



PJSC LUKOIL

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

for the three and six-month periods ended 30 June 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 June 2021 and the related consolidated statements of profit or loss and other comprehensive income for the three- and six-month periods ended 30 June 2021 and the related consolidated statements of changes in equity and cash flows for the six - month period ended 30 June 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.

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

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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 June 2021, and for the three- and six-month periods ended 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

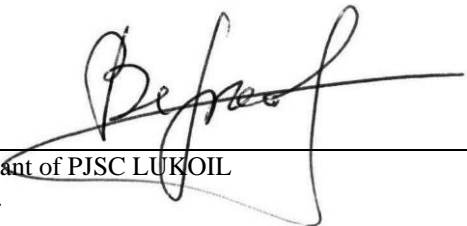

Klimanova L.V.
JSC "KPMG"
Moscow, Russia
27 August 2021



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

	Note	30 June 2021 (unaudited)	31 December 2020
Assets			
Current assets			
Cash and cash equivalents	6	555,269	343,832
Accounts receivable, net	7	587,067	370,271
Other current financial assets		8,438	8,350
Inventories	8	490,730	426,536
Prepaid taxes	9	117,351	78,822
Other current assets	10	79,725	48,649
Total current assets		1,838,580	1,276,460
Property, plant and equipment	12	4,217,399	4,264,474
Investments in associates and joint ventures	11	273,857	281,637
Other non-current financial assets	13	70,377	68,692
Deferred income tax assets		22,294	16,298
Goodwill and other intangible assets		50,050	50,159
Other non-current assets		36,374	33,859
Total non-current assets		4,670,351	4,715,119
Total assets		6,508,931	5,991,579
Liabilities and equity			
Current liabilities			
Accounts payable	14	701,126	597,932
Short-term borrowings and current portion of long-term debt	15	112,868	82,636
Taxes payable	17	252,923	142,458
Provisions	19	26,088	27,136
Other current liabilities	18	185,279	35,497
Total current liabilities		1,278,284	885,659
Long-term debt	16	517,910	577,075
Deferred income tax liabilities		282,576	268,956
Provisions	19	121,759	126,665
Other non-current liabilities		2,664	2,458
Total non-current liabilities		924,909	975,154
Total liabilities		2,203,193	1,860,813
Equity	20		
Share capital		938	938
Treasury shares		(71,920)	(71,920)
Additional paid-in capital		39,327	39,298
Other reserves		255,972	296,641
Retained earnings		4,073,338	3,858,057
Total equity attributable to PJSC LUKOIL shareholders		4,297,655	4,123,014
Non-controlling interests		8,083	7,752
Total equity		4,305,738	4,130,766
Total liabilities and equity		6,508,931	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 June 2021 (unaudited)	For the three months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
	Note				
Revenues					
Sales (including excise and export tariffs)	27	2,201,884	986,427	4,078,367	2,652,412
Costs and other deductions					
Operating expenses		(124,925)	(105,515)	(240,963)	(217,033)
Cost of purchased crude oil, gas and products		(1,214,383)	(394,970)	(2,243,508)	(1,366,645)
Transportation expenses		(75,112)	(79,559)	(143,130)	(159,618)
Selling, general and administrative expenses		(54,369)	(52,412)	(100,401)	(97,521)
Depreciation, depletion and amortisation		(106,514)	(100,725)	(220,228)	(211,443)
Taxes other than income taxes		(328,549)	(93,341)	(565,161)	(287,049)
Excise and export tariffs		(63,231)	(113,511)	(129,096)	(226,190)
Exploration expenses		(1,473)	(2,703)	(1,886)	(3,097)
Profit from operating activities		233,328	43,691	433,994	83,816
Finance income	22	2,701	2,685	4,865	7,496
Finance costs	22	(9,289)	(11,323)	(18,640)	(21,572)
Equity share in income (loss) of associates and joint ventures	11	6,624	(3)	13,112	4,428
Foreign exchange (loss) gain		(1,275)	3,620	(2,420)	(11,290)
Other expenses	23	(2,099)	(44,463)	(1,942)	(91,077)
Profit (loss) before income taxes		229,990	(5,793)	428,969	(28,199)
Current income taxes		(36,530)	(7,678)	(72,899)	(24,716)
Deferred income taxes		(3,064)	(4,986)	(7,707)	(11,326)
Total income tax expense		(39,594)	(12,664)	(80,606)	(36,042)
Profit (loss) for the period		190,396	(18,457)	348,363	(64,241)
Profit (loss) for the period attributable to:					
PJSC LUKOIL shareholders		189,750	(18,720)	347,177	(64,680)
Non-controlling interests		646	263	1,186	439
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		(64,210)	(152,283)	(43,054)	163,339
<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		633	735	2,316	(1,427)
Remeasurements of defined benefit liability / asset of pension plan		52	160	64	(172)
Other comprehensive (loss) income		(63,525)	(151,388)	(40,674)	161,740
Total comprehensive income (loss) for the period		126,871	(169,845)	307,689	97,499
Total comprehensive income (loss) for the period attributable to:					
PJSC LUKOIL shareholders		126,221	(170,111)	306,508	97,064
Non-controlling interests		650	266	1,181	435
Earnings per share					
Profit (loss) for the period attributable to PJSC LUKOIL shareholders per share of common stock (in Russian rubles):					
	20				
Basic		290.81	(28.69)	532.07	(99.60)
Diluted		277.31	(28.69)	508.04	(99.60)

