

PAO NOVATEK

Fourth Quarter and Full Year 2021

Financial and Operational Results – Earnings Conference Call

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Moscow, Russian Federation

Alexander Nazarov:

Ladies and Gentlemen, Shareholders, and colleagues, good afternoon and welcome to our Fourth Quarter and Full Year 2021 earnings conference call.

Mr. Leonid Mikhelson, NOVATEK's Chairman of the Management Board and member of the Board of Directors, will be the main speaker during today's Q&A session.

Before we begin with the specific conference call details, I would like to refer you to our Disclaimer Statement, as is our normal practice. During this conference call, we may refer to forward-looking statements by using words such as our plans, objectives, goals, strategies, and other similar words, which are other than statements of historical facts. Due to known and unknown risks and uncertainties, actual results may differ materially from those implied by such forward-looking statements, which reflect our views as of the date of this presentation. We shall have no obligation to revise or publicly release the results of any revisions to these forward-looking statements in light of new information or future events. Please refer to our regulatory filings, including our 2020 Annual Report, as well as any of our earnings press releases and documents throughout the past year for more details on the risks that may influence our results.

This past year has seen unprecedented volatility in the commodity markets, largely due to record cold winter and a warmer summer, low inventory volumes, supply disruptions and greater than expected economic growth recovery after COVID-related restrictions to name a few. This winter's demand spike pushed energy prices to record levels with major implications for consumers, economies, and clean energy transition. We all observed just how natural gas and LNG spot prices could be in extreme volatility. Prices spiked from unprecedented lows of around \$3/MMBtu in 2020 to sky-high peaks above \$40/MMBtu in the end of 2021. As we conclude the first month and a half of 2022, we continue to witness a global gas market with high price volatility, and extremely low inventory levels in Europe (33% versus around 50% in 2017-2021).

Natural gas is a cleaner fuel in terms of combustion and therefore plays an integral role in any of the Energy Transition scenarios. It will remain an essential element to energy security and energy market balance in many regions for decades to come. According to preliminary estimates, the global natural gas consumption strongly rebounded by 5% in 2021, more than double the decline seen in 2020. In Asia, consumption grew by 7% yoy, mostly driven by the 12% consumption increase in China. Uninterrupted global LNG trade growth has continued throughout 2021 with the increase of 20 mln tons or by 6% to 385

mln tons driven mainly by substantial demand growth from Asian and Latin American consumers. The LNG market growth rate has yet again exceeded that of global natural gas consumption. LNG reconfirmed the critical role that it plays in ensuring security and continuity of supply as well as meeting unexpected demand swings. Throughout 2021, we witnessed a growth in the LNG market with a renewed contracting activity, which spiked to more than 70 mmt, and announcements of new and upcoming FIDs. We have seen new leaders in imports with China finally becoming the largest import LNG market and in exports – where Australia for the whole year and US for the month of December outpaced Qatar volumes.

In the pursuit of ambitious energy transition goals, it is now evident that the two main principles of energy supply – security and affordability – have been largely neglected. We have always argued that today's energy solutions should answer three main questions of sustainability, security, and affordability. In our view, natural gas is the ultimate answer to all three of them for the coming decades. Today, affordability is a key concern for energy markets as prices have risen to record levels. Prioritizing sustainability in a move toward a rapid transition today proved to be a failure whereby accelerated consumption growth led to skyrocketing prices for fossil fuels.

Conversely, during the past year, global emissions increased significantly from 2020 levels due to global economic recovery and resulting growth in energy demand, as a consequence, the energy generation drivers are not heading towards a sustainable energy transition as sought by many governments and global organizations. According to the latest estimates, the world has seen a rapid rebound in CO<sub>2</sub> emissions in 2021 with total emissions volume projected to reach 36.4 GtCO<sub>2</sub>, which is close to the pre-pandemic high of 2019. It should be noted that based on IEA's study, coal consumption, which is the single-largest source of global carbon emissions, is expected to have grown by 6% over 2021 to almost a record high of approximately 8 billion tons on the back of economic recovery, unfavorable weather for renewables, and other commodities' supply disruption. 36% of the world's power is generated using coal. Coal-fired power generation is now at an all-time peak, having grown by 9% year on year, which is the fastest pace since 2011. Already in 2021, CO<sub>2</sub> emissions from electricity generation reached a record level, with coal as the main driver of this increase in 2021, accounting for over 800 MT of CO<sub>2</sub> emissions growth.

