

GAZPROM NEFT'S 2021 NET PROFIT REACHES AN ALL-TIME HIGH

- FY2021 **net profit of ₺503.4 billion** represents a **four-fold increase** year-on-year
- FY2021 **adjusted EBITDA of ₺986.1 billion** reflects **more than a two-fold increase** year-on-year
- Significant **free cash flow (FCF), reaching ₺500.1 billion in FY2021**

Gazprom Neft (the “company”) has today published its IFRS consolidated financial statements for the 12 months and fourth quarter (Q4) ended 31 December 2021 (FY 2021).

Gazprom Neft's financial performance for FY2021 was at an all-time high, with revenue reaching ₺3.068 trillion in FY2021, up 53.5% y-o-y. Adjusted EBITDA¹ (earnings before interest, taxes, depreciation, and amortisation) reached ₺986.1 billion, demonstrating a two-fold increase year-on-year, which was driven by positive trends in the pricing environment for oil and petroleum products, as well as by effective management initiatives. Net profit attributable to Gazprom Neft PJSC shareholders saw a four-fold increase for FY2021, reaching a record ₺503.4 billion. Effective operational activities delivered free cash flow (FCF) of ₺500.1 billion for FY2021.

In FY2021, hydrocarbon production exceeded 100 million tonnes of oil equivalent (mtoe) for the first time in the company's history. A year-on-year increase of 5.6% up to 101.4 mtoe was the result of higher production at oil-rim deposits and key company assets in the Khanty-Mansi and Yamalo-Nenets Autonomous Okrugs and the Tomsk and Orenburg Regions, as well as the launch of new infrastructure at the Tazovskoye and Novoportovskoye fields. The Tazovskoye field, commissioned in June 2021, is set to become a key asset in a major oil and gas cluster in the Yamalo-Nenets Autonomous Okrug, which is being developed by Gazprom Neft and LUKOIL as part of the Meretoyakhaneftegaz joint venture. The launch of the “Yamal Gas” subsea Arctic pipeline at the Novoportovskoye field will allow 20 billion cubic metres (bcm) of gas to be fed into Russia's Unified Gas Supply System (UGSS) every year.

Licenses acquired in 2021 include a hydrocarbon E&P license in the Orenburg Region and three geological prospecting licenses (for underlying strata and flank fields) in the Orenburg Region and Khanty-Mansi and Yamalo-Nenets Autonomous Okrugs. Gazprom Neft also became the first oil and gas company in Russia to be awarded two licenses to develop

¹ Adjusted EBITDA includes proportional EBITDA from associated and jointly controlled companies, equity accounting method.

E&P technologies for prospecting for hard-to-recover reserves in the Khanty-Mansi Autonomous Okrug.

Annual refining volumes at Gazprom Neft's own and joint-venture refineries also saw a record growth of 7.8%, reaching 43.5 million tonnes. This growth was supported by recovering demand following the gradual lifting of COVID-19 restrictions, and the commissioning of the Euro+ complex at the Moscow Refinery.

In 2021, Gazprom Neft sold more than 26 million tonnes of petroleum products through premium sales channels, up 12.9% year-on-year. The gradual lifting of COVID-19 restrictions helped increase average daily sales per filling station by 9.3% to 18.55 tonnes per day, with motor fuel (gasoline and diesel) sales up 11.4% year-on-year. Recovering passenger traffic and improving market environment delivered significant growth in aviation fuel and bitumen sales, up 36.9% and 34.7%, respectively, year-on-year. Lubricant sales increased 6.5% year-on-year.

Throughout 2021, Gazprom Neft continued to implement its long-term strategy. Sustainable development remains a key focus of the strategy and the quality of the company's disclosure on climate initiatives was confirmed by Gazprom Neft's leading position in the CDP rating. Gazprom Neft continues to develop projects aimed at reducing environmental impact in production and refining, including, specifically, by improving environmental characteristics in fuel production. The company is also focused on developing partnerships in sustainable development and is working alongside aviation industry leaders to develop sustainable aviation fuel (SAF) with minimal carbon footprint as part of the Eurasian SAF-Alliance. In 2021, Gazprom Neft secured its first €30 billion ESG-linked credit facilities to support environmental modernisation projects at its Omsk Refinery.

Commenting on FY2021 results, Alexander Dyukov, Chairman of the Management Board of Gazprom Neft, said:

"In 2021, the company reached the 100 mtoe milestone for the first time in its history, having doubled production within ten years. This was one of the key targets we had set ourselves as part of the company's long-term strategy. We also see opportunities for further production growth in 2022 and beyond.

Recovering demand for oil, as well as a swift and effective response to the changing market environment, helped us deliver a record performance.

These results have also allowed us to increase dividend payments. The Board of Directors has recommended dividend payments in the amount of €40 per ordinary share for 9M 2021, which is another all-time high. Going forward, we intend to continue paying interim dividends.

We continue to develop new exploration and production projects in response to growing demand for oil and petroleum products. The company is also implementing a wide range of

initiatives aimed at reducing our carbon footprint – both from our own operations and activities of businesses in other sectors of the economy. As one example, we plan to implement a major pilot carbon capture and storage (CCS) project in the Orenburg Region.”

FINANCIAL HIGHLIGHTS

4Q	3Q	Δ, %		12 MONTHS		Δ, %
				2021	2020	
906,892	823,790	10.1	Revenue (₽ millions)	3,068,442	1,999,620	53.5
258,187	241,322	7.0	EBITDA (₽ millions)	891,797	415,375	114.7
285,520	266,008	7.3	Adjusted EBITDA (₽ millions)	986,127	485,203	103.2
19.44	19.15	1.5	\$/boe	17.87	9.48	88.5
146,477	139,734	4.8	Profit attributable to Gazprom Neft PJSC shareholders (₽ millions)	503,445	117,699	>200
278,946	275,526	1.2	Cash flow from operations (₽ millions)	941,923	517,057	82.2
115,653	179,938	(35.7)	Free cash flow (₽ millions)	500,090	103,531	>200
0.18	0.32	(44.4)	Net debt / EBITDA	0.18	1.32	(86.4)

OPERATIONAL HIGHLIGHTS

4Q	3Q	Δ, %		12 MONTHS		Δ, %
2021	2021			2021	2020	
202.24	189.02	7.0	Hydrocarbon production including Gazprom Neft's share in joint ventures (mboe)	749.27	709.74	5.6
27.38	25.60	7.0	Hydrocarbon production including Gazprom Neft share in joint ventures (mtoe)	101.44	96.06	5.6
11.10	11.77	(5.7)	Refining throughput at the company's own and joint-venture refineries (million tonnes)	43.53	40.39	7.8
6.85	7.22	(5.1)	Sales volumes through premium channels (million tonnes)	26.03	23.06	12.9
2.88	2.88	-	Sales volumes through filling stations (million tonnes)	10.83	9.77	10.8