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	-	-	-	-	347,177	347,177	1,186	348,363
Other comprehensive loss	-	-	-	(40,669)	-	(40,669)	(5)	(40,674)
Total comprehensive (loss) income				(40,669)	347,177	306,508	1,181	307,689
Dividends on common stock	-	-	-	-	(138,982)	(138,982)	-	(138,982)
Equity-settled share-based compensation plan	-	-	-	-	7,086	7,086	-	7,086
Changes in non-controlling interests	-	-	29	-	-	29	(850)	(821)
30 June 2021	938	(71,920)	39,327	255,972	4,073,338	4,297,655	8,083	4,305,738
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	-	-	-	-	(64,680)	(64,680)	439	(64,241)
Other comprehensive income (loss)	-	-	-	161,744	-	161,744	(4)	161,740
Total comprehensive income (loss)				161,744	(64,680)	97,064	435	97,499
Dividends on common stock	-	-	-	-	(228,374)	(228,374)	-	(228,374)
Stock purchased	-	(2,026)	-	-	-	(2,026)	-	(2,026)
Equity-settled share-based compensation plan	-	-	-	-	1,555	1,555	-	1,555
Obligation to repurchase common shares	-	120,988	-	-	-	120,988	-	120,988
Share capital reduction	(30)	117,278	-	-	(117,248)	-	-	-
Changes in non-controlling interests	-	-	5	-	-	5	(648)	(643)
30 June 2020	938	(71,920)	39,282	191,885	3,794,391	3,954,576	7,872	3,962,448

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)