The current energy crisis proves that the energy transition without hydrocarbons is unrealistic. In the reporting year, the European Commission made the decision to endorse natural gas as a green transition fuel. Ensuring the uninterrupted supplies of affordable energy during the energy transition is tantamount, and the important role of natural gas in power generation and heating was recently supported by BlackRock, one of the largest global investment funds. The only way to achieve this end is to ensure that society has plentiful access to reliable and affordable energy sources, unlike some of current energy policies advocated today that expose whole regions to energy supply crisis. Emissions mitigation should be at the core of the solution to energy shortages, with natural gas being pivotal as the cleanest fossil fuel.

NOVATEK is one of the cleanest natural gas producers in the oil & gas universe and our LNG is one of the greenest in the world. The cold Arctic climate, in which NOVATEK's LNG is produced, enables the world's highest energy efficiency of the liquefaction process and therefore low emissions. And the new engineering concept involving GBS LNG trains helps us minimize the impact on the Arctic environment. One of NOVATEK's key advantages is in its ability to control the full LNG value chain and deliver competitively priced gas to key consuming markets thus addressing energy affordability.

We are making significant efforts to further reduce our carbon footprint at our operating assets and considering new solutions in our journey towards a net zero future. Our business includes actively developing cooperation with our partners to decarbonize our operations and deliver low-carbon products, including ammonia and hydrogen, with more than 10 agreements signed in 2021.

As part of our commitment to improve the transparency and credibility of our ESG data, we have improved our 2021 sustainability reporting, which includes disclosing key climate change metrics: Scope 3 GHG emissions attributable to the Company's upstream production, Scope 1 GHG emissions broken down by source, and methane emissions intensity evolution over a 3-year period. Our Scope 1 and 2 GHG emissions were verified for the first time by an independent auditor separately from the report verification process, and our GHG emissions management system was confirmed to comply with international ISO standards. Our Sustainability Report describes a range of measures implemented by NOVATEK to conduct permafrost monitoring and geocryological risk assessment.

To further improve the accuracy of our GHG emissions, in Q4 of 2021, we launched a satellite project to monitor methane emissions at our fields. The preliminary results show no detectable methane leakages and uncontrolled emissions at NOVATEK facilities.

In October, NOVATEK held the Company's first Arctic LNG Vessel Owners Conference to promote green shipping and introduce sustainable technical solutions with a view to reducing the carbon footprint of vessels operating in the Arctic.

In 2021, NOVATEK's Board of Directors established a Subcommittee on Climate and Alternative Energy within the Board's Strategy Committee that held four meetings during the year. The Subcommittee considered a number of issues, including production of low-carbon products, renewable energy sources, progress in achieving environmental and climate change targets, and reporting on GHG emissions.

The number of sustainability issues considered by the Board of Directors' Remuneration and Nomination Committee has significantly increased during last year, including human rights, HSE, charitable activities and information security. In addition, we continued to develop our management systems and approved a new Biodiversity Conservation Management standard by year end aimed at environmental impact minimization and biodiversity protection along with the Biodiversity Implementation Strategy of our second large-scale project Arctic LNG 2.

An important social achievement this past year was the approval of our Human Rights Policy by the Board of Directors. The Policy formalizes our approach to human rights protection and includes all fundamental principles enshrined in the Universal Declaration of Human Rights, the International Labor Organization conventions, and the UN Global Compact. Also, this past year NOVATEK became signatory to the UN Global Compact to further incorporate the organization's principles into our strategy, culture, and daily activities, as well as participate in joint projects that contribute to the achievement of the UN Sustainable Development Goals.

We are continuing our pre-FEED study for our Obsky Gas Chemical Complex to produce low-carbon ammonia. In the upcoming weeks we expect to get initial reports from our contractors that will allow us to better consider and approve engineering solutions, process schemes and economic parameters of the project. In Q2 2022, we plan to complete the pre-FEED study and to move forward to the project's next stage of making the FID. We will update the market on this progress in due course.

