause 4 of Accounting Regulations "Accounting of fixed assets" PBU 6/01 approved by Order of the Ministry of Finance of the Russian Federation No. 26n dated 30.03.2001 are all met.

The historical (replacement) cost of fixed assets recorded before 01.01.2002 is redeemed according to the procedure valid at the time when such assets were recorded, through depreciation under the straight-line method in conformity with depreciation rates for complete repair approved by Resolution No. 1072 of the USSR Council of Ministers dated 22.10.1990.

The historical (replacement) cost of fixed assets recorded on or after 01.01.2002 is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of the useful life of such assets determined when such assets are entered in accounting records.

The following fixed assets are not depreciated:

objects with consumer properties that do not vary with time (land, objects of environmental management, etc.);

inactive objects that are not used in production of goods, performing of works, rendering of services.

In the Balance Sheet, fixed assets are recorded at residual value with regard to advances issued for construction, acquisition, production of fixed assets. This line also shows capital investments in progress that were made in the facilities which later will be recorded as fixed assets as well as expenses related to their reconstruction, upgrading, reequipment, etc.

Information on availability and flow of fixed assets, capital investments in progress and income yielding investments in tangible assets is given in Tables 2.1, 2.2, 2.3, 2.4 of the Notes to the Balance Sheet and the Income Statement (table form).

3.5. Financial investments

Financial investments are recorded by the Company at their historical cost. The historical cost of financial investments acquired at a charge is the amount of the actual costs of their acquisition.

The Company does not evaluate the discounted value of debt securities and loans granted.

When financial investments with current market value not being determined are retired, their value is determined at their historical cost of each unit of financial investments accounting.

When financial investments with current market value being determined are retired, their value is determined on the basis of their current book value.

As of December 31, the Company carries out an inspection for impairment of financial investments (not traded in any established securities market) with current market value that cannot be determined. If the inspection confirms that the cost of financial investments is substantially and persistently reducing (by more than 5%), an impairment reserve for financial investments is formed, for granted loans a reserve for doubtful debts is formed.

In the Balance Sheet the financial investments are recorded net of the formed reserve.

Income from sales of securities, interest and other income are recognized as other income.

Information on financial investments, maturity of which exceeds 12 months after the reporting date, is given in non-current assets in the line "Financial investments". Information on financial investments, maturity of which lies within 12 months after the reporting date, is given in current assets in the line "Financial investments (excluding cash equivalents)".

Treasury shares recognized as ownerless and received by the Company on the basis of the effective court decisions, are recorded in the line "Other current assets".

Long-term financial investments are transferred to short-term investments quarterly as of the date of preparation of the accounting (financial) statements if they mature in less than 12 months. In case of extension of maturity for contracts, short-term financial investments are transferred to long-term investments.

Information on financial investments is given in Tables 3.1, 3.2 of the Notes to the Balance Sheet and the Income Statement (table form).

3.6. Other non-current assets

Other non-current assets of the Company include:
 non-exclusive rights to the use of software products;
 licenses;
 certificates, permissions;
 deferred expenses with the write-off period exceeding 12 months after the reporting date;
 exploration assets.

The value of the exploration asset is charged to the cost of oil and gas production evenly within the fixed period of its useful life starting from the month following the month when the exploration asset was entered in accounting records. The useful life is determined when the asset is entered in accounting record based on its expected life during which the Company expects to obtain economic benefits (income).

In the Balance Sheet, other non-current assets are recorded at residual value.

3.7. Stocks

The Company accepts the following assets as material and production stocks (hereinafter – stocks):

assets used as raw materials, supplies, etc. in production of goods, performing works or rendering services;
 assets for sale.

Stocks are recorded at their actual cost.

Stocks (except for goods and assets with maximum value of RUB 40 000 per item) are written off to production or otherwise retired at their average cost. Assets with maximum value of RUB 40 000 per item are retired at cost of every item.

As of December 31, the Company forms a reserve for decreases in the value of tangible assets for slow moving stocks the market price of which went down during the reporting year or which became obsolete or which lost, either fully or partially, their original qualities.

