



Summary Consolidated Financial Statements
Rosneft Oil Company
for the year ended December 31, 2023

with independent auditor's report

Summary Consolidated Financial Statements Rosneft Oil Company

Contents	Page
Independent auditor's report	3
Summary consolidated financial statements	
Summary consolidated balance sheet	5
Summary consolidated statement of profit or loss	6
Summary consolidated statement of cash flows	7
Notes to the summary consolidated financial statements	
1. Basis of preparation	8
2. Significant accounting policies	10
3. Significant accounting judgements, estimations and assumptions	26
4. New and amended standards and interpretations issued but not yet effective	27
5. Property, plant and equipment	28
6. Shareholders' equity	28

Independent auditor's report

To the Shareholders and Board of Directors
of PJSC Rosneft Oil Company

Qualified opinion

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at 31 December 2023, the summary consolidated statement of profit or loss and summary consolidated statement of cash flows for the year then ended, and related notes are derived from the audited consolidated financial statements of PJSC Rosneft Oil Company and its subsidiaries (hereinafter collectively referred to as the "Company") for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards (the "audited consolidated financial statements").

Except for the effects of the matter described in the *Basis for qualified opinion* section, in our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the principles specified in Note 1 "Basis of preparation of the summary interim consolidated financial statements".

Basis for qualified opinion

The Company has not presented comparative information to the summary consolidated balance sheet, the summary consolidated statement of profit and loss, the summary consolidated statement of cash flows and notes to the summary consolidated financial statements, which is inconsistent with the principles for preparing the summary consolidated financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

Audited consolidated financial statements and our auditor's report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 19 February 2024. That report also includes:

- ▶ the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the principles specified in Note 1 "Basis of preparation of the summary interim consolidated financial statements".

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which are conducted in accordance with International Standard on Auditing (ISA) 810 (Revised) *Engagements to Report on Summary Financial Statements*.



Starygina Natalia Gennadiyevna,
acting on behalf of TSATR – Audit Services Limited Liability Company
on the basis of power of attorney w/o number dated 29 September 2022,
partner in charge of the audit resulting in this independent auditor's report
(main registration number 21906108494)

19 February 2024

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the audited entity

Name: PJSC Rosneft Oil Company
Record made in the State Register of Legal Entities on 12 August 2002, State Registration Number 1027700043502.
Address: Russia 115035, Moscow, Sofiyskaya embankment, 26/1.

Rosneft Oil Company

Summary consolidated balance sheet

(in billions of Russian rubles)

	Notes	December 31, 2023
ASSETS		
Current assets		3,839
Non-current assets		
Property, plant and equipment	5	12,639
Other non-current assets		2,309
Total non-current assets		14,948
Total assets		18,787
LIABILITIES AND EQUITY		
Current liabilities		4,832
Non-current liabilities		5,541
Equity		
Share capital		1
Retained earnings	6	5,885
Other funds and reserves		2,528
Total equity		8,414
Total liabilities and equity		18,787

*The accompanying notes to the summary consolidated financial statements are
an integral part of these statements.*

Rosneft Oil Company

Summary consolidated statement of profit or loss

(in billions of Russian rubles, except earnings per share data, and share amounts)

	For the year ended December 31, 2023
Revenues and equity share in profits of associates and joint ventures	
Oil, gas, petroleum products and petrochemicals sales	8,990
Support services, other revenues, equity share in profit of associates and joint ventures	173
Total revenues and equity share in profits of associates and joint ventures	9,163
Costs and expenses	
Production and operating expenses	675
Depreciation, depletion, amortization and impairment	769
Taxes other than income tax	3,156
Other costs and expenses	2,381
Total costs and expenses	6,981
Operating income	2,182
Other expenses	(225)
Income before income tax	1,957
Income tax expense	(428)
Net income	1,529
Net income attributable to Rosneft shareholders	1,267
Net income attributable to Rosneft shareholders, per common share (in RUB) – basic and diluted	133.37
Weighted average number of shares outstanding (millions)	9,500

*The accompanying notes to the summary consolidated financial statements are
an integral part of these statements.*

Rosneft Oil Company

Summary consolidated statement of cash flows

(in billions of Russian rubles)

	For the year ended December 31, 2023
Operating activities	
Net income	1,529
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>	1,236
Net cash provided by operating activities	2,765
Investing activities	
Capital expenditures	(1,297)
Other proceeds from investing activities	104
Net cash used in investing activities	(1,193)
Financing activities	
Proceeds from loans and borrowings	873
Repayment of loans and borrowings	(1,439)
Other financing repayment	(971)
Net cash used in financing activities	(1,537)
Net increase in cash and cash equivalents	35

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

Rosneft Oil Company

Notes to the summary consolidated financial statements

December 31, 2023

(all amounts in tables are in billions of Russian rubles, except as noted otherwise)

1. Basis of preparation

These summary consolidated financial statements were derived from consolidated financial statements of the Company for the year ended December 31, 2023, which were prepared in accordance with International Financial Reporting Standards. The summary financial statements were prepared with a purpose of presentation of consolidated financial position and consolidated financial results of the Company without causing damage to the Company and (or) its partners.

