

A stylized, blue-tinted illustration of a tall, modern skyscraper, resembling the Shard in London, with a sharp, pointed top. The building is composed of many horizontal and vertical lines, giving it a faceted appearance. It is centered vertically and horizontally on the page, extending from the bottom towards the top.

Synergy of success

PJSC Gazprom Financial Report 2021

PJSC Gazprom Financial Report 2021

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Independent Auditor's Report (Translation from Russian original)

To the Shareholders of PJSC Gazprom

Opinion

We have audited the accompanying financial statements of PJSC Gazprom, which comprise the balance sheet as at 31 December 2021, statement of financial results for the year then ended, supplements to the balance sheet and the statement of financial results, including the statement of changes in equity and cash flow statement for the year then ended, and explanatory notes to the balance sheet and the statement of financial results, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJSC Gazprom as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the audited entity in accordance with the Rules of Independence of the Auditors and Audit Organisations and The Code of Professional Ethics

of the Auditors, which are in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed

in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

We focused on revenue recognition in our audit because there were various revenue streams with significantly different terms underlying revenue recognition, including the procedure for price determination, price change, and transfer of ownership, risks and rewards.

We assessed the consistency in the application of the revenue recognition accounting policy against various types of revenue and geographic segments. Our audit procedures with respect to the risk of material misstatement of revenue included, specifically, evaluation of the design

of controls, assessment of the risk of material misstatement due to fraud or error, as well as substantive procedures with respect to sales transactions and procedures that involved obtaining accounts receivable confirmation letters from debtors as at the end of the reporting period. Based on the results of our audit procedures, we found the position of the management on the revenue recognition to be acceptable.

Information about the approaches to revenue recognition and the amounts of revenue is disclosed in Note 14 "Sales" to the financial statements.

Revaluation of fixed assets

We consider this area to be one of the most significant audit areas in view of the significant balances of fixed assets. PJSC Gazprom performs regular revaluation of fixed assets to ensure that the value of fixed assets at which they are recognised in accounting records and financial statements

does not significantly differ from their current (replacement) cost.

Revaluation of fixed assets was performed as at 31 December 2021. We engaged our valuation experts to make our conclusion on the assumptions and methodology

applied for the revaluation of fixed assets. Our audit procedures with respect to the performed revaluation of fixed assets included but were not limited to assessment of competency, qualification, experience and objectivity of the management's experts, sample testing of the accuracy of the models and methods used for the revaluation. Based on the

results of the audit procedures, we believe that the principal assumptions and methodology applied for the revaluation of fixed assets are acceptable.

Information about the revaluation of fixed assets is disclosed in Note 5 "Fixed assets" to the financial statements.

Measurement of doubtful receivables

One of the areas with high risk of material misstatement is the evaluation of sufficiency of doubtful debt provision. Our audit procedures included, specifically, analysis of the assumptions and professional judgment applied by the management of PJSC Gazprom, including critical assessment of the information used by PJSC Gazprom to make projections of the ability of its customers to repay their debts and evaluation of sufficiency of disclosures made by

PJSC Gazprom about the use of judgment for calculation of the doubtful debt provision. Based on the results of the procedures performed, we found the criteria and assumptions applied by the management to accrue doubtful debt provision to be acceptable.

Information about accounts receivable and doubtful debt provision is disclosed in Note 8 "Accounts receivable" to the financial statements.

Classification, measurement and disclosure of information about perpetual loans

Classification, measurement and disclosure of information about perpetual loans require detailed analysis of borrowing terms and conditions of these loans and application of management's professional judgment and estimates to justify their accounting methods. Therefore, we consider this area to be one of most significance in our audit.

Our procedures included review of the borrowing terms and conditions of the perpetual loans, which provided for the repeated deferral of their settlement and the borrower's right to postpone interest payment at any time and on any number of occasions. We analysed accounting for transactions associated with raising perpetual loans for compliance with the requirements of accounting regulations. In particular, we evaluated selected accounting methods used

to recognise borrowing costs associated with the perpetual loans, accrue interest, recognise exchange differences on these transactions and analysed relevant disclosures in the financial statements. Based on the results of our audit procedures, we found the position of the management on the classification, measurement and disclosure of the raised perpetual loans to be appropriate.

Information about methods used to account for the perpetual loans is disclosed in Note 2 "Significant accounting policies and basis of presentation" to the financial statements, information about the borrowing terms and conditions of the perpetual loans and transactions associated with them is disclosed in Note 10 "Equity and reserves" to the financial statements

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report of PJSC Gazprom for 2021 but does not include the financial statements and our auditor's report thereon. The Annual report of PJSC Gazprom for 2021 is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report of PJSC Gazprom for 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Russian accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the audited entity's ability to

continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the audited entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's internal control;

- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the audited entity;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the audited entity's ability to continue as a going concern. If we conclude that a material **uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements** or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the audited entity to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the audited entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the audited entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the audited entity, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

President of FBK, LLC

Engagement partner on the audit
resulting in this independent
auditor's report

Date of the Independent Auditor's Report
15 March 2022



S.M. Shapiguzov
Acting by virtue of the Articles of Organisation,
ORNZ 21606043397

M.A. Kolembet
ORNZ 21606041788

Audited entity

Name:

PJSC Gazprom

Address of the legal entity within its location:

2/3 Lakhtinsky Avenue, Bldg. 1, St. Petersburg, 197229,
Russian Federation.

The registration entry was made in the Unified State Register
of Legal Entities on 2 August 2002 under principal state
registration number 1027700070518.

Auditor

Name:

FBK, LLC

Address of the legal entity within its location:

44/1, 2AB, Myasnitskaya St, Moscow, 101990,
Russian Federation.

The registration entry was made in the Unified State Register
of Legal Entities on 24 July 2002 under principal state
registration number 1027700058286.

Principal number of registration entry in the register of auditors
and audit organisations of the self-regulatory organisation of
auditors 11506030481.

Balance Sheet as at 31 December 2021

Company: PJSC GAZPROM
Taxpayer identification number
Field of activity: Wholesale of solid, liquid and gaseous fuels and related products
Legal form/property form: Public Joint Stock Company
Measurement unit: thousand of RUB
Address: 2/3 Lakhtinsky Avenue, Bldg. 1, St. Petersburg, 197229
The financial statements are subject to statutory audit
Name of the audit firm: FBK, LLC
Taxpayer identification number of the audit firm
Principal state registration number of the audit firm

Form on OKUD
Date (day, month, year)
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Notes	Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Assets					
I. Non-current assets					
1	Intangible assets, including:	1110	13,318,662	14,744,114	17,102,648
	intellectual property rights	1111	12,767,120	14,437,503	16,546,490
	other	1119	551,542	306,611	556,158
1	Results of research and development	1120	3,567,625	2,985,739	3,076,422
9	Intangible exploration assets	1130	112,405,812	130,776,537	118,651,254
9	Tangible exploration assets	1140	19,429,714	52,045,575	53,189,454
2, Note 5	Fixed assets, including:	1150	9,363,075,355	8,002,629,050	7,998,232,551
	Fixed assets items, including:	1151	7,672,926,988	6,613,018,663	6,698,228,019
	land plots and natural resources	1152	4,503,546	3,497,718	3,497,549
	buildings, facilities, machinery and equipment	1153	7,564,364,548	6,518,838,804	6,585,106,135
	Capital investments in progress	1154	1,690,148,367	1,389,610,387	1,300,004,532
	Income-bearing investments in tangible assets	1160	–	–	–
3, Note 6	Financial investments, including:	1170	4,439,221,232	3,295,369,477	4,047,061,648
	investments in subsidiaries	1171	4,117,504,618	3,211,227,291	3,634,482,663
	investments in associates	1172	37,394,210	38,100,611	88,029,325
	investments in other entities	1173	214,790	214,790	203,434
	loans provided to companies for a period over 12 months	1174	244,744,446	6,818,956	285,708,116
	Deferred tax assets	1180	168,385,912	245,003,019	151,905,623
Note 7	Other non-current assets	1190	338,929,915	237,273,163	126,496,168
	Total Section I	1100	14,458,334,227	11,980,826,674	12,515,715,768

Balance Sheet
as at 31 December 2021

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Notes	Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Assets					
II. Current assets					
4	Inventories, including:	1210	549,497,794	570,823,149	669,198,423
	raw materials and other inventories	1211	12,791,589	5,647,999	6,364,880
	work in progress	1213	203,070	5,710	–
	finished goods and goods for resale	1214	526,030,706	559,934,279	656,469,243
	goods dispatched	1215	10,472,429	5,235,161	6,364,284
	Value-added tax on goods purchased	1220	57,390,967	75,632,590	61,218,137
5, Note 8	Accounts receivable, including:	1230	3,283,619,882	2,174,060,202	1,876,595,634
	Accounts receivable (payments expected beyond 12 months after the reporting date), including:	1231	725,697,168	522,399,531	777,410,093
	buyers and customers	1232	–	1,056,765	2,245,027
	advances issued	1233	8,256,453	1,514,832	2,968,033
	other debtors	1234	717,440,715	519,827,934	772,197,033
	Accounts receivable (payments expected within 12 months after the reporting date), including:	1235	2,557,922,714	1,651,660,671	1,099,185,541
	buyers and customers	1236	1,010,143,933	579,447,708	540,643,114
	advances issued	1238	405,207,935	247,261,366	110,794,388
	other debtors	1239	1,142,570,846	824,951,597	447,748,039
3, Note 6	Financial investments (except for cash equivalents), including:	1240	493,303,465	262,692,226	512,578,733
	loans provided to companies for a period less than 12 months	1241	95,150,088	262,688,713	49,130,347
Note 9	Cash and cash equivalents, including:	1250	1,473,249,474	648,397,537	302,506,804
	cash on hand	1251	33,277	25,717	23,070
	settlement accounts	1252	356,477,443	210,145,651	267,210,278
	foreign currency accounts	1253	839,662,894	248,157,997	32,113,655
	other cash and cash equivalents	1259	277,075,860	190,068,172	3,159,801
	Other current assets	1260	21,769,369	3,084,381	1,991,227
	Total Section II	1200	5,878,830,951	3,734,690,085	3,424,088,958
	BALANCE	1600	20,337,165,178	15,715,516,759	15,939,804,726

Balance Sheet
as at 31 December 2021

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Notes	Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Equity and liabilities					
III. Equity and reserves					
Note 10	Charter capital (joint capital, charter fund, contributions of partners)	1310	118,367,564	118,367,564	118,367,564
	Own shares buy-back	1320	–	–	–
	Revaluation of non-current assets	1340	6,469,458,469	5,513,189,506	5,441,314,525
Note 10	Additional paid-in capital (without revaluation)	1350	193,190,229	195,615,797	–
	including perpetual notes and loans	1351	193,190,229	195,615,797	–
Note 10	Reserve capital	1360	8,636,001	8,636,001	8,636,001
	Retained earnings (loss)	1370	6,770,283,874	4,381,112,734	5,443,187,168
	Social government fund	1380	–	–	–
	Total Section III	1300	13,559,936,137	10,216,921,602	11,011,505,258
IV. Non-current liabilities					
Note 11	Borrowings and bank loans, including:	1410	2,316,444,841	2,282,427,006	1,793,864,976
	bank loans due for repayment beyond 12 months	1411	526,270,060	613,034,561	577,396,807
	other borrowings due for repayment beyond 12 months	1412	1,790,174,781	1,669,392,445	1,216,468,169
	Deferred tax liabilities	1420	1,327,899,501	936,432,484	1,038,914,811
7, Note 19	Estimated liabilities	1430	21,338,537	19,234,306	14,584,218
5, Note 13	Other liabilities	1450	50,264,611	2,301,619	2,169,429
	Total Section IV	1400	3,715,947,490	3,240,395,415	2,849,533,434

Balance Sheet
as at 31 December 2021

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Notes	Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
V. Current liabilities					
Note 11	Borrowings and bank loans, including:	1510	1,941,908,757	1,353,045,123	1,093,625,433
	bank loans due for repayment within 12 months	1511	–	–	–
	other borrowings due for repayment within 12 months	1512	1,634,814,978	774,244,702	587,309,565
	current portion of long-term borrowings and bank loans	1513	307,093,779	578,800,421	506,315,868
5, Note 13	Accounts payable, including:	1520	1,017,326,985	852,767,523	908,361,080
	suppliers and contractors	1521	708,844,389	638,553,849	722,594,482
	salaries payable	1522	834,959	801,498	909,195
	insurance contributions payable	1523	497,985	502,782	379,090
	taxes payable	1524	124,052,556	30,191,699	62,566,006
	other creditors, including:	1525	181,477,119	181,241,882	120,713,636
	promissory notes payable	1526	–	–	–
	advances from customers	1527	122,239,875	125,365,023	82,879,525
	other settlements	1528	59,237,244	55,876,859	37,834,111
	dividends payable to participants (shareholders)	1529	1,619,977	1,475,813	1,198,671
	Future periods income	1530	–	–	–
7, Note 19	Estimated liabilities	1540	102,045,809	52,387,096	76,779,521
	Other liabilities	1550	–	–	–
	Total Section V	1500	3,061,281,551	2,258,199,742	2,078,766,034
	BALANCE	1700	20,337,165,178	15,715,516,759	15,939,804,726

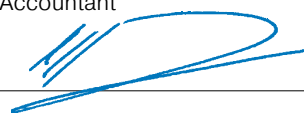
Chief Executive Officer




A.B. Miller

15 March 2022

Chief Accountant



M.N. Rosseev

PJSC Gazprom Financial Report 2021

Statement of Financial Results for 2021

Company: PJSC GAZPROM
Taxpayer identification number
Field of activity: Wholesale of solid,
liquid and gaseous fuels and related products
Legal form/property form:
Public Joint Stock Company
Measurement unit: thousand of RUB

Form on OKUD
Date (day, month, year)
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INN

Codes

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Notes	Narrative	Line code	For 2021	For 2020
Note 14	Sales, including:	2110	6,388,987,167	4,061,444,118
	gas	2111	4,720,244,962	2,635,465,416
	leased assets	2112	793,999,761	801,610,263
	oil and gas refinery products	2113	328,779,949	258,923,667
	gas transportation services	2114	250,732,540	243,635,662
	gas condensate	2115	233,317,528	100,927,468
	oil	2116	47,540,036	7,988,518
	other goods, products, works and services	2117	14,372,391	12,893,124
6, Note 15	Cost of sales, including:	2120	(2,748,528,303)	(2,488,200,192)
	gas	2121	(1,332,511,765)	(1,121,429,019)
	leased assets	2122	(778,583,802)	(789,984,086)
	oil and gas refinery products	2123	(199,883,602)	(212,082,335)
	gas transportation services	2124	(241,260,190)	(251,741,930)
	gas condensate	2125	(122,197,607)	(83,765,302)
	oil	2126	(55,031,095)	(11,030,124)
	other goods, products, works and services	2127	(19,060,242)	(18,167,396)
	Gross profit (loss)	2100	3,640,458,864	1,573,243,926
6, Note 15	Selling expenses	2210	(1,551,851,191)	(1,450,860,856)
6	Administrative expenses	2220	(130,832,966)	(111,347,165)
	Profit (loss) from sales	2200	1,957,774,707	11,035,905
	Income from participation in other entities	2310	414,235,921	311,965,992
	Interest receivable	2320	43,845,142	43,234,670
	Interest payable	2330	(122,609,141)	(115,261,363)