In the Balance Sheet, stocks are recorded net of the formed reserve.

Information on stocks is given in Tables 4.1, 4.2 of the Notes to the Balance Sheet and the Income Statement (table form).

3.8. Accounts receivable

Accounts receivable include current amounts due to the Company from buyers and customers for finished goods, shipped goods, completed works and rendered services, advances paid under the existing contracts, as well as settlements with the budget and non-budget funds and other receivables.

As of December 31, the Company forms reserves for doubtful debts for accounts receivable if they are not redeemed or if there is a high risk of their non-redemption within the periods established by the contracts, and if they are not duly guaranteed.

Long-term accounts receivable are transferred to short-term accounts receivable if, pursuant to the contract, the term to maturity lies within 12 months

after the reporting date. Similarly, in case of delayed payment the short-term accounts receivable are transferred to long-term ones.

In the Balance Sheet, accounts receivable are recorded net of the formed reserves.

Information on accounts receivable is given in Tables 5.1, 5.2 of the Notes to the Balance Sheet and the Income Statement (table form).

3.9. Cash and cash equivalents

Cash and cash equivalents include balances on ruble and foreign currency settlement accounts, deposits with original maturities up to 3 months under the contract, petty cash and other monetary resources.

| Indicator | thousand RUB | |
|---|------------------|------------------|
| | As of 31.12.2019 | As of 31.12.2018 |
| Cash and cash equivalents, total including: | 173 193 638 | 71 923 660 |
| letters of credit | 306 000 | 800 968 |
| deposits placed for up to 3 months | 160 673 911 | 68 883 327 |
| settlement account | 12 210 447 | 2 233 373 |
| petty cash | 3 276 | 5 979 |
| other monetary resources | 4 | 13 |

Information on availability and flow of cash and cash equivalents in a foreign currency as of the beginning and the end of the reporting period is recorded in the Cash Flow Statement in rubles and are equal to the amount calculated at the official rate of a foreign currency to ruble established by the Central Bank of the Russian Federation as of the date the payment is made or received.

The difference caused by recalculation of cash flows of the Company and balances of cash and cash equivalents in a foreign currency at the exchange rates as of different dates is recorded in Cash Flow Statement in the line "Effect of changes in the exchange rates of foreign currency to the Russian ruble".

Cash Flow Statement contains brief information concerning:

proceeds and payments in connection with quick return, large amounts and short payment periods;

indirect taxes (VAT, excises) as part of proceeds from buyers and customers, payments to suppliers and contractors and payments to the budgetary system of the Russian Federation or reimbursement from it;

other calculations that relate more to the counterparties' activities than to the Company's ones, and (or) when proceeds from some persons determine relevant payments to other persons.

3.10. Capital

The Company's charter capital as of 31.12.2019 is RUB 43 427 993 thousand. The charter capital is divided into 35 725 995 thousand ordinary shares and 7 701 998 thousand preference shares, and is fully paid.

3.11. Deferred and permanent tax assets and liabilities, profit tax

The Company is a responsible member of the consolidated group of taxpayers.

Discovered temporary and permanent differences are determined by the Company based on its income and expenses included in consolidated tax base of the consolidated group of taxpayers subject to provisions of the Tax Code of the Russian Federation for the consolidated group of taxpayers.

The Balance Sheet shows deferred tax assets and deferred tax liabilities with regard to profit tax in detail; the sum of permanent tax liabilities (assets) is recorded in the Income Statement in short form. Provisional profit tax expense totals RUB 19 964 267 thousand.

| Indicator | thousand RUB | | | |
|---------------------------|------------------|-------------|-------------|------------------|
| | As of 31.12.2018 | Derived | Paid off | As of 31.12.2019 |
| Deferred tax assets | 39 534 | 148 676 | (7 188) | 181 022 |
| Deferred tax liabilities | 94 495 005 | 4 155 494 | (2 743 815) | 95 906 684 |
| Permanent tax (assets) | x | (1 191 444) | x | x |
| Permanent tax liabilities | x | - | x | x |

The amount of current tax calculated by the Company based on the tax base included in consolidated tax base of the consolidated group of taxpayers, is recorded in the Income Statement in line 2410 "Current profit tax".

