



PJSC LUKOIL

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

for the three and nine-month periods ended 30 September 2021

**prepared in accordance with IFRS
(unaudited)**

These condensed interim consolidated financial statements were prepared by PJSC LUKOIL in accordance with IFRS and have not been audited by our independent auditor. If these condensed interim consolidated financial statements are audited in the future, the audit could reveal differences in our consolidated financial results and we can not assure that any such differences would not be material.



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Independent Auditors' Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Board of Directors

PJSC LUKOIL

Introduction

We have reviewed the accompanying consolidated statement of financial position of PJSC LUKOIL (the "Company") and its subsidiaries (the "Group") as at 30 September 2021 and the related consolidated statements of profit or loss and other comprehensive income for the three- and nine-month periods ended 30 September 2021 and the related consolidated statements of changes in equity and cash flows for the nine - month period ended 30 September 2021, and notes to the condensed interim consolidated financial statements (the "condensed interim consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Reviewed entity: Public Joint Stock Company "Oil company "LUKOIL".

Registration number in the Unified State Register of Legal Entities:
No. 1027700035769.

Moscow, Russia.

Audit firm: JSC "KPMG", a company incorporated under the Laws of the Russian Federation and a member firm of the KPMG global organization of independent member firms. All rights reserved. For more detail about the structure of the KPMG global organization please visit home.kpmg/governance

Registration number in the Unified State Register of Legal Entities:
No. 1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations: No. 12006020351.



PJSC LUKOIL

Independent Auditors' Report on Review of Condensed Interim Consolidated Financial Statements

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements as at 30 September 2021, and for the three- and nine-month periods ended 30 September 2021 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Klimanova L.V.

JSC "KPMG"

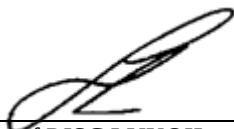
Moscow, Russia

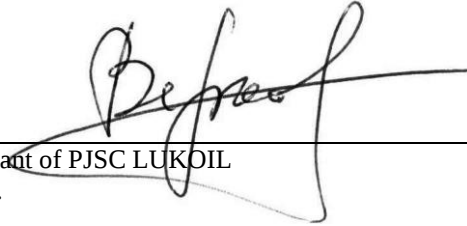
24 November 2021



PJSC LUKOIL
Consolidated Statement of Financial Position
(Millions of Russian rubles)

		30 September 2021 (unaudited)	31 December 2020
	Note		
Assets			
Current assets			
Cash and cash equivalents	6	627,117	343,832
Accounts receivable, net	7	635,539	370,271
Other current financial assets		10,929	8,350
Inventories	8	513,529	426,536
Prepaid taxes	9	123,133	78,822
Other current assets	10	74,309	48,649
Total current assets		1,984,556	1,276,460
Property, plant and equipment	12	4,195,199	4,264,474
Investments in associates and joint ventures	11	274,136	281,637
Other non-current financial assets	13	68,002	68,692
Deferred income tax assets		22,779	16,298
Goodwill and other intangible assets		49,794	50,159
Other non-current assets		39,891	33,859
Total non-current assets		4,649,801	4,715,119
Total assets		6,634,357	5,991,579
Liabilities and equity			
Current liabilities			
Accounts payable	15	728,472	597,932
Short-term borrowings and current portion of long-term debt	16	96,664	82,636
Taxes payable	18	281,505	142,458
Provisions	20	32,656	27,136
Other current liabilities	19	49,256	35,497
Total current liabilities		1,188,553	885,659
Long-term debt	17	537,885	577,075
Deferred income tax liabilities		283,203	268,956
Provisions	20	114,999	126,665
Other non-current liabilities		2,531	2,458
Total non-current liabilities		938,618	975,154
Total liabilities		2,127,171	1,860,813
Equity	21		
Share capital		938	938
Treasury shares		(71,920)	(71,920)
Additional paid-in capital		39,402	39,298
Other reserves		256,353	296,641
Retained earnings		4,273,654	3,858,057
Total equity attributable to PJSC LUKOIL shareholders		4,498,427	4,123,014
Non-controlling interests		8,759	7,752
Total equity		4,507,186	4,130,766
Total liabilities and equity		6,634,357	5,991,579


 President of PJSC LUKOIL
 Alekperov V.Y.


 Chief accountant of PJSC LUKOIL
 Verkhov V.A.

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PJSC LUKOIL
Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Millions of Russian rubles, unless otherwise noted)

		For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues					
Sales (including excise and export tariffs)	28	2,588,745	1,456,650	6,667,112	4,109,062
Costs and other deductions					
Operating expenses		(128,314)	(108,953)	(369,277)	(325,986)
Cost of purchased crude oil, gas and products		(1,574,170)	(790,660)	(3,817,678)	(2,157,305)
Transportation expenses		(70,906)	(61,388)	(214,036)	(221,006)
Selling, general and administrative expenses		(55,466)	(45,488)	(155,867)	(143,009)
Depreciation, depletion and amortisation		(107,403)	(103,439)	(327,631)	(314,882)
Taxes other than income taxes		(351,395)	(133,550)	(916,556)	(420,599)
Excise and export tariffs		(52,142)	(113,950)	(181,238)	(340,140)
Exploration expenses		(1,176)	(438)	(3,062)	(3,535)
Profit from operating activities		247,773	98,784	681,767	182,600
Finance income	23	4,641	3,625	9,506	11,121
Finance costs	23	(9,246)	(11,697)	(27,886)	(33,269)
Equity share in income of associates and joint ventures	11	6,722	4,029	19,834	8,457
Foreign exchange loss		(661)	(27,280)	(3,081)	(38,570)
Other expenses	24	(7,061)	(1,293)	(9,003)	(92,370)
Profit before income taxes		242,168	66,168	671,137	37,969
Current income taxes		(48,928)	(17,325)	(121,827)	(42,041)
Deferred income taxes		(121)	2,069	(7,828)	(9,257)
Total income tax expense		(49,049)	(15,256)	(129,655)	(51,298)
Profit (loss) for the period		193,119	50,912	541,482	(13,329)
Profit (loss) for the period attributable to:					
PJSC LUKOIL shareholders		192,475	50,420	539,652	(14,260)
Non-controlling interests		644	492	1,830	931
Other comprehensive income, net of income taxes					
<i>Items that may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations		248	206,310	(42,806)	369,649
<i>Items that will never be reclassified to profit or loss:</i>					
Change in fair value of equity instruments at fair value through other comprehensive income		133	(4)	2,449	(1,431)
Remeasurements of defined benefit liability / asset of pension plan		2	(291)	66	(463)
Other comprehensive income (loss)		383	206,015	(40,291)	367,755
Total comprehensive income for the period		193,502	256,927	501,191	354,426
Total comprehensive income for the period attributable to:					
PJSC LUKOIL shareholders		192,856	256,420	499,364	353,484
Non-controlling interests		646	507	1,827	942
Earnings per share					
Profit (loss) for the period attributable to PJSC LUKOIL shareholders per share of common stock (in Russian rubles):	21				
Basic		294.98	77.27	827.05	(21.92)
Diluted		280.63	74.42	788.67	(21.92)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PJSC LUKOIL
Consolidated Statement of Changes in Equity (unaudited)
(Millions of Russian rubles)