These summary consolidated financial statements consist of:

- Summary consolidated balance sheet as of December 31, 2023;
- Summary consolidated statement of profit or loss for the year ended December 31, 2023;
- Summary consolidated statement of cash flows for the year ended December 31, 2023;
- Notes to the summary consolidated financial statements.

These summary consolidated financial statements for the year ended December 31, 2023, contain information facilitating comprehension of the Company's activities by the users and do not disclose all the information presented in consolidated financial statements of the Company for the year ended December 31, 2023.

Decisions of the management on preparation of the summary consolidated financial statements as well as on the range of sensitive information were made with consideration of the following regulatory legal act #903 *On the temporary procedure for disclosing and providing information by some Russian business entities* dated November 27, 2023.

Furthermore, the following information was withdrawn from the summary consolidated financial statements: statement of other comprehensive income, statement of changes in equity, general information about the Company, information on capital and financial risk management, acquisition and disposals of subsidiaries and joint arrangements, segment information, personnel expenses, non-controlling interest, information about financial instruments, taxes, export customs duties, inventories, finance income and expenses, cash and cash equivalents, accounts receivable and payable, information on funds in settlements and sources of financing, on other non-financial assets and liabilities, on lease agreements, on intangible assets and goodwill, on investments in associates and joint ventures, pension benefit obligations, on related parties transactions, on key subsidiaries, on commitments and contingencies, as well as information on supplementary oil and gas disclosure (unaudited).

Comparative information for the year 2022 is not presented in these summary consolidated financial statements, as it is considered to be sensitive and has not been earlier disclosed for publication in accordance with decree of the Government of the Russian Federation #395 *On specifics of access to information, which is included in governmental informational resource of accounting (financial) statements, and on disclosure of consolidated financial statements* dated March 18, 2022.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

1. Basis of preparation (continued)

The basis of preparation and disclosure of these summary consolidated financial statements are as follows:

These summary consolidated financial statements are intended to summarize and present aggregated information of the consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of cash flows and do not include information on other comprehensive income and on changes in equity.

“Current assets” of the summary consolidated balance sheet includes cash and cash equivalents, restricted cash, other short-term financial assets, accounts receivable, bank loans granted, inventories, value added tax, excise and other taxes receivable, prepayments and other current assets.

“Other non-current assets” of the summary consolidated balance sheet includes right-of-use assets, intangible assets, other non-current financial assets, investments in associates and joint ventures, bank loans granted, deferred tax assets, goodwill and other non-current non-financial assets.

“Current liabilities” of the summary consolidated balance sheet includes accounts payable and accrued liabilities, loans and borrowings and other financial liabilities, income tax liabilities, other tax liabilities, current provisions, prepayments on long-term oil and petroleum products supply agreements and other current liabilities.

“Non-current liabilities” of the summary consolidated balance sheet includes loans and borrowings and other financial liabilities, deferred tax liabilities, non-current provisions, prepayments on long-term oil and petroleum products supply agreements and other non-current liabilities.

“Other funds and reserves” of the summary consolidated balance sheet includes treasury shares, additional paid-in capital, reserve for foreign exchange differences on translation of foreign operations and other funds and reserves.

“Other costs and expenses” of the summary consolidated statement of profit or loss includes the cost of purchased oil, gas, petroleum products, goods for retail and refining costs, general and administrative expenses, transportation costs and other commercial expenses, exploration expenses, export customs duty.

“Other expenses” of the summary consolidated statement of profit or loss includes finance income, finance expenses, other income, other expenses, and foreign exchange differences.

“Other proceeds from investing activities” of the summary consolidated statement of cash flows includes the acquisition of short-term financial assets, proceeds from the sale of short term financial assets, acquisition of long term financial assets, proceeds from the sale of non-current financial assets, proceeds from the sale of subsidiaries, net of cash disposed, proceeds from sale of property, plant and equipment.

“Other financing repayment” of the summary consolidated statement of cash flows includes repayment of other financial liabilities, interest paid, dividends paid.

The summary consolidated financial statements for the year ended December 31, 2023 were approved and authorized for issue by management of the Company on February 19, 2024.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies

The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in accordance with Russian accounting principles in that they reflect certain adjustments, not recorded in the Company's statutory books, which are appropriate for presenting the financial position, results of operations and cash flows in accordance with IFRS. The principal adjustments relate to: (1) recognition of certain expenses; (2) valuation and depreciation of property, plant and equipment; (3) deferred income taxes; (4) impairment of assets; (5) accounting for the time value of money; (6) accounting for investments in oil and gas property and conveyances; (7) consolidation principles; (8) recognition and disclosure of guarantees, contingencies, commitments and certain other assets and liabilities; (9) business combinations and goodwill; (10) accounting for derivative financial instruments; (11) purchase price allocation to the identifiable assets acquired and the liabilities assumed.