**Statement of Financial Results
for 2021**

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Notes	Narrative	Line code	For 2021	For 2020
Note 16	Other income	2340	2,003,191,990	1,067,386,497
Note 16	Other expenses	2350	(1,087,201,134)	(2,240,427,669)
	Profit (loss) before taxation	2300	3,209,237,485	(922,065,968)
Note 12	Income tax, including:	2410	(522,269,108)	227,492,236
	current income tax	2411	(331,702,692)	13,318,280
	deferred income tax	2412	(228,741,978)	212,015,226
	prior year income tax	2413	38,175,562	2,158,730
	Other	2460	(290,797)	1,285,950
	Reallocation of income tax within the CGT	2465	(2,220,954)	(13,638,205)
	Net profit (loss)	2400	2,684,456,626	(706,925,987)

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Notes	Narrative	Line code	For 2021	For 2020
Note 5	Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	1,199,826,339	97,297,631
	Results of other transactions not included to the net profit (loss) for the period	2520	–	–
	Income tax from other transactions whose results are not included to the net profit (loss) for the period	2530	(239,965,256)	(19,459,527)
	Cumulative financial result for the period	2500	3,644,317,709	(629,087,883)
Note 17	Reference:			
	Basic earnings (loss) per share (RUB)	2900	113,39	(29,86)
	Diluted earnings (loss) per share	2910	–	–

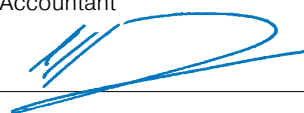
Chief Executive Officer




A.B. Miller

15 March 2022

Chief Accountant



M.N. Rosseev

PJSC Gazprom Financial Report 2021

Statement of Changes in Equity for 2021

Company: PJSC GAZPROM
Taxpayer identification number
Field of activity: Wholesale of solid,
liquid and gaseous fuels and related products
Legal form/property form:
Public Joint Stock Company
Measurement unit: thousand of RUB

Form on OKUD
Date (day, month, year)
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1. Changes in equity

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (loss)	Social government fund	Total
Equity as at 31 December 2019	3100	118,367,564	–	5,441,314,525	8,636,001	5,443,187,168	–	11,011,505,258
For 2020								
Increase in equity - total, including:	3210	–	–	277,098,072	–	4,124,017	–	281,222,089
net profit	3211	X	X	X	X	–	X	–
revaluation of assets	3212	X	X	77,838,104	X	X	–	77,838,104
income directly attributable to equity	3213	X	X	–	X	252,652	X	252,652
additional shares issue	3214	–	X	–	X	X	X	–
increase in share par value	3215	–	X	–	X	–	X	–
reorganisation of legal entity	3216	–	–	–	–	–	–	–
placement of buy-backed shares	3217	X	–	X	X	X	X	–
transactions associated with perpetual notes and loans	3218	X	X	199,259,968	X	3,644,171	X	202,904,139
other	3219	–	–	–	–	227,194	X	227,194
Decrease in equity - total, including:	3220	–	–	(3,644,171)	–	(1,072,161,574)	–	(1,075,805,745)
loss	3221	X	X	X	X	(706,925,987)	X	(706,925,987)
revaluation of assets	3222	X	X	–	X	X	–	–
expenses directly attributable to equity	3223	X	X	X	X	–	–	–
decrease in share par value	3224	–	X	X	X	–	X	–
decrease in number of shares	3225	–	–	X	X	X	X	–
reorganisation of legal entity	3226	–	–	–	–	–	–	–
dividends	3227	X	X	X	X	(360,784,337)	X	(360,784,337)
transactions associated with perpetual notes and loans	3228	X	X	(3,644,171)	X	(4,451,250)	X	(8,095,421)
other	3229	–	–	–	–	–	X	–

**Statement of Changes
in Equity for 2021**

Form 0710004 p.2

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (loss)	Social government fund	Total
Additional capital change	3230	X	X	(5,963,123)	X	5,963,123	X	–
Reserve capital change	3240	X	X	X	–	–	X	–
Equity as at 31 December 2020	3200	118,367,564	–	5,708,805,303	8,636,001	4,381,112,734	–	10,216,921,602
For 2021								
Increase in equity - total, including:	3310	–	–	968,615,140	–	2,691,435,695	–	3,660,050,835
net profit	3311	X	X	X	X	2,684,456,626	X	2,684,456,626
revaluation of assets	3312	X	X	959,861,083	X	X	–	959,861,083
income directly attributable to equity	3313	X	X	–	X	254,837	X	254,837
additional shares issue	3314	–	X	–	X	X	X	–
increase in share par value	3315	–	X	–	X	–	X	–
reorganisation of legal entity	3316	–	–	–	–	–	–	–
placement of buy-backed shares	3317	X	–	X	X	X	X	–
transactions associated with perpetual notes and loans	3318	X	X	8,754,057	X	6,724,232	X	15,478,289
other	3319	–	–	–	–	–	X	–
Decrease in equity - total, including:	3320	–	–	(11,179,625)	–	(305,856,675)	–	(317,036,300)
loss	3321	X	X	X	X	–	X	–
revaluation of assets	3322	X	X	–	X	X	–	–
expenses directly attributable to equity	3323	X	X	X	X	–	–	–
decrease in share par value	3324	–	X	X	X	–	X	–
decrease in number of shares	3325	–	–	X	X	X	X	–
reorganisation of legal entity	3326	–	–	–	–	–	–	–
dividends	3327	X	X	X	X	(297,102,618)	X	(297,102,618)
transactions associated with perpetual notes and loans	3328	X	X	(11,179,625)	X	(8,754,057)	X	(19,933,682)
other	3329	–	–	–	–	–	X	–
Additional capital change	3330	X	X	(3,592,120)	X	3,592,120	X	–
Reserve capital change	3340	X	X	X	–	–	X	–
Equity as at 31 December 2021	3300	118,367,564	–	6,662,648,698	8,636,001	6,770,283,874	–	13,559,936,137

**Statement of Changes
in Equity for 2021**

Form 0710004 p.3

2. Restatements due to changes in accounting policies and correction of errors

Narrative	Line code	As at 31 December 2019	Change in equity for 2020		As at 31 December 2020
			From net profit (loss)	Due to other factors	
Equity - total before restatement	3400	11,015,785,345	(706,925,987)	(85,440,223)	10,223,419,135
restatement due to:					
changes in accounting policies	3410	–	–	–	–
correction of accounting errors	3420	(4,280,087)	–	(2,217,446)	(6,497,533)
after restatement	3500	11,011,505,258	(706,925,987)	(87,657,669)	10,216,921,602
including:					
Retained earnings (loss) before restatement	3401	5,443,445,358	(706,925,987)	(355,353,543)	4,381,165,828
restatement due to:					
changes in accounting policies	3411	–	–	–	–
correction of accounting errors	3421	(258,190)	–	205,096	(53,094)
after restatement	3501	5,443,187,168	(706,925,987)	(355,148,447)	4,381,112,734
Additional capital before restatement	3402	5,445,336,422	–	269,913,320	5,715,249,742
restatement due to:					
changes in accounting policies	3412	–	–	–	–
correction of accounting errors	3422	(4,021,897)	–	(2,422,542)	(6,444,439)
after restatement	3502	5,441,314,525	–	267,490,778	5,708,805,303
Reserve capital before restatement	3403	8,636,001	–	–	8,636,001
restatement due to:					
changes in accounting policies	3413	–	–	–	–
correction of accounting errors	3423	–	–	–	–
after restatement	3503	8,636,001	–	–	8,636,001
Own shares buy-back before restatement	3404	–	–	–	–
restatement due to:					
changes in accounting policies	3414	–	–	–	–
correction of accounting errors	3424	–	–	–	–
after restatement	3504	–	–	–	–
Social government fund before restatement	3405	–	–	–	–
restatement due to:					
changes in accounting policies	3415	–	–	–	–
correction of accounting errors	3425	–	–	–	–
after restatement	3505	–	–	–	–

Statement of Changes
in Equity for 2021

Form 0710004p.4

3. Net assets

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Net assets	3 600	13,559,936,137	10,216,921,602	11,011,505,258

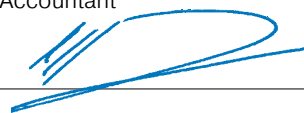
Chief Executive Officer




A.B. Miller

15 March 2022

Chief Accountant



M.N. Rosseev

Cash Flow Statement for 2021

Company: PJSC GAZPROM
Taxpayer identification number
Field of activity: Wholesale of solid,
liquid and gaseous fuels and related products
Legal form/property form:
Public Joint Stock Company
Measurement unit: thousand of RUB

Form on OKUD
Date (day, month, year)
OKPO
INN

OKVED 2

OKOPF/OKFS
OKEI

Codes
0710005
31/12/2021
00040778
7736050003
46.71
12247/41
384

Narrative	Line code	For 2021	For 2020
Cash flows from operating activities			
Receipts - total, including:	4110	7,567,734,269	5,336,331,743
sales of products, goods, work and services	4111	6,814,363,435	4,454,168,613
rent payments, licence payments, royalties, commissions and other payments	4112	–	–
resale of financial investments	4113	–	–
other receipts	4119	753,370,834	882,163,130
Payments - total, including:	4120	(5,850,832,066)	(4,746,134,568)
to suppliers for raw materials, works, services	4121	(3,433,248,307)	(3,166,454,809)
wages and salaries	4122	(51,322,367)	(49,481,746)
interest on borrowings	4123	(112,184,690)	(113,673,049)
income tax	4124	(259,982,801)	(55,673,940)
other payments	4129	(1,994,093,901)	(1,360,851,024)
Net cash flows from operating activities	4100	1,716,902,203	590,197,175

**Cash Flow Statement
for 2021**

Form 0710005 p.2

Narrative	Line code	For 2021	For 2020
Cash flows from investing activities			
Receipts - total, including:	4210	382,453,197	1,254,701,181
from sales of non-current assets (except for financial investments)	4211	1,934,500	1,986,725
from sales of shares of other entities (ownership interest)	4212	13,925	6,155,324
from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	92,600,595	903,772,371
dividends, interest on debt financial investments and receipts from participation in other entities	4214	272,085,049	320,395,735
from sales of exploration assets	4215	–	–
other receipts	4219	15,819,128	22,391,026
Payments - total, including:	4220	(1,688,610,980)	(1,526,202,007)
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(197,931,829)	(138,480,225)
acquisition of other entities shares (ownership interest)	4222	(21,621,436)	(67,544,718)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(339,758,796)	(501,540,523)
borrowing costs included in the cost of the investment asset	4224	–	–
construction/acquisition of exploration assets	4225	(51,032,269)	(40,083,785)
other payments	4229	(1,078,266,650)	(778,552,756)
Net cash flows from investing activities	4200	(1,306,157,783)	(271,500,826)
Cash flows from financing activities			
Receipts - total, including:	4310	1,616,968,166	949,243,098
borrowings and bank loans	4311	1,616,734,257	751,543,942
contributions of owners (participants)	4312	–	–
issue of shares, increase in ownership interest	4313	–	–
issue of bonds, promissory notes and other debt securities, etc.	4314	–	–
perpetual notes and loans	4315	–	197,467,580
other receipts	4319	233,909	231,576

**Cash Flow Statement
for 2021**

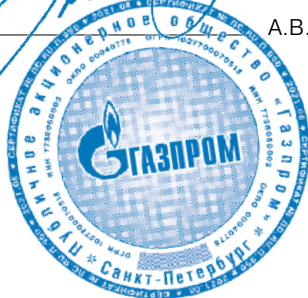
Form 0710005 p.3

Narrative	Line code	For 2021	For 2020
Payments - total, including:	4320	(1,191,761,455)	(959,460,134)
to owners (participants) due to the fact of share buy-back or cessation of membership	4321	–	–
dividend payments or other distribution of profit to owners (participants)	4322	(292,854,172)	(355,542,806)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(894,450,218)	(601,280,562)
payments associated with perpetual notes and loans	4324	–	(2,636,766)
payment of interest on perpetual notes and loans	4325	(4,457,065)	–
other payments	4329	–	–
Net cash flows from financing activities	4300	425,206,711	(10,217,036)
Net cash flows for the reporting period	4400	835,951,131	308,479,313
Cash and cash equivalents at the beginning of the reporting period	4450	648,397,537	302,506,804
Cash and cash equivalents at the end of the reporting period	4500	1,473,249,474	648,397,537
Effect of changes in the Russian rouble exchange rate	4490	(11,099,194)	37,411,420

Chief Executive Officer

A.B. Miller

15 March 2022



Chief Accountant

M.N. Rosseev

Explanatory notes to the balance sheet and the statement of financial results

p.1

1. Intangible assets and expenditure on research and development (R&D)

1.1 The presence and movement of intangible assets

Narrative	Line code	Period	At the beginning of the year			Changes for the period				At the end of the period		
			Initial cost	Accumulated amortisation and impairment losses	Additions	Disposals		Anortisation charge	Impairment loss	Revaluation		Accumulated amortisation and impairment losses
						Initial cost	Accumulated amortisation and impairment losses			Initial cost	Accumulated amortisation and impairment losses	
Intangible assets – total	5100	for 2021	25,677,588	(11,240,085)	970,879	(192,627)	192,627	(2,641,262)	–	–	–	(13,688,720)
	5110	for 2020	25,859,619	(9,313,129)	824,232	(1,006,263)	546,380	(2,473,336)	–	–	–	(11,240,085)
including:												
Intellectual property (exclusive rights to intellectual property)	5101	for 2021	25,677,588	(11,240,085)	970,879	(192,627)	192,627	(2,641,262)	–	–	–	(13,688,720)
	5111	for 2020	25,859,619	(9,313,129)	824,232	(1,006,263)	546,380	(2,473,336)	–	–	–	(11,240,085)
Goodwill	5102	for 2021	–	–	–	–	–	–	–	–	–	–
	5112	for 2020	–	–	–	–	–	–	–	–	–	–
Other	5104	for 2021	–	–	–	–	–	–	–	–	–	–
	5114	for 2020	–	–	–	–	–	–	–	–	–	–

1.2 The initial cost of intangible assets developed by the company

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Total	5120	26,428,775	25,654,770	25,838,393
including:				
Intellectual property (exclusive rights to intellectual property)	5121	26,428,775	25,654,770	25,838,393
Other	5129	–	–	–

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1.3 Intangible assets fully amortised

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Total	5130	2,171,076	2,156,623	2,236,851
including:				
Intellectual property (exclusive rights to intellectual property)	5131	2,171,076	2,156,623	2,236,851
Goodwill	5138	–	–	–
Other	5139	–	–	–

1.4 The presence and movement of the results of research and development

Narrative	Line code	Period	At the beginning of the year		Changes for the period			At the end of the period	
			Part of the cost recognised in		Disposals			Part of the cost recognised in	
			Initial cost	expenses	Additions	Initial cost	Part of the cost recognised in expenses	Initial cost	expenses
Research and Development – total	5140	for 2021	31,611,859	(28,686,959)	3,962,984	(937,609)	937,609	34,637,234	(31,124,187)
	5150	for 2020	35,192,556	(32,116,147)	3,205,079	(6,785,776)	6,785,776	31,611,859	(28,686,959)

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1.5 Costs of research and development works and intangible assets acquisition in progress

Narrative	Line code	Period	At the beginning of the year	Changes for the period			At the end of the period
				Costs for the period	Written off to expenses (without positive results)	Recognised as intangible assets or R&D	
Costs of R&D in progress – total	5160	for 2021	60,839	3,964,721	(7,998)	(3,962,984)	54,578
	5170	for 2020	13	3,285,232	(19,327)	(3,205,079)	60,839
Acquisitions of intangible assets in progress – total	5180	for 2021	306,611	1,420,204	(93,828)	(1,081,445)	551,542
	5190	for 2020	556,158	664,091	–	(913,638)	306,611