	Share capital	Treasury shares	Additional paid-in capital	Other reserves	Retained earnings	Total equity attributable to PJSC LUKOIL shareholders	Non-controlling interests	Total equity
31 December 2020	938	(71,920)	39,298	296,641	3,858,057	4,123,014	7,752	4,130,766
Profit for the period	-	-	-	-	539,652	539,652	1,830	541,482
Other comprehensive loss	-	-	-	(40,288)	-	(40,288)	(3)	(40,291)
Total comprehensive (loss) income				(40,288)	539,652	499,364	1,827	501,191
Dividends on common stock	-	-	-	-	(138,982)	(138,982)	-	(138,982)
Equity-settled share-based compensation plan	-	-	-	-	14,927	14,927	-	14,927
Changes in non-controlling interests	-	-	104	-	-	104	(820)	(716)
30 September 2021	938	(71,920)	39,402	256,353	4,273,654	4,498,427	8,759	4,507,186
31 December 2019	968	(308,160)	39,277	30,141	4,203,138	3,965,364	8,085	3,973,449
(Loss) profit for the period	-	-	-	-	(14,260)	(14,260)	931	(13,329)
Other comprehensive income	-	-	-	367,744	-	367,744	11	367,755
Total comprehensive income (loss)				367,744	(14,260)	353,484	942	354,426
Dividends on common stock	-	-	-	-	(228,374)	(228,374)	-	(228,374)
Stock purchased	-	(2,026)	-	-	-	(2,026)	-	(2,026)
Equity-settled share-based compensation plan	-	-	-	-	9,396	9,396	-	9,396
Obligation to repurchase common shares	-	120,988	-	-	-	120,988	-	120,988
Share capital reduction	(30)	117,278	-	-	(117,248)	-	-	-
Changes in non-controlling interests	-	-	29	-	-	29	(1,265)	(1,236)
30 September 2020	938	(71,920)	39,306	397,885	3,852,652	4,218,861	7,762	4,226,623

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PJSC LUKOIL
Consolidated Statement of Cash Flows
(Millions of Russian rubles)

		For the nine months ended 30 September 2021 (unaudited)	For the nine months ended 30 September 2020 (unaudited)
	Note		
Cash flows from operating activities			
Profit (loss) for the period attributable to PJSC LUKOIL shareholders		539,652	(14,260)
Adjustments for non-cash items:			
Depreciation, depletion and amortisation		327,631	314,882
Equity share in income of associates and joint ventures		(19,834)	(8,457)
Dry hole write-offs		1,853	2,311
Loss on disposals and impairments of assets		5,160	86,390
Income tax expense		129,655	51,298
Non-cash foreign exchange loss		3,030	38,504
Finance income		(9,506)	(11,121)
Finance costs		27,886	33,269
Allowance for expected credit losses		7,319	(812)
Equity-settled share-based compensation plan		23,525	23,525
All other items, net		(4,935)	6,564
Changes in operating assets and liabilities:			
Trade accounts receivable		(277,176)	95,002
Inventories		(96,158)	86,266
Accounts payable		158,961	(126,319)
Other taxes		83,183	19,839
Other current assets and liabilities		1,456	(10,216)
Income tax paid		(110,958)	(44,117)
Dividends received		12,474	5,651
Interests received		6,041	7,732
Net cash provided by operating activities		809,259	555,931
Cash flows from investing activities			
Acquisition of licenses		(221)	(131)
Capital expenditures		(305,761)	(360,282)
Proceeds from sale of property, plant and equipment		4,017	352
Purchases of financial assets		(1,103)	(4,142)
Proceeds from sale of financial assets		2,414	12,600
Sale of subsidiaries, net of cash disposed		193	-
Sale of associates		83	-
Acquisitions of interests in the projects and subsidiaries, net of cash acquired		(4,193)	(1,040)
Acquisitions of associates		(289)	(1,102)
Net cash used in investing activities		(304,860)	(353,745)
Cash flows from financing activities			
Proceeds from issuance of short-term borrowings		1,298	4,968
Principal repayments of short-term borrowings		(4,619)	(699)
Proceeds from issuance of long-term debt		25,895	108,250
Principal repayments of long-term debt		(62,175)	(66,230)
Interest paid		(19,608)	(23,367)
Dividends paid on Company common shares		(147,627)	(375,483)
Dividends paid to non-controlling interest shareholders		(2,460)	(2,472)
Financing received from non-controlling interest shareholders		146	42
Purchase of Company's stock		-	(2,026)
Net cash used in financing activities		(209,150)	(357,017)
Effect of exchange rate changes on cash and cash equivalents		(11,964)	82,774
Net increase (decrease) in cash and cash equivalents		283,285	(72,057)
Cash and cash equivalents at beginning of period		343,832	516,032
Cash and cash equivalents at end of period	6	627,117	443,975

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Note 1. Organisation and environment

The primary activities of PJSC LUKOIL (the “Company”) and its subsidiaries (together, the “Group”) are oil exploration, production, refining, marketing and distribution. The Company is the ultimate parent entity of this vertically integrated group of companies.

The Group was established in accordance with Presidential Decree No. 1403, issued on 17 November 1992. Under this decree, on 5 April 1993, the Government of the Russian Federation transferred to the Company 51% of the voting shares of fifteen enterprises. Under Government Resolution No. 861 issued on 1 September 1995, a further nine enterprises were transferred to the Group during 1995. Since 1995, the Group has carried out a share exchange program to increase its shareholding in each of the twenty-four founding subsidiaries to 100%.

From formation, the Group has expanded substantially through consolidation of its interests, acquisition of new companies and establishment of new businesses.

Business and economic environment

The accompanying consolidated financial statements reflect management’s assessment of the impact of the business environment in the countries in which the Group operates on the operations and the financial position of the Group. The future business environments may differ from management’s assessment.

COVID-19

In 2021, the negative impact of COVID-19 on the global economy and energy demand continued. Management has considered the impact of COVID-19 pandemic, oil price volatility and related risks and uncertainties on these condensed interim consolidated financial statements. Management believes that the Group is in a solid financial condition as of the end of the third quarter of 2021. This represents an incremental support for continuous operations and meeting all of the Group’s obligations, as well as adequate financing of the investment program in any macroeconomic situation. Management will continue monitoring the situation closely to ensure prompt reaction to the rapidly changing environment.