The consolidated financial statements include assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries presented as those of a single economic entity. All significant intercompany transactions and balances have been eliminated. The equity method is used to account for investments in associates in which the Company has the ability to exert significant influence over the associates' operating and financial policies. Investments in entities where the Company holds the majority of shares, but control is exercised jointly with other participants, are also accounted for using the equity method. Investments in other companies are accounted for at fair value. Determination of the level of control or influence in the entities where the Company holds a share is carried out taking into account the powers established by the agreement in respect of the investment and the existing rights that provide the Company with the opportunity to manage significant activities at the present time.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The date of acquisition is the date when effective control over the acquiree passes to the Company.

The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability should be treated as measurement-period adjustments if they result from additional information about the facts and circumstances which existed at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability should be recognized within profit or loss for the period if they result from information about the facts and circumstances that occurred after the acquisition date. If the contingent consideration is classified as equity, it should not be re-measured.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the fair value of net identifiable assets acquired and liabilities assumed. If the aggregate of the consideration transferred and the amount of non-controlling interest is lower than the fair value of the net assets of the subsidiary acquired and liabilities assumed, the difference is recognized in profit or loss for the period.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Business combinations and goodwill (continued)

From the date of initial recognition, goodwill is measured at initial cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to the Company's cash-generating units, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

If the Company disposes of a part of a cash generating unit, the goodwill associated with the part disposed of shall be included in the carrying amount of this part when determining the gain or loss on disposal; the above mentioned part of goodwill to be disposed of shall be measured on the basis of the relative values of the part disposed of and the total value of the cash-generating unit.

The Company reassesses whether it controls the investees when facts and circumstances indicate that there are changes to one of the three elements of control.

Associates

Investments in associates are accounted for using the equity method unless they are classified as non-current assets held for sale. Under this method, the carrying value of investments in associates is initially recognized at the acquisition cost.

The carrying value of investments in associates is increased or decreased by the Company's reported share in the profit or loss and other comprehensive income of the investee after the acquisition date. The Company's share in the profit or loss and other comprehensive income of an associate is recognized in the Company's consolidated statement of profit or loss or in the consolidated statement of comprehensive income, respectively. Dividends paid by the associate are accounted for as a reduction of the carrying value of investments.

The Company's net investments in associates include the carrying value of the investments in these associates as well as other long-term investments that, in substance, form part of the Company's net investments in associates. For example, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the Company's investment in that associate. Such items may include preference shares and long-term receivables or loans, but do not include trade receivables, trade payables or any long-term receivables for which adequate collateral exists, such as secured loans. If the share in losses exceeds the carrying value of the investments in associates and the value of other long-term investments related to investments in these associates, the Company ceases to recognize its share in losses when the carrying value reaches zero. Any additional losses are provided for and liabilities are recognized only to the extent that the Company has legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently makes profits, the Company resumes recognizing its share in these profits only after its share of the profits equals the share of losses not recognized.

The carrying value of investments in associates is tested for impairment by reconciling its recoverable amount (the higher of its value in use and fair value less costs to sell) to its carrying value, whenever impairment indicators are identified.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Joint arrangements

The Company participates in joint arrangements either in the form of joint ventures or joint operations.

A joint venture implies that the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture involves establishing a legal entity where the Company and other participants have respective equity interests. Equity interests in joint ventures are accounted for under the equity method, as described above in respect of associates.

The Company's share in net profit or loss and in other comprehensive income of joint ventures is recognized in the consolidated statement of profit or loss and in the consolidated statement of comprehensive income, respectively, from the date when joint control commences until the date when joint control ceases. A joint operation implies that the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in a joint operation the Company recognizes its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, and expenses, including its share of any expenses incurred jointly.

Cash and cash equivalents

Cash represents cash on hand, in the Company's bank accounts, in transit and interest-bearing deposits which can be effectively withdrawn at any time without prior notice or any penalties reducing the principal amount of the deposit. Cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash and have original maturities of three months or less from their date of purchase. They are carried at cost plus accrued interest, which approximates fair value. Restricted cash is presented separately in the consolidated balance sheet if its amount is significant.

Financial assets

The Company recognizes financial assets in its balance sheet when, and only when, it becomes a party to the contractual provisions of the financial instrument. When financial assets are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e. the fair value of consideration paid.

When financial assets are recognized initially, they are classified as one of the following, as appropriate:

- (1) Financial assets at fair value through profit or loss;
- (2) Financial assets at fair value through other comprehensive income; or
- (3) Financial assets at amortised cost.

The Company classifies financial assets on the basis of both the Company's business model for managing the financial assets, as well as the contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular instruments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. In particular, the Company classifies shares of other companies, which are not included in the category of measured at fair value through profit or loss, as financial assets at fair value through other comprehensive income.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Financial assets (continued)

All derivative instruments are recorded in the consolidated balance sheet at fair value in either current financial assets, non-current financial assets, current liabilities related to derivative instruments, or non-current liabilities related to derivative instruments. The recognition and classification of a gain or loss that results from recognition of an adjustment of a derivative instrument at fair value depends on the purpose for issuing or holding the derivative instrument. Gains and losses from derivatives that are not accounted for as hedges under International Financial Reporting Standard ("IFRS") 9 *Financial Instruments* are recognized immediately in the profit or loss for the period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent to initial recognition, the fair value of financial assets at fair value that are quoted in an active market is defined as bid prices for assets and ask prices for issued liabilities as of the measurement date.

