

Comment by Famil Sadygov, Deputy Chairman of Gazprom Management Committee, on financial statements under IFRS for Q3 2021:

"In the third quarter of 2021, the Gazprom Group continued to demonstrate steady results, reaching record-high financial figures yet again. These figures were influenced by the situation in the export markets, whose current dynamics lead us to expect even more impressive results in Q4.

Prices at the European gas market kept growing in the reporting period, bolstering our operating and financial results. The average price of gas exports has been consistently rising for six quarters in a row. It reached USD 304 per 1,000 cubic meters in Q3, which is a 2.6-fold increase year-on-year. Presumably, the price of our gas supplies to Europe is going to be much higher in Q4, which will have a positive impact on the year-end results.

In Q3, we earned RUB 809 billion in EBITDA, an absolute record in terms of quarterly amounts in the entire history of Gazprom and a 2.4-fold increase from the same period of last year. Moreover, Gazprom's EBITDA has been continuously growing for six consecutive quarters and is highly likely to sustain that trajectory in the current quarter.

EBITDA for nine months of this year exceeded RUB 2.2 trillion, which is also a record achievement. Our results benefit from the ongoing efforts to contain operating costs following the optimization measures taken in 2020. As usual, the largest contribution to the overall figure comes from the gas business. However, it should be noted that our oil business has been successful as well, demonstrating robust growth and adding a solid RUB 561 billion to the Group's nine-month EBITDA – another record-high number.

The net profit for Q3 amounted to RUB 582 billion, rising for the fourth consecutive quarter. In the span of nine months, we earned a record RUB 1,550 billion, an amount that is already above the totals for any completed calendar year in the Company's history. The dividend base for nine months reached RUB 1,407 billion. We expect Q4 to make the biggest contribution to dividend base growth for the year.

As expected, capital expenses went up in Q3 amid the progress on a number of major projects. However, these expenses were fully covered by the robust cash flow from operating activities. As a consequence, the free cash flow totaled RUB 83 billion for Q3 and RUB 682 billion for the entire nine-month period, an all-time high for the Company.

We are also maintaining a substantial liquidity cushion, which now stands at RUB 1.5 trillion – more than double our short-term obligations.

Thus, the debt burden, i.e. the net debt/EBITDA ratio, which had already been at a comfortable level before, went down to 1.2 as of the end of Q3. This is proof of the solid financial footing of the Gazprom Group. Besides, we expect the debt burden to decrease further to approximately 1.0 at the end of the year."