Note 2. Basis of preparation

Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the Group’s consolidated financial statements for 2020 prepared in accordance with International Financial Reporting Standards (“IFRS”).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements for 2020.

The accompanying condensed interim consolidated financial statements and notes thereto have not been audited by independent auditors, except for the consolidated statement of financial position at 31 December 2020.

The condensed interim consolidated financial statements were authorised by the President of the Company on 24 November 2021.

Note 2. Basis of preparation (continued)

Functional and presentation currency

The functional currency of each of the Group's consolidated companies is the currency of the primary economic environment in which the company operates. Management has analysed factors that influence the choice of functional currency and has determined the functional currency for each Group company. For the majority of them the functional currency is the local currency. The functional currency of the Company is the Russian ruble ("RUB").

The presentation currency of the Group is the RUB. All financial information presented in the RUB has been rounded to the nearest million, except when otherwise indicated.

The results and financial position of Group companies whose functional currency is different from the presentation currency of the Group are translated into presentation currency using the following procedures. Assets and liabilities are translated at period-end exchange rates, income and expenses are translated at rates which approximate actual rates at the date of the transaction. Resulting exchange differences are recognised in other comprehensive income.

Note 3. Changes in accounting policies

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the consolidated financial statements for 2020.

Note 4. Use of estimates and judgments

Preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the condensed interim consolidated financial statements are the following:

- estimation of oil and gas reserves;
- estimation of useful lives of property, plant and equipment;
- impairment of non-current assets;
- assessment and recognition of provisions and contingent liabilities;
- definition of leases.

Oil and gas reserves estimates that are used for the reporting purposes are made in accordance with the requirements adopted by U.S. Securities and Exchange Commission. Estimates are reassessed on an annual basis.

Note 5. Income taxes

Operations in the Russian Federation are subject to a 20% income tax rate. For the period from 2017 till 2024 (inclusive) the Federal income tax rate is set as 3.0% and the regional income tax rate is set as 17.0%. Regional income tax rate may be reduced for certain categories of taxpayers by the laws of constituent entities of the Russian Federation, however certain restrictions apply on the application of the reduced regional rates.

The Group's foreign operations are subject to taxes at the tax rates applicable to the jurisdictions in which they operate.

Note 5. Income taxes (continued)

The Group's effective income tax rate for the periods presented differs from the statutory income tax rate primarily due to domestic and foreign tax rate differences and the incurrence of costs that are either not tax deductible or only deductible to a certain limit.

Tax expense is recognised based on the management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Company and its Russian subsidiaries file income tax returns in Russia. A number of Group companies in Russia are paying income tax as a consolidated taxpayers' group ("CTG"). This allows taxpayers to offset taxable losses generated by certain participants of a CTG against taxable profits of other participants of the CTG.

Note 6. Cash and cash equivalents

	30 September 2021	31 December 2020
Cash held in RUB	129,842	16,537
Cash held in US dollars	434,375	256,841
Cash held in EUR	49,547	59,009
Cash held in other currencies	13,353	11,445
Total cash and cash equivalents	627,117	343,832

Note 7. Accounts receivable, net

	30 September 2021	31 December 2020
Trade accounts receivable (net of allowances of 33,908 million RUB and 32,762 million RUB at 30 September 2021 and 31 December 2020, respectively)	620,106	357,159
Other current accounts receivable (net of allowances of 4,553 million RUB and 4,930 million RUB at 30 September 2021 and 31 December 2020, respectively)	15,433	13,112
Total accounts receivable, net	635,539	370,271

Note 8. Inventories

	30 September 2021	31 December 2020
Crude oil and petroleum products	460,186	373,290
Materials for extraction and drilling	25,780	25,582
Materials and supplies for refining	4,189	4,681
Other goods, materials and supplies	23,374	22,983
Total inventories	513,529	426,536

Note 9. Prepaid taxes

	30 September 2021	31 December 2020
Income tax	12,965	17,983
VAT recoverable	12,612	12,940
Excise tax recoverable	37,359	8,350
Export duties	7,745	8,009
VAT	43,765	26,407
Other taxes	8,687	5,133
Total prepaid taxes	123,133	78,822

Note 10. Other current assets

	30 September 2021	31 December 2020
Advance payments	28,913	15,904
Prepaid expenses	18,502	21,622
Other assets	26,894	11,123
Total other current assets	74,309	48,649

Note 11. Investments in associates and joint ventures

Carrying value of investments in associates and joint ventures:

Name of the company	Country	Ownership		30 September 2021	31 December 2020
		30 September 2021	31 December 2020		
Joint ventures:					
Tengizchevroil	Kazakhstan	5.0%	5.0%	153,368	146,611
Caspian Pipeline Consortium	Kazakhstan	12.5%	12.5%	51,031	56,027
South Caucasus Pipeline Company	Azerbaijan	10.0%	10.0%	33,581	34,663
Associates:					
Associates				36,156	44,336
Total				274,136	281,637

Note 12. Property, plant and equipment

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2020	5,433,264	1,756,650	77,006	7,266,920
Additions	222,427	84,774	1,766	308,967
Acquisitions	1,909	-	-	1,909
Disposals	(24,307)	(28,997)	(608)	(53,912)
Foreign currency translation differences	(26,893)	(43,068)	(315)	(70,276)
Other	(31,806)	1,712	(2,088)	(32,182)
30 September 2021	5,574,594	1,771,071	75,761	7,421,426
Depreciation and impairment				
31 December 2020	(2,193,734)	(802,877)	(22,368)	(3,018,979)
Depreciation for the period	(237,446)	(87,081)	(2,654)	(327,181)
Disposals	11,893	27,305	237	39,435
Foreign currency translation differences	15,947	22,665	190	38,802
Other	21,633	133	627	22,393
30 September 2021	(2,381,707)	(839,855)	(23,968)	(3,245,530)
Advance payments for property, plant and equipment				
31 December 2020	10,218	5,757	558	16,533
30 September 2021	16,121	2,932	250	19,303
Carrying amounts				
31 December 2020	3,249,748	959,530	55,196	4,264,474
30 September 2021	3,209,008	934,148	52,043	4,195,199

Note 12. Property, plant and equipment (continued)

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2019	4,795,674	1,510,515	76,246	6,382,435
Additions	319,868	96,809	1,534	418,211
Acquisition of the interest in the project	1,209	-	-	1,209
Disposals	(22,495)	(26,203)	(451)	(49,149)
Foreign currency translation differences	409,053	171,147	3,867	584,067
Other	(6,954)	(447)	(130)	(7,531)
30 September 2020	5,496,355	1,751,821	81,066	7,329,242
Depreciation and impairment				
31 December 2019	(1,766,575)	(589,636)	(21,153)	(2,377,364)
Depreciation for the period	(216,986)	(102,334)	(2,765)	(322,085)
Impairment loss	(46,197)	(28,859)	-	(75,056)
Disposals	11,677	23,697	239	35,613
Foreign currency translation differences	(220,391)	(73,704)	(1,467)	(295,562)
Other	(715)	2,242	15	1,542
30 September 2020	(2,239,187)	(768,594)	(25,131)	(3,032,912)
Advance payments for property, plant and equipment				
31 December 2019	6,791	13,314	831	20,936
30 September 2020	9,684	6,441	688	16,813
Carrying amounts				
31 December 2019	3,035,890	934,193	55,924	4,026,007
30 September 2020	3,266,852	989,668	56,623	4,313,143

The cost of assets under construction included in property, plant and equipment was 501,850 million RUB and 458,265 million RUB at 30 September 2021 and 31 December 2020, respectively.