As part of this project, NOVATEK received licenses for the Obskiy (in Yamal) and Tadebyayakhinskiy (in Gydan) with the purpose of CO<sub>2</sub> injection and long-term storage. At the beginning of 2022, we completed the first of three stages of international certification for long-term CO<sub>2</sub> geological storage sites in the Yamal and Gydan Peninsulas. Site feasibility certificates have been issued, enabling further study of the sites and subsequent certification stages. Det Norske Veritas (DNV), an independent certification and classification society, issued the certificates of conformity with international standards. Pursuant to the issued certificates, the geological formations within the license areas have the capacity to store at least 600 million tons of CO<sub>2</sub> each, which is supported by calculations.

As a part of the commercial development of the Obsky GCC project, in December 2021, NOVATEK and Uniper SE signed a Term Sheet on long-term supply of up to 1.2 mln tons of low-carbon ammonia per annum to primarily the German market. The product price will be indexed to relevant European and global benchmarks.

Our first flagship LNG project Yamal LNG has proven its position as one of the most efficient LNG projects in the world. In 2021, Yamal LNG received the approval of a technical expert review that Trains 1-3 can effectively operate at 120% of nameplate capacity at below-zero temperatures. Low temperatures allowed Trains 1-3 to run at more than 17% of the nameplate capacity in 2021. In addition, in May 2021 we commissioned Train 4 of the plant. This helped Yamal LNG to produce 19.64 mmt of LNG in 2021, which is 4% higher than in 2020. Yamal LNG also produced 1.0 million tons of unstable gas condensate.

Yamal LNG has shipped 266 cargoes or about 19.5 mmt, of which 199 cargoes, or approximately 75%, were dispatched under long-term contracts, while the remaining 25% were dispatched under spot sale contracts.

We completed the reserves assessment on the Jurassic layers based on our successful 2021 exploration drilling and seismic surveys at the South-Tambeyskoye field. An increase in reserves was confirmed, which is expected to be at least 320 billion cubic meters of gas (more than 20% of the current in-place reserves under the Russian classification). This increase of reserves together with the higher productivity of LNG Trains will allow maintaining the production plateau. Geological exploration will continue at this field in 2022 as the drilling of two exploration wells is planned.

We have made excellent progress in all areas of the construction at the Arctic LNG 2 project during the past year. As of December 31, 2021, the overall project completion status is now estimated at 59% (vs. 52% in Q3), with the progress on the first train estimated at 78% (vs. 69% in Q3).

We completed concrete works at GBS #1. At the moment we are integrating topside modules onto the GBS. 10 modules have already been installed on GBS #1. 13 of the total 14 modules for Train 1 have arrived to Murmansk, and another one is on its way and expected to arrive today in the evening.

Today, the Arc7 ice-class vessel AUDAX has delivered TMP-002 module (NGL recovery and fractionation unit) to the LNG Construction Center in Belokamenka via the Northern Sea Route. This voyage is unique in terms of passage by a ship of this size through the eastern sector of the Northern Sea Route with the assistance of a nuclear-powered icebreaker in February in difficult ice conditions. The voyage confirms the possibility of year round LNG supplies to the Asia Pacific market via the Northern Sea Route.

In Dry Dock No 2, concrete casting of GBS 2 continues, and about 154 thousand cubic meters or 91% have already been poured (78% in 3Q). Modules construction for Trains #2 and #3 is underway. First modules for Train 2 are expected to arrive to Murmansk in May 2022. Moreover, the first modules for Train 3 are expected to arrive to Murmansk in May 2023.

As of December 31, 2021, we have drilled a total of 56 production wells (45 wells drilled as at the end of the third quarter), including 33 wells drilled in 2021. Essentially, we have drilled and completed enough wells to start production at GBS #1.

In November, we signed credit facility agreements with international financial institutions and commercial banks. The maximum aggregate loan amount under the facilities to be provided by the Russian and international banks is EUR 9.5 billion for up to 15 years. The facilities fully cover the project's external finance requirements.

In June 2021, the first plane landed at the Utrenniy airport built specifically for the Arctic LNG 2 project on the Gydan Peninsula. The airport increased the efficiency of rotational personnel logistics for the project by replacing helicopter operations with aircraft. In 2021, the airport handled more than two thousand flights.

One of the main achievements during 2021 for NOVATEK was the uninterrupted construction works at Arctic LNG 2. Despite all of the global logistic disruptions and

COVID restrictions, we managed to maintain the project construction schedule and are fully on track to start up the first train in 2023, as planned.