If no active market exists for financial assets, the Company measures the fair value using the following methods:

- Analysis of recent transactions with peer instruments between independent parties;
- Current fair value of similar financial instruments;
- Discounting future cash flows.

The discount rate reflects the minimum return on investment an investor is willing to accept before starting an alternative project, given its risk and the opportunity cost of forgoing other projects.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Examples of financial assets that may fall into this category are loans given, accounts receivable, bonds and notes issued by 3rd parties, which are not quoted at active market – if they fulfill the requirements set above.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Dividends and interest income are recognized in the consolidated statement of profit or loss on an accrual basis. The amount of accrued interest income is calculated using the effective interest rate.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Financial assets (continued)

Upon de-recognition of debt financial assets (bonds, notes etc.) classified as financial instruments at fair value through other comprehensive income, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss. In case of equity financial assets (shares, stocks etc.), classified as financial instruments at fair value through other comprehensive income, such cumulative gain or loss shall never be subsequently transferred to profit or loss.

Interest income as a component of finance income is disclosed in the notes to financial statements separately for each category of financial assets.

Regular way purchases and sales of financial assets are accounted for at trade date.

Financial liabilities

The Company recognizes financial liabilities on its balance sheet when, and only when, it becomes a party to the contractual provisions of the financial instrument. When financial liabilities are recognized initially, they are measured at fair value, which is usually the price of the transaction, i.e. the fair value of consideration received.

When financial liabilities are recognized initially, they are classified as one of the following:

- Financial liabilities at fair value through profit or loss;
- Other financial liabilities.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated at this category upon initial recognition.

The Company may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when permitted by IFRS standards and when doing so results in more relevant information.

Financial liabilities not classified as financial liabilities at fair value through profit or loss are designated as other financial liabilities. Other financial liabilities include, inter alia, trade and other accounts payable, and loans and borrowings payable.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognized in profit or loss in the consolidated statement of profit or loss. Other financial liabilities are carried at amortized cost.

The Company removes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying value of a financial liability (or a part of a financial liability) extinguished or transferred to another party and the redemption value, including any transferred non-monetary assets and assumed liabilities, is recognized in profit or loss.

Cash flows from the operating activities of subsidiary banks are included within operating activities of the Consolidated Statement of Cash Flows. Operating liabilities of subsidiary banks, including interbank loans, customer deposits, promissory notes and REPO obligations, are included within Accounts payable and accrued liabilities.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing net earnings attributable to common shares by the weighted average number of common shares outstanding during the corresponding period. In the absence of any securities-to-shares conversion transactions, the amount of basic earnings per share stated in these consolidated financial statements is equal to the amount of diluted earnings per share.

Treasury shares

Treasury shares are outstanding Treasury shares purchased from the shareholders. Treasury shares are presented in the consolidated balance sheet as a deduction from equity at cost of repurchase.

Inventories

Inventories consisting primarily of crude oil, petroleum products, petrochemicals and materials and supplies are accounted for at the weighted average cost by subsidiaries unless net realizable value is less than cost. Materials that are used in production are not written down below cost if the finished products into which they will be incorporated are expected to be sold above cost.

Repurchase and resale agreements

Securities sold under repurchase agreements ("REPO") and securities purchased under agreements to resell ("reverse REPO") generally do not constitute a sale of the underlying securities for accounting purposes, and so are treated as collateralized financing transactions. Interest paid or received on all REPO and reverse REPO transactions is recognized in Finance expense or Finance income, respectively, and calculated using the effective interest method.

Exploration and production assets

Exploration and production assets include exploration and evaluation assets, mineral rights and oil and gas properties (development assets and production assets).

Exploration and evaluation costs

The Company recognizes exploration and evaluation costs using the successful efforts method as permitted by IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Under this method, costs related to exploration and evaluation (license acquisition costs, exploration and appraisal drilling) are temporarily capitalized in cost centers by field (well) until the drilling program results in the discovery of economically feasible oil and gas reserves.

The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed to Exploration expenses in the consolidated statement of profit or loss.

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Exploration and evaluation costs (continued)

Exploration and evaluation costs, except for costs associated with 2D-seismic, topographical, geological, and geophysical surveys, are initially capitalized as exploration and evaluation assets. Exploration and evaluation assets are recognized at cost less impairment, if any, as property, plant and equipment until the existence (or absence) of commercial reserves has been established. The initial cost of exploration and evaluation assets acquired through a business combination is formed as a result of purchase price allocation. The cost allocation to mineral rights for proved properties and mineral rights for unproved properties is performed based on the respective oil and gas reserves information. Exploration and evaluation assets are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When indicators of impairment are present, an impairment test is performed.

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

Development and production

Oil and gas properties (development assets) are accounted for on a field-by-field basis and represent (1) capitalized costs to develop discovered commercial reserves and to put fields into production, and (2) exploration and evaluation costs incurred to discover commercial reserves reclassified from exploration and evaluation assets to oil and gas properties (development assets) following the discovery of commercial reserves.