Note	For the six months ended 30 June 2021 (unaudited)	For the six months ended 30 June 2020 (unaudited)
Cash flows from operating activities		
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	347,177	(64,680)
Adjustments for non-cash items:		
Depreciation, depletion and amortisation	220,228	211,443
Equity share in income of associates and joint ventures	(13,112)	(4,428)
Dry hole write-offs	1,059	2,276
Loss on disposals and impairments of assets	2,703	87,763
Income tax expense	80,606	36,042
Non-cash foreign exchange loss	2,167	9,458
Finance income	(4,865)	(7,496)
Finance costs	18,640	21,572
Allowance for expected credit losses	1,399	1,306
Equity-settled share-based compensation plan	15,684	15,684
All other items, net	(4,196)	8,525
Changes in operating assets and liabilities:		
Trade accounts receivable	(228,194)	151,611
Inventories	(74,180)	81,757
Accounts payable	138,625	(191,868)
Other taxes	64,921	(6,950)
Other current assets and liabilities	(25,054)	1,035
Income tax paid	(66,411)	(33,184)
Dividends received	7,388	3,517
Interests received	2,676	5,099
Net cash provided by operating activities	487,261	328,482
Cash flows from investing activities		
Acquisition of licenses	(33)	(129)
Capital expenditures	(211,433)	(247,456)
Proceeds from sale of property, plant and equipment	3,836	212
Purchases of financial assets	(858)	(2,785)
Proceeds from sale of financial assets	1,917	8,258
Sale of subsidiaries, net of cash disposed	193	-
Sale of associates	83	-
Acquisitions of interests in the projects and subsidiaries, net of cash acquired	(990)	(1,040)
Acquisitions of associates	(289)	(1,102)
Net cash used in investing activities	(207,574)	(244,042)
Cash flows from financing activities		
Proceeds from issuance of short-term borrowings	8,882	80,193
Principal repayments of short-term borrowings	(225)	(834)
Proceeds from issuance of long-term debt	1,106	108,250
Principal repayments of long-term debt	(48,216)	(45,346)
Interest paid	(16,042)	(18,810)
Dividends paid on Company common shares	(100)	(133,072)
Dividends paid to non-controlling interest shareholders	(2,460)	(2,368)
Financing received from non-controlling interest shareholders	36	4
Purchase of Company's stock	-	(2,026)
Net cash used in financing activities	(57,019)	(14,009)
Effect of exchange rate changes on cash and cash equivalents	(11,231)	29,744
Net increase in cash and cash equivalents	211,437	100,175
Cash and cash equivalents at beginning of period	343,832	516,032
Cash and cash equivalents at end of period	6	616,207

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 second 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 27 August 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.

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**
(Millions of Russian rubles, unless otherwise noted)**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 June 2021	31 December 2020
Cash held in RUB	188,679	16,537
Cash held in US dollars	312,904	256,841
Cash held in EUR	39,630	59,009
Cash held in other currencies	14,056	11,445
Total cash and cash equivalents	555,269	343,832

Note 7. Accounts receivable, net

	30 June 2021	31 December 2020
Trade accounts receivable (net of allowances of 28,272 million RUB and 32,762 million RUB at 30 June 2021 and 31 December 2020, respectively)	574,481	357,159
Other current accounts receivable (net of allowances of 4,568 million RUB and 4,930 million RUB at 30 June 2021 and 31 December 2020, respectively)	12,586	13,112
Total accounts receivable, net	587,067	370,271

Note 8. Inventories

	30 June 2021	31 December 2020
Crude oil and petroleum products	436,611	373,290
Materials for extraction and drilling	26,151	25,582
Materials and supplies for refining	4,141	4,681
Other goods, materials and supplies	23,827	22,983
Total inventories	490,730	426,536

Note 9. Prepaid taxes

	30 June 2021	31 December 2020
Income tax	14,362	17,983
VAT recoverable	11,011	12,940
Excise tax recoverable	34,174	8,350
Export duties	7,101	8,009
VAT	43,008	26,407
Other taxes	7,695	5,133
Total prepaid taxes	117,351	78,822

PJSC LUKOIL
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
(Millions of Russian rubles, unless otherwise noted)

Note 10. Other current assets

	30 June 2021	31 December 2020
Advance payments	35,580	15,904
Prepaid expenses	19,699	21,622
Other assets	24,446	11,123
Total other current assets	79,725	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 June 2021	31 December 2020
		30 June 2021	31 December 2020		
<i>Joint ventures:</i>					
Tengizchevroil	Kazakhstan	5.0%	5.0%	149,346	146,611
Caspian Pipeline Consortium	Kazakhstan	12.5%	12.5%	51,498	56,027
South Caucasus Pipeline Company	Azerbaijan	10.0%	10.0%	34,529	34,663
<i>Associates:</i>					
Associates				38,484	44,336
Total				273,857	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	149,388	60,870	583	210,841
Acquisitions	1,909	-	-	1,909
Disposals	(16,605)	(22,969)	(570)	(40,144)
Foreign currency translation differences	(36,044)	(32,975)	(286)	(69,305)
Other	(3,993)	1,251	(1,828)	(4,570)
30 June 2021	5,527,919	1,762,827	74,905	7,365,651
Depreciation and impairment				
31 December 2020	(2,193,734)	(802,877)	(22,368)	(3,018,979)
Depreciation for the period	(157,746)	(59,636)	(1,769)	(219,151)
Disposals	8,578	22,145	225	30,948
Foreign currency translation differences	21,122	17,120	130	38,372
Other	269	42	506	817
30 June 2021	(2,321,511)	(823,206)	(23,276)	(3,167,993)
Advance payments for property, plant and equipment				
31 December 2020	10,218	5,757	558	16,533
30 June 2021	15,128	3,914	699	19,741
Carrying amounts				
31 December 2020	3,249,748	959,530	55,196	4,264,474
30 June 2021	3,221,536	943,535	52,328	4,217,399