We have financed the total equivalent of about \$5.3 bln capex for Arctic LNG 2 in 2021, and we expect approximately the same expenditures in 2022. At year-end, about 57% of total project's capex was financed.

Our Cryogas-Vysotsk project also demonstrated strong operational results during 2021, operating at 115% of its nameplate capacity, and produced an all-time high volume of 757 thousand tons, or 38% more than in 2020. In December 2021, monthly LNG offloading volume reached a record level of 78 thousand tons. The increase in annual productivity in 2021 was achieved by debottlenecking and removing production restrictions, as well as achieving a higher reliability rate for the complex compared to the initially planned.

To further improve the productivity of the complex, construction of a booster compressor station is being considered for 2023, which will increase the LNG output level to 820 thousand tonnes per year.

During 2021, we opened 10 new LNG fueling stations in Europe that increased our retail network to 16, of which 12 are in Germany and 4 are in Poland. These facilities are operated by our wholly owned subsidiary Novatek Green Energy. We plan to expand our retail network to more than 40 retail LNG fueling stations in Europe. Total sales via our LNG fueling network already exceeded 3 thousand tons per month, and for the full 2021 our total sales increased by more than 4 times and reached more than 31 thousand tons. In addition, the network of our regasification stations has been also expanded as we added 26 more stations in the reporting year for the total number in Europe of 48.

In 2021, our domestic LNG fueling retail network expanded to 13 stations, and we plan to open 3 more during this year. Our LNG sales via domestic retail network has grown to almost 22 thousand tons, which is more than 8 times the previous year's volume.

In 2021, NOVATEK's hydrocarbon production totaled 626 million barrels of oil equivalent (boe), including 79.89 billion cubic meters of natural gas and 12.3 million tons of liquids (gas condensate and crude oil), resulting in an increase in total hydrocarbons produced by 18.1 million boe, or by 3% as compared with the twelve months 2020. Our total natural gas and liquids production including the proportionate share in the production of our joint ventures increased by 3.3% and 0.5%, respectively.

The commissioning of gas condensate deposits within the North-Russkoye and East-Tazovskoye fields in Q3 2020, as well as the Kharbeyskoye field in the Q4 2021 (fields within the North-Russkiy cluster) fully offset the declines in hydrocarbons production at mature fields of our subsidiaries and joint ventures.

As a reminder, in 2022, we plan to launch gas and condensate production at the Yevo-Yakhinskiy and Ust-Yamsoveyskiy fields, as well as the Urengoykoye field within the Olimpiyskiy license area. That will help us to offset production decline at our mature fields and to demonstrate a slight increase in gas production. In regard to liquids, the trend of last

year will continue - we will reduce oil production at our mature oil fields, with the decline accelerating as compared to 2021, but at the same time we expect an increase in gas condensate production. Total liquids production in tons will decline, but due to lighter gas condensate and higher gas production, we expect NOVATEK's total production in barrels of oil equivalent to slightly increase by around 1% in 2022.

We achieved extraordinary financial and operating results during the past year that were largely driven by significant increases in hydrocarbon prices and strong demand for natural gas.

Our total revenues for 2021 amounted to RR 1.2 trillion, a record high in the Company's history, demonstrating a significant increase of 63% compared to the previous year, or by RR 445 billion.

Our natural gas sales also reached a historic record of RR 524 billion representing a yearly increase of RR 165 billion, or by 46% compared to 2020, mainly thanks to the growth in revenues from sales on international LNG markets.

We sold 75.8 billion cubic meters of gas, of which 67.9 billion cubic meters or 90% of natural gas volumes were sold on the Russian domestic market, and more than 7.9 billion cubic meters were sold in the form of LNG on international markets. Our volume of LNG sales on international markets in the reporting period amounted to 10% of the total natural gas volumes sold, while it accounted for 43% of our natural gas revenues (compared to 22% a year earlier).

Our liquid hydrocarbons revenues also reached an all-time high and totaled RR 611 billion, which is a whopping RR 270 billion, or 79%, increase year on year. This revenue growth was largely due to high commodity prices for all our liquid products in both US dollars and rubles, as well as a slight increase in sales volumes by 168 thousand tons, or by 1% compared to 2020. The increase in sales volumes was also driven by purchasing unstable gas condensate from the Gazprom group for de-ethanization and further processing at our Purovsky plant, as proposed by Gazprom.