Exploration and evaluation assets

	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
1 January	163,252	129,951
Capitalised expenditures	18,923	29,793
Acquisitions through business combinations	1,176	362
Reclassified to development assets	(6,342)	(10,520)
Charged to expenses	(1,560)	(2,375)
Foreign currency translation differences	(906)	9,850
Other movements	44	(1,437)
30 September	174,587	155,624

Due to a significant deterioration in the macroeconomic environment in the first quarter of 2020, the Company revised the scenario conditions used in the impairment test at the end of 2019 and performed an impairment test for assets at 31 March 2020.

As a result, in the first quarter of 2020, the Group recognised an impairment loss for its exploration and production assets in Russia in the amount of 5,219 million RUB, for its international exploration and production assets in the amount of 2,209 million RUB and for its international refining, marketing and distribution assets in the amount of 28,859 million RUB.

Note 12. Property, plant and equipment (continued)

The recoverable amounts of CGUs subject to impairment in the first quarter of 2020 in the amount of 139,180 million RUB were determined as value in use equal to the present value of the expected cash flows. Value in use was estimated using 9% discount rate for exploration and production assets in Russia, 8.2% discount rate for international exploration and production assets and 7.5% discount rate for international refining, marketing and distribution assets.

For impairment test purposes at 31 March 2020 the following Brent Blend price assumptions have been used: \$40.0 per barrel in 2020–2021, \$45.0 per barrel in 2022, \$50.0 per barrel in 2023, \$55.0 per barrel in 2024 and \$60.0 per barrel from 2025.

Also, in the second quarter of 2020, the Group recognised an impairment loss for its international exploration and production assets in the amount of 38,769 million RUB. Of this amount, 35,986 million RUB relates to gas projects in the Republic of Uzbekistan and are determined based on the revised business model, which takes into account conservative approaches to assessing the structure of gas supplies and pricing.

The recoverable amounts of CGUs subject to impairment in the second quarter of 2020 in the amount of 106,003 million RUB were determined as value in use equal to the present value of the expected cash flows. Value in use was estimated using 11.2% discount rate.

Impairment loss is included in “Other expenses” in the consolidated statement of profit or loss and other comprehensive income.

Note 13. Other non-current financial assets

	30 September 2021	31 December 2020
Financial assets measured at fair value through other comprehensive income		
Equity instruments	5,642	2,491
Financial assets measured at amortised cost		
Long-term loans	21,857	31,075
Non-current accounts and notes receivable	1,808	1,916
Other financial assets	14	15
Financial assets measured at fair value through profit or loss		
Long-term loans	38,681	33,195
Total other non-current financial assets	68,002	68,692

Note 14. Acquisition of interests in the projects

In July 2021, a Group company entered into a contract to purchase the 50% operator interest in the Area 4 project in Mexico by acquiring the operator’s holding company for approximately \$435 million plus expenditures incurred in 2021 as of the transaction completion date. The transaction will be closed after all the customary conditions, including approval by the Mexican authorities, are fulfilled.

Note 15. Accounts payable

	30 September 2021	31 December 2020
Trade accounts payable	650,883	533,598
Other accounts payable	77,589	64,334
Total accounts payable	728,472	597,932

Note 16. Short-term borrowings and current portion of long-term debt

	30 September 2021	31 December 2020
Short-term borrowings from third parties	14,325	18,736
Short-term borrowings from related parties	1,617	2,522
Current portion of long-term debt	80,722	61,378
Total short-term borrowings and current portion of long-term debt	96,664	82,636

Short-term borrowings from third parties include amounts repayable in US dollars of 12,663 million RUB and 17,510 million RUB and amounts repayable in other currencies of 1,662 million RUB and 1,226 million RUB at 30 September 2021 and 31 December 2020, respectively. The weighted-average interest rate on short-term borrowings from third parties was 3.50% and 2.63% per annum at 30 September 2021 and 31 December 2020, respectively. Short-term borrowings from third parties are unsecured at 30 September 2021 and 31 December 2020.

Note 17. Long-term debt

	30 September 2021	31 December 2020
Long-term loans and borrowings from third parties	110,124	112,660
6.656% non-convertible US dollar bonds, maturing 2022	36,360	36,901
4.563% non-convertible US dollar bonds, maturing 2023	109,079	110,737
4.750% non-convertible US dollar bonds, maturing 2026	72,661	73,751
3.875% non-convertible US dollar bonds, maturing 2030	108,882	110,532
Lease obligations	181,501	193,872
Total long-term debt	618,607	638,453
Current portion of long-term debt	(80,722)	(61,378)
Total non-current portion of long-term debt	537,885	577,075

Long-term loans and borrowings

Long-term loans and borrowings from third parties include amounts repayable in US dollars of 108,361 million RUB and 101,376 million RUB and amounts repayable in euros of 243 million RUB and 11,284 million RUB at 30 September 2021 and 31 December 2020, respectively. This debt has maturity dates from 2021 through 2028. The weighted-average interest rate on long-term loans and borrowings from third parties was 2.33% and 2.54% per annum at 30 September 2021 and 31 December 2020, respectively. A number of long-term loan agreements contain certain financial covenants which are being met by the Group. Approximately 47% and 51% of total long-term loans and borrowings from third parties are secured by shares in a PSA project, export sales and property, plant and equipment at 30 September 2021 and 31 December 2020, respectively.