3.12. Accounts payable

Accounts payable include amounts currently due from the Company to suppliers and contractors for delivered tangible assets, completed works and rendered services, for advances received from third parties under the existing contracts, due to the budget and non-budget funds, due to remuneration of labor and other operations.

Long-term accounts payable are transferred to short-term ones if, pursuant to the contract, the term to maturity lies within 12 months after the reporting date. Similarly, in case of a delayed payment the short-term accounts payable are transferred to long-term ones.

Information on accounts payable is given in Tables 5.3, 5.4 of the Notes to the Balance Sheet and the Income Statement (table form).

3.13. Deferred income

This line shows amounts of special purpose financing with regard to commissioned fixed assets.

The charged-off amount of deferred income that is formed using special purpose financing resources is recorded in other income within accumulated depreciation that refers to amounts of special purpose financing.

3.14. Estimated liabilities

The Company creates estimated liabilities which are reserves for future expenses for vacation payments to employees.

Liabilities are expected to be met within 12 months.

Information on estimated liabilities is given in Table 7 of the Notes to the Balance Sheet and the Income Statement (table form).

4. Net assets

| thousand RUB | | |
|-------------------------------|------------------|------------------|
| Indicator | As of 31.12.2019 | As of 31.12.2018 |
| The Company's net asset value | 4 304 845 563 | 4 282 272 774 |

Net asset value is calculated as per Order of the Ministry of Finance of the Russian Federation No. 84n dated 28.08.2014.

5. Notes to the Income Statement

5.1. Revenue, cost

For accounting purposes, revenue from sales of products (goods), works (services) of the Company is recognized pursuant to the Accounting Regulations "Income of an Enterprise" PBU 9/99 approved by Order No. 32n of the Ministry of Finance of the Russian Federation dated 06.05.1999.

Revenue from sales of products (goods), works (services) does not include VAT, excises and export duties.

Expenses related to the sale of oil, gas, oil products and gas refined products are included in selling expenses which are included in the cost of sales or other expenses at the end of a reporting period subject to the type of assets sold.

Business management expenses which are not directly related to the production process are recorded as general expenses, and at the end of the month are charged to the cost of oil, associated petroleum gas and natural gas production.

The Company's revenue accounting for five or more percent of the total income and relative cost of sales:

| thousand RUB | | |
|---------------------------------|---------------|---------------|
| Indicator | For 2019 | For 2018 |
| Revenue (net) from sales, total | 1 555 622 592 | 1 524 947 700 |
| including: | | |
| oil | 1 002 849 192 | 1 011 114 933 |
| oil products | 513 702 766 | 474 803 426 |

| Indicator | For 2019 | For 2018 |
|----------------------|---------------|---------------|
| Cost of sales, total | 1 071 835 567 | 1 033 857 472 |
| including: | | |
| oil | 657 461 562 | 666 715 990 |
| oil products | 379 061 446 | 330 649 217 |

Costs of production (cost of sales, selling expenses) are shown in Table 6 of the Notes to the Balance Sheet and the Income Statement (table form).

5.2. Other income and other expenses

Other income accounting for five and more percent of the Company's total income and relative expenses:

| | thousand RUB | |
|-------------------------------|---------------|---------------|
| | For 2019 | For 2018 |
| Other income | | |
| Total other income | 1 598 220 476 | 2 040 068 002 |
| including: | | |
| foreign exchange transactions | 1 356 496 048 | 1 288 324 977 |
| exchange rate differences | 207 730 971 | 740 532 129 |

| | For 2019 | For 2018 |
|-------------------------------|---------------|---------------|
| Other expenses | | |
| Total expenses | 1 969 041 130 | 1 530 425 890 |
| including: | | |
| foreign exchange transactions | 1 355 068 922 | 1 284 458 451 |
| exchange rate differences | 567 659 233 | 210 974 031 |

To reflect business transactions in a foreign currency (including those to be paid in rubles) the official exchange rate of the relative foreign currency, determined by the Central Bank of the Russian Federation as of the date of transaction, is applied.