The cost of oil and gas properties (development assets) also includes the expenditures to acquire such assets, directly identifiable overhead expenses, capitalized financing costs and related asset retirement (decommissioning) obligation costs. Oil and gas properties (development assets) are generally recognized as construction in progress.

Following the commencement of commercial production, oil and gas properties (development assets) are reclassified as oil and gas properties (production assets).

Other property, plant and equipment

Other property, plant and equipment is stated at historical cost as of the acquisition date, except for property, plant and equipment acquired prior to January 1, 2009, which is stated at deemed cost, net of accumulated depreciation and impairment. The cost of maintenance, repairs, and the replacement of minor items of property is charged to operating expenses. Renewals and betterments of assets are capitalized.

Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the accounts. Any resulting gains or losses are included in profit or loss.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Depreciation, depletion and amortization

Oil and gas properties are depleted using the unit-of-production method on a field-by-field basis starting from the commencement of commercial production.

In applying the unit-of-production method to mineral licenses, the depletion rate is based on total proved reserves. In applying the unit-of-production method to producing wells and the related oil and gas infrastructure, the depletion rate is based on proved developed reserves.

Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives from the time they are ready for use, except for catalysts which are amortized using the unit-of-production method.

Components of other property, plant and equipment and their respective estimated useful lives are as follows:

Property, plant and equipment	Useful life, not more than
Buildings and structures	30-45 years
Plant and machinery	5-25 years
Vehicles and other property, plant and equipment	6-10 years
Service vessels	20 years
Offshore drilling assets	20 years

Land generally has an indefinite useful life and is therefore not depreciated.

Intangible assets (excl. goodwill)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Construction grants

The Company recognizes construction grants from local governments when there is a reasonable assurance that the Company will comply with the conditions attached and that the grant will be received. The construction grants are accounted for as a reduction of the cost of the asset for which the grant is received.

Impairment of non-current assets

The Company assesses at each balance sheet date whether there is any indication that an asset or cash-generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Impairment of non-current assets (continued)

In assessing whether there is any indication that an asset may be impaired, the Company considers internal and external sources of information. It considers at least the following:

External sources of information:

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;
- The carrying amount of the net assets of the Company is more than its market capitalization.

Internal sources of information:

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Company have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used (e.g., the asset becoming idle, or the useful life of an asset is reassessed as finite rather than indefinite);
- Information on dividends from a subsidiary, joint venture or associate;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected. Such evidence includes the existence of:
 - Cash flows on acquiring the asset, or subsequent cash needs for operating or maintaining it, that are significantly higher than those originally budgeted;
 - Actual net cash flows or operating profit or loss flowing from the asset that are significantly worse than those budgeted;
 - A significant decline in budgeted net cash flows or operating profit, or a significant increase in budgeted losses, flowing from the asset;
 - Operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

The following factors indicate that exploration and evaluation assets may be impaired:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Impairment of non-current assets (continued)

The recoverable amount of an asset or a cash-generating unit is the higher of:

- The value in use of an asset (cash-generating unit); and
- The fair value of an asset (cash-generating unit) less costs to sell.

If the asset does not generate cash inflows that are largely independent of those from other assets, its recoverable amount is determined for the asset's cash-generating unit.

The Company initially measures the value in use of a cash-generating unit. When the carrying amount of a cash-generating unit is greater than its value in use, the Company measures the unit's fair value less costs of disposal for the purpose of measuring the recoverable amount. When the fair value is less than the carrying value an impairment loss is recognized.

Value in use is determined by discounting the estimated value of the future cash inflows expected to be derived from the asset or cash-generating unit, including cash inflows from its sale. The value of the future cash inflows from a cash-generating unit is determined based on the forecast approved by management of the business unit to which the unit in question pertains.

Impairment of financial assets

At each balance sheet date the Company recognizes an allowance for expected credit losses on a financial asset measured at amortised cost, and at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guarantee contract to which the impairment requirements apply. Requirements of IFRS 9 concerning impairment do not apply to equity instruments of any category as well as to the instruments at fair value through profit or loss.

Expected credit losses for significant counterparties, including banks, are determined based on credit rating of particular counterparty and relevant probability of default.

The allowance for financial asset at amortised cost is recognized in profit or loss in correspondence with a balance sheet account reducing the carrying amount of the financial asset. The allowance for financial assets at fair value through other comprehensive income shall be recognized in other funds and reserves and shall not reduce the carrying amount of the financial asset in the statement of financial position.

Capitalized interest

Interest expense on borrowed funds used for capital construction projects and the acquisition of property, plant and equipment is capitalized provided that the interest expense could have been avoided if the Company had not made capital investments. Interest is capitalized only during the period when construction activities are actually in progress and until the resulting properties are put into operation.