Note 17. Long-term debt (continued)***Reconciliation of liabilities arising from financing activities***

	Loans and borrowings	Bonds	Lease obligations	Other liabilities	Total
31 December 2020	133,918	331,921	193,872	3,265	662,976
Changes from financing cash flows:					
Proceeds from issuance of short-term borrowings	1,298	-	-	-	1,298
Principal repayments of short-term borrowings	(4,619)	-	-	-	(4,619)
Proceeds from issuance of long-term debt	25,895	-	-	-	25,895
Principal repayments of long-term debt	(27,251)	-	(34,924)	-	(62,175)
Interest paid	-	-	(7,503)	(12,105)	(19,608)
Dividends paid on Company common stock	-	-	-	(147,627)	(147,627)
Total changes from financing cash flows	(4,677)	-	(42,427)	(159,732)	(206,836)
Other changes:					
Interest accrued	482	72	7,503	16,654	24,711
Dividends declared on Company common stock	-	-	-	138,982	138,982
Changes arising from obtaining or losing control over subsidiaries	(1,449)	-	-	(6)	(1,455)
The effect of changes in foreign exchange rates	(2,210)	(5,010)	(5,060)	(88)	(12,368)
Non-cash additions to lease obligations	-	-	28,765	-	28,765
Other changes	2	(1)	(1,152)	8,363	7,212
Total other changes	(3,175)	(4,939)	30,056	163,905	185,847
30 September 2021	126,066	326,982	181,501	7,438	641,987
31 December 2019	134,026	247,326	171,880	135,920	689,152
Changes from financing cash flows:					
Proceeds from issuance of short-term borrowings	4,968	-	-	-	4,968
Principal repayments of short-term borrowings	(699)	-	-	-	(699)
Proceeds from issuance of long-term debt	-	108,250	-	-	108,250
Principal repayments of long-term debt	(18,639)	-	(47,591)	-	(66,230)
Interest paid	-	-	(7,997)	(15,370)	(23,367)
Dividends paid on Company common stock	-	-	-	(375,483)	(375,483)
Total changes from financing cash flows	(14,370)	108,250	(55,588)	(390,853)	(352,561)
Other changes:					
Interest accrued	1,200	98	7,997	20,369	29,664
Dividends declared on Company common stock	-	-	-	228,374	228,374
The effect of changes in foreign exchange rates	37,421	81,998	39,137	1,579	160,135
Non-cash additions to lease obligations	-	-	42,033	-	42,033
Other changes	-	-	1,287	14,818	16,105
Total other changes	38,621	82,096	90,454	265,140	476,311
30 September 2020	158,277	437,672	206,746	10,207	812,902

Note 18. Taxes payable

	30 September 2021	31 December 2020
Income tax	22,593	16,614
Mineral extraction tax	96,787	49,332
Tax on additional income from hydrocarbon production	38,799	2,881
VAT	80,978	35,650
Excise tax	27,863	22,733
Property tax	5,815	5,675
Other taxes	8,670	9,573
Total taxes payable	281,505	142,458

Note 19. Other current liabilities

	30 September 2021	31 December 2020
Advances received	41,525	31,142
Dividends payable	680	1,610
Other	7,051	2,745
Total other current liabilities	49,256	35,497

Note 20. Provisions

	Asset retirement obligations	Provision for employee compensations	Provision for environmental liabilities	Pension liabilities	Provision for unused vacations	Other provisions	Total
30 September 2021	101,069	13,600	4,099	13,141	5,638	10,108	147,655
Incl.: Non-current	100,563	34	1,095	11,133	242	1,932	114,999
Current	506	13,566	3,004	2,008	5,396	8,176	32,656
31 December 2020	111,614	10,939	4,204	13,794	6,326	6,924	153,801
Incl.: Non-current	110,916	175	1,329	11,678	322	2,245	126,665
Current	698	10,764	2,875	2,116	6,004	4,679	27,136

Asset retirement obligations changed as follows:

	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
1 January	111,614	63,387
Provisions made during the period	977	31,507
Reversal of provisions	(627)	(61)
Provisions used during the period	(114)	(239)
Accretion expense	2,849	2,951
Change in discount rate	(13,479)	(3,687)
Changes in estimates	526	(3,137)
Foreign currency translation differences	(1,222)	10,034
Other	545	23
30 September	101,069	100,778

Note 21. Equity**Common shares**

	30 September 2021 (thousands of shares)	31 December 2020 (thousands of shares)
Issued common shares, par value of 0.025 RUB each	692,866	692,866
Treasury shares	(40,367)	(40,367)
Outstanding common shares	652,499	652,499

The Company has the right to issue additional 85 million common shares.

Dividends

At the annual general shareholders' meeting on 24 June 2021, dividends for 2020 were approved in the amount of 213 RUB per common share. At the extraordinary shareholders' meeting on 3 December 2020, interim dividends for 2020 were approved in the amount of 46 RUB per common share. Total dividends for 2020 were approved in the amount of 259 RUB per common share.

Note 21. Equity (continued)

At the annual general shareholders' meeting on 23 June 2020, dividends for 2019 were approved in the amount of 350 RUB per common share. At the extraordinary shareholders' meeting on 3 December 2019, interim dividends for 2019 were approved in the amount of 192 RUB per common share. Total dividends for 2019 were approved in the amount of 542 RUB per common share.

Dividends on the Company's shares payable of 680 million RUB and 699 million RUB are included in "Other current liabilities" in the consolidated statement of financial position at 30 September 2021 and 31 December 2020, respectively.

Earnings per share

The calculation of basic and diluted earnings per share was as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	192,475	50,420	539,652	(14,260)
Weighted average number of common shares (thousands of shares)	652,499	652,499	652,499	650,451
Dilutive effect of equity-settled share-based compensation plan (thousands of shares)	33,368	25,049	31,755	-
Weighted average number of common shares, assuming dilution (thousands of shares)	685,867	677,548	684,254	650,451
Profit (loss) per share of common stock attributable to PJSC LUKOIL shareholders (in Russian rubles):				
Basic	294.98	77.27	827.05	(21.92)
Diluted	280.63	74.42	788.67	(21.92)

Note 22. Personnel expenses

Personnel expenses were as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Payroll costs	41,380	38,712	123,613	117,183
Statutory insurance contributions and social taxes	9,312	8,746	28,690	26,743
Share-based compensation	7,841	7,841	23,525	23,525
Total personnel expenses	58,533	55,299	175,828	167,451

Note 23. Finance income and costs

Finance income was as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Interest income from deposits	2,543	1,251	4,678	5,555
Interest income from loans	1,368	990	3,342	3,419
Other finance income	730	1,384	1,486	2,147
Total finance income	4,641	3,625	9,506	11,121

Note 23. Finance income and costs (continued)

Finance costs were as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Interest expenses	7,683	9,641	23,264	28,276
Accretion expenses	1,110	1,448	3,284	3,316
Other finance costs	453	608	1,338	1,677
Total finance costs	9,246	11,697	27,886	33,269

Note 24. Other income and expenses

Other income was as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Gain on disposal of assets	1,545	811	3,668	1,496
Reversal of impairment of assets	-	5,358	-	7,267
Other income	2,083	1,500	8,796	6,094
Total other income	3,628	7,669	12,464	14,857

Other expenses were as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Loss on disposal of assets	4,002	4,796	8,828	12,320
Impairment loss	-	-	-	82,833
Charity expenses	1,510	1,997	5,205	6,416
Other expenses	5,177	2,169	7,434	5,658
Total other expenses	10,689	8,962	21,467	107,227

Note 25. Commitments and contingencies**Capital commitments**

Capital commitments of the Group relating to construction and acquisition of property, plant and equipment amount to 525,833 million RUB and 501,550 million RUB at 30 September 2021 and 31 December 2020, respectively.