2. Fixed assets

2.1 The presence and movement of fixed assets

Narrative	At the beginning of the year			Changes for the period										At the end of the period	
	Line code	Period		Disposals			Reclassification			Revaluation		Initial cost	Accumulated depreciation		
				Initial cost	Accumulated depreciation	Additions	Depreciation	Initial cost	Accumulated depreciation	Initial cost	Accumulated depreciation				
Fixed assets (less income-bearing investments in tangible assets) – total	5200	for 2021	24,525,605,534	(17,912,586,871)	553,141,032	(24,240,634)	20,454,069	(679,840,337)	–	–	5,644,752,973	(4,454,358,778)	30,699,258,905	(23,026,331,977)	
	5210	for 2020	23,856,610,636	(17,158,382,617)	529,840,583	(65,791,661)	24,308,846	(670,887,180)	–	–	204,945,976	(107,625,920)	24,525,605,534	(17,912,586,871)	
including:															
Trunk pipelines	5201	for 2021	14,149,574,857	(11,041,799,254)	89,406,580	(2,197,124)	2,121,783	(280,844,704)	(233)	159	3,439,458,562	(2,806,482,592)	17,676,242,642	(14,127,004,608)	
	5211	for 2020	14,027,041,409	(10,746,119,419)	128,028,306	(3,541,860)	3,417,617	(300,488,464)	(1,952,998)	1,391,012	–	–	14,149,574,857	(11,041,799,254)	
Wells	5202	for 2021	1,263,903,457	(1,005,546,409)	32,608,362	(5,736,195)	5,509,935	(42,195,350)	–	–	335,710,077	(293,215,998)	1,626,485,701	(1,335,447,822)	
	5212	for 2020	1,192,915,494	(972,914,525)	76,838,917	(5,850,954)	5,502,101	(38,133,985)	–	–	–	–	1,263,903,457	(1,005,546,409)	
Machinery and equipment	5203	for 2021	3,799,297,655	(3,063,443,570)	212,241,613	(9,071,360)	8,615,561	(171,730,933)	(34,624)	38,241	805,271,562	(709,113,340)	4,807,704,846	(3,935,634,041)	
	5213	for 2020	3,645,360,705	(2,905,165,259)	156,724,705	(9,020,171)	7,831,007	(159,668,165)	6,232,416	(6,441,153)	–	–	3,799,297,655	(3,063,443,570)	
Buildings, roads and other production facilities	5204	for 2021	5,189,422,990	(2,772,570,922)	217,856,798	(6,750,378)	3,749,225	(181,127,011)	38,918	(38,415)	1,038,828,746	(637,392,121)	6,439,397,074	(3,587,379,244)	
	5214	for 2020	4,848,110,664	(2,504,122,934)	149,326,080	(8,675,897)	4,064,621	(169,941,454)	(4,283,833)	5,054,765	204,945,976	(107,625,920)	5,189,422,990	(2,772,570,922)	
Other fixed assets	5205	for 2021	123,406,575	(29,226,716)	1,027,679	(485,577)	457,565	(3,942,339)	(4,061)	15	25,484,026	(8,154,727)	149,428,642	(40,866,202)	
	5215	for 2020	143,182,364	(30,060,480)	18,922,575	(38,702,779)	3,493,500	(2,655,112)	4,415	(4,624)	–	–	123,406,575	(29,226,716)	
including land		for 2021	3,497,718	–	68,072	–	–	–	–	–	937,756	–	4,503,546	–	
		for 2020	3,497,549	–	171	(2)	–	–	–	–	–	–	3,497,718	–	
Included within income-bearing investments in tangible assets – total	5220	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	
	5230	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	
including:															
Trunk pipelines	5221	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	
	5231	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	
Wells	5222	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	
	5232	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	
Machinery and equipment	5223	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	
	5233	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	
Buildings, roads and other production facilities	5224	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	
	5234	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	
Other fixed assets	5225	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	
	5235	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	

2.2 Capital investments in progress

Narrative	Line code	Period	At the beginning of the year	Changes for the period			At the end of the period
				Costs for the period	Written off	Recognised as fixed assets or increased costs	
Construction and activity in progress on acquisition, modernisation etc. of fixed assets – total	5240	for 2021	1,389,610,387	984,696,856	(31,410,553)	(553,135,096)	1,690,148,367
	5250	for 2020	1,300,004,532	724,016,199	(7,127,178)	(529,840,583)	1,389,610,387
including:							
construction in progress	5241	for 2021	1,197,598,303	905,546,870	(31,293,986)	(553,135,096)	1,515,924,963
	5251	for 2020	1,083,406,850	653,591,590	(7,125,195)	(529,840,583)	1,197,598,303
equipment for installation	5242	for 2021	192,012,084	79,149,986	(116,567)	–	174,223,404
	5252	for 2020	216,597,682	70,424,609	(1,983)	–	192,012,084

2.3 Change of the fixed assets cost as a result of completion, equipping, reconstruction or partial liquidation

Narrative	Line code	For 2021		For 2020	
Increase in the cost of fixed assets as a result of completion, equipping, reconstruction – total	5260		11,336,903		25,461,107
including:					
Trunk pipelines	5261		2,157,573		1,088,588
Wells	5262		5,194,798		3,761,802
Machinery and equipment	5263		3,221,789		1,908,744
Buildings and roads	5264		649,746		18,609,905
Other fixed assets	5265		112,987		92,068
Reducing the cost of fixed assets as a result of partial liquidation – total	5270		(180,878)		(213,134)
including:					
Trunk pipelines	5271		(55,312)		(109,355)
Wells	5272		(1,258)		(7,962)
Machinery and equipment	5273		(34,867)		(16,535)
Buildings and roads	5274		(28,186)		(52,388)
Other fixed assets	5275		(61,455)		(26,894)

2.4 Other use of fixed assets

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Leased-out on-balance fixed assets	5280	6,793,165,705	5,848,285,223	5,983,047,803
Leased-out off-balance fixed assets	5281	-	-	-
On-balance fixed assets received in lease	5282	-	-	-
Off-balance fixed assets received in lease	5283	146,417,356	135,261,726	144,183,486
Real estate actually used and in the process of state registration	5284	1,049,634,930	1,308,916,526	1,542,308,517
Fixed assets transferred to conservation	5285	120,785,926	102,512,512	136,850,851
Other use of fixed assets (pledged and others)	5286	-	-	-
including:				
pledged fixed assets	5287	-	-	-

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3. Financial investments

3.1 The presence and movement of financial investments

Narrative	Line code	Period	At the beginning of the year		Changes for the period				At the end of the period	
			Initial cost	Accrued adjustment	Disposals				Initial cost	Accrued adjustment
					Additions	Initial cost	Accrued adjustment	Other		
Long-term financial investments – total	5301	for 2021	2,689,064,206	794,135,341	178,788,686	-	-	(227,138,485)	2,640,714,407	1,805,499,823
	5311	for 2020	2,834,786,769	1,238,722,323	243,601,169	(464,745,309)	-	75,421,577	2,689,064,206	794,135,341
	5302	for 2021	2,455,268,687	794,274,005	106,459,820	-	-	(212,253,376)	2,349,475,131	1,805,638,487
Investments, including:	5312	for 2020	2,483,776,602	1,238,938,820	137,153,314	(143,307,812)	-	(22,353,417)	2,455,268,687	794,274,005
	53021	for 2021	2,426,876,040	784,351,251	106,459,820	-	-	(212,253,376)	2,321,082,484	1,796,422,134
	53121	for 2020	2,401,785,593	1,232,697,070	137,138,446	(89,698,095)	-	(22,349,904)	2,426,876,040	784,351,251
investments in associates	53022	for 2021	28,177,704	9,922,907	-	-	-	(706,401)	28,177,704	9,216,506
	53122	for 2020	81,787,421	6,241,904	-	(53,609,717)	-	3,681,003	28,177,704	9,922,907
investments in other entities	53023	for 2021	214,943	(153)	-	-	-	-	214,943	(153)
	53123	for 2020	203,588	(154)	14,868	-	-	(3,513)	214,943	(153)

At the beginning of the year			Changes for the period							At the end of the period	
Narrative	Line code	Period	Initial cost	Accrued adjustment	Additions	Disposals			Current market value (impairment loss)	Initial cost	Accrued adjustment
						Initial cost	Accrued adjustment	Other			
Other long-term financial investments, including:	5303	for 2021	233,795,519	(138,664)	72,328,866	-	-	(14,885,109)	-	291,239,276	(138,664)
	5313	for 2020	351,010,167	(216,497)	106,447,855	(321,437,497)	-	97,774,994	77,833	233,795,519	(138,664)
loans provided to companies for a period over 12 months	53031	for 2021	194,649,026	-	71,973,527	-	-	(14,885,109)	-	251,737,444	-
	53131	for 2020	312,155,560	-	20,339,236	(233,249,614)	-	95,403,844	-	194,649,026	-
joint activity	53032	for 2021	39,146,493	(138,664)	355,339	-	-	-	-	39,501,832	(138,664)
	53132	for 2020	38,854,607	(216,497)	369,719	(77,833)	-	-	77,833	39,146,493	(138,664)
third party promissory notes	53033	for 2021	-	-	-	-	-	-	-	-	-
	53133	for 2020	-	-	-	-	-	-	-	-	-
long-term deposits	53034	for 2021	-	-	-	-	-	-	-	-	-
	53134	for 2020	-	-	85,738,900	(88,110,050)	-	2,371,150	-	-	(138,664)
bonds	53035	for 2021	-	-	-	-	-	-	-	-	-
	53135	for 2020	-	-	-	-	-	-	-	-	-
other	53036	for 2021	-	-	-	-	-	-	-	-	-
	53136	for 2020	-	-	-	-	-	-	-	-	-
Short-term financial investments – total	5305	for 2021	97,364,060	(22,501,904)	1,066,095,436	(889,071,727)	22,349,904	212,074,698	-	486,462,467	(152,000)
	5315	for 2020	486,283,289	(152,000)	624,183,092	(1,062,682,846)	-	49,580,525	(22,349,904)	97,364,060	(22,501,904)
including:											
loans provided to companies for a period less than 12 months	5306	for 2021	75,010,643	(152,000)	299,194,492	(285,717,367)	-	(178,678)	-	88,309,090	(152,000)
	5316	for 2020	22,834,903	(152,000)	304,826,502	(248,625,886)	-	(4,024,876)	-	75,010,643	(152,000)
other short-term financial investments, including:	5307	for 2021	22,353,417	(22,349,904)	766,900,944	(603,354,360)	22,349,904	212,253,376	-	398,153,377	-
	5317	for 2020	463,448,386	-	319,356,590	(814,056,960)	-	53,605,401	(22,349,904)	22,353,417	(22,349,904)
short-term deposits	53071	for 2021	-	-	763,600,000	(577,700,000)	-	-	-	185,900,000	-
	53171	for 2020	439,634,050	-	315,900,000	(780,574,750)	-	25,040,700	-	-	-
third party promissory notes	53072	for 2021	-	-	-	-	-	-	-	-	-
	53172	for 2020	23,814,336	-	-	(30,025,620)	-	6,211,284	-	-	-
bonds	53073	for 2021	-	-	-	-	-	-	-	-	-
	53173	for 2020	-	-	-	-	-	-	-	-	-
other	53074	for 2021	22,353,417	(22,349,904)	3,300,944	(25,654,360)	22,349,904	212,253,376	-	212,253,377	-
	53174	for 2020	-	-	3,456,590	(3,456,590)	-	22,353,417	(22,349,904)	22,353,417	(22,349,904)
Financial investments –	5300	for 2021	2,786,428,266	771,633,437	1,244,884,122	(889,071,727)	22,349,904	(15,063,787)	1,011,364,482	3,127,176,874	1,805,347,823
total	5310	for 2020	3,321,070,058	1,238,570,323	867,784,261	(1,527,428,155)	-	125,002,102	(466,936,886)	2,786,428,266	771,633,437

3.1.1 Current portion of long-term financial investments

Narrative	Line code	Period	At the beginning of the year			At the end of the period		
			Initial cost	Including current portion	Accrued adjustment	Including current portion	Accrued adjustment	Including current portion
Long-term financial investments – total	5301	for 2021	2,689,064,206	187,830,070	794,135,341	–	2,640,714,407	6,992,998
	5311	for 2020	2,834,796,769	26,447,444	1,238,722,323	–	2,689,064,206	187,830,070
Investments, including:	5302	for 2021	2,455,268,687	–	794,274,005	–	2,349,475,131	–
	5312	for 2020	2,483,776,602	–	1,238,938,820	–	2,455,268,687	–
investments in subsidiaries	53021	for 2021	2,426,876,040	–	784,351,251	–	2,321,082,484	–
	53121	for 2020	2,401,785,593	–	1,232,697,070	–	2,426,876,040	–
investments in associates	53022	for 2021	28,177,704	–	9,922,907	–	28,177,704	–
	53122	for 2020	81,787,421	–	6,241,904	–	28,177,704	–
investments in other entities	53023	for 2021	214,943	–	(153)	–	214,943	–
	53123	for 2020	203,588	–	(154)	–	214,943	–
Other long-term financial investments, including:	5303	for 2021	233,795,519	187,830,070	(138,664)	–	291,239,276	6,992,998
	5313	for 2020	351,010,167	26,447,444	(216,497)	–	233,795,519	187,830,070
loans provided to companies for a period over 12 months	53031	for 2021	194,649,026	187,830,070	–	–	251,737,444	6,992,998
	53131	for 2020	312,155,560	26,447,444	–	–	194,649,026	187,830,070
joint activity	53032	for 2021	39,146,493	–	(138,664)	–	39,501,832	–
	53132	for 2020	38,854,607	–	(216,497)	–	39,146,493	–
third party promissory notes	53033	for 2021	–	–	–	–	–	–
	53133	for 2020	–	–	–	–	–	–
long-term deposits	53034	for 2021	–	–	–	–	–	–
	53134	for 2020	–	–	–	–	–	–
bonds	53035	for 2021	–	–	–	–	–	–
	53135	for 2020	–	–	–	–	–	–
other	53036	for 2021	–	–	–	–	–	–
	53136	for 2020	–	–	–	–	–	–

3.2 Other use of financial investments

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Long-term financial investments pledged – total	5320	62,817	62,817	139,300,044
including:				
investments	5321	62,817	62,817	139,300,044
investments in subsidiaries	53211	–	–	89,697,597
investments in associates	53212	62,817	62,817	49,602,447
investments in other entities	53213	–	–	–
other long-term financial investments	5322	–	–	–
third party promissory notes	53221	–	–	–
bonds	53222	–	–	–
other	53223	–	–	–
Long-term financial investments transferred to third parties (except sales) – total	5325	10,000	10,000	10,000
including:				
investments	5326	10,000	10,000	10,000
investments in subsidiaries	53261	10,000	10,000	10,000
investments in associates	53262	–	–	–
investments in other entities	53263	–	–	–
other long-term financial investments	5327	–	–	–
third party promissory notes	53271	–	–	–
bonds	53272	–	–	–
other	53273	–	–	–
Short-term financial investments pledged – total	5328	–	–	23,814,336
including:				
third party promissory notes	53281	–	–	23,814,336
bonds	53282	–	–	–
other	53283	–	–	–
Short-term financial investments transferred to third parties (except sales) – total	5329	–	–	–
including:				
third party promissory notes	53291	–	–	–
bonds	53292	–	–	–
other	53293	–	–	–