Our operating expenses increased by RR 323 billion, or 59%, compared to 2020. This came due to higher average costs to purchase hydrocarbons from our joint ventures, the condensate purchases from Gazprom as mentioned earlier, and the incremental MET. The share of natural gas and liquids purchase costs and the incremental MET in our additional operating expenses amounted to 92%.

Our Normalized EBITDA for 2021 almost doubled YoY and became the highest level reported for the year in the Company's history. This financial indicator increased by RR 356 billion, or by 91%, compared to 2020. The increase in Normalized EBITDA was largely due to a significant recovery in hydrocarbon prices, which led to high performance of our subsidiaries, as well as great financial contribution from all our joint ventures, most notably Yamal LNG – RR 297 billion (an increase of 127% YoY) and Arcticgas – RR 92 billion (an increase of 75% YoY).

Our capital expenditure program for 2021 amounted to RR 192 billion, decreasing by 8%, or by RR 17 billion, as compared to the last year. Most of the capital spent was focused on our LNG projects and the Murmansk LNG Construction Center, the Ust-Luga upgrade, as well as the development of the North-Russkiy Cluster.

We will spend approximately RR 200 billion for our capital expenditure program in 2022, which is expected to remain broadly flat as compared to 2021. Our CAPEX guidance doesn't include expenditures for projects that are currently under investment decision preparation stage, including Obskiy GCC. As always, our capex guidance is subject to revisions depending on the macro-environment and on decision on specific projects. We will continue to spend capital into maintaining natural gas and liquids production target levels within the reach of the Unified Gas Supply System. We will increase our exploration budget by 30% in 2022 mainly on resource base preparation for our future LNG projects. Also, our LNG Construction Center near Murmansk is at the final completion stage, which represented significant capital outlay over the past several years and will continue investing into our hydrocracker unit upgrade works as well as the capacity expansion at the Ust-Luga Complex.

For 2021, NOVATEK generated a record positive free cash flows in the amount of RR 228 billion compared to negative free cash flow in the amount of RR 33 billion a year earlier.

Normalized profit attributable to NOVATEK shareholders, net of forex effect and effect of disposal of interests in subsidiaries and joint ventures, also achieved record high levels. It amounted to RR 421 billion, which is a 149% increase vs. 2020. Since the dividend policy has been updated by increasing the minimum target level of dividend payout to 50% of the adjusted net profit according to IFRS, we will be able to pay a larger dividend in 2021 on the back of this profit growth.

We have demonstrated many positive results over the past year that were aided by an improved macro-environment and robust commodity prices. Moreover, we undertook a series of positive actions towards our climate and sustainability commitments that are consistent with our long-term goals of reducing our carbon emissions and expanding our global LNG footprint. We will remain focused on our core business activities and look forward to the startup of our next large-scale LNG project, Arctic LNG 2. We are continuing our efforts to decarbonize our operations and deliver one of the cleanest LNG to global markets. The Company is poised to deliver another year of exceptional results under the present macro-environment, and we look forward to another year of optimism for the natural gas industry.

We would like to thank everyone for attending today's conference call and for your continued support of NOVATEK. We are now ready to open today's session to questions and answers.



Operator: We will now take our first question from Karen Kostanian from Bank of America. Please go ahead. Your line is open.

Karen Kostanian: Yes. Good afternoon. Thank you very much for the presentation and congratulations on the good results. I have a question about the future projects. Would you please tell us what is the current stage of the preparation for these future projects such as Obskiy LNG and when we may expect details? And does NOVATEK plan any Strategy presentation anytime this year? Thank you.

Leonid Mikhelson: Well, first and foremost, I will also like to say good afternoon to all participants, and thank you for participating in this conference. Well, I heard you mention about the Obskiy LNG project and I would like to start with this one. As you know, we have created unique infrastructure opportunities in Sabetta - an international airport, a seaport, and this infrastructure enables us to develop many future projects in Yamal. During 2021, we obtained licenses for the Arkticheskoye and Neytinskoye fields with significant hydrocarbon reserves. We are now conducting further appraisal activities on these fields. The licenses obtained make it possible to create a single production complex together with the West-Seyakhinskiy and Verhnetiuteyskiy fields to implement both a gas chemical project, as was mentioned in the speech earlier, - specifically this year, we're talking about the ammonia project, and potentially given that the four fields provide necessary production levels, we may also make a decision on future LNG projects. Thank you.