Taxation environment

The taxation systems in the Russian Federation and other emerging markets where Group companies operate are relatively new and are characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among different tax authorities within the same jurisdictions and among taxing authorities in different jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose substantial fines, penalties and interest charges. In the Russian Federation a tax year remains open for review by the tax authorities during three subsequent calendar years. However, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation. Such factors significantly increase taxation risks in the Russian Federation and other emerging markets where Group companies operate, comparing to other countries where taxation regimes have been subject to development and clarification over longer periods.

Note 25. Commitments and contingencies (continued)

The tax authorities in each region of the Russian Federation may have a different interpretation of similar taxation issues which may result in taxation issues successfully defended by the Group in one region being unsuccessfully defended by the Group in another region. There is some direction provided from the central authority based in Moscow on particular taxation issues.

The Group has implemented tax planning and management strategies based on existing legislation. The Group is subject to tax authority audits on an ongoing basis, which is a normal practice in the Russian Federation and other republics of the former Soviet Union, and, at times, the authorities have attempted to impose additional significant taxes on the Group. Management believes that it has adequately met the requirements and provided for tax liabilities based on its interpretation of existing tax legislation. However, the relevant tax authorities may have differing interpretations and the effects on the consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Litigation and claims

In July 2015, the prosecutors with the Ploesti Court of Appeals (hereinafter the “Prosecutor’s Office”) charged the general director and several officers of PETROTEL-LUKOIL S.A., a Group company, with bad faith use of the company’s credit and money laundering. Similar charges were brought against LUKOIL Europe Holdings B.V., a Group company, for 2010–2014. On 10 May 2016, the Prahova Tribunal lifted all preventive measures that were in effect against the accused individuals. Upon preliminary hearings the Prosecutor’s Office revised the amount of damage claimed from \$2.2 billion (160.1 billion RUB) to \$1.5 billion (109.1 billion RUB). An expertise of all relevant issues of the criminal case was carried out during 2017, the results of which were accepted by the Tribunal on 12 February 2018. At the final hearing on the case which was held on 23 October 2018 the court issued a not guilty decision to all the accused, including general director of PETROTEL-LUKOIL S.A., his deputies and PETROTEL-LUKOIL S.A. and LUKOIL Europe Holdings B.V. themselves. As a result freezing injunction in the amount of approximately \$1.5 billion (109.1 billion RUB) was removed from all assets of the refinery, shares and accounts of PETROTEL-LUKOIL S.A. and LUKOIL Europe Holdings B.V. On 1 November 2018, this decision was appealed by the Prosecutor’s Office to the Ploesti Court of Appeals. On 27 November 2019, the Ploesti Court of Appeals issued a decision to return the case for a new examination in the court of the first instance. On 24 December 2019, the defendants appealed the decision in an order of extraordinary appeal to the Ploesti Court of Appeals. On 17 June 2020, the Ploesti Court of Appeals rejected the appeal of PETROTEL-LUKOIL S.A. and transferred the case to the Prahova Tribunal. On 9 December 2020, the Prahova Tribunal issued a repeated acquittal due to the absence of an event of a crime. On 16 December 2020, the Prosecutor’s Office filed a protest against the court's verdict. The hearings took place on 23 September and 21 October 2021. The decision is expected on 25 November 2021. Management does not believe that the outcome of this matter will have a material adverse effect on the Group’s financial position.

LUKOIL Overseas Karachaganak B.V., a Group company, among other contractors, is involved in the dispute with the Republic of Kazakhstan arising from the Final Production Sharing Agreement relating to the Contract area of the Karachaganak Oil and Gas Condensate Field with respect to cost recovery in 2010-2017. Currently, within the framework of the dispute the parties are making efforts to resolve the existing controversies by way of negotiations and management believes that the amounts of claim, as well as calculations of potential losses arising from the dispute to be preliminary and should not be disclosed in order to avoid any adverse impact on the process. Management also believes that the ultimate outcome of this dispute will not have a material adverse effect on the financial position of the Group.

Note 25. Commitments and contingencies (continued)

On 21 May 2020, the Federal Antimonopoly Service of Russia (hereinafter – FAS of Russia) filed a claim to the Arbitration court of the Arkhangelsk region for invalidating the transaction of PJSC LUKOIL for the sale of 100% of shares of JSC Arkhangelskgeoldobycha to LLC Otkritie Promyshlennye Investitsii in May 2017 and applying the consequences of its invalidity. On 31 July 2020, the Arbitration court of Arkhangelsk region passed the case to Arbitration court of Moscow. The hearing date was postponed to 26 November 2021. The transaction to sell shares of JSC Arkhangelskgeoldobycha was concluded after a five-month due diligence and verification of information provided by the seller and the buyer, without any objections from regulatory authorities, in strict compliance with the Russian legislation, after an approval was obtained from the Governmental Commission for Control over Foreign Investments in the Russian Federation. In addition, a written approval was obtained from FAS of Russia to conduct this transaction. The price of the asset was agreed by the parties of the transaction as a result of the lengthy negotiations where largest investment banks were involved as advisers, which confirms the market nature of the deal. In this regard, the Company does not agree with the arguments set out in the claim of FAS of Russia and regards itself as a bona fide seller in this transaction, and will take all necessary measures to protect its rights and legitimate interests. Management does not believe that the outcome of this matter will have a material adverse effect on the Group's financial position.

The Group is involved in various other claims and legal proceedings arising in the normal course of business. While these claims may seek substantial damages against the Group and are subject to uncertainty inherent in any litigation, management does not believe that the ultimate resolution of such matters will have a material adverse impact on the Group's operating results or financial position.

Political situation

In July – September 2014, the United States (“US”), the European Union (“EU”) and several other countries imposed a set of sanctions on Russia, including sectoral sanctions which affect several Russian oil and gas companies. The US Department of the Treasury has placed the Company onto the Sectoral Sanctions Identifications List subject to Directive 4 of the Office of foreign assets control (OFAC). Directive 4 prohibits US companies and individuals from providing, exporting, or re-exporting directly or indirectly, goods, services (except for financial services), or technology in support of exploration or production for deepwater, Arctic offshore or shale projects that have the potential to produce oil in the Russian Federation, or in maritime area spreading from the Russian territory and claimed by the Russian Federation.

From January 2018 (based on acts adopted in August – October 2017), the US expanded abovementioned sanctions to include certain categories of international oil projects initiated on or after 29 January 2018 in any part of the world, in which companies placed on the Sectoral Sanctions Identifications List subject to Directive 4 (including the Company) have an ownership interest of 33% or more, or ownership of a majority of the voting interests.