PJSC LUKOIL
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
(Millions of Russian rubles, unless otherwise noted)

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	228,620	68,665	662	297,947
Acquisition of the interest in the project	1,209	-	-	1,209
Disposals	(15,663)	(16,747)	(274)	(32,684)
Foreign currency translation differences	181,449	65,408	1,612	248,469
Other	(3,576)	445	152	(2,979)
30 June 2020	5,187,713	1,628,286	78,398	6,894,397
Depreciation and impairment				
31 December 2019	(1,766,575)	(589,636)	(21,153)	(2,377,364)
Depreciation for the period	(151,771)	(66,650)	(1,864)	(220,285)
Impairment loss	(46,197)	(28,859)	-	(75,056)
Disposals	7,778	15,649	122	23,549
Foreign currency translation differences	(94,193)	(24,158)	(523)	(118,874)
Other	(732)	2,129	8	1,405
30 June 2020	(2,051,690)	(691,525)	(23,410)	(2,766,625)
Advance payments for property, plant and equipment				
31 December 2019	6,791	13,314	831	20,936
30 June 2020	9,228	7,470	784	17,482
Carrying amounts				
31 December 2019	3,035,890	934,193	55,924	4,026,007
30 June 2020	3,145,251	944,231	55,772	4,145,254

The cost of assets under construction included in property, plant and equipment was 497,290 million RUB and 458,265 million RUB at 30 June 2021 and 31 December 2020, respectively.

Exploration and evaluation assets

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
1 January	163,252	129,951
Capitalised expenditures	13,326	21,891
Acquisitions through business combinations	1,176	362
Reclassified to development assets	(4,273)	(8,278)
Charged to expenses	(1,047)	(2,339)
Foreign currency translation differences	(1,143)	4,302
Other movements	60	(1,460)
30 June	171,351	144,429

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 in the amount of 106,003 million RUB which relate to impaired assets 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 June 2021	31 December 2020
Financial assets measured at fair value through other comprehensive income		
Equity instruments	5,423	2,491
Financial assets measured at amortised cost		
Long-term loans	26,441	31,075
Non-current accounts and notes receivable	1,689	1,916
Other financial assets	14	15
Financial assets measured at fair value through profit or loss		
Long-term loans	36,810	33,195
Total other non-current financial assets	70,377	68,692

Note 14. Accounts payable

	30 June 2021	31 December 2020
Trade accounts payable	633,322	533,598
Other accounts payable	67,804	64,334
Total accounts payable	701,126	597,932

Note 15. Short-term borrowings and current portion of long-term debt

	30 June 2021	31 December 2020
Short-term borrowings from third parties	26,544	18,736
Short-term borrowings from related parties	1,161	2,522
Current portion of long-term debt	85,163	61,378
Total short-term borrowings and current portion of long-term debt	112,868	82,636

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)**
(Millions of Russian rubles, unless otherwise noted)**Note 15. Short-term borrowings and current portion of long-term debt (continued)**

Short-term borrowings from third parties include amounts repayable in US dollars of 25,113 million RUB and 17,510 million RUB and amounts repayable in other currencies of 1,431 million RUB and 1,226 million RUB at 30 June 2021 and 31 December 2020, respectively. The weighted-average interest rate on short-term borrowings from third parties was 2.51% and 2.63% per annum at 30 June 2021 and 31 December 2020, respectively. Short-term borrowings from third parties are unsecured at 30 June 2021 and 31 December 2020.