Capitalized borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Leasing agreements

In respect of the contracts (or separate components of a contract), which convey to the Company the right to control the use of an identified asset (as it is determined in IFRS 16 *Lease*) for a period of time in exchange for consideration, the Company recognizes a right-of-use asset and a lease liability at the commencement date. Non-lease components of the contract are accounted for in accordance with other relevant IFRS.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Leasing agreements (continued)

In accordance with requirements of IFRS 16 *Lease* para 3-8, the Company does not apply the Standard to leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources and to leases of wells, to short-term leases (taking into consideration economically feasible prolongations), as well as to leases for which the underlying asset is of low value (less kRUB 300).

The Company determines the lease term as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate, as interest rate implicit in the lease, as a rule, cannot be readily determined. As the finance function lays predominantly within the parent company, incremental borrowing rates are calculated centrally, except for the banks of the Group and cases of direct financing of the subsidiaries.

At the commencement date, the Company measures the right-of-use asset at cost, which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the lessee, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Lease payments are evenly distributed between finance expenses and a decrease of a lease liability so that a constant periodic rate of interest is produced on the remaining balance of the lease liability. Finance expenses are recognized in the consolidated statement of profit or loss.

In respect of subsequent accounting for a leased property the same accounting policies are applied as for the owned assets, e.g. depreciation policy.

Asset retirement (decommissioning) obligations

The Company has asset retirement (decommissioning) obligations associated with its core business activities.

The Company's exploration, development and production activities involve the use of wells, related equipment and operating sites, oil gathering and treatment facilities, tank farms and in-field pipelines.

Generally, licenses and other regulatory acts require that such assets be decommissioned upon the completion of production. According to these requirements, the Company is obliged to decommission wells, dismantle equipment, restore the sites and perform other related activities. The Company's estimates of these obligations are based on current regulatory or license requirements, as well as actual dismantling and other related costs. These liabilities are measured by the Company using the present value of the estimated future costs of decommissioning of these assets. The discount rate is reviewed at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Asset retirement (decommissioning) obligations (continued)

In accordance with IFRS Interpretations Committee (“IFRIC”) Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, the provision is reviewed at each balance sheet date as follows:

- Upon changes in the estimates of future cash flows (e.g., the costs of and timeframe for abandoning one well) or the discount rate, changes in the amount of the liability are included in the cost of the item of property, plant, and equipment, whereby such cost may not be negative and may not exceed the recoverable value of the item of property, plant, and equipment;
- Any changes in the liability due to its nearing maturity (change in the discount) are recognized in Finance expenses.

The Company’s refining and distribution activities involve refining operations, marine and other distribution terminals, and retail sales. The Company’s refining operations consist of major petrochemical operations and industrial complexes. Legal or contractual asset retirement (decommissioning) obligations related to petrochemical, oil refining and distribution activities are not recognized due to the limited history of such activities in these segments, the lack of clear legal requirements as to the recognition of obligations, as well as the fact that decommissioning periods for such assets are not determinable.

Because of the reasons described above, the fair value of an asset retirement (decommissioning) obligation in the refining and distribution segment cannot be reasonably estimated.

Due to continuous changes in the Russian regulatory and legal environment, there could be future changes to the requirements and contingencies associated with the retirement of long-lived assets.

Income tax

Since 2012 Russian tax legislation had allowed income taxes to be calculated on a consolidated basis. The main subsidiaries of the Company were therefore combined into a consolidated group of taxpayers. For subsidiaries which were not included in the consolidated group of taxpayers, income tax was calculated on an individual subsidiary basis. In accordance with the provisions of the Tax Code of the Russian Federation, starting from January 1, 2023, the institution of consolidated groups of taxpayers ceased to operate.

Deferred income tax assets and liabilities are recognized in the accompanying consolidated financial statements in the amount determined by the Company in accordance with IAS 12 *Income Taxes*. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which:
 - Is not a business combination;
 - At the time of the transaction, affects neither accounting profit, nor taxable profit (tax loss); and
 - At the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- Investments in subsidiaries when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Income tax (continued)

A prior period tax loss planned to be used to reduce the current or future amount of income tax is recognized as a deferred tax asset.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- Is not a business combination;
- At the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- At the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

The Company recognizes deferred tax assets for all deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, to the extent that the following two conditions are met:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority of the same jurisdiction and the Company intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are classified as Non-current Deferred tax assets and Non-current Deferred tax liabilities, respectively. Deferred tax assets and liabilities are not discounted.

Recognition of revenues

Revenues are recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset, which usually occurs when the title is passed, provided that the contract price is fixed or determinable and collectability of the amount of the consideration is probable. Specifically, domestic sales of crude oil and gas, as well as petroleum products and materials are usually recognized when title passes. For export sales, title generally passes at the border of the Russian Federation. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, volume rebates and reimbursable taxes.

Sales of support services are recognized as services are performed provided that the service price can be determined and no significant uncertainties regarding the receipt of revenues exist.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Transportation expenses

Transportation expenses recognized in the consolidated statement of profit or loss represent all expenses incurred by the Company to transport crude oil for refining and to end customers, and to deliver petroleum products from refineries to end customers (these may include pipeline tariffs and any additional railroad transportation costs, handling costs, port fees, sea freight and other costs).

Refinery maintenance costs

The Company recognizes the costs of overhauls and preventive maintenance performed with respect to oil refining assets as expenses when incurred.