Management believes that current sanctions do not have a material adverse effect on the current or planned Group's oil projects. At the same time the Company continues to monitor and evaluate potential risks for its operations in connection with sanctions.

The Group is exposed to political, economic and legal risks due to its operations in Iraq. Management monitors these risks and believes that there is no adverse effect on the Group's financial position that can be reasonably estimated at present.

Note 26. Related party transactions

The senior management of the Company believes that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties and has disclosed all of the relationships identified which it deemed to be significant. Related party sales and purchases of oil and oil products were primarily to and from associates and joint ventures. Other financial assets mostly represent loans given to associates and joint ventures. Loans and borrowings mostly represent lease obligations.

Note 26. Related party transactions (continued)

Outstanding balances with related parties were as follows:

	30 September 2021	31 December 2020
Accounts receivable and other current assets	4,526	2,474
Other financial assets	37,579	32,403
Total assets	42,105	34,877
Accounts payable	8,513	6,902
Short term borrowings and long-term debt	18,739	17,649
Total liabilities	27,252	24,551

Related party transactions were as follows:

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Sales of oil and oil products	11,363	3,507	21,901	12,427
Other sales	663	468	2,285	1,663
Purchases of oil and oil products	15,621	21,244	52,670	48,548
Other purchases	6,509	4,739	15,721	13,298
Proceeds from sale of other financial assets, net	69	2,876	213	8,161
(Principal repayments) proceeds from issuance of short term borrowings and long- term debt, net	(319)	806	(7)	227

Note 27. Compensation plan

In late December 2017, the Company announced a compensation plan based on approximately 40 million shares available to certain members of management and key employees for the period from 2018 to 2022, which was implemented in July 2018 and recognised as equity-settled share-based compensation plan.

The fair value of the plan was estimated at the grant date at 156.8 billion RUB based on forecasting principles of Monte-Carlo model and is not going to be recalculated in the future. The fair value was estimated assuming a spot-price of the Company's share in the amount of 4,355 RUB at the grant date, discount for illiquidity in the amount of 9.95% per annum, a risk-free interest rate of 7.50% per annum, an expected dividend yield of 4.99% per annum, an expected time to maturity of five years and a volatility factor of 25.68%. The expected volatility factor was estimated based on the historical volatility of the Company's shares for the previous five years. The vesting of shares is contingent on meeting the requisite service period, certain KPIs and share price appreciation. The Group is planning to recognise expenses related to the plan evenly during the vesting period.

Related to this share plan the Group recognised compensation expenses of 7,841 million RUB and 23,525 million RUB during the three and the nine months ended 30 September 2021 and 2020, respectively.

Note 28. Segment information

The Group has the following operating segments – exploration and production; refining, marketing and distribution; corporate and other. These segments have been determined based on the nature of their operations. Management on a regular basis assesses the performance of these operating segments.

The exploration and production segment explores for, develops and produces crude oil and gas. The refining, marketing and distribution segment includes refining, petrochemical and transport operations, marketing and trading of crude oil, natural gas and refined products, generation, transportation and sales of electricity, heat and related services. The corporate and other business operating segment includes activities of the Company and businesses beyond the Group's traditional operations.

Geographical segments are based on the area of operations and include two segments: Russia and International.

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**
(Millions of Russian rubles, unless otherwise noted)**Note 28. Segment information (continued)****Operating segments****For the three months ended 30 September 2021**

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	63,286	2,521,290	4,169	-	2,588,745
Inter-segment	681,513	20,440	8,234	(710,187)	-
Total revenues	744,799	2,541,730	12,403	(710,187)	2,588,745
Operating expenses	70,922	70,797	2,572	(15,977)	128,314
Selling, general and administrative expenses	9,137	36,403	16,682	(6,756)	55,466
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	138,498	73,266	(16,347)	(2,942)	192,475
EBITDA	245,036	125,757	(12,709)	(2,908)	355,176
Income tax expense					(49,049)
Finance income					4,641
Finance costs					(9,246)
Foreign exchange loss					(661)
Equity share in income of associates and joint ventures					6,722
Other expenses					(7,061)
Depreciation, depletion and amortisation					(107,403)
Profit for the period attributable to non-controlling interests					(644)
Profit for the period attributable to PJSC LUKOIL shareholders					192,475

For the three months ended 30 September 2020

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	33,572	1,417,836	5,242	-	1,456,650
Inter-segment	369,807	16,525	6,456	(392,788)	-
Total revenues	403,379	1,434,361	11,698	(392,788)	1,456,650
Operating expenses	62,166	51,013	3,614	(7,840)	108,953
Selling, general and administrative expenses	9,009	28,590	15,037	(7,148)	45,488
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	72,550	30,921	(38,695)	(14,356)	50,420
EBITDA	151,979	77,638	(12,619)	(14,775)	202,223
Income tax expense					(15,256)
Finance income					3,625
Finance costs					(11,697)
Foreign exchange loss					(27,280)
Equity share in income of associates and joint ventures					4,029
Other expenses					(1,293)
Depreciation, depletion and amortisation					(103,439)
Profit for the period attributable to non-controlling interests					(492)
Profit for the period attributable to PJSC LUKOIL shareholders					50,420

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**
(Millions of Russian rubles, unless otherwise noted)**Note 28. Segment information (continued)****For the nine months ended 30 September 2021**

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	178,780	6,475,786	12,546	-	6,667,112
Inter-segment	1,842,108	56,855	26,668	(1,925,631)	-
Total revenues	2,020,888	6,532,641	39,214	(1,925,631)	6,667,112
Operating expenses	205,773	195,938	8,227	(40,661)	369,277
Selling, general and administrative expenses	29,830	98,021	49,973	(21,957)	155,867
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	371,919	231,931	(48,343)	(15,855)	539,652
EBITDA	689,733	372,914	(38,041)	(15,208)	1,009,398
Income tax expense					(129,655)
Finance income					9,506
Finance costs					(27,886)
Foreign exchange loss					(3,081)
Equity share in income of associates and joint ventures					19,834
Other expenses					(9,003)
Depreciation, depletion and amortisation					(327,631)
Profit for the period attributable to non-controlling interests					(1,830)
Profit for the period attributable to PJSC LUKOIL shareholders					539,652

For the nine months ended 30 September 2020

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	112,500	3,980,721	15,841	-	4,109,062
Inter-segment	980,888	53,440	30,696	(1,065,024)	-
Total revenues	1,093,388	4,034,161	46,537	(1,065,024)	4,109,062
Operating expenses	196,409	140,495	10,859	(21,777)	325,986
Selling, general and administrative expenses	32,373	89,014	46,790	(25,168)	143,009
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	48,547	26,473	(95,837)	6,557	(14,260)
EBITDA	333,514	196,673	(28,749)	(3,956)	497,482
Income tax expense					(51,298)
Finance income					11,121
Finance costs					(33,269)
Foreign exchange loss					(38,570)
Equity share in income of associates and joint ventures					8,457
Other expenses					(92,370)
Depreciation, depletion and amortisation					(314,882)
Profit for the period attributable to non-controlling interests					(931)
Loss for the period attributable to PJSC LUKOIL shareholders					(14,260)