4. Inventories

4.1 The presence and movement of inventories

Narrative	Line code	Period	At the beginning of the year			Changes for the period					At the end of the period		
			Cost	Provision for impairment in value of inventories	Book value	Additions and expenses	Disposals			Inventory turnover between groups (types)	Cost of inventory	Provision for impairment in value of inventory	Book value
							Cost	Provision for impairment	Impairment loss				
Inventories – total	5400	for 2021	570,823,149	–	570,823,149	3,622,261,430	(3,643,586,785)	–	–	–	549,497,794	–	549,497,794
	5420	for 2020	669,198,423	–	669,198,423	3,042,643,884	(3,141,019,158)	–	–	–	570,823,149	–	570,823,149
including:													
raw materials and other inventories	5401	for 2021	5,647,999	–	5,647,999	358,086,780	(350,529,187)	–	–	(414,003)	12,791,589	–	12,791,589
	5421	for 2020	6,364,880	–	6,364,880	253,344,443	(253,683,704)	–	–	(377,620)	5,647,999	–	5,647,999
livestock	5402	for 2021	–	–	–	–	–	–	–	–	–	–	–
	5422	for 2020	16	–	16	–	(16)	–	–	–	–	–	–
work in progress	5403	for 2021	5,710	–	5,710	15,374,794	(15,177,434)	–	–	–	203,070	–	203,070
	5423	for 2020	–	–	–	550,937	(545,227)	–	–	–	5,710	–	5,710
finished goods and goods for resale	5404	for 2021	559,934,279	–	559,934,279	3,246,899,154	(1,444,681,195)	–	–	(1,836,121,532)	526,030,706	–	526,030,706
	5424	for 2020	656,469,243	–	656,469,243	2,778,255,857	(1,160,920,592)	–	–	(1,713,870,229)	559,934,279	–	559,934,279
goods dispatched	5405	for 2021	5,235,161	–	5,235,161	1,900,702	(1,833,198,969)	–	–	1,836,535,535	10,472,429	–	10,472,429
	5425	for 2020	6,364,284	–	6,364,284	10,492,647	(1,725,869,619)	–	–	1,714,247,849	5,235,161	–	5,235,161

5. Accounts receivable and accounts payable

5.1 The presence and movement of accounts receivable

At the beginning of the year			Changes for the period										At the end of the period			
Narrative	Line code	Period	Recognised under the terms of the contract	Provision for doubtful debts	As a result of transactions	Additions		Disposals				Transfer from long-term to short-term (and vice versa)		Recognised under the terms of the contract	Provision for doubtful debts	
						Interest, penalties and other charges due	Provision for doubtful debts	Write off to financial result	Recovery of the provision for doubtful debts	Writing off against provision	Recognised under the terms of the contract	Provision for doubtful debts				
Long-term accounts receivable – total	5501	for 2021	523,868,353	(1,468,822)	33,791,152	5,489,207	(8,289)	(51,834,717)	–	–	–	–	215,860,284	–	727,174,279	(1,477,111)
	5521	for 2020	778,640,923	(1,230,830)	376,410,352	297,758	(237,992)	(36,472,072)	–	–	–	–	(595,008,608)	–	523,868,353	(1,468,822)
including:																
buyers and customers	5502	for 2021	2,525,587	(1,468,822)	8,550	–	(8,289)	–	–	–	–	–	(1,057,026)	–	1,477,111	(1,477,111)
	5522	for 2020	3,475,857	(1,230,830)	2,230,199	–	(237,992)	(2,217,668)	–	–	–	–	(962,801)	–	2,525,587	(1,468,822)
advances issued	5503	for 2021	1,514,832	–	14,996,728	–	–	–	–	–	–	–	(8,255,107)	–	8,256,453	–
	5523	for 2020	2,968,033	–	8	–	–	–	–	–	–	–	(1,453,209)	–	1,514,832	–
other debtors	5504	for 2021	519,827,934	–	18,785,874	5,489,207	–	(51,834,717)	–	–	–	–	225,172,417	–	717,440,715	–
	5524	for 2020	772,197,033	–	374,180,145	297,758	–	(34,254,404)	–	–	–	–	(592,592,598)	–	519,827,934	–
Short-term accounts receivable – total	5510	for 2021	2,203,053,392	(551,392,721)	19,003,510,969	461,544,010	(64,761,575)	(18,334,296,706)	(978)	56,126,607	(537,745)	(215,860,284)	–	–	3,117,412,658	(559,489,944)
	5530	for 2020	1,541,517,928	(442,332,387)	11,044,808,747	358,723,095	(117,730,425)	(11,336,980,380)	(4,721)	8,650,206	(19,885)	595,008,608	–	–	2,203,053,392	(551,392,721)
including:																
buyers and customers	5511	for 2021	1,118,631,049	(539,183,341)	8,122,225,808	–	(64,686,721)	(7,683,247,871)	(249)	55,348,232	(12,276)	1,057,026	–	–	1,558,653,487	(548,509,554)
	5531	for 2020	972,425,768	(431,782,654)	5,179,403,259	–	(115,545,540)	(5,034,149,935)	–	8,134,009	(10,844)	962,801	–	–	1,118,631,049	(539,183,341)
advances issued	5512	for 2021	247,301,352	(39,986)	747,198,656	–	(1,826)	(597,505,041)	(327)	–	(1,461)	8,255,107	–	–	405,248,286	(40,351)
	5532	for 2020	110,834,738	(40,350)	508,365,485	–	–	(373,351,641)	(75)	–	(364)	1,453,209	–	–	247,301,352	(39,986)
outstanding participants' (shareholders') contributions to charter capital	5513	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	5533	for 2020	–	–	–	–	–	–	–	–	–	–	–	–	–	–
other debtors	5514	for 2021	837,120,991	(12,169,394)	10,134,086,505	461,544,010	(73,028)	(10,053,543,794)	(402)	778,375	(524,008)	(225,172,417)	–	–	1,153,510,885	(10,940,039)
	5534	for 2020	458,257,422	(10,509,383)	5,357,040,003	358,723,095	(2,184,885)	(5,929,478,804)	(4,646)	516,197	(8,677)	592,592,598	–	–	837,120,991	(12,169,394)
Accounts receivable – total	5500	for 2021	2,726,921,745	(552,861,543)	19,037,302,121	467,033,217	(64,769,864)	(18,386,131,423)	(978)	56,126,607	(537,745)	–	–	–	3,844,586,937	(560,967,055)
	5520	for 2020	2,320,158,851	(443,563,217)	11,421,219,099	359,020,853	(117,968,417)	(11,373,452,452)	(4,721)	8,650,206	(19,885)	–	–	–	2,726,921,745	(552,861,543)

5.2 Overdue accounts receivable

Narrative	Line code	As at 31 December 2021			As at 31 December 2020			As at 31 December 2019		
		Under a contract	Book value		Under a contract	Book value		Under a contract	Book value	
Overdue receivables – total	5540	653,698,898	101,790,618		603,038,131	52,508,947		517,515,410	75,528,109	
including:										
buyers and customers	5541	633,503,840	92,575,210		566,763,274	28,439,126		473,312,666	41,864,241	
advances issued	5542	3,006,249	2,965,898		6,034,288	5,994,302		4,433,403	4,393,053	
other debtors	5543	17,188,809	6,249,510		30,240,569	18,075,519		39,769,341	29,270,815	

5.3 The presence and movement of accounts payable

Narrative	Line code	Period	At the beginning of the year	Changes for the period				At the end of the period
				Additions		Disposals		
				As a result of transactions	Interest, penalties and other charges due	Settlement	Write off to financial result (and vice versa)	
Long-term accounts payable – total	5551	3a 2021 rod	2,301,619	4,177,441	–	(115,080)	–	50,264,611
	5571	3a 2020 rod	2,169,429	266,103	–	–	(123,913)	2,301,619
including:								
suppliers and contractors	5552	3a 2021 rod	220,246	4,177,441	–	–	–	4,397,687
	5572	3a 2020 rod	–	220,246	–	–	–	220,246
promissory notes payable	5553	3a 2021 rod	–	–	–	–	–	–
	5573	3a 2020 rod	–	–	–	–	–	–
restructured taxes and insurance contributions payable	5554	3a 2021 rod	–	–	–	–	–	–
	5574	3a 2020 rod	–	–	–	–	–	–
advances from customers	5555	3a 2021 rod	–	–	–	–	44,024,544	44,024,544
	5575	3a 2020 rod	–	–	–	–	–	–
other creditors	5556	3a 2021 rod	2,081,373	–	–	(115,080)	(123,913)	1,842,380
	5576	3a 2020 rod	2,169,429	35,857	–	–	(123,913)	2,081,373

Narrative	Line code	Period	At the beginning of the year	Changes for the period					At the end of the period
				Additions		Disposals			
				As a result of transactions	Interest, penalties and other charges due	Settlement	Write off to financial result	Transfer from long-term to short-term (and vice versa)	
Short-term accounts payable – total	5560	for 2021	852,767,523	8,182,684,698	299,634,026	(8,273,857,750)	(881)	(43,900,631)	1,017,326,985
	5580	for 2020	908,361,080	6,876,598,674	364,351,492	(7,296,667,274)	(362)	123,913	852,767,523
including:									
suppliers and contractors	5561	for 2021	638,553,849	5,043,303,494	2,453,403	(4,975,465,934)	(423)	–	708,844,389
	5581	for 2020	722,594,482	4,109,145,481	3,264,520	(4,196,450,613)	(21)	–	638,553,849
promissory notes payable	5562	for 2021	–	–	–	–	–	–	–
	5582	for 2020	–	–	–	–	–	–	–
salaries payable	5563	for 2021	801,498	62,912,994	–	(62,879,533)	–	–	834,959
	5583	for 2020	909,195	61,448,280	–	(61,555,977)	–	–	801,498
insurance contributions payable	5564	for 2021	502,782	13,879,098	9	(13,883,904)	–	–	497,985
	5584	for 2020	379,090	13,359,013	184	(13,235,505)	–	–	502,782
taxes payable	5565	for 2021	30,191,699	1,280,656,944	3,938	(1,186,800,025)	–	–	124,052,556
	5585	for 2020	62,566,006	833,678,624	248,067	(866,300,998)	–	–	30,191,699
advances from customers	5566	for 2021	125,365,023	1,402,106,356	–	(1,361,206,700)	(260)	(44,024,544)	122,239,875
	5586	for 2020	82,879,525	1,082,200,353	–	(1,039,714,826)	(29)	–	125,365,023
dividends payable to participants (shareholders)	5567	for 2021	1,475,813	–	297,102,618	(296,958,454)	–	–	1,619,977
	5587	for 2020	1,198,671	–	360,784,337	(360,507,195)	–	–	1,475,813
other creditors	5568	for 2021	55,876,859	379,825,812	74,058	(376,663,200)	(198)	123,913	59,237,244
	5588	for 2020	37,834,111	776,766,923	54,384	(758,902,160)	(312)	123,913	55,876,859
Accounts payable – total	5550	for 2021	855,069,142	8,186,862,139	299,634,026	(8,273,972,830)	(881)	–	1,067,591,596
	5570	for 2020	910,530,509	6,876,854,777	364,351,492	(7,296,667,274)	(362)	–	855,069,142

5.4 Overdue accounts payable

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Overdue payables – total	5590	27,360,355	45,220,182	169,307,286
including:				
suppliers and contractors	5591	22,942,242	43,817,196	168,807,618
promissory notes payable	5592	-	-	-
advances from customers	5593	-	-	-
dividends payable to participants (shareholders)	5594	-	-	-
other creditors	5599	4,418,113	1,402,986	499,668

6. Cost of production

Narrative	Line code	For 2021	For 2020
Material costs	5610	2,321,963,103	2,074,030,540
Payroll expenses	5620	58,982,356	55,454,563
Social contributions	5630	13,373,721	12,458,523
Depreciation	5640	678,087,391	676,278,222
Other expenses	5650	201,697,088	221,742,843
Total by cost element	5660	3,274,103,659	3,039,964,691
Change in the balances			
Increase [-]:	5670		
finished goods	5671	(447,204,036)	(332,552,558)
other (except intrafirm turnover costs)	5672	(1,013,352,961)	(986,819,102)
including capitalised costs		(958,459)	(929,618)
Decrease [+]:	5680		
sale of finished products	5681	96,802,768	65,192,594
sale of goods for resale	5682	690,606,017	550,475,942
sale of goods dispatched	5683	1,830,454,373	1,714,152,356
Change in the balance of work in progress (increase [-]/decrease [+])	5690	(197,360)	(5,710)
Total expenses attributable to ordinary activities	5600	4,431,212,460	4,050,406,213

7. Estimated liabilities

Narrative	Line code	At the beginning of the year	Accrued	Used	Reversed	At the end of the period
Estimated liabilities – total	5700	71,621,402	112,143,010	(16,682,615)	(43,697,451)	123,384,346
onerous contracts	5702	–	–	–	–	–
liabilities related to the future restructuring	5703	–	–	–	–	–
given guarantee commitment	5704	–	–	–	–	–
legal proceedings	5705	–	–	–	–	–
other estimated liabilities, including:	5706	60,959,869	95,798,957	(4,527,123)	(43,540,125)	108,691,578
adjustments to gas prices		40,756,935	86,560,959	(4,223,067)	(37,142,170)	85,952,657
estimated asset retirement liability and liability to restore environment disturbed by mineral extraction		19,234,306	8,448,407	–	(6,344,176)	21,338,537
liabilities of paying remuneration based on performance results	5707	5,657,762	9,597,640	(5,513,231)	(144,791)	9,597,380
liabilities of vacation payment	5708	5,003,771	6,746,413	(6,642,261)	(12,535)	5,095,388
including repayment period up to 1 year		52,387,096	–	–	–	102,045,809

8. Security

Narrative	Line code	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
Received – total	5800	10,228,637	13,882,456	17,948,444
including:				
promissory notes	5801	–	–	–
assets under pledge	5802	–	–	–
including:				
fixed assets	5803	–	–	–
securities and other financial investments	5804	–	–	–
other	5805	–	–	–
Issued – total	5810	1,038,646,015	872,689,168	680,263,370
including:				
promissory notes	5811	–	–	–
assets under pledge	5812	44,024,544	44,024,544	222,830,397
including:				
fixed assets	5813	–	–	–
securities and other financial investments	5814	44,024,544	44,024,544	207,076,107
other	5815	–	–	15,754,290

9. Exploration assets

9.1 The presence and movement of exploration assets

Narrative	Line code	Period	At the beginning of the year				Changes for the period						At the end of the period		
			Initial cost	Accumulated depreciation/ amortisation	Impairment loss	Additions	Disposals		Depreciation/ Amortisation	Revaluation		Accumulated depreciation/ amortisation	Initial cost	Impairment loss	Accumulated depreciation/ amortisation
							Initial cost	Accumulated depreciation/ amortisation		Initial cost	Accumulated depreciation/ amortisation				
Intangible exploration assets	6010	for 2021	130,741,009	(17)	-	17,460,924	(35,826,705)	15	(13)	-	-	-	112,375,228	-	(15)
	6020	for 2020	118,605,280	(5)	-	12,137,393	(1,664)	9	(21)	-	-	-	130,741,009	-	(17)
including:															
licences	6011	for 2021	130,741,009	(17)	-	17,460,924	(35,826,705)	15	(13)	-	-	-	112,375,228	-	(15)
	6021	for 2020	118,605,280	(5)	-	12,137,393	(1,664)	9	(21)	-	-	-	130,741,009	-	(17)
other	6019	for 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	6029	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-
Tangible exploration assets	6030	for 2021	6,910,832	-	-	2,197,696	(4,799,799)	-	-	-	-	-	4,308,729	-	-
	6040	for 2020	6,905,015	-	-	5,817	-	-	-	-	-	-	6,910,832	-	-
buildings and roads	6031	for 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	6041	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-
wells	6032	for 2021	6,910,832	-	-	2,197,696	(4,799,799)	-	-	-	-	-	4,308,729	-	-
	6042	for 2020	6,905,015	-	-	5,817	-	-	-	-	-	-	6,910,832	-	-
machinery and equipment	6033	for 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	6043	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-
other fixed assets	6039	for 2021	-	-	-	-	-	-	-	-	-	-	-	-	-
	6049	for 2020	-	-	-	-	-	-	-	-	-	-	-	-	-

9.2 Exploration expenses recognised as non-current assets

Narrative	Line code	Period	At the beginning of the year	Expenses for the period	Changes for the period			At the end of the period
					Written off	Recognised as tangible exploration assets or intangible exploration assets	Other changes	
Exploration expenses recognised as intangible exploration assets	6050	for 2021	35,545	17,465,578	(9,600)	(17,460,924)	–	30,599
	6060	for 2020	45,979	12,137,394	(10,435)	(12,137,393)	–	35,545
Exploration expenses recognised as tangible exploration assets	6070	for 2021	45,134,743	29,393,594	(33,381,212)	(2,197,696)	(23,828,444)	15,120,985
	6080	for 2020	46,284,439	20,554,851	(21,698,730)	(5,817)	–	45,134,743

Chief Executive Officer



A.B. Miller

Chief Accountant



M.N. Rosseev

15 March 2022



PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

1. General information

The principal activity of PJSC Gazprom (the "Company") is the sale of natural gas. The Company is also involved in other types of activities, which include leasing of assets, gas transportation services, sales of oil and gas refinery products, gas condensate and oil.