Note 16. Long-term debt

	30 June 2021	31 December 2020
Long-term loans and borrowings from third parties	88,611	112,660
6.656% non-convertible US dollar bonds, maturing 2022	36,160	36,901
4.563% non-convertible US dollar bonds, maturing 2023	108,498	110,737
4.750% non-convertible US dollar bonds, maturing 2026	72,259	73,751
3.875% non-convertible US dollar bonds, maturing 2030	108,295	110,532
Lease obligations	189,250	193,872
Total long-term debt	603,073	638,453
Current portion of long-term debt	(85,163)	(61,378)
Total non-current portion of long-term debt	517,910	577,075

Long-term loans and borrowings

Long-term loans and borrowings from third parties include amounts repayable in US dollars of 87,224 million RUB and 101,376 million RUB and amounts repayable in euros of 248 million RUB and 11,284 million RUB at 30 June 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 2.55% and 2.54% per annum at 30 June 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 58% 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 June 2021 and 31 December 2020, respectively.

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	8,882	-	-	-	8,882
Principal repayments of short-term borrowings	(225)	-	-	-	(225)
Proceeds from issuance of long-term debt	1,106	-	-	-	1,106
Principal repayments of long-term debt	(23,631)	-	(24,585)	-	(48,216)
Interest paid	-	-	(5,110)	(10,932)	(16,042)
Dividends paid on Company common stock	-	-	-	(100)	(100)
Total changes from financing cash flows	(13,868)	-	(29,695)	(11,032)	(54,595)
Other changes:					
Interest accrued	329	48	5,107	11,105	16,589
Dividends declared on Company common stock	-	-	-	138,982	138,982
Changes arising from obtaining or losing control over subsidiaries	(1,449)	-	-	-	(1,449)
The effect of changes in foreign exchange rates	(2,617)	(6,756)	(4,691)	(60)	(14,124)
Non-cash additions to lease obligations	-	-	25,626	-	25,626
Other changes	3	(1)	(969)	8,416	7,449
Total other changes	(3,734)	(6,709)	25,073	158,443	173,073
30 June 2021	116,316	325,212	189,250	150,676	781,454

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Note 16. Long-term debt (continued)

	Loans and borrowings	Bonds	Lease obligations	Other liabilities	Total
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	80,193	-	-	-	80,193
Principal repayments of short-term borrowings	(834)	-	-	-	(834)
Proceeds from issuance of long-term debt	-	108,250	-	-	108,250
Principal repayments of long-term debt	(14,917)	-	(30,429)	-	(45,346)
Interest paid	-	-	(5,291)	(13,519)	(18,810)
Dividends paid on Company common stock	-	-	-	(133,072)	(133,072)
Total changes from financing cash flows	64,442	108,250	(35,720)	(146,591)	(9,619)
Other changes:					
Interest accrued	1,071	61	5,291	12,057	18,480
Dividends declared on Company common stock	-	-	-	228,374	228,374
The effect of changes in foreign exchange rates	16,898	28,539	16,420	687	62,544
Non-cash additions to lease obligations	-	-	36,142	-	36,142
Other changes	-	-	2,973	15,557	18,530
Total other changes	17,969	28,600	60,826	256,675	364,070
30 June 2020	216,437	384,176	196,986	246,004	1,043,603

Note 17. Taxes payable

	30 June 2021	31 December 2020
Income tax	19,492	16,614
Mineral extraction tax	89,769	49,332
Tax on additional income from hydrocarbon production	35,488	2,881
VAT	65,709	35,650
Excise tax	27,328	22,733
Property tax	5,806	5,675
Other taxes	9,331	9,573
Total taxes payable	252,923	142,458

Note 18. Other current liabilities

	30 June 2021	31 December 2020
Advances received	28,170	31,142
Dividends payable	148,124	1,610
Other	8,985	2,745
Total other current liabilities	185,279	35,497

Note 19. Provisions

	Asset retirement obligations	Provision for employee compensations	Provision for environmental liabilities	Pension liabilities	Provision for unused vacations	Other provisions	Total
30 June 2021	107,945	9,455	4,136	13,331	7,304	5,676	147,847
Incl.: Non-current	107,337	97	1,157	11,312	350	1,506	121,759
Current	608	9,358	2,979	2,019	6,954	4,170	26,088
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