Note 28. Segment information (continued)

Geographical segments

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Sales of crude oil within Russia	25,735	8,457	61,249	19,491
Export of crude oil and sales of crude oil by foreign subsidiaries	990,141	499,411	2,467,439	1,439,202
Sales of petroleum products within Russia	304,017	223,623	742,832	589,005
Export of petroleum products and sales of petroleum products by foreign subsidiaries	1,133,266	640,428	3,018,066	1,805,061
Sales of chemicals within Russia	15,235	7,356	44,227	25,912
Export of chemicals and sales of chemicals by foreign subsidiaries	28,127	13,244	82,494	42,115
Sales of gas within Russia	7,515	8,119	22,237	24,459
Sales of gas by foreign subsidiaries	40,755	7,973	96,651	37,920
Sales of energy and related services within Russia	10,852	10,010	41,132	37,704
Sales of energy and related services by foreign subsidiaries	4,353	3,796	8,116	8,528
Other sales within Russia	14,457	11,492	36,610	29,775
Other export sales and other sales of foreign subsidiaries	14,292	22,741	46,059	49,890
Total sales	2,588,745	1,456,650	6,667,112	4,109,062

For the three months ended 30 September 2021

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	403,297	2,185,448	-	2,588,745
Inter-segment	436,048	1,002	(437,050)	-
Total revenues	839,345	2,186,450	(437,050)	2,588,745
Operating expenses	89,227	36,968	2,119	128,314
Selling, general and administrative expenses	25,695	30,570	(799)	55,466
Profit for the period attributable to PJSC LUKOIL shareholders	183,545	11,873	(2,943)	192,475
EBITDA	309,801	47,983	(2,608)	355,176

For the three months ended 30 September 2020

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	289,175	1,167,475	-	1,456,650
Inter-segment	222,142	343	(222,485)	-
Total revenues	511,317	1,167,818	(222,485)	1,456,650
Operating expenses	76,673	24,692	7,588	108,953
Selling, general and administrative expenses	23,799	22,425	(736)	45,488
Profit for the period attributable to PJSC LUKOIL shareholders	53,321	11,476	(14,377)	50,420
EBITDA	176,632	42,550	(16,959)	202,223

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**
(Millions of Russian rubles, unless otherwise noted)**Note 28. Segment information (continued)****For the nine months ended 30 September 2021**

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	1,025,620	5,641,492	-	6,667,112
Inter-segment	1,258,654	3,134	(1,261,788)	-
Total revenues	2,284,274	5,644,626	(1,261,788)	6,667,112
Operating expenses	256,206	102,684	10,387	369,277
Selling, general and administrative expenses	70,765	87,712	(2,610)	155,867
Profit for the period attributable to PJSC LUKOIL shareholders	485,457	70,013	(15,818)	539,652
EBITDA	836,197	190,666	(17,465)	1,009,398

For the nine months ended 30 September 2020

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	776,607	3,332,455	-	4,109,062
Inter-segment	703,527	1,191	(704,718)	-
Total revenues	1,480,134	3,333,646	(704,718)	4,109,062
Operating expenses	234,193	63,570	28,223	325,986
Selling, general and administrative expenses	68,317	77,095	(2,403)	143,009
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	94,779	(115,619)	6,580	(14,260)
EBITDA	404,152	92,481	849	497,482

In the International segment the Group receives the most substantial revenues in Switzerland, the USA and Singapore.

	For the three months ended 30 September 2021	For the three months ended 30 September 2020	For the nine months ended 30 September 2021	For the nine months ended 30 September 2020
Sales revenues				
in Switzerland	1,257,279	592,661	3,105,184	1,780,746
in the USA	362,789	165,220	915,760	495,904
in Singapore	136,408	116,120	455,779	251,547

These amounts are attributed to individual countries based on the jurisdiction of subsidiaries making the sale.

Note 29. Fair value

There are the following methods of fair value measurement based on the valuation method:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs.

Note 29. Fair value (continued)

The following tables show the carrying amounts and fair values of financial assets and financial liabilities included in the consolidated statement of financial position at 30 September 2021 and 31 December 2020.

30 September 2021	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	2,534	-	2,534	-	2,534
Financial assets at fair value through profit or loss	38,681	-	-	38,681	38,681
Financial assets at fair value through other comprehensive income	5,642	5,642	-	-	5,642
Financial liabilities:					
Commodity derivative contracts	2,723	-	2,723	-	2,723
Loans and borrowings	618,607	347,917	-	291,769	639,686

31 December 2020	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	316	-	316	-	316
Financial assets at fair value through profit or loss	33,195	-	-	33,195	33,195
Financial assets at fair value through other comprehensive income	2,491	2,491	-	-	2,491
Financial liabilities:					
Commodity derivative contracts	418	-	418	-	418
Loans and borrowings	638,453	362,818	-	307,832	670,650

The fair values of cash and cash equivalents (Level 1), accounts receivable and long-term accounts receivable (Level 3), short-term borrowings (Level 3) are approximately equal to their value as disclosed in the consolidated statement of financial position. The fair value of long-term receivables was determined by discounting with estimated market interest rates for similar financing arrangements. The fair value of long-term loans (Level 3) was determined as a result of discounting using estimated market interest rates for similar financing instruments. These amounts include all future cash outflows associated with the long-term debt repayments, including the current portion and interest. Market interest rates mean the rates of raising long-term debt by companies with a similar credit rating for similar tenors, repayment schedules and other similar main terms. The fair value of bonds (Level 1) was determined based on market quotations at 30 September 2021 and 31 December 2020.

Note 30. Subsequent events

In October 2021, a Group company signed an agreement to purchase a 15.5% interest in the Shah Deniz natural gas project in Azerbaijan from PETRONAS for \$2.25 billion. The transaction is subject to fulfilment of conditions precedent, including approval by SOCAR, the State Oil Company of the Azerbaijan Republic. Following the completion of the transaction, the Group's interest in the Shah Deniz project will increase from 10% to 25.5%.

On 26 October 2021, a Group company issued two tranches of non-convertible bonds totaling \$2.3 billion. The first tranche of \$1.15 billion was placed with a maturity of 5.5 years and a coupon yield of 2.80% per annum, the second tranche of \$1.15 billion was placed with a maturity of 10 years and a coupon yield of 3.60% per annum. All bonds were placed at face value and have a half year coupon period.