The Company's registered address is: 2/3 Lakhtinsky Avenue, Bldg. 1, St. Petersburg, 197229, Russian Federation and it has branches and representative offices engaged in

business activities in the following cities: Algiers, Ashgabat, Baku, Brussels, Doha, Ekaterinburg, Kiev, Chisinau, Krasnodar, Moscow, Novy Urengoy, Nur-Sultan, Beijing, Riga, Rio de Janeiro, Samara, St. Petersburg, Tehran, Tomsk, Khabarovsk and the Moscow Region.

As at 31 December 2021, 2020 and 2019 the Company employed 27,644, 25,080 and 27,125 people, respectively.

As at 31 December 2021 members of the Board of Directors of PJSC Gazprom included:

Zubkov, Viktor Alekseevich – Chairman of the Board of Directors

Akimov, Andrey Igorevich
Kulibaev, Timur Askarovich
Manturov, Denis Valentinovich
Markelov, Vitaly Anatolievich
Martynov, Viktor Georgievich

Mau, Vladimir Alexandrovich
Miller, Alexey Borisovich
Novak, Alexander Valentinovich
Sereda, Mikhail Leonidovich
Shulginov, Nikolai Grigorievich

As at 31 December 2021 members of the Management Committee of PJSC Gazprom included:

Miller, Alexey Borisovich – Chairman of the Management Committee

Aksyutin, Oleg Evgenievich
Burmistrova, Elena Viktorovna
Kuznets, Sergey Ivanovich
Markelov, Vitaly Anatolievich
Markov, Vladimir Konstantinovich
Menshikov, Sergey Nikolaevich
Mikhailova, Elena Vladimirovna

Mikhalenko, Vyacheslav Alexandrovich
Putin, Mikhail Evgenievich
Rosseev, Mikhail Nikolaevich
Sadygov, Famil Kamil ogly
Sukhov, Gennady Nikolaevich
Khomyakov, Sergey Fyodorovich

As at 31 December 2021 members of the Audit Commission of PJSC Gazprom included:

Karpov, Ilya Igorevich – Chairman of the Audit Commission

Zobkova, Tatiana Valentinovna
Fisenko, Tatiana Vladimirovna

Shumov, Pavel Gennadievich
Yakovlev, Alexey Vyacheslavovich

**PJSC Gazprom explanatory notes to the balance
sheet and the statement of financial results
in the statutory financial statements for 2021
(in thousand Russian Roubles,
unless otherwise stated)**

2. Significant accounting policies and basis of presentation

Basis of presentation

The financial statements have been prepared in accordance with the accounting and reporting rules applicable in the Russian Federation, specifically with Federal Law "On Accounting" dated 6 December 2011 No. 402-FZ, and the Regulations on Accounting and Reporting in the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No. 34n, as well as the Accounting Policy Regulation approved by order of PJSC Gazprom of 31 December 2020 No. 573.

Assets and liabilities are measured at actual purchase costs, except for regularly revalued fixed assets at the current (replacement) cost, intangible and tangible exploration assets, investments for which current market value is determinable, estimated liabilities carried based on current valuation of the amount that will result in decrease of economic benefits and assets for which impairment provisions have been formed in accordance with the generally accepted procedure.

Assets, liabilities and transactions denominated in foreign currency

Business transactions in foreign currencies have been recorded using the official exchange rate of the Russian Rouble as at the date of the relevant transaction. Cash on currency and deposit accounts with banks, cash in hand, securities, accounts receivable and payable, including loans issued and raised but without advances received and issued, prepayments and down payments denominated in foreign currency have been recorded using the official exchange rate of the Russian Rouble as at the reporting date.

As at 31 December 2021 the official exchange rates of the Russian Rouble to the US dollar and the euro were RUB 74.2926 to USD 1 (31 December 2020 – RUB 73.8757, 31 December 2019 – RUB 61.9057) and RUB 84.0695 to EUR 1 (31 December 2020 – RUB 90.6824, 31 December 2019 – RUB 69.3406).

Exchange differences arising in the reporting year as a result of transactions involving assets and liabilities denominated in foreign currency as well as revaluation of such assets and liabilities as of the reporting date have been recorded within other income and expenses.

Current and non-current assets and liabilities

Accounts receivable and accounts payable, including loans and borrowings, are treated in the balance sheet as current assets and liabilities if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. Accounts receivable and accounts payable,

including loans and borrowings, are treated as non-current if the term of their circulation (maturity) exceeds 12 months after the reporting date. Investments are classified as long-term or short-term based on the anticipated period of their use (circulation, ownership or maturity) after the reporting date.

Results of research and development

The balance sheet line "Results of Research and Development" includes expenses for completed research and development (R&D) works, which are not subject to legal protection in accordance with the effective legislation and whose results are used for the company's production or management needs. These expenses are written-off against costs of production (works, services) during the anticipated

period of the use of the results of research and development but not more than five years after the date of their actual use for production of products (works, services) on a straight-line basis by decreasing their initial cost. In addition, the above amount includes cost of purchase and creation of incomplete R&D accounted for within investments in non-current assets.

2. Significant accounting policies and basis of presentation (continued)

Intangible and tangible exploration assets

Exploration expenses recognised within tangible exploration assets relate to the following:

- expenses for construction of prospecting and appraisal, exploratory and pre-drilled development wells (drilled at exploration stage until production's commercial viability is confirmed) with breakdown by fields (areas);
- expenses for purchasing and assembling buildings, installations, equipment and facilities, acquisition of vehicles used for prospecting, assessment of fields and exploration of mineral reserves.

Accounting items for tangible exploration assets include wells, pipelines and other facilities, buildings, machinery, installations and other equipment, vehicles and other assets.

Exploration expenses recognised within intangible exploration assets include expenses for acquisition of subsoil use rights.

Accounting items for intangible exploration assets include licences for geological survey, licences for exploration and production, licences for geological survey, exploration and production; a standalone delivery (report) that summarises results of performed surveys.

Initial cost of the licence which grants the right to geological survey of a subsoil field or prospecting and exploration of mineral resources is amortised on a straight-line basis during the licence period.

Initial cost of the combined licence which in addition to the right to geological survey, evaluation of mineral resources and (or) their exploration grants the right to production of mineral

resources is not subject to amortisation until production's commercial viability is confirmed.

Tangible exploration assets, except for wells, are depreciated on a straight-line basis during the whole period of their useful lives. Depreciation charges are included in expenses incurred in exploration by respective areas. The Company determines useful lives of exploration assets under the procedure similar to determining useful lives of fixed assets.

When mineral production's commercial viability on subsoil area (field) is confirmed, exploration assets are tested for impairment and transferred to fixed assets, intangible assets or other non-current assets which are intended for development and production of mineral reserves.

The Company assesses whether there is any indication that exploration assets may be impaired as at 31 December of the reporting year and when production's commercial viability on subsoil site (field) is confirmed. The amounts of exploration assets' impairment are charged to other expenses of the reporting year.

Data about the presence and movement of exploration assets are presented in table form 9.1 "The Presence and Movement of Exploration Assets", while table form 9.2 "Exploration Expenses Recognised as Non-Current Assets" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results includes data on exploration expenses related to acquisition (creation) of exploration assets.

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian Accounting Regulation "Accounting for Fixed Assets" (RAR 6/01) approved by order of the Russian Ministry of Finance dated 30 March 2001, No. 26n, and which are recognised as appropriate.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within fixed assets in a separate line.

The Company revalued fixed assets as at 31 December 2021 at their current replacement cost determined by an independent appraiser. Results of the revaluation were recognised on the balance sheet as at 31 December 2021. The revaluation surplus and accumulated depreciation were taken to additional capital.

The revaluation surplus as at 31 December 2021 in the amount of prior period revaluation write-downs that had been recognised within other expenses in prior periods was recorded within other income. Fixed assets revaluation write-down is posted to other expenses. The revaluation write

down of an asset as at 31 December 2021, the value of which had been increased in prior periods as a result of prior period revaluations, was charged against additional capital formed by revaluation surpluses recognised for this asset in prior periods. Any excess of the revaluation write-down over the revaluation surplus included in the additional capital as a result of prior year revaluation is posted to other expenses.

Fixed assets acquired and completed before 1 January 2002 are depreciated at uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No. 1072 "On Uniform Depreciation Rates of Fixed Assets of the USSR National Economy". Fixed assets acquired and completed after 1 January 2002 are depreciated at rates determined based on their estimated useful lives. Classification of fixed assets by depreciation groups, approved by Resolution of the Russian Government dated 1 January 2002 No. 1, is used as one of the sources of information about useful lives of fixed assets. Useful lives adopted by the Company for major groups of fixed assets are presented as follows:

2. Significant accounting policies and basis of presentation (continued)

	Useful lives of assets carried on the balance sheet (number of years)	
	before 1 January 2002	after 1 January 2002
Trunk pipelines	33	25
Wells	12 – 15	10 – 25
Machinery and equipment	10 – 18	3 – 18
Buildings	20 – 50	7 – 100

Fixed assets are depreciated on a straight-line basis.

The following assets are not depreciated:

- land plots;
 - assets transferred to conservation (above 3 months);
 - assets which liquidation takes more than a month;
 - housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
 - fully depreciated assets that are still on the balance sheet.
- Assets that comply with the criteria of their recognising as fixed assets and with the value below RUB 40,000 (inclusively) per unit are recorded within inventories including assets (tools

and other inventories) and special clothing, which are not fully consumed after their transfer to production and their useful life exceeds 12 months. Prior to 1 January 2011 assets with the value below RUB 20,000 per unit were accounted for within inventories. To ensure safety of the assets with the value below RUB 20,000 and RUB 40,000 recorded within inventories when they are transferred in production or operation, the Company implemented the control over their movement. Fixed assets with the value between RUB 20,000 and RUB 40,000 which were recorded prior to 1 January 2011 are accounted for within fixed assets and depreciated under the generally accepted procedure.

Capital investments in progress

Capital investments in progress are represented by real estate assets under construction, which have not been put into operation, equipment subject to assemblage, equipment not subject to assemblage but stored in warehouses and intended for assets under construction and recorded

within investments in non-current assets in a separate line, inventories intended for assets under construction, estimated liabilities on liquidation of the wells transferred to conservation upon construction completion, other capital investments not included within fixed assets.

Financial investments

Investments are recorded at their initial cost, being their actual cost of acquisition, except for investments for which the current market value is determinable.

Investments for which the current market value is determinable are recognised for accounting and reporting purposes as at the end of the reporting period by their types at current market value. This value is determined at their average daily price (quote) for the transactions effected during the selling day at Moscow Exchange and calculated under the procedure specified by the institutor of trading on the securities market. The current market value can be determined based on data of other institutors of trading including foreign ones having the respective licence issued by the national authorised body.

The difference between the value of these investments as at the current reporting date and their prior value is recorded within other income and expenses.

Investments for which the current market value cannot be

reliably measured and significant and constant impairment indicators exist at the reporting date are presented in the year-end balance sheet at their carrying (book) value net of the impairment provision. The investment impairment provision is determined annually based on the stock taking results as at 31 December of the reporting year. For the purposes of determining the provision amount the Company estimated the cost of investments, for which significant and constant impairment indicators exist, on the basis of the available information and created the investment impairment provision in the amount by which the carrying (book) value of investments exceeded their estimated value. Changes in the above provision resulting from the year-end stock-take are posted to other expenses and income.

Securities which do not have market value (except for those individually identifiable, including promissory notes) are recorded upon their disposal (by types) under the FIFO method. Other investments (including individually identifiable securities, such as

2. Significant accounting policies and basis of presentation (continued)

promissory notes) with an undeterminable current market value are recorded upon disposal at the initial cost of each unit.

Income and expenses attributable to transactions with investments are recorded within other income and expenses.

Inventories

The main type of inventories is natural gas pumped into pipelines and underground storage. On the balance sheet gas inventories are measured at average cost. The line "Finished Goods and Goods for Resale" also includes gas transportation

and storage costs attributable to outstanding gas balances. The effect of changes in the accounting policies due to the application of the Russian Federal Accounting Standard "Inventories" (RFAS 5/2019) is reported prospectively.

Non-current assets for sale

A non-current asset for sale is measured at the book value of the respective fixed asset or another non-current asset as at the date of its reclassification to non-current assets for sale.

Selling and administrative expenses

Selling expenses, except for the cost of natural gas transportation and storage, are written off in full on a monthly basis to expenses incurred in ordinary activities. Costs of natural gas transportation and storage are allocated in proportion to the volumes of gas sold and to the volumes of

gas pumped into pipelines and underground storage within the reporting period.

Administrative expenses are expensed in full on a monthly basis to expenses incurred in ordinary activities.

Accounts receivable and accounts payable

Trade accounts receivable are recorded based on prices contracted between the Company and buyers (customers) taking into account all discounts and mark-ups provided by the Company. Bad debts are written off when recognised as such based on the stock taking results.

Doubtful receivables that are very likely to become uncollectible are stated net of provisions for doubtful receivables. Accrued provisions for doubtful receivables are recorded within other expenses. A corresponding amount of

provision for doubtful receivables is released and posted to other income when the respective receivables are repaid.

In table form 5.1 "The Presence and Movement of Accounts Receivable" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results the accounts receivable which arise and are repaid (written off) in the same reporting period are disclosed on a gross-up basis. Accounts payable are disclosed in a similar manner in table form 5.3 "The Presence and Movement of Accounts Payable".

Cash equivalents and presentation of cash flows in the cash flow statement

Cash equivalents comprise highly liquid investments which are readily convertible into a predictable amount of cash and are only exposed to an insignificant risk of changes in value.

The Company recognises within cash equivalents its short-term bank deposits with a maturity of 3 months or less and includes them in the balance sheet line "Cash and Cash Equivalents".

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing

activities are included in the cash flows from operating activities in the cash flow statement.

Data about availability and movement of cash flows denominated in foreign currency for the purposes of presentation in the cash flow statement are translated into roubles at the official foreign currency exchange rate set by the Central Bank of Russia as of the date of payment or receipt thereof.

2. Significant accounting policies and basis of presentation (continued)

Any difference arising on translation of foreign currency-denominated cash flows, cash balances and cash equivalents at the exchange rates as at the date of transaction and reporting dates is included in the line "Effect of Changes in the Russian Rouble Exchange Rate" in the cash flow statement.

The following items are presented on a net basis in the cash flow statement:

- receipts and payments arising from foreign exchange transactions;

- commissioner's (agent's) cash flows due to rendering agency services (except for the fees for services rendered);
- cash flows characterised by prompt turnover, large volume and short repayment periods;
- indirect taxes within receipts from customers and buyers and payments made to suppliers and contractors;
- other settlements that relate to the operations of company's counterparties rather than its own operations.