Note 19. Provisions (continued)

Asset retirement obligations changed as follows:

	For the six months ended 30 June 2021	For the six months ended 30 June 2020
1 January	111,614	63,387
Provisions made during the period	467	29,014
Reversal of provisions	(20)	(50)
Provisions used during the period	(52)	(155)
Accretion expense	1,882	1,863
Change in discount rate	(5,514)	(1,044)
Changes in estimates	590	(3,105)
Foreign currency translation differences	(1,484)	2,557
Other	462	5
30 June	107,945	92,472

Note 20. Equity

Common shares

	30 June 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.

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 148,124 million RUB and 699 million RUB are included in "Other current liabilities" in the consolidated statement of financial position at 30 June 2021 and 31 December 2020, respectively.

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Note 20. Equity (continued)

Earnings per share

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

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	189,750	(18,720)	347,177	(64,680)
Weighted average number of common shares (thousands of shares)	652,499	652,499	652,499	649,415
Dilutive effect of equity-settled share-based compensation plan (thousands of shares)	31,762	-	30,870	-
Weighted average number of common shares, assuming dilution (thousands of shares)	684,261	652,499	683,369	649,415
Profit (loss) per share of common stock attributable to PJSC LUKOIL shareholders (in Russian rubles):				
Basic	290.81	(28.69)	532.07	(99.60)
Diluted	277.31	(28.69)	508.04	(99.60)

Note 21. Personnel expenses

Personnel expenses were as follows:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Payroll costs	45,955	43,794	82,233	78,471
Statutory insurance contributions and social taxes	10,155	8,978	19,378	17,997
Share-based compensation	7,842	7,842	15,684	15,684
Total personnel expenses	63,952	60,614	117,295	112,152

Note 22. Finance income and costs

Finance income was as follows:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Interest income from deposits	1,470	1,306	2,135	4,304
Interest income from loans	996	1,053	1,974	2,429
Other finance income	235	326	756	763
Total finance income	2,701	2,685	4,865	7,496

Finance costs were as follows:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Interest expenses	7,834	9,875	15,581	18,635
Accretion expenses	1,065	916	2,174	1,868
Other finance costs	390	532	885	1,069
Total finance costs	9,289	11,323	18,640	21,572

Note 23. Other income and expenses

Other income was as follows:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Gain on disposal of assets	1,463	347	2,123	685
Reversal of impairment of assets	-	1,787	-	1,909
Other income	3,213	1,513	6,713	4,594
Total other income	4,676	3,647	8,836	7,188

Other expenses were as follows:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Loss on disposal of assets	2,740	5,267	4,826	7,524
Impairment loss	-	38,769	-	82,833
Charity expenses	2,080	2,108	3,695	4,419
Other expenses	1,955	1,966	2,257	3,489
Total other expenses	6,775	48,110	10,778	98,265

Note 24. Commitments and contingencies

Capital commitments

Capital commitments of the Group relating to construction and acquisition of property, plant and equipment amount to 527,485 million RUB and 501,550 million RUB at 30 June 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.

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.

Note 24. Commitments and contingencies (continued)

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 (159.2 billion RUB) to \$1.5 billion (108.6 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 (108.6 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 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 hearing date is scheduled for 23 September 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.

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 8 October 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.

Note 24. Commitments and contingencies (continued)*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 25. 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.

Outstanding balances with related parties were as follows:

	30 June 2021	31 December 2020
Accounts receivable and other current assets	3,995	2,474
Other financial assets	35,422	32,403
Total assets	39,417	34,877
Accounts payable	7,880	6,902
Short term borrowings and long-term debt	18,680	17,649
Total liabilities	26,560	24,551

Related party transactions were as follows:

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Sales of oil and oil products	6,751	2,635	10,538	8,920
Other sales	788	517	1,622	1,195
Purchases of oil and oil products	16,148	12,325	37,049	27,304
Other purchases	5,421	4,463	9,212	8,559
Proceeds from sale of other financial assets, net	178	3,006	144	5,285
Proceeds from issuance (principal repayments) of short term borrowings and long-term debt, net	100	(1,137)	312	(580)

Note 26. 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 7,842 million RUB and 15,684 million RUB during the three and the six months ended 30 June 2021 and 2020, respectively.