Environmental liabilities

Expenditures that relate to an existing condition caused by past operations, and do not have a future economic benefit, are expensed. Liabilities for these expenditures are recorded when environmental assessments or clean-ups are probable and the costs can be reasonably estimated.

Accounting for contingencies

Certain conditions may exist as of the date of these consolidated financial statements which may further result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company's management makes an assessment of such contingent liabilities which is based on assumptions and is a matter of opinion. In assessing loss contingencies relating to legal or tax proceedings that involve the Company or unasserted claims that may result in such proceedings, the Company, after consultation with legal or tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

Provisions and contingent liabilities do not constitute finally asserted legal obligations of PJSC Rosneft Oil Company.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve financial guarantees, in which case the nature of the guarantee would be disclosed. However, in some instances in which disclosure is not otherwise required, the Company may disclose contingent liabilities or other uncertainties of an unusual nature which, in the judgment of management after consultation with its legal or tax counsel, may be of interest to shareholders or others.

Taxes collected from customers and remitted to governmental authorities

Refundable taxes (excise and value-added tax ("VAT")) are deducted from revenues. Other taxes and duties are not deducted from revenues and are recognized as expenses in Taxes other than income tax in the consolidated statement of profit or loss.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Taxes collected from customers and remitted to governmental authorities (continued)

VAT and excise receivable and payable are recognized as Value added tax, excise and other taxes receivable and Other tax liabilities in the consolidated balance sheet, respectively.

Excises non-refundable by customers

Excises non-refundable by customers are presented within Taxes other than income tax in the consolidated statement of profit or loss. The expenses mentioned above are decreased by reverse excise on petroleum crudes.

Tax on additional income (AIT)

AIT is recognized as an expense within Taxes other than income tax in the consolidated statement of profit or loss, as the management of the Company perceives AIT as a tax related to extraction activities.

Functional and presentation currency

The consolidated financial statements are presented in Russian rubles, which is the functional currency of Rosneft Oil Company and the majority of its subsidiaries operating in the Russian Federation. The functional currency of the foreign subsidiaries is generally the U.S. dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the profit or loss for the period.

Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities designated as foreign currency cash flow hedging instruments are recognized within other comprehensive income and reclassified to profit or loss in the period when the hedged item affects profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The results and financial position of all of the Company's subsidiaries, joint ventures and associates that have a functional currency which is different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of profit or loss and each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of comprehensive income.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Prepayment on oil and petroleum products supply agreements

In the ordinary course of business, the Company enters into long-term oil supply contracts. The contract terms may require the buyer to make a prepayment.

The Company considers long-term oil supply contracts to be regular-way sale contracts entered into and continued to be held for the purpose of the receipt or delivery of non-financial items in accordance with the Company's expected purchase, sale or usage requirements. Regular-way sale contracts are exempted from the scope of IAS 32 *Financial Instruments: Presentation* and IFRS 9 *Financial Instruments*.

Conditions for meeting the definition of a regular-way sale are not met if either of the following applies:

- The ability to settle net in cash or another financial instrument, or by exchanging financial instruments, is not explicit in the terms of the contract, but the Company has a practice of settling similar contracts net in cash or via another financial instrument or by exchanging financial instruments (whether with the counterparty, by entering into offsetting contracts or by selling the contract before its exercise or lapse);
- For similar contracts, the Company has a practice of taking delivery of the underlying goods and selling them within a short period after delivery for the purpose of generating a profit from short-term fluctuations in price or from a dealer's margin.

Prepayments received for the delivery of goods or respective deferred revenue are accounted for as non-financial liabilities because the outflow of economic benefits associated with them is the delivery of goods and services rather than a contractual obligation to pay cash or another financial asset.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of a new standard and amendments to existing standards effective as of January 1, 2023:

- *IFRS 17 Insurance Contracts*. IFRS 17 establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures. The new standard replaces IFRS 4 *Insurance Contracts*;
- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments introduce a new definition of "accounting estimates". The amendments also clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors;
- *Amendments to IAS 1 Presentation of Financial Statements*. The amendments provide guidance and examples of application of materiality judgements to accounting policy disclosures;
- *Amendments to IAS 12 Income Taxes, named Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction*. The amendments clarify that initial recognition exception under IAS 12 does not apply to such transactions as recognition of leases and decommissioning obligations;
- *Amendments to IAS 12 Income Taxes, issued in connection with International Tax Reform* related to introduction of the global minimum tax on the income of large multinational groups (Pillar Two model rules). The amendments introduced a temporary exemption to the accounting and disclosures for deferred taxes, arising on implementation of the new tax legislation; also the amendments introduced targeted disclosure requirements. (The amendments became effective immediately on publication, in May' 23).

The new standard and amendments mentioned above did not have a material impact on the consolidated financial statements.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

2. Significant accounting policies (continued)

Changes in presentation of settlements with state budget in the Consolidated balance sheet

Federal law *On Introducing Changes in Part I and II of the Tax Code of the Russian Federation* dated July 14, 2022 #263-FZ presumes introduction of a new system for the purposes of management of tax and fees payments beginning January 1, 2023.