Additional capital

Loans received that are repayable at the borrower's discretion are reported within additional capital provided that the loans have no maturity or their maturity may be extended many times and that the borrower has the right, at any time and on any number of occasions, to postpone interest payments (subject to the fulfilment of the criteria for the recognition as equity financial instruments in accordance with IFRSs) ("perpetual loans"). Foreign currency perpetual loans are recognised at the official exchange rate as at the date of initial recognition.

In order to account for and report potential cash outflows, interest on perpetual loans is accrued on a monthly basis, until an interest payment liability arises, by decreasing retained earnings and increasing additional capital at the interest rate effective for the current interest period. Interest on foreign

currency perpetual loans is accrued at the official exchange rate as at the date of initial recognition. A liability to pay interest on foreign currency perpetual loans is recognised at the official exchange rate as at the date when an interest payment obligation arises.

In order to account for and report potential cash outflows, foreign currency perpetual loans and interest accrued on them, which are reported within equity, are translated into Russian Roubles at the official exchange rate as at the reporting date and as at the date of their transfer to liabilities. Gains or losses from the translation of foreign currency perpetual loans and interest into Russian Roubles are reported within additional capital and retained earnings.

Additional costs associated with the receipt of perpetual loans are reported within retained earnings.

Loans and borrowings received

Interest on loans and borrowings received and additional costs related to the receipt of loans and borrowings are included in other expenses in the reporting period in which they are incurred.

Loans and (or) borrowings payable by the Company are recognised in the amount of actually received cash.

Loans and borrowings raised by the Company are mainly intended for corporate purposes. Under the contracts for the implementation of investment projects the Company provides its subsidiaries that act as property developers in these

projects with loans. The Company does not calculate a share of interest on loans and borrowings which are not directly associated with financing the investing activities to be included in the investment asset. This accounting treatment is based on the rationality requirement.

As at 31 December 2021 the Russian Federation Central Bank's refinance rate was 8.5%.

During 2021, the Russian Federation Central Bank's refinance rate increased from 4.25% to 8.5%.

Estimated liabilities

The Company recognises the following estimated liabilities:

- remuneration based on annual performance results;
- payment of vacations;
- compensation payable to employees upon their retirement;
- other estimated liabilities.

Liabilities related to payments of the annual remuneration based on annual performance results are determined on the basis of stock take results and the adopted procedure

for calculating remuneration based on annual performance results and recognised as at the end of the reporting year.

Liabilities related to vacation payments are determined based on the number of basic and additional vacation days earned but not used by all employees during their service at the Company as of the reporting date and their average daily salary.

2. Significant accounting policies and basis of presentation (continued)

Liabilities related to payments of one-time allowance upon retirement are made as at the date of the Company's employee reaching pension age and ceased upon expiration of six months from that date.

The above estimated liabilities are recognised as at the reporting date.

In addition, the Company records estimated liabilities with regard to adjustments to gas prices arising out of requirements made by buyers under the contractual terms. The effect of adjustments to gas prices including the respective impact on income tax is recognised in the financial statements when the probability that the liabilities arise is high and the liabilities can be reliably estimated.

Estimated liabilities are recognised within expenses incurred in ordinary activities and other expenses.

The Company records estimated asset retirement liabilities, including retirement of wells transferred to conservation upon construction completion, within investments in non-current

assets. These estimated liabilities are valued based on the costs which the Company is expected to incur in fulfilling its estimated liabilities as a result of restoring the environment disturbed through its business activities. Estimated asset retirement liabilities, including retirement of wells transferred to conservation upon construction completion, are recorded within the cost of the assets upon completion of construction supported by proper valuation evidence.

The Company records estimated liabilities related to remediation of field soils. Expenses for this liability are accounted for within expenses incurred in ordinary activities if infrastructure facilities are accounted for within fixed assets and within non-current assets if infrastructure facilities are accounted for within construction in progress. Estimated liabilities related to soil remediation are recognised supported by proper valuation evidence.

Estimated liabilities are recognised in balance sheet lines 1430 and 1540 "Estimated Liabilities".

Taxation

The consolidated group of taxpayers (the "CGT") was established in Gazprom Group from 1 January 2012. PJSC Gazprom is the responsible member of the CGT. The contract on creation of Gazprom Group CGT was registered with Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2 on 20 April 2012. In 2021, a supplement to the contract on creation of Gazprom Group CGT was registered with Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2. In accordance with the Supplement the number of CGT members amounted to 68 in 2021.

The Company independently prepares information about income tax in accordance with RAR 18/02. Permanent and temporary differences are recognised in accounting records separately. Temporary differences are differentiated by types of assets and liabilities whose measurement led to a difference.

Deferred tax assets and deferred tax liabilities are reflected in the balance sheet separately within non-current assets in line 1180 "Deferred Tax Assets" and non-current liabilities in line 1420 "Deferred Tax Liabilities" of the balance sheet, respectively.

Income tax payable related to the CGT as a whole and to be paid by the Company as the responsible member of the CGT is recognised in balance sheet line 1524 "Taxes Payable".

Income tax overpayments related to the CGT are recorded in balance sheet line 1239 "Other Debtors".

Balances on settlements with the CGT members related to the CGT income tax payable (interim payment) are recognised in the balance sheet within current assets in line 1239 "Other Debtors" and current liabilities in line 1528 "Other Settlements" on a gross basis.

Current income tax is determined based on data generated in the Company's accounting records and recognised in the statement of financial results in line 2411 "Current Income Tax". Difference between current income tax calculated by the Company for inclusion in the consolidated tax base of the CGT and cash payable by the Company under the CGT agreement is recognised in line 2465 "Reallocation of Income Tax within the CGT" of the statement of financial results and taken into account to calculate the Company's net profit (loss) but not considered for calculating the Company's profit (loss) before tax.

Tax on the tax loss incurred by the Company in the reporting period is recognised in the statement of financial results in line 2411 "Current Income Tax" without parentheses.

Revenue recognition

Revenue from sales of products and delivery of services is recognised as the products/services are delivered/provided and relevant settlement documents are presented. Revenue

is stated net of value-added tax, excise, customs duty and similar mandatory charges.

2. Significant accounting policies and basis of presentation (continued)

Segment information

The Company, its subsidiaries and associated companies (Gazprom Group) operate as a vertically-integrated business. The principal activities of Gazprom Group are exploration, production, gas transportation and storage, sales of gas in the Russian Federation and abroad, oil and gas condensate production, sale of oil and gas condensate, oil, gas condensate and other hydrocarbons refining and sales of refined products, sales of electricity and heat. Management information which results are analysed on a regular basis by the Company's chief operating decision-makers responsible for distribution of resources within the

Company and assessment of these results is prepared with regard to Gazprom Group operations. Considering the fact that the Company's activities as a legal entity and its managing the Group's operations are tightly connected, the management decisions and distribution of resources are made by persons with respective powers at the Group level; separate management accounts that relate to the Company's operations exclusively and do not cover the whole Group are not prepared with a breakdown by directions. Therefore, segment information is disclosed in Gazprom Group consolidated accounting reports.

List of the Company's structural units and trust management contracts included in the financial statements of PJSC Gazprom

A Representative Office of PJSC Gazprom in Algiers, the People's Democratic Republic of Algeria, a Representative Office of PJSC Gazprom in Tehran, the Islamic Republic of Iran, a Representative Office of PJSC Gazprom in Doha, Qatar, a Representative Office of PJSC Gazprom in Beijing, the People's Republic of China, a Representative Office of PJSC Gazprom in Brussels, the Kingdom of Belgium, a Representative Office of PJSC Gazprom in Riga, the Republic of Latvia, a Representative Office of PJSC Gazprom in Nur-Sultan, the Republic of Kazakhstan, a Representative Office of PJSC Gazprom in Chisinau, the Republic of Moldova, a Representative Office of PJSC Gazprom in Ashgabat, Turkmenistan, a Representative Office of PJSC Gazprom in Rio de Janeiro, the Federative Republic of Brazil, a Representative Office of PJSC Gazprom in Kiev, Ukraine, a Representative Office of PJSC Gazprom in Baku, the Republic of Azerbaijan, a Branch of PJSC Gazprom Avtopredpriyatie of PJSC Gazprom in St. Petersburg, a Branch of PJSC Gazprom Bogorodskoye Reception House in Moscow, a Branch of PJSC Gazprom Corporate Security Services of PJSC Gazprom in St. Petersburg, a Branch of PJSC Gazprom Morozovka Holiday Hotel in Moscow Region,

a Branch of PJSC Gazprom Soyuz Holiday Hotel in Moscow Region, a Branch of PJSC Gazprom Corporate Premises Management of PJSC Gazprom in St. Petersburg, a Branch of PJSC Gazprom Main Security Division of PJSC Gazprom in St. Petersburg, a Branch of PJSC Gazprom Far Eastern Interregional Security Division of PJSC Gazprom in Khabarovsk, a Branch of PJSC Gazprom Volga Interregional Security Division of PJSC Gazprom in Samara, a Branch of PJSC Gazprom North Urals Interregional Security Division of PJSC Gazprom in Novy Urengoy, a Branch of PJSC Gazprom Siberian Interregional Security Division of PJSC Gazprom in Tomsk, a Branch of PJSC Gazprom Central Interregional Security Division of PJSC Gazprom in the Moscow Region, a Branch of PJSC Gazprom Southern Interregional Security Division of PJSC Gazprom in Krasnodar, a Branch of PJSC Gazprom South Urals Interregional Security Division of PJSC Gazprom in Ekaterinburg, and Branch Office 644 of PJSC Gazprom in St. Petersburg.

LLC Svod International (a trustee) and LLC Gazprom invest (a trustee) act under trust management contracts in respect of PJSC Gazprom's property.

3. Changes in accounting policies

Due to the application from 1 January 2021 of the Russian Federal Accounting Standard "Inventories" (RFAS 5/2019) approved by order of the Russian Ministry of Finance dated 15 November 2019, No. 180n, the following amendments were made to the Company's accounting policies for 2021: an amended list of assets treated as inventories, a procedure for the measurement of inventories at initial recognition, including when inventories are acquired with a deferred payment (payment by instalments), an amended procedure for the establishment of inventory impairment provision.

Due to the application of the Russian Federal Accounting Standard "Fixed Assets" (RFAS 6/2020) approved by order of the Russian Ministry of Finance dated 17 September 2020, No. 204n, the Company's accounting policies for 2022 were supplemented with provisions on accounting for fixed assets.

Due to the application of the Russian Federal Accounting Standard "Capital Investments" (RFAS 26/2020) approved by order of the Russian Ministry of Finance dated 17 September 2020, No. 204n, the Company's accounting policies for 2022 were amended in respect of measurement of assets within investments in non-current assets.

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

3. Changes in accounting policies (continued)

Due to the application of the Russian Federal Accounting Standard "Lease Accounting" (RFAS 25/2018) approved by order of the Russian Ministry of Finance dated 16 October

2018, No. 208n, the Company's accounting policies for 2022 were supplemented with provisions on accounting for leases as a lessor and as a lessee.

4. Adjustments to prior reporting period data

Certain data of columns "As at 31 December 2020" and "As at 31 December 2019" in the balance sheet and the statement of financial results for 2020 were adjusted due to the following events:

1. To allow for data comparability, gas transportation and storage costs attributable to outstanding gas balances were reclassified from balance sheet line 1213 "Work in Progress" to balance sheet line 1214 "Finished Goods and Goods for Resale" (adjustment 1).
2. Deferred taxes were adjusted due the enactment of

changes in the Russian Accounting Regulation "Accounting for Corporate Income Tax Payments" (RAR 18/02) (adjustment 2).

3. Oil sales were separated from the revenue and cost of sales of other goods, products, works and services. The revenue and cost of gas storage services were included in the revenue and cost of sales of other goods, products, works and services (adjustment 3).
Adjustments to the 2019 and 2020 data in the financial statements for 2021:

As at 31 December 2020					As at 31 December 2019		
Narrative	Line code	Unadjusted	Adjustment (1,2)	Adjusted	Unadjusted	Adjustment (1,2)	Adjusted
I. Non-current assets							
Deferred tax assets	1180	244,942,532	60,487	245,003,019	151,847,643	57,980	151,905,623
Total Section I	1100	11,980,766,187	60,487	11,980,826,674	12,515,657,788	57,980	12,515,715,768
II. Current assets							
Inventories, including:							
work in progress	1213	329,970,892	(329,965,182)	5,710	359,139,968	(359,139,968)	–
finished goods and goods for resale	1214	229,969,097	329,965,182	559,934,279	297,329,275	359,139,968	656,469,243
BALANCE	1600	15,715,456,272	60,487	15,715,516,759	15,939,746,746	57,980	15,939,804,726
III. Equity and reserves							
Revaluation of non-current assets	1340	5,519,633,945	(6,444,439)	5,513,189,506	5,445,336,422	(4,021,897)	5,441,314,525
Retained earnings (loss)	1370	4,381,165,828	(53,094)	4,381,112,734	5,443,445,358	(258,190)	5,443,187,168
Total Section III	1300	10,223,419,135	(6,497,533)	10,216,921,602	11,015,785,345	(4,280,087)	11,011,505,258
IV. Non-current liabilities							
Deferred tax liabilities	1420	929,874,464	6,558,020	936,432,484	1,034,576,744	4,338,067	1,038,914,811
Total Section IV	1400	3,233,837,395	6,558,020	3,240,395,415	2,845,195,367	4,338,067	2,849,533,434
BALANCE	1700	15,715,456,272	60,487	15,715,516,759	15,939,746,746	57,980	15,939,804,726

for 2020				
Narrative	Line code	Unadjusted	Adjustment (2,3)	Adjustment
Sales, including:				
oil	2116	–	7,988,518	7,988,518
other goods, products, works and services	2117	16,784,284	(3,891,160)	12,893,124

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

4. Adjustments to prior reporting period data (continued)

for 2020				
Narrative	Line code	Unadjusted	Adjustment (2,3)	Adjustment
gas storage services	2117	4,097,358	(4,097,358)	–
Cost of sales, including:				
oil	2126	–	(11,030,124)	(11,030,124)
other goods, products, works and services	2127	(28,686,272)	10,518,876	(18,167,396)
gas storage services	2127	(511,248)	511,248	–
Income tax from transactions whose results are not included to the net profit (loss) for the period	2530	(17,036,985)	(2,422,542)	(19,459,527)
Cumulative financial result	2500	(626,665,341)	(2,422,542)	(629,087,883)

5. Fixed assets

	Trunk pipelines	Wells	Machinery and equipment	Buildings	Other	Total
As at 31 December 2019						
Initial (replacement) cost	14,027,041,409	1,192,915,494	3,645,360,705	1,160,225,201	3,831,067,827	23,856,610,636
Accumulated depreciation	(10,746,119,419)	(972,914,525)	(2,905,165,259)	(512,426,522)	(2,021,756,892)	(17,158,382,617)
Net book value	3,280,921,990	220,000,969	740,195,446	647,798,679	1,809,310,935	6,698,228,019
As at 31 December 2020						
Initial (replacement) cost	14,149,574,857	1,263,903,457	3,799,297,655	1,399,431,602	3,913,397,963	24,525,605,534
Accumulated depreciation	(11,041,799,254)	(1,005,546,409)	(3,063,443,570)	(649,185,649)	(2,152,611,989)	(17,912,586,871)
Net book value	3,107,775,603	258,357,048	735,854,085	750,245,953	1,760,785,974	6,613,018,663
As at 31 December 2021						
Initial (replacement) cost	17,676,242,642	1,626,485,701	4,807,704,846	1,588,361,158	5,000,464,558	30,699,258,905
Accumulated depreciation	(14,127,004,608)	(1,335,447,822)	(3,935,634,041)	(764,647,253)	(2,863,598,193)	(23,026,331,917)
Net book value	3,549,238,034	291,037,879	872,070,805	823,713,905	2,136,866,365	7,672,926,988

Net book value of fixed assets leased out to subsidiaries amounted to RUB 6,695,714,710 thousand, RUB 5,755,766,126 thousand and RUB 5,881,625,004 thousand as at 31 December 2021, 2020 and 2019, respectively. As at 31 December 2021, 2020 and 2019 fixed assets included also property items that had been constructed and put into operation but were still to be registered in the amount of RUB 1,049,634,930 thousand, RUB 1,308,916,526 thousand and RUB 1,542,308,517 thousand, respectively (net of accumulated depreciation in the amount of RUB 139,582,954 thousand, RUB 151,355,517 thousand

and RUB 224,959,136 thousand, respectively). As at 31 December 2021 the following production infrastructure facilities represent the most significant real property assets, the title to which is undergoing registration: the Power of Siberia gas trunk pipeline, 301.1 km – 555.8 km, the Power of Siberia gas trunk pipeline, 555.8 km – 794.8 km, the Power of Siberia gas trunk pipeline, 794.8 km – 1029.8 km, the Power of Siberia gas trunk pipeline, 1029.8 km – 1290.7 km, the Bovanenkovo — Ukhta gas trunk pipeline (2nd line), an underwater crossing through Baydaratskaya Bay (4th line), the Sakhalin — Khabarovsk — Vladivostok gas trunk pipeline, 505.0 km – 874.0 km.