Note 27. 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.

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Note 27. Segment information (continued)

Operating segments

For the three months ended 30 June 2021

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	49,686	2,148,285	3,913	-	2,201,884
Inter-segment	627,454	18,407	6,154	(652,015)	-
Total revenues	677,140	2,166,692	10,067	(652,015)	2,201,884
Operating expenses	69,510	67,126	1,195	(12,906)	124,925
Selling, general and administrative expenses	9,174	31,776	18,179	(4,760)	54,369
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	120,827	80,422	(13,512)	2,013	189,750
EBITDA	220,904	126,947	(14,323)	6,314	339,842
Income tax expense					(39,594)
Finance income					2,701
Finance costs					(9,289)
Foreign exchange loss					(1,275)
Equity share in income of associates and joint ventures					6,624
Other expenses					(2,099)
Depreciation, depletion and amortisation					(106,514)
Profit for the period attributable to non-controlling interests					(646)
Profit for the period attributable to PJSC LUKOIL shareholders					189,750

For the three months ended 30 June 2020

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	26,564	955,015	4,848	-	986,427
Inter-segment	225,594	16,411	15,310	(257,315)	-
Total revenues	252,158	971,426	20,158	(257,315)	986,427
Operating expenses	64,174	40,505	3,466	(2,630)	105,515
Selling, general and administrative expenses	10,378	33,248	16,824	(8,038)	52,412
(Loss) profit for the period attributable to PJSC LUKOIL shareholders	(46,468)	37,004	(12,199)	2,943	(18,720)
EBITDA	72,346	78,744	(5,441)	(1,233)	144,416
Income tax expense					(12,664)
Finance income					2,685
Finance costs					(11,323)
Foreign exchange gain					3,620
Equity share in loss of associates and joint ventures					(3)
Other expenses					(44,463)
Depreciation, depletion and amortisation					(100,725)
Profit for the period attributable to non-controlling interests					(263)
Loss for the period attributable to PJSC LUKOIL shareholders					(18,720)

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Note 27. Segment information (continued)

For the six months ended 30 June 2021

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	115,494	3,954,496	8,377	-	4,078,367
Inter-segment	1,160,595	36,415	18,434	(1,215,444)	-
Total revenues	1,276,089	3,990,911	26,811	(1,215,444)	4,078,367
Operating expenses	134,851	125,141	5,655	(24,684)	240,963
Selling, general and administrative expenses	20,693	61,618	33,291	(15,201)	100,401
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	233,421	158,665	(31,996)	(12,913)	347,177
EBITDA	444,697	247,157	(25,332)	(12,300)	654,222
Income tax expense					(80,606)
Finance income					4,865
Finance costs					(18,640)
Foreign exchange loss					(2,420)
Equity share in income of associates and joint ventures					13,112
Other expenses					(1,942)
Depreciation, depletion and amortisation					(220,228)
Profit for the period attributable to non-controlling interests					(1,186)
Profit for the period attributable to PJSC LUKOIL shareholders					347,177

For the six months ended 30 June 2020

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	78,928	2,562,885	10,599	-	2,652,412
Inter-segment	611,081	36,915	24,240	(672,236)	-
Total revenues	690,009	2,599,800	34,839	(672,236)	2,652,412
Operating expenses	134,243	89,482	7,245	(13,937)	217,033
Selling, general and administrative expenses	23,364	60,424	31,753	(18,020)	97,521
Loss for the period attributable to PJSC LUKOIL shareholders	(24,003)	(4,448)	(57,142)	20,913	(64,680)
EBITDA	181,535	119,035	(16,130)	10,819	295,259
Income tax expense					(36,042)
Finance income					7,496
Finance costs					(21,572)
Foreign exchange loss					(11,290)
Equity share in income of associates and joint ventures					4,428
Other expenses					(91,077)
Depreciation, depletion and amortisation					(211,443)
Profit for the period attributable to non-controlling interests					(439)
Loss for the period attributable to PJSC LUKOIL shareholders					(64,680)

