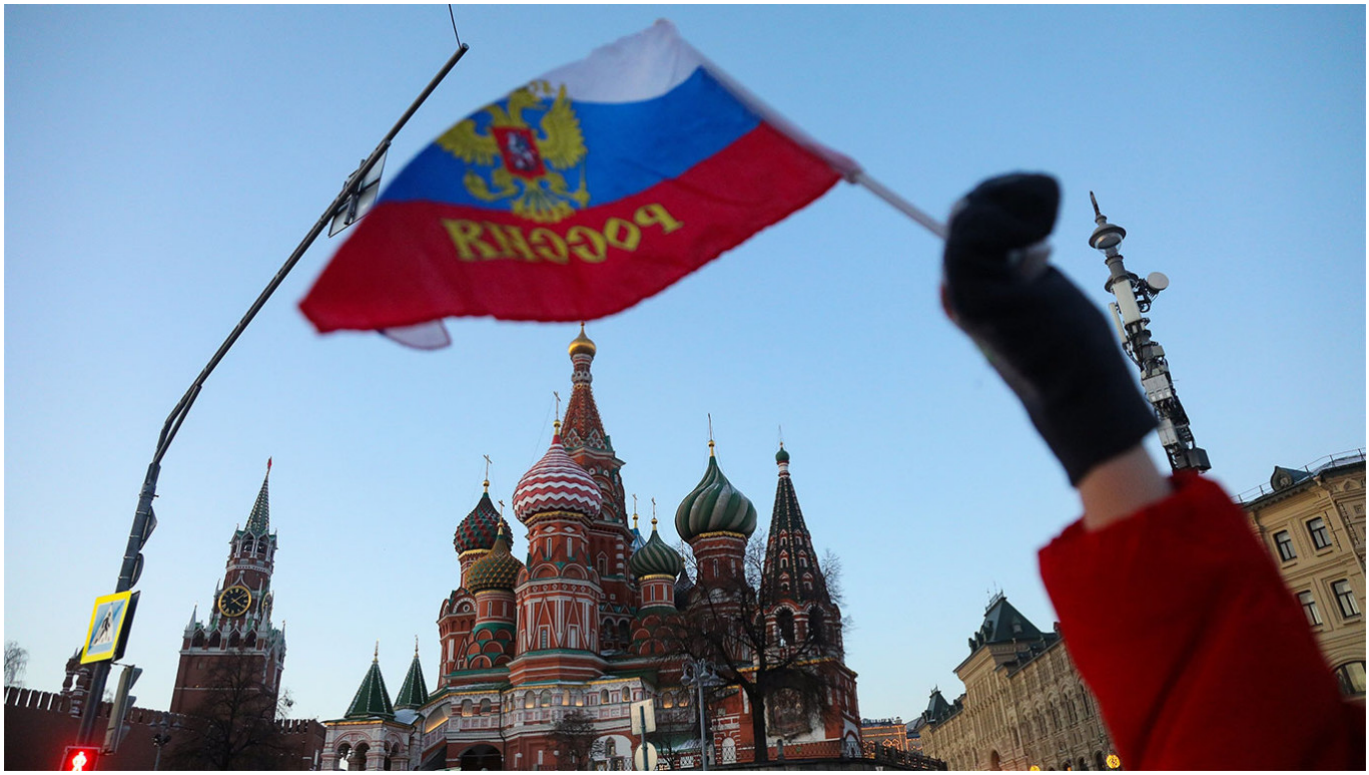
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Wartime Pressures Push Russian Corporate Losses to Highest Level Since Pandemic

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Arthur Novosiltsev / Moskva News Agency

Nearly one in three of Russia's largest companies posted losses in the first half of 2025, the highest share since the Covid-19 pandemic, underscoring the toll of war and sanctions on the country's economy, the pro-Kremlin newspaper Izvestia reported on Tuesday.

According to figures from the state statistics agency Rosstat, some 19,000 companies collectively lost more than 5 trillion rubles ($62 billion) between January and June. Meanwhile, 43,000 businesses posted combined profits of 18.4 trillion rubles ($228 billion) for that same period.

The data did not include small and medium-sized firms, financial institutions and state entities.

Izvestia said it was the first time since the pandemic lockdowns of 2020 that the share of

unprofitable businesses topped 30%. Experts who spoke to the newspaper said that no more than 20% of firms typically operate at a loss in advanced industrialized economies.

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Russia's Economic Development Ministry argues that the losses partly reflect seasonal patterns, with officials predicting that profits will rebound later this year.

But according to experts who spoke to Izvestia, among the main drivers of weaker profits in the first half of 2025 are Western sanctions, inflation driven by unprecedented military spending, corporate tax increases and steep interest rates that Russia's Central Bank introduced in order to curb price growth.

Coal mining, utilities, transportation and research are some of the hardest-hit sectors, while defense-linked companies and engineering firms reported revenue growth of up to 200%. The IT industry, meanwhile, has benefited from tax breaks introduced in 2022 to prevent companies from relocating abroad.

Leading business figures in Russia have for months called on the Central Bank to lower its key rate, which now stands at 18%, warning that a combination of high interest rates and an overvalued ruble was creating a "perfect storm" that could stunt investment and weigh down on economic growth in the years ahead.

In July, policmakyers said inflation expectations remain elevated, signaling that further easing would be cautious and gradual. Russia's Central Bank will decide next week whether to adjust its key rate.

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