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

5. Fixed assets (continued)

Revaluation of fixed assets

As at 31 December 2021, the Company revalued its fixed assets. As at 31 December 2020, the Company revalued its fixed assets classified as buildings. No revaluation of

fixed assets was made as at 31 December 2019 because of insignificant changes in the current (replacement) cost.

	Trunk pipelines	Wells	Machinery and equipment	Buildings	Other	Total
As at 31 December 2021						
Revaluation surplus posted to additional capital	643,953,342	42,963,766	95,762,123	72,898,116	347,200,087	1,202,777,434
Revaluation surplus (in the part related to the revaluation write-down posted earlier to other income)	20,309	95,568	429,199	183,081	85,267	813,424
Revaluation write-down posted to other expenses	(8,735,455)	(536,903)	(26,686)	(6,085)	(940,439)	(10,245,568)
Revaluation write-down (in the part related to the revaluation surplus posted earlier to additional capital)	(2,262,226)	(28,352)	(6,414)	(275,391)	(378,712)	(2,951,095)
Total revaluation of fixed assets at their current (replacement) cost	632,975,970	42,494,079	96,158,222	72,799,721	345,966,203	1,190,394,195
As at 31 December 2020						
Revaluation surplus posted to additional capital	–	–	–	97,399,399	–	97,399,399
Revaluation surplus (in the part related to the revaluation write-down posted earlier to other income)	–	–	–	307,443	–	307,443
Revaluation write-down posted to other expenses	–	–	–	(285,018)	–	(285,018)
Revaluation write-down (in the part related to the revaluation surplus posted earlier to additional capital)	–	–	–	(101,768)	–	(101,768)
Total revaluation of fixed assets at their current (replacement) cost	–	–	–	97,320,056	–	97,320,056

6. Financial investments

Long-term financial investments

Investments in subsidiaries and associates

Information on investments in subsidiaries and associates is provided in Note 18.

“Investments in Subsidiaries” (balance sheet line 1171) are presented net of impairment provision of

RUB 93,081,423 thousand, RUB 90,579,524 thousand and RUB 108,578,807 thousand as at 31 December 2021, 2020 and 2019, respectively.

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

6. Financial investments (continued)

“Investments in Associates” (balance sheet line 1172) are presented net of impairment provision of RUB 1,830,755 thousand, RUB 1,838,255 thousand and	RUB 1,914,677 thousand as at 31 December 2021, 2020 and 2019, respectively.
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Investments in other entities

“Investments in Other Entities” (balance sheet line 1173) are presented net of impairment provision of RUB 153 thousand as at 31 December 2021, RUB 153 thousand as at	31 December 2020 and RUB 154 thousand as at 31 December 2019.
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Loans provided to companies for a period over 12 months

“Loans Provided to Companies for a Period over 12 Months” (balance sheet line 1174) include long-term loans of RUB 244,744,446 thousand, RUB 6,818,956 thousand and	RUB 285,708,116 thousand as at 31 December 2021, 2020 and 2019, respectively.
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Other long-term investments

Other long-term investments included within “Financial Investments” (balance sheet line 1170) are presented net of impairment provision of RUB 138,664 thousand,	RUB 138,664 thousand and RUB 216,497 thousand as at 31 December 2021, 2020 and 2019, respectively. The provision relates to investments in joint activities.
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	31 December		
	2021	2020	2019
Joint activities	39,363,168	39,007,829	38,638,110
including:			
development of oil and gas fields on continental shelf of the Socialist Republic of Vietnam (operator – JSC Gazprom zarubezhneftegaz)	35,494,926	35,139,587	34,769,868
development of a satellite communication system (operator – JSC Gazprom Space Systems)	3,362,056	3,362,056	3,362,056

Long-term investments include securities of other entities, mainly investments in the shares of subsidiaries and associates and other entities of RUB 2,717,577,149 thousand, RUB 1,703,744,984 thousand and RUB 2,309,828,894 thousand	as at 31 December 2021, 2020 and 2019, respectively, including foreign entities of RUB 198,720,025 thousand, RUB 199,439,152 thousand and RUB 339,075,652 thousand as at 31 December 2021, 2020 and 2019, respectively.
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Short-term financial investments

Investments in subsidiaries

Information on investments in subsidiaries is provided in Note 18. Balance sheet line 1240 “Financial Investments (Except for Cash Equivalents)” as at 31 December 2021 includes investments in the charter capitals of the subsidiaries	LLC Gazprom international projects South 1 in the amount of RUB 187,538,409 thousand and LLC Gazprom international projects Center 1 in the amount of RUB 24,714,967 thousand, which are to be disposed within 12 months after the reporting date.
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6. Financial investments (continued)

Additional information is provided in table forms

3.1 "The Presence and Movement of Financial Investments",
3.1.1 "Current Portion of Long-Term Financial Investments"
and 3.2 "Other Use of Financial Investments" of the

Explanatory Notes to the Balance Sheet and the Statement of Financial Results. In table form 3.1 "The Presence and Movement of Financial Investments" data are presented with regard to the current portion of long-term investments.

7. Other non-current assets

As at 31 December 2021, 2020 and 2019 other non-current assets included long-term advances paid under capital construction agreements in the amount of RUB 325,162,024 thousand, RUB 221,239,031 thousand and RUB 108,838,339 thousand, respectively, expenses of future periods under capital construction agreements in the

amount of RUB 374,817 thousand, RUB 423,583 thousand and RUB 497,599 thousand as at 31 December 2021, 2020 and 2019, as well as the subsoil use licences of RUB 12,055,308 thousand, RUB 13,056,883 thousand and RUB 14,445,107 thousand as at 31 December 2021, 2020 and 2019, respectively.

8. Accounts receivable

Trade receivables

	31 December		
	2021	2020	2019
Accounts receivable for gas sold:	845,041,806	420,334,073	409,760,867
in Russia	211,944,866	166,352,621	159,355,317
outside Russia (net of doubtful debt provision of RUB 549,952,107 thousand, RUB 540,618,109 thousand and RUB 432,968,246 thousand as at 31 December 2021, 2020 and 2019, respectively), including:	633,096,940	253,981,452	250,405,550
to far abroad countries (net of doubtful debt provision of RUB 6,347,871 thousand, RUB 52,426,548 thousand and RUB 42,326,363 thousand as at 31 December 2021, 2020 and 2019, respectively)	620,482,324	232,147,472	225,422,850
Accounts receivable for property lease services (net of doubtful debt provision of RUB 22,026 thousand, RUB 29,631 thousand and RUB 28,095 thousand as at 31 December 2021, 2020 and 2019, respectively)	88,140,958	88,589,491	107,982,386
Accounts receivable for services related to arrangement of gas transportation	7,321,089	5,057,091	4,233,745
Accounts receivable for gas condensate and oil and gas refinery products sold	22,020,367	22,945,359	18,680,095
Accounts receivable for oil sold	5,736,117	249,065	2,910
Other trade receivables (net of doubtful debt provision of RUB 12,532 thousand, RUB 4,423 thousand, and RUB 17,143 thousand as at 31 December 2021, 2020 and 2019, respectively)	41,883,596	43,329,394	2,228,138
Total	1,010,143,933	580,504,473	542,888,141

The accounts receivable recorded in the balance sheet line "Accounts Receivable from Buyers and Customers (payments expected within 12 months after the reporting date)" (line 1236) are presented net of a doubtful debt provision of RUB 548,509,554 thousand, RUB 539,183,341 thousand and RUB 431,782,654 thousand as at 31 December 2021,

2020 and 2019, respectively. The doubtful debt provisions were calculated net of a deferred excise in the amount of RUB 88,593 thousand as at 31 December 2020 and 2019, respectively. Deferred excise reduces the balance sheet line "Other Settlements" (line 1528).

8. Accounts receivable (continued)

Advances receivable

The balance sheet line "Advances Issued" (line 1238) within accounts receivable payments for which are expected within 12 months after the reporting date includes advances paid under the agency contracts on

the implementation of investment projects in the amount of RUB 364,489,177 thousand as at 31 December 2021, RUB 229,671,055 thousand as at 31 December 2020, and RUB 105,313,567 thousand as at 31 December 2019.

Other receivables

"Accounts Receivable from Other Debtors (payments expected beyond 12 months after the reporting date)" (balance sheet line 1234) include a long-term portion of accounts receivable from LLC Gazprom international projects related to the transfer of rights and obligations under an agreement dated 22 December 2020 in the amount of RUB 183,546,236 thousand as at 31 December 2021 and in the amount of RUB 224,549,577 thousand as at 31 December 2020, as well as outstanding interest-free loans granted in the amount of RUB 508,071,004 thousand, RUB 219,032,766 thousand and RUB 499,861,185 thousand as at 31 December 2021, 2020 and 2019, respectively.

"Accounts Receivable from Other Debtors (payments expected within 12 months after the reporting date)" (balance sheet line 1239) include outstanding interest-free loans granted in the amount of RUB 547,372,796 thousand, RUB 433,600,701 thousand and RUB 185,791,955 thousand as at 31 December 2021, 2020 and 2019, respectively, as well as outstanding dividends in the amount of RUB 184,320,178 thousand, RUB 24,737,772 thousand and RUB 12,195,224 thousand as at 31 December 2021, 2020 and 2019, respectively.

The Company concludes investment agreements with developers and agents (mainly its subsidiaries) for

construction and commissioning of fixed assets. The Company is the owner of all assets constructed under such investment and agency agreements. Subsidiaries have no right to sell, pledge or otherwise dispose of such assets.

A long-term portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line "Accounts Receivable from Other Debtors (payments expected beyond 12 months after the reporting date)" (line 1234) in the amount of RUB 11,792,359 thousand, RUB 44,017,801 thousand and RUB 189,818,399 thousand as at 31 December 2021, 2020 and 2019, respectively.

A current portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line "Accounts Receivable from Other Debtors (payments expected within 12 months after the reporting date)" (line 1239) in the amount of RUB 24,152,496 thousand, RUB 61,104,131 thousand and RUB 67,776,266 thousand as at 31 December 2021, 2020 and 2019, respectively.

Additional information is provided in table forms 5.1 "The Presence and Movement of Accounts Receivable" and 5.2 "Overdue Accounts Receivable" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

9. Cash and cash equivalents

The structure of cash and cash equivalents

	31 December		
	2021	2020	2019
Cash on hand	33,277	25,717	23,070
Cash on settlement accounts	356,477,443	210,145,651	267,210,278
Cash on foreign currency accounts	839,662,894	248,157,997	32,113,655
Cash on special bank accounts	277,075,860	190,055,379	3,150,331
Cash in transit	–	12,793	9,470
Total cash	1,473,249,474	648,397,537	302,506,804

9. Cash and cash equivalents (continued)

Cash flows from operating activities recognised in the line "Other Receipts" (line 4119) of the cash flow statement include on a net basis cash received from members of the CGT (established in 2012) for the purpose of the CGT income tax settlements in the amount of RUB 50,218,170 thousand and RUB 34,311,557 thousand in 2021 and 2020, respectively; advances received from buyers (customers) in the amount of RUB 75,314,437 thousand and RUB 68,838,262 thousand for 2021 and 2020, respectively; proceeds on a net basis from the payment of interest-free loans issued to subsidiaries in the amount of RUB 140,116,892 thousand and RUB 531,435,786 thousand for 2021 and 2020, respectively; net based indirect taxes related to operating activities that are presented within payments to suppliers and contractors and proceeds from buyers and customers in the amount of RUB 229,499,427 thousand and RUB 151,365,813 thousand for 2021 and 2020, respectively.

The line "Income Tax" (line 4124) includes a net based amount of the income tax attributable to the CGT in the amount of RUB 259,982,801 thousand and RUB 55,673,940 thousand for 2021 and 2020, respectively.

Cash flows from operating activities recognised in the line "Other Payments" (line 4129) of the cash flow statement include contributions to subsidiaries' property in the amount of RUB 71,044,709 thousand and RUB 85,633,254 thousand for 2021 and 2020, respectively;

interest-free loans issued to subsidiaries in the amount of RUB 129,439,187 thousand and RUB 474,564,323 thousand for 2021 and 2020, respectively; cash presented on a net basis used to pay customs duties in the amount of RUB 1,139,479,107 thousand and RUB 442,801,899 thousand for 2021 and 2020, respectively; advances made to suppliers (contractors) in the amount of RUB 16,198,575 thousand and RUB 12,758,894 thousand for 2021 and 2020, respectively; cash refunds to gas buyers due to adjusted gas prices in the amount of RUB 1,549,436 thousand in 2021 and RUB 116,132,611 thousand in 2020.

Cash flows from investing activities recognised in the line "Other Receipts" (line 4219) of the cash flow statement include advances received from buyers (customers) in the amount of RUB 91,485 thousand and RUB 246,906 thousand for 2021 and 2020, respectively.

Payments in the line "Other Payments" (line 4229) of the cash flow statement include on a net basis cash used to finance investment (agency) agreements in the amount of RUB 1,029,626,420 thousand and RUB 743,757,639 thousand for 2021 and 2020, respectively; net based indirect taxes related to investing activities that are presented within payments to suppliers and contractors and proceeds from buyers and customers in the amount of RUB 44,721,170 thousand and RUB 31,418,216 thousand for 2021 and 2020, respectively.

10. Equity and reserves

Charter capital

The Company's charter capital amounts to RUB 118,367,564 thousand (23,673,513 thousand fully paid common shares with a nominal value of RUB 5 each) and it did not change in 2021.

In accordance with the decision of the general shareholders' meeting, final dividends on the Company's 2020 results were accrued in the amount of RUB 12.55 per one common share.

Dividends paid amounted to RUB 296,575,501 thousand. Final dividends on the Company's 2019 results were accrued in the amount of RUB 15.24 per one common share. Dividends paid amounted to RUB 360,228,849 thousand. Final dividends on the Company's 2018 results were accrued in the amount of RUB 16.61 per one common share. Dividends paid amounted to RUB 392,679,646 thousand.

Reserve capital

In 2021, 2020 and 2019 the Company did not make any contributions to the reserve fund from its net profit as the

target limit of the fund was reached (7.3% of the charter capital).

Additional capital

Balance sheet line 1351 "Perpetual Notes and Loans" include two perpetual foreign currency loans of USD 1,400 million and EUR 1,000 million received in October 2020 from Gaz Finance Plc as a result of the issue of loan participation notes. Initial interest

rates were set at 4.5985% for the loan in USD and 3.897% for the loan in EUR. Loan interest rates are to be reviewed every five years. The Company has an unconditional right, at any time and on any number of occasions, to postpone interest payment.