In December 2017, we presented our long-term strategy. If you look at the main strategic plans and goals we announced then, you will see that we fully comply with them. We have launched Yamal LNG, made the FID and started construction of Arctic LNG 2, and, as you may see from our financials, we are conducting significant exploration work for Arctic LNG 1. So, the main part of the Strategy 2017 is still relevant today - we are developing the LNG business, supporting the main assets in the UGSS zone and increasing processing capacities where necessary.

We see that the strategy may need to be adjusted. We are considering opportunities in low-carbon energy – gas chemical production, CCUS projects, possibly renewable energy – we are currently conducting wind measurements in Yamal. Making investment decisions will allow us to get closer to the carbon neutrality of our business. We are actively working in this direction and as soon as we are ready to present, not a new strategy I would say, but an adjusted strategy to shareholders, we will do it. Thank you.

Operator: We will now take our next question from Ronald Smith, BCS. Please go ahead. Your line is open.

Ronald Smith: Yes. Thank you very much for the call and the presentation. I'd be interested in hearing your opinion on how LNG and gas contracting is evolving these days. Are long-term contracts fading in importance given the highly volatile gas prices that we've seen in the last year? Are buyers wanting to return to oil links in those contracts that they're willing to sign? I mean, I know this is a seller's LNG market, but have the negotiating position of buyers and sellers really changed all that much in the last year? Thank you.

Leonid Mikhelson: Thank you. That is a very important question for the gas in global energy mix and speaking about LNG specifically. We see today that 7-10 or maximum 15-year contracts are becoming more popular, with fewer players interested in contracts with a 20 year delivery period or more. In addition, with the growing liquidity of gas markets, more hybrid price linkages to oil and gas. In 2021, the share of spot LNG sales was already more than 40% of total LNG trading. LNG continues to gradually move away from oil price linkages.

Consumers want more flexibility, so the share of spot is growing, and the duration of contracts is shortening. We are ready for these changes. Already next year we will introduce our terminals in Murmansk and Kamchatka, which will provide both spot gas prices – as you may know, quotes are already published by Argus and Platts, and most importantly - they will provide an opportunity to guarantee the physical cargo delivery to the markets where our transshipment terminals are closest to. Thank you.

Operator: We will now take our next question from Alex Comer from JP Morgan. Please go ahead, your line is open.

Alex Comer: Hello, guys. Thanks for the opportunity to ask a question. Just looking at the Obskiy and the blue ammonia project for a second, that's obviously a seminal project in the industry and it's very important that the carbon capture and storage element works. So, I was just wondering, if you look at the capacity for CO2 storage that you have, it's way bigger than you're likely to need for a long period of time from that plant. Do you envisage storing for other people and how might the economics of that work and can you give us any early estimates of what the storage cost might be at that location? Thanks.

Leonid Mikhelson: That's a very good question. In the speech, it was mentioned specifically about two acquired fields that passed the first stage of certification with the capacity at 600 million tons each. This capture project question also intersects with the first question on strategy. Firstly, CO2 capture and injection projects are an integral part of decarbonizing our production, both the planned ammonia plant and the existing LNG. We

have obtained a license to inject CO2 into two fields on Yamal and Gydan and have started certification so that the injection is recognized worldwide. The deposits are near our production projects, which supports the economic feasibility of the projects.

Most importantly, the work has begun on the necessary amendments to a significant number of Russian legal acts and regulations to properly cover the CCS projects, including the right to deposit carbon dioxide in reservoirs, licensing issues, storage monitoring, verification activities and others. We fully support this work and participate in the discussion and review of the documents.

This can be monetized by emission quotas. We are confident that CCS projects will give us an additional competitive advantage.

First and foremost, you said correctly that this is about the blue ammonia project and all the CO2 from that project will be stored and reinjected, but beyond that, we can go into a separate business and looking at CCS projects at North Sea, our fields are even a better fit for storing carbon. Thank you.

Operator: We will now take our next question from Henry Patricot from UBS, please go ahead.