Exchange rate differences caused during the year by transactions on assets and liabilities in a foreign currency as well as by revaluation of their cost as of the reporting date are shown as part of other income and expenses.

5.3. Base profit per share

Base profit per share for 2019 is RUB 2,74.

6. Information on segments

Revenue from sales of products (goods), works (services) in the context of reported segments is given below:

| | thousand RUB | |
|---------------------|---------------|---------------|
| Indicator | For 2019 | For 2018 |
| Sales of oil, total | 1 002 849 192 | 1 011 114 933 |
| including: | | |
| export oil sales | 840 440 576 | 792 353 091 |
| domestic oil sales | 162 408 616 | 218 761 842 |

| Indicator | For 2019 | For 2018 |
|--------------------------------|-------------|-------------|
| Sales of oil products | 513 702 766 | 474 803 426 |
| including: | | |
| export sales of oil products | 403 448 874 | 361 342 887 |
| domestic sales of oil products | 110 253 892 | 113 460 539 |

| Indicator | For 2019 | For 2018 |
|--------------------|------------|------------|
| Other sales, total | 39 070 634 | 39 029 341 |

| | | |
|----------------|------------|------------|
| including: | | |
| domestic sales | 39 070 634 | 39 029 341 |

7. Information on related parties

Subsidiaries which activities are affected by the Company and the share in their charter capital held by the Company, %:

LLC "KINEF" – 100,00;
 LLC "Pskovnefteproduct" – 100,00;
 LLC "Kaliningradnefteproduct" – 100,00;
 LLC "MA "Tvernefteproduct" – 100,00;
 LLC "Novgorodnefteproduct" – 100,00;
 LLC "Lengiproneftekhim" – 100,00;
 LLC "Kirishiavtoservis" – 100,00;
 LLC "Surgutmebel" – 100,00;
 JSC BANK SNGB – 97,7591;
 LLC "Media-Invest" – 100,00;
 LLC "Rion" – 100,00.

The full list of affiliates is available at the website: www.surgutneftegas.ru.

Information on operations with subsidiaries for 2019.

Revenue from sales of oil, oil products (including VAT) to the subsidiaries:

| Indicator | thousand RUB | |
|-----------------------|--------------|------------|
| | For 2019 | For 2018 |
| Sales of oil | - | 27 274 158 |
| Sales of oil products | 38 964 194 | 47 034 388 |

Information on remuneration to key management personnel.

Remuneration with the regional coefficient and the Northern allowance included (salary for the reporting period, taxes and other compulsory payments to relevant budgets and non-budget funds accrued to salary, annual paid vacation for work in the reporting period and similar payments) to key management personnel (10 125 people), including business units, authorized and held responsible for planning, management and control of the Company's operations during the reporting period was RUB 36 851 838 thousand.

8. Contingencies

There are no lawsuits or claim disputes where the Company is a participant and which may substantially affect accounting (financial) statements. There is also no information about any economic events related to possible risks of disputes with tax authorities.

9. Subsequent Events

There were no economic events which affected or may affect the financial position, the cash flow or operating results of the Company in the period between the reporting date and the date when the accounting (financial) statements for the reporting period were signed.

10. Joint activity

In 2019, the Company did not enter into contracts with other companies on any joint activity.

Conclusion

The accounting (financial) statements of the Company for 2019 have been prepared in accordance with Federal Law of the Russian Federation No. 402-FZ "On Accounting" dated 06.12.2011, Accounting and Reporting Regulations in the Russian Federation approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated 29.07.1998, the applicable accounting standards of the Russian Federation included in accounting and reporting regulation system in the Russian Federation.

The accounting (financial) statements of the Company are confirmed by the results of assets and liabilities inventory.

First Deputy Director General
"Surgutneftegas" PJSC
on Finance and Taxation

V.G.Barankov

Chief Accountant
"Surgutneftegas" PJSC

A.V.Druchinin

27 March 2020