

Audit Report

of independent audit company

“Crowe Expertiza” LLC

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

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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