Henry Patricot: Yes. Hello, everyone. Thank you for the update. I have two questions please. The first one, just on the split of spot and long-term sales in 2022, will it be close on average to 2021 level. And then should we expect any fluctuations on a quantity basis like in 2021, so should we expect also something similar in 2022? And then secondly, pulling up on the topic of long-term contracts, we've seen a few more long-term contracts for Arctic LNG 2 recently, should we expect more of these, or are you okay with the share of spot sales that you have at the moment? Thank you.

Leonid Mikhelson: Well, when we signed contracts from Yamal LNG, to attract project financing, we contracted more than 90%, I will stress, of nameplate capacity on a long-term basis. We have achieved an excellent track record at Yamal LNG that combined with Train 4, we will produce more than 20% above the initial nameplate capacity and this gives us the opportunity to sell more volumes.

Arctic LNG 2, as you know from the speech, already has external financing. We have already contracted all volumes from Train 1 and we continue to work on contracting the remaining volumes, but we definitely plan to leave a significant share for sale on the spot market. What I said before, the importance of our transshipment terminals in

Murmansk and Kamchatka, I believe that this would help us in our marketing efforts and give us a competitive advantage on the LNG market. Thank you.

Operator: We will now take our next question from Andrey Gromadin from Sber CIB. Please go ahead. Your line is open.

Andrey Gromadin: Well, I have a question which is more conceptual. The government considered several development options, and possible allocation of Yamal resource base. Leonid Viktorovich, you mentioned as well, that to achieve its strategic goals of LNG production growth the Company would also need to expand its resource base. And recently, at the meeting with the Russian President, it was mentioned that NOVATEK would be ready to supply gas to Kamchatka if the Company has a certain gas reserves addition. Would you please comment what is the possible development scenario for Yamal gas industry in your opinion? And most importantly about the Tambey group of fields. Thank you.

Leonid Mikhelson: Well, as you know, The Decree of the President "On the Strategy for the Development of the Arctic Zone of the Russian Federation" sets the target indicators for LNG production in the Arctic by 2030 - 64 million tons and by 2035 - 90 million tons. Also, the Prime Minister of the Russian Federation approved a program for the development of the LNG market with a target volume of LNG production by 2035 of 140 million tons.

And you touched upon the question of gas supplies to Kamchatka. And as far as I remember, the Governor raised this gas supply question specifically. I would also refer this with our participation in delivering on those Decrees and parameters and on gas supplies. We have made and submitted our proposals for utilizing the resource potential of the Yamal Peninsula to both the Government and Gazprom. And in those proposals, we confirm that the company is ready to supply LNG in the required volume to Kamchatka, provided the additional resource base necessary to make investment decisions on new projects and achieve LNG production targets in accordance with the Decree of the President and in parallel to resolve gas supplies issues for Kamchatka. Thank you.

Operator: Thank you. We will now turn the call back to our speakers for closing remarks.

Leonid Mikhelson: Thank you for the questions. NOVATEK is developing in line with its adopted strategy and let me remind you that today our share of the Russian

domestic market is around 18%, and we will maintain that level. We are commissioning additional processing facilities where we'll launch the hydrocracker at Ust-Luga complex, that would generate additional returns for us from condensate production and processing. Most importantly, our LNG projects and, as Alexander rightly said in his statement, that our main achievement in 2021 is that we maintained the pace of implementation of Arctic LNG 2. Many of our competitors were forced to postpone projects and faced issues. We are grateful to all our partners, the engineering companies, and our suppliers - all of them found solutions.

As Alexander said, the last module would arrive tonight. And during the first week of March, all the necessary 14 modules for Train 1 will be installed. The withdrawal of the GBS platform is a landmark for us. It's (GBS #1) towing to the field is going to take place this August with the start-up of Train 1 in 2023. To implement this type of technology we have built our LNG Construction Center and invested a significant amount of money in the construction of this critical complex. We are proud in setting up this Center that will be building LNG plants. And as example, just looking at these three GBS, we see that every next Train will be operating and performing better and will be cheaper. I believe that this LNG conveyor will run beyond 2030, 2035 or 2040. Probably the poor preparation for economic growth recovery during pandemic and the European Union's different look at natural gas will lead to higher LNG market growth rates compared to overall gas demand where we intend to become a significant contributor. Thank you.