PRESS RELEASE
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LUKOIL ANNOUNCES IFRS FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2021

PJSC "LUKOIL" released its condensed interim consolidated financial statements for the three-month period ended March 31, 2021 prepared in accordance with International Financial Reporting Standards (IFRS).

Financial Highlights

1Q 2021	4Q 2020		1Q 2021	1Q 2020
		(RUB bln)		
1,876.5	1,530.3	Sales	1,876.5	1,666.0
314.4	**189.6**	**EBITDA**	**314.4**	**150.8**
157.4	29.4	Profit (loss) for the period attributable to LUKOIL shareholders	157.4	(46.0)
107.2	135.2	Capital expenditures	107.2	130.2
163.6	**85.5**	**Free cash flow**	**163.6**	**55.5**
187.7	58.3	Free cash flow before changes in working capital	187.7	9.2

COVID-19

Since the beginning of the COVID-19 pandemic LUKOIL has been undertaking necessary measures to rule out the direct impact of the pandemic on the Group's operating activity, prioritizing proper protection of its employees, contractors personnel and clients, as well as continuity of production processes.

Weaker global economic activity amid the pandemic followed by an unprecedented slump in hydrocarbon demand and prices had a significant negative impact on operational and financial performance of the Group in 2020 with persisting negative effects in the first quarter of 2021.

The consequences of the pandemic for the Company's operating results include: crude oil production cut at the Company's fields in Russia and certain international

projects due to the OPEC+ agreement; gas production cut in Uzbekistan in 2020 due to temporarily lower demand for Uzbek gas from China; reduction of refinery throughput volumes due to lower refining margins and lower demand for certain refined products; and lower sales volumes of motor fuels through filling stations because of lower demand.

The main impact of the pandemic on the Company's financial performance is attributed to volatility in prices for crude oil and refined products as well as lower production volumes.

OPEC+ agreement

On April 12, 2020 a number of oil-producing countries, including OPEC members and Russia, entered into an agreement valid until the end of April 2022, that aims to reduce their collective crude oil output by 9.7 million barrels per day starting from May 1, 2020 with subsequent gradual increase. Due to the agreement, starting from May 1, 2020 the Company cut its crude oil production in Russia by approximately 310 thousand barrels per day as compared to the average daily production in the first quarter of 2020. Consequently, the Company has been gradually increasing crude oil production in Russia. As a result, in the first quarter of 2021 the Group's crude oil production in Russia was approximately 130 thousand barrels per day higher as compared to the level of May 2020.

Crude oil production was also reduced at certain international projects. In particular, production at the West Qurna-2 project in Iraq in the first quarter of 2021 was approximately 90 thousand barrels per day lower than the project capacity.

Sales

In the first quarter of 2021, our sales amounted to RUB 1,876.5 bln, up 22.6% quarter-on-quarter. The growth was mainly attributable to higher crude oil and refined products prices, as well as higher hydrocarbon production, refinery throughput and crude oil trading volumes. These factors were partially offset by lower trading and retail sales volumes of refined products, as well as strengthening of ruble to US dollar.

As compared to the first quarter of 2020, our sales increased by 12.6% mainly due to higher crude oil prices and ruble devaluation. The growth was constrained by lower hydrocarbon production, refinery throughput and trading volumes.

EBITDA

1Q 2021	4Q 2020		1Q 2021	1Q 2020
		(RUB bln)		
314.4	**189.6**	**EBITDA**	**314.4**	**150.8**
223.8	**166.6**	**Exploration and production**	**223.8**	**109.2**
187.0	148.0	Russia	187.0	73.6
36.8	18.6	Outside Russia	36.8	35.6
120.2	**46.6**	**Refining, marketing and distribution**	**120.2**	**40.3**
66.6	43.6	Russia	66.6	61.8
53.6	3.0	Outside Russia	53.6	(21.5)

In the first quarter of 2021, EBITDA increased by 65.8% quarter-on-quarter to RUB 314.4 bln.

In addition to higher crude oil prices, EBITDA of the Exploration and production segment in Russia was positively affected by higher crude oil production volumes, lower unit extraction expenses, as well as higher positive time lag effect of export duty and MET. The growth was constrained by elimination of tax incentives for high-viscous crude oil and stronger ruble. Outside Russia, EBITDA growth was mainly attributable to higher crude oil prices.

The main growth factors for EBITDA in the Refining, Marketing and Distribution segment were the specifics of accounting for hedging operations as part of the international trading business, higher refining margins and refinery throughput volumes, as well as inventory effect at the refineries in Russia and Europe. EBITDA growth in Russia was also supported by better results of the petrochemical and power generation businesses. At the same time, the growth was constrained by worse results of the retail business.

As compared to the first quarter of 2020, EBITDA more than doubled mainly as a result of higher crude oil prices, ruble devaluation, positive time lag effect of export duty and MET, as well as inventory effect at the refineries and better results of the international trading business. At the same time, EBITDA growth was constrained by lower crude oil production and refinery throughput volumes, lower refining margin in Europe and elimination of tax incentives for high-viscous crude oil.

Profit

In the first quarter of 2021, profit attributable to PJSC LUKOIL shareholders

amounted to RUB 157.4 bln as compared to RUB 29.4 bln in the previous quarter and a loss of RUB 46.0 bln in the first quarter of 2020.