PJSC LUKOIL
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Note 27. Segment information (continued)

Geographical segments

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Sales of crude oil within Russia	21,620	3,540	35,514	11,034
Export of crude oil and sales of crude oil by foreign subsidiaries	811,503	306,857	1,477,298	939,791
Sales of petroleum products within Russia	245,156	161,878	438,815	365,382
Export of petroleum products and sales of petroleum products by foreign subsidiaries	1,002,319	444,346	1,884,800	1,164,633
Sales of chemicals within Russia	16,303	8,128	28,992	18,556
Export of chemicals and sales of chemicals by foreign subsidiaries	29,938	13,080	54,367	28,871
Sales of gas within Russia	7,096	7,752	14,722	16,340
Sales of gas by foreign subsidiaries	27,738	4,910	55,896	29,947
Sales of energy and related services within Russia	10,440	10,114	30,280	27,694
Sales of energy and related services by foreign subsidiaries	1,702	1,984	3,763	4,732
Other sales within Russia	11,843	8,964	22,153	18,283
Other export sales and other sales of foreign subsidiaries	16,226	14,874	31,767	27,149
Total sales	2,201,884	986,427	4,078,367	2,652,412

For the three months ended 30 June 2021

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	333,933	1,867,951	-	2,201,884
Inter-segment	444,248	1,209	(445,457)	-
Total revenues	778,181	1,869,160	(445,457)	2,201,884
Operating expenses	85,817	35,506	3,602	124,925
Selling, general and administrative expenses	24,475	30,753	(859)	54,369
Profit for the period attributable to PJSC LUKOIL shareholders	163,384	24,330	2,036	189,750
EBITDA	276,925	60,407	2,510	339,842

For the three months ended 30 June 2020

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	216,153	770,274	-	986,427
Inter-segment	167,484	591	(168,075)	-
Total revenues	383,637	770,865	(168,075)	986,427
Operating expenses	75,648	17,064	12,803	105,515
Selling, general and administrative expenses	22,361	30,932	(881)	52,412
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	16,966	(38,626)	2,940	(18,720)
EBITDA	95,743	44,688	3,985	144,416

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Note 27. Segment information (continued)

For the six months ended 30 June 2021

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	622,323	3,456,044	-	4,078,367
Inter-segment	822,606	2,132	(824,738)	-
Total revenues	1,444,929	3,458,176	(824,738)	4,078,367
Operating expenses	166,979	65,716	8,268	240,963
Selling, general and administrative expenses	45,070	57,142	(1,811)	100,401
Profit for the period attributable to PJSC LUKOIL shareholders	301,912	58,140	(12,875)	347,177
EBITDA	526,396	142,683	(14,857)	654,222

For the six months ended 30 June 2020

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	487,432	2,164,980	-	2,652,412
Inter-segment	481,385	848	(482,233)	-
Total revenues	968,817	2,165,828	(482,233)	2,652,412
Operating expenses	157,520	38,878	20,635	217,033
Selling, general and administrative expenses	44,518	54,670	(1,667)	97,521
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	41,458	(127,095)	20,957	(64,680)
EBITDA	227,520	49,931	17,808	295,259

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

	For the three months ended 30 June 2021	For the three months ended 30 June 2020	For the six months ended 30 June 2021	For the six months ended 30 June 2020
Sales revenues				
in Switzerland	989,648	400,073	1,847,905	1,188,085
in the USA	317,150	87,205	552,971	330,684
in Singapore	165,057	70,768	319,371	135,427

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

Note 28. 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.

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Note 28. 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 June 2021 and 31 December 2020.

30 June 2021	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	1,484	-	1,484	-	1,484
Financial assets at fair value through profit or loss	36,810	-	-	36,810	36,810
Financial assets at fair value through other comprehensive income	5,423	5,423	-	-	5,423
Financial liabilities:					
Commodity derivative contracts	1,472	-	1,472	-	1,472
Loans and borrowings	603,073	349,838	-	278,517	628,355

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 June 2021 and 31 December 2020.

Note 29. Subsequent events

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.