The law introduces a new tax mechanism in a form of a Single Tax account (STA), which provides opening a single account for every taxpayer within the Federal Treasury; this STA will be used for the purposes of payment of a single tax payment (STP), covering all taxes and fees accrued by a taxpayer during current (tax) period. STP does not presume identification of particular taxes / fees / other payments to budget. As a result of adopted changes, settlements with budget in the Consolidated balance sheet as of December 31, 2023 are presented on a net basis within each legal entity. Nevertheless, the balance for income tax is presented separately in accordance with requirements of IAS 1 and IAS 12.

3. Significant accounting judgements, estimations and assumptions

The preparation of consolidated financial statements requires management to make a number of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. The actual results, however, could differ from those estimates.

The most significant accounting estimates and assumptions used by the Company's management in preparing the consolidated financial statements include:

- Estimation of oil and gas reserves;
- Estimation of rights to, recoverability and useful lives of non-current assets;
- Impairment of goodwill, fixed assets and right-of-use assets;
- Estimated credit losses for accounts receivable;
- Assessment of asset retirement (decommissioning) obligations;
- Assessment of legal, tax contingencies, guarantees, recognition and disclosure of contingent liabilities;
- Assessment of deferred income tax assets and liabilities;
- Assessment of environmental remediation obligations;
- Fair value measurements;
- Purchase price allocation to the identifiable assets acquired and the liabilities assumed;
- Treatment of certain taxes as income taxes, production taxes or other taxes, e.g. treatment of the tax on additional income.

Significant estimates and assumptions affecting the reported amounts are those used in determining the economic recoverability of reserves.

Such estimates and assumptions may change over time when new information becomes available, e.g.:

- More detailed information on reserves was obtained (either as a result of more detailed engineering calculations or additional exploration drilling activities);
- Supplemental activities to enhance oil recovery were conducted;
- Changes were made in economic estimates and assumptions (e.g. a change in pricing factors).

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

4. New and amended standards and interpretations issued but not yet effective

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* named *Classification of Liabilities as Current or Non-current*. The amendments clarify requirements for classifying liabilities as current or non-current. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements, as the Company already applies criteria set by the amendments.

In September 2022, the IASB issued narrow-scope amendments to IFRS 16 *Leases* related to lease liability in a sale and leaseback. The amendments require from the seller-lessee to measure lease liability arising from leaseback in such a way, that no profit or loss is recognised in respect of the right-of-use retained. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In October 2022, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* named *Non-current Liabilities with Covenants*. The amendments presume that liability is classified as non-current if the company has a substantial right to defer settlement for at least 12 months after the reporting date. The amendments clarify the criteria of classification (incl. that “future” covenants as well as management intentions do not affect classification as of the reporting date) and require certain additional disclosures. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In May 2023, the IASB issued amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* named *Supplier Finance Arrangements*. The amendments clarify the influence of supplier finance arrangements on liabilities, cash flows, exposure to liquidity risk and risk management. Also the amendments presume certain additional disclosures. The amendments are effective on or after January 1, 2024; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* named *Lack of Exchangeability*. The amendments clarify when the currency is not exchangeable into the other currency, the order of estimation of the spot exchange rate when the currency is not exchangeable, and sets the requirements for the related disclosures. The amendments are effective on or after January 1, 2025; earlier application is permitted. The Company does not expect the amendments to have a material impact on the consolidated financial statements.

The Company does not plan for early adoption in respect of above-mentioned new standards and amendments to existing standards to which this option is available, except for the amendment named *Classification of Liabilities as Current or Non-current*, as the Company already applies criteria set by these amendments.

Rosneft Oil Company

Notes to the summary consolidated financial statements (continued)

5. Property, plant and equipment

	Total
Cost as of January 1, 2023 (restated)	16,276
Depreciation, depletion and impairment as of January 1, 2023 (restated)	(5,026)
Net book value as of January 1, 2023 (restated)	11,250
Prepayments for property, plant and equipment as of January 1, 2023	343
Total as of January 1, 2023 (restated)	11,593
Cost	
Additions	1,698
Disposals and other movements	(60)
Foreign exchange differences	293
Changes in cost of asset retirement (decommissioning) obligations	(68)
As of December 31, 2023	18,139
Depreciation, depletion and impairment	
Depreciation, depletion and impairment	(761)
Disposals and other movements	32
Foreign exchange differences	(55)
As of December 31, 2023	(5,810)
Net book value as of December 31, 2023	12,329
Prepayments for property, plant and equipment as of December 31, 2023	310
Total as of December 31, 2023	12,639

6. Shareholders' equity

On June 30, 2023 the Annual General Shareholders' Meeting approved dividends on the Company's common shares for 2022 in the amount of RUB 17.97 per share, which comprised RUB 170.7 billion (excluding dividends related to treasury shares).

On December 22, 2023 the Extraordinary General Shareholders Meeting approved payment of interim dividends on the Company's common shares from the consolidated net income attributable to Rosneft shareholders for the first half of 2023 in the amount of RUB 30.77 per share, which comprises RUB 292 billion (excluding dividends related to treasury shares).

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