Besides higher EBITDA, the profit dynamics is attributable to non-cash losses from assets impairment in 2020, as well as recalculation of depletion expenses in the fourth quarter of 2020 for the full year due to an increase in proved reserves at certain fields.

Free cash flow

In the first quarter of 2021, free cash flow amounted to RUB 163.6 bln, which is a two-fold and a three-fold increase quarter-on-quarter and year-on-year respectively. The increase was mainly driven by higher operating cash flow.

Operating highlights

1Q 2021	**4Q 2020**		**1Q 2021**	**1Q 2020**
2,198	**2,099**	**Hydrocarbon production, Kboepd**	2,198	**2,382**
2,152	**2,065**	**ex. West Qurna-2**	2,152	**2,328**
1,624	1,573	Liquid hydrocarbon production, Kbpd	1,624	1,838
1,578	1,539	ex. West Qurna-2	1,578	1,784
8.8	8.2	Gas production, bcm	8.8	8.4
13.6	**12.4**	**Production of refined products at own refineries, million tonnes**	**13.6**	**16.0**

In the first quarter of 2021 LUKOIL Group's average hydrocarbon production excluding the West Qurna-2 project was 2,152 thousand boe per day, which is 4.2% higher quarter-on-quarter. The growth was attributable to the dynamics of the external limitations on crude oil production due to the OPEC+ agreement, as well as to the recovery of gas production in Uzbekistan. Hydrocarbon production was 7.6% lower year-on-year due to the OPEC+ agreement.

Liquid hydrocarbons

Liquid hydrocarbon production excluding the West Qurna-2 project was 1,578 thousand barrels per day in the first quarter of 2021, which is 2.5% higher quarter-on-quarter and 11.6% lower year-on-year. Crude oil production dynamics was driven by the OPEC+ agreement concluded in April 2020, which led to limitations

on crude oil production by the Group in Russia and at certain international projects.

Despite the external limitations on production volumes, development of the priority projects continued. In particular, in West Siberia total crude oil and gas condensate production in the first quarter of 2021 at the V. Vinogradov, Imilorskoye, Sredne-Nazymskoye and Pyakyakhinskoye fields increased by 8.3% year-on-year, to 1.1 million tonnes.

High-viscous crude oil production at the Yaregskoye field and Permian reservoir of the Usinskoye field in the first quarter of 2021 increased by 4.3% year-on-year, to 1.3 million tonnes.

Implementation of drilling programs at the V. Filanovsky and Yu. Korchagin fields in the Caspian Sea allowed to increase total crude oil and gas condensate production in the first quarter of 2021 by 1.6% year-on-year, to 1.9 million tonnes.

The share of the abovementioned projects in the LUKOIL Group's crude oil production excluding the West Qurna-2 project amounted to 23% in the first quarter of 2021 as compared to 19% in the first quarter of 2020.

Gas

In the first quarter of 2021, gas production increased in average daily terms by 9.1% quarter-on-quarter and by 5.5% year-on-year, to 8.8 billion cubic meters.

In Russia gas production increased in average daily terms by 1.1% quarter-on-quarter and decreased by 7.6% year-on-year, to 4.3 billion cubic meters. Dynamics of gas production in Russia was mainly driven by the change in associated petroleum gas production due to the external limitations on crude oil production.

Outside Russia gas production increased in average daily terms by 18.1% quarter-on-quarter and by 22.1% year-on-year, to 4.5 billion cubic meters. The growth was driven by recovery of gas production in Uzbekistan after temporary decline in 2020 due to lower demand from China for gas produced in Uzbekistan amid the COVID-19 pandemic.

Refined products

In the first quarter of 2021, production of refined products at LUKOIL Group's refineries was 13.6 million tonnes, which is 9.8% higher quarter-on-quarter, and 14.7% lower year-on-year. The dynamics of production was attributable to scheduled maintenance works and throughput optimization at some of the refineries driven by the changes in macro environment.

Production of refined products in Russia in the first quarter of 2021 increased by 2.5% quarter-on-quarter, to 9.5 million tonnes, due to scheduled maintenance works in the fourth quarter of 2020. Production of refined products in Europe in the first quarter of 2021 increased by 31.0% quarter-on-quarter, to 4.1 million tonnes, mainly due to scheduled maintenance works and throughput optimization at refineries in Italy and Bulgaria in the fourth quarter of 2020.

Information:
Full set of PJSC "LUKOIL" condensed interim consolidated financial statements prepared in accordance with IFRS for the first quarter of 2021 is available on the Company's web site: www.lukoil.com. These condensed interim consolidated financial statements have been prepared by the Company in accordance with IFRS and have not been audited by our independent auditor. If these financial statements are audited in the future, the audit could reveal discrepancies, and we cannot give any assurance that any such discrepancies would not be material. PJSC LUKOIL is one of the largest publicly traded, vertically integrated oil and gas companies in the world in terms of proved hydrocarbon reserves and production; and the second largest producer of crude oil in Russia. Established in 1991, the Company currently operates in more than 30 countries with core upstream assets located in Russia. The full production cycle includes oil and gas exploration, production and refining; production of petrochemicals and lubricants; power generation, marketing and distribution. The Company's shares are listed in Russia on Moscow Exchange under the ticker "LKOH" and depositary receipts are listed on the London Stock Exchange under the ticker "LKOD".