9. Cash and cash equivalents (continued)

Loan repayment may be postponed at the Company's discretion on an unlimited number of occasions for a period of at least five years. The Company has a right for early repayment of the loans in full (not partially) with simultaneous payment of interest accrued as at the date of early repayment.

As at 31 December 2021, the perpetual loans plus accrued interest and an exchange difference reported within additional capital amounted to RUB 106,068,937 thousand (RUB 104,284,710 thousand as at 31 December 2020) for the loans received in USD and RUB 87,121,292 thousand (RUB 91,331,087 thousand as at 31 December 2020) for the loans received in EUR.

In 2021, the Company reduced its additional capital by RUB 3,577,939 thousand as a result of the recognition of liabilities to pay interest on the perpetual loans received in USD and by RUB 877,454 thousand on the perpetual loans received in EUR.

In 2021, the Company accrued interest of RUB 8,139,621 thousand (2020: RUB 1,523,485 thousand) on the perpetual loans reported within additional capital by charging retained earnings. Retained earnings were also decreased by an exchange loss of RUB 614,436 thousand (2020: RUB 268,903 thousand) from the translation of the loans and accrued interest. There were no additional costs related to the perpetual loans in 2021 (in 2020 retained earnings were decreased by additional costs of RUB 2,658,862 thousand directly associated with the receipt of the perpetual loans). In 2021, an exchange gain from the translation of the loans, accrued interest and additional costs associated with the loans increased retained earnings and amounted to RUB 6,724,232 thousand (2020: RUB 3,666,269 thousand).

11. Borrowings and loans

Bank loans

Lenders	Currency	Maturity	31 December		
			2021	2020	2019
Intesa Sanpaolo S.p.A.	Euro	2026	126,114,408	136,039,469	104,023,035
UniCredit S.p.A.	Euro	2028	67,560,492	–	–
Intesa Sanpaolo bank Luxembourg S.A.	Euro	2026	63,255,731	93,608,851	83,516,130
JP Morgan AG ¹	Euro	2023	53,026,877	85,793,150	76,535,689
Sumitomo Mitsui Banking Corporation ¹	Euro	2025	42,212,522	45,535,160	–
Sumitomo Mitsui Banking Corporation	Euro	2028	42,181,346	–	–
Mizuho Bank Ltd.	Euro	2025	42,084,841	45,395,232	–
Crédit Agricole CIB	Euro	2023	33,776,323	36,427,120	–
Natixis S.A. ¹	Euro	2024	30,205,096	45,617,592	34,881,644
Crédit Agricole CIB	Euro	2028	28,887,882	38,950,250	41,696,814
MUFG Bank Ltd.	Euro	2026	27,025,492	38,869,067	34,678,005
VTB Bank (Europe) SE	Euro	2027	13,883,551	17,698,472	15,615,650
Commerzbank AG	US dollars	2035	4,498,713	4,109,075	3,162,503
BNP PARIBAS S.A. ¹	Euro	2022	3,433,419	7,407,748	8,498,570
UniCredit S.p.A.	Euro	2021	–	63,828,394	48,809,224
JP Morgan AG ¹	Euro	2021	–	51,911,716	59,538,646
UniCredit S.p.A.	Euro	2021	–	39,097,042	44,843,526
Ing Bank, a branch of Ing-Diba AG	Euro	2021	–	36,329,385	27,780,734
Citibank EUROPE plc ¹	Euro	2021	–	33,058,390	29,491,243
Crédit Agricole CIB	Euro	2021	–	27,423,869	34,944,773
Bank of China Ltd. ¹	Euro	2021	–	26,211,532	60,128,206

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

11. Borrowings and loans (continued)

Lenders	Currency	Maturity	31 December		
			2021	2020	2019
Deutsche Bank Luxembourg S.A.	Euro	2021	–	9,796,619	11,772,404
Citibank EUROPE plc ¹	US dollars	2021	–	1,357,106	3,419,245
China Construction Bank Corporation ¹	US dollars	2020	–	–	27,205,050
JP Morgan Europe Ltd. ¹	Euro	2020	–	–	18,506,852
Total, including			578,146,693	884,465,239	769,047,943
Due within one year, including current portion of long-term loans			51,876,633	271,430,678	191,651,136

¹ Loans received from bank syndicates, named lender is the bank agent.

Total bank loans received in 2021 amounted to RUB 110,166,450 thousand, total loans and interest repaid in 2021 amounted to RUB 375,811,445 thousand (in 2020 total loans received amounted to RUB 120,633,320 thousand, total loans and interest repaid amounted to RUB 243,411,993 thousand and in 2019 total loans received amounted to RUB 183,953,200 thousand, total loans and interest repaid amounted to RUB 150,780,307 thousand).

In 2019–2021, the Company used the credit facilities of RUB 60,000,000 thousand and RUB 30,000,000 thousand that had been opened for the Company by PJSC Sberbank of Russia and PJSC Bank VTB in 2013, respectively, to be repaid in 2023. In 2020, the limit of the credit facility from PJSC Bank VTB was increased to RUB 150,000,000 thousand. In 2021, 2020 and 2019, loans were not raised under these credit facilities.

In October 2020, Gazprombank (Joint Stock Company) opened a perpetual credit facility of RUB 100,000,000 thousand for the Company. In 2021 and 2020 loans were not raised under this credit facility.

In November 2020, Bank Otkritie Financial Corporation (Public Joint-Stock Company) opened a perpetual credit facility of RUB 70,000,000 thousand for the Company. In 2021 and 2020, loans were not raised under this credit facility.

In September 2021, the Company received a loan from UniCredit S.p.A. in the amount of RUB 68,702,800 thousand with the interest rate determined for each interest period at EURIBOR + 1.60% to be repaid in 2028.

In October 2021, the Company received a loan from Sumitomo Mitsui Banking Corporation in the amount of RUB 41,463,650 thousand with the interest rate determined for each interest period at EURIBOR + 1.55% to be repaid in 2028.

In June 2021, the Company early repaid a loan received from Citibank EUROPE plc in December 2018 with the maturity date in 2023 and the interest rate determined for each interest period at EURIBOR + 1.75%.

In August 2021, the Company early repaid a loan received from Ing Bank, a branch of Ing-Diba AG, in August 2018 with the maturity date in 2023 and the interest rate determined for each interest period at EURIBOR + 1.75%.

In August 2021, the Company early repaid a loan received from Deutsche Bank Luxembourg S.A. in July 2017 with the maturity date in 2022 and the interest rate determined for each interest period at EURIBOR + 2.47%.

In September 2021, the Company early repaid a loan received from Crédit Agricole CIB in March 2017 with the maturity date in 2022 and the interest rate determined for each interest period at EURIBOR + 2.50%.

In September 2021, the Company early repaid a loan received from UniCredit S.p.A. in December 2017 with the maturity date in 2022 and the interest rate determined for each interest period at EURIBOR + 1.95%.

In September 2021, the Company early repaid a loan received from UniCredit S.p.A. in September 2018 with the maturity date in 2025 and the interest rate determined for each interest period at EURIBOR + 1.95%.

In November 2021, the Company early repaid a loan received from JP Morgan AG in December 2017 with the maturity date in 2022 and the interest rate determined for each interest period at EURIBOR + 1.85%.

In July 2019, the Company received a loan from BANCA IMI S.P.A. with the interest rate determined for each interest period at EURIBOR + 2.10% to be repaid in 2024. In 2020, BANCA IMI S.P.A. was merged into Intesa Sanpaolo S.p.A. (its parent company), so all rights and obligations of BANCA IMI S.P.A. were transferred to Intesa Sanpaolo S.p.A. In June 2021, that loan was extended to 2026 and the interest rate was reduced to be determined for each interest period at EURIBOR + 1.45%.

In January 2019, the Company received a loan from MUFG Bank, Ltd. with the interest rate determined for each interest period at EURIBOR + 1.60% to be repaid in 2023. In July 2021, that loan was extended to 2026 and the interest rate was reduced to be determined for each interest period at EURIBOR + 1.40%.

In October 2018, the Company received a loan from Intesa Sanpaolo bank Luxembourg S.A. with the interest rate determined for each interest period at EURIBOR + 1.75% to be repaid in 2023. In October 2021, that loan was extended to 2026 and the interest rate was reduced to be determined for each interest period at EURIBOR + 1.55%.

11. Borrowings and loans (continued)

In June 2018, the Company received a loan from Crédit Agricole CIB with the interest rate determined for each interest period at EURIBOR + 1.60% to be repaid in 2023. In October 2021, that loan was extended to 2028.

The fixed interest rate on long-term foreign currency loans was 8.868% in 2021, 2020 and 2019. In addition, LIBOR and EURIBOR rates were also used in 2019–2021.

The Company did not raise any short-term foreign currency loans in 2019–2021.

In 2019–2021, no long-term loans denominated in Russian Roubles were received.

In 2019–2021, no short-term loans denominated in Russian Roubles were received.

Loans

Lenders	Currency	Maturity	31 December		
			2021	2020	2019
Gaz Capital S.A.	Euro	2024	232,651,297	250,952,090	191,890,651
Gaz Capital S.A.	US dollars	2022	174,518,852	173,539,523	145,421,101
Gaz Finance Plc	US dollars	2029	150,460,263	–	–
Gaz Finance Plc	US dollars	2030	150,275,356	149,432,072	–
Gaz Capital S.A.	US dollars	2037	95,403,771	94,868,404	79,496,979
Gaz Capital S.A.	US dollars	2026	94,725,645	94,194,083	78,931,917
Gaz Capital S.A.	US dollars	2034	90,495,990	89,988,163	75,407,479
Gaz Finance Plc	Euro	2025	85,842,906	92,595,302	–
Gaz Finance Plc	Euro	2027	85,168,162	–	–
Gaz Capital S.A.	Euro	2023	84,393,398	91,031,776	69,607,021
Gaz Finance Plc	US dollars	2031	75,498,823	–	–
Gaz Finance Plc	US dollars	2027	74,304,982	73,888,013	–
Gaz Capital S.A.	US dollars	2028	68,196,428	67,813,737	56,825,950
Gaz Capital S.A.	Euro	2026	64,287,256	69,344,086	53,021,403
Gaz Capital S.A.	Swiss francs	2023	61,424,472	63,379,048	48,269,729
Gaz Capital S.A.	US dollars	2027	56,470,269	56,153,381	47,054,910
LLC Gazprom capital	Russian Roubles	2024	46,621,480	46,610,754	46,586,054
LLC Gazprom capital	Russian Roubles	2025	45,861,616	45,853,192	30,767,220
Gaz Capital S.A.	Euro	2025	43,472,113	46,891,626	35,852,599
Gaz Finance Plc	Euro	2028	42,130,624	–	–
GazAsia Capital S.A.	Japanese yen	2028	41,946,430	46,486,237	36,870,302
Gaz Finance Plc	Swiss francs	2027	40,782,141	–	–
Gaz Capital S.A.	Euro	2022	38,583,509	41,618,486	31,823,714
BO-22 series Russian bonds	Russian Roubles	2048	15,522,600	15,519,300	15,512,700
BO-23 series Russian bonds	Russian Roubles	2048	15,522,600	15,519,300	15,512,700
BO-19 series Russian bonds	Russian Roubles	2043	15,151,950	15,088,200	15,080,850
BO-20 series Russian bonds	Russian Roubles	2043	15,151,950	15,088,200	15,080,850
LLC Gazprom capital	Russian Roubles	2022	15,099,740	15,096,415	15,089,766
LLC Gazprom capital	Russian Roubles	2027	15,078,904	15,076,438	–
BO-7 series Russian bonds	Russian Roubles	2033	10,348,400	10,346,200	10,341,800
Gazprom Sakhalin Holdings B.V.	US dollars	2021	–	122,423,664	129,151,560

11. Borrowings and loans (continued)

Lenders	Currency	Maturity	31 December		
			2021	2020	2019
Gaz Capital S.A.	Euro	2021	–	112,471,842	86,001,185
Gaz Capital S.A.	US dollars	2021	–	45,492,656	38,121,530
Gaz Capital S.A.	Euro	2020	–	–	113,120,396
Gaz Capital S.A.	US dollars	2020	–	–	50,292,535
GPB Financial Services Ltd.	Euro	2020	–	–	39,271,434
Gazprombank (Switzerland) Ltd.	Euro	2020	–	–	24,638,243
Shtokman Development AG	Russian Roubles	2020	–	–	1,711,024
Loans as part of centralised management of Gazprom Group's cash flows	Russian Roubles	2022	1,428,866,839	692,919,915	473,164,886
Loans as part of centralised management of Gazprom Group's cash flows	US dollars	2022	192,507,165	61,636,930	32,928,942
Loans as part of centralised management of Gazprom Group's cash flows	Euro	2022	13,405,177	16,433,465	15,566,047
Loans as part of centralised management of Gazprom Group's cash flows	British Pound	2022	35,797	3,254,392	28,989
Total, including			3,680,206,905	2,751,006,890	2,118,442,466
due within one year, including current portion of long-term loans			1,890,032,124	1,081,614,445	901,974,297

Total loans received in 2021 amounted to RUB 6,183,311,094 thousand, total loans and interest repaid in 2021 amounted to RUB 5,307,566,750 thousand (total loans received in 2020 amounted to RUB 3,565,143,848 thousand, total loans and interest repaid in 2020 amounted to RUB 3,405,774,844 thousand and total loans received in 2019 amounted to RUB 2,751,123,715 thousand, total loans and interest repaid in 2019 amounted to RUB 2,625,678,715 thousand).

The loan agreement with Gazprom Sakhalin Holdings B.V. was effective in 2010–2020. In 2019, that loan was extended to 2020 and increased by RUB 263,668 thousand, the principal amount and interest on the loan in the amount of RUB 26,963,906 thousand were repaid. In 2020, that loan was extended to 2021, the principal amount and interest on the loan in the amount of RUB 33,103,266 thousand were repaid. In 2021, that loan was fully repaid and the loan agreement was terminated. In 2021, the interest rate ranged from 0.98% to 1.50%, in 2020 the interest rate ranged from 1.50% to 2.90% and in 2019 it ranged from 2.90% to 3.50%.

In January 2021, the Company raised a loan from Gaz Finance Plc as a result of the issue of loan participation notes in the amount of RUB 151,270,800 thousand maturing in 2029 at 2.95%.

In February 2021, the Company raised a loan from Gaz Finance Plc as a result of the issue of loan participation notes in the amount of RUB 88,944,100 thousand maturing in 2027 at 1.50%.

In June 2021, the Company raised a loan from Gaz Finance Plc as a result of the issue of loan participation notes in the amount of RUB 39,294,350 thousand maturing in 2027 at 1.54%.

In July 2021, the Company raised a loan from Gaz Finance Plc as a result of the issue of loan participation notes in the amount of RUB 74,058,900 thousand maturing in 2031 at 3.50%.

In November 2021, the Company raised a loan from Gaz Finance Plc as a result of the issue of loan participation notes in the amount of RUB 41,262,200 thousand maturing in 2028 at 1.85%.

In 2021, in order to centralise the management of Gazprom Group's cash flows, the Company raised Russian Rouble interest-bearing and interest-free loans maturing in 2022. The interest rate was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium. Total loans received amounted to RUB 4,449,730,234 thousand, total loans and interest repaid amounted to RUB 3,739,385,851 thousand.

In 2021, in order to centralise the management of Gazprom Group's cash flows, the Company raised foreign currency interest-bearing and interest-free loans maturing in 2022. The interest rate was determined depending on the period of actual use of loan proceeds at LIBOR, EONIA and EURIBOR increased by the credit risk premium. Total loans received amounted to RUB 1,338,750,510 thousand, total loans and interest repaid amounted to RUB 1,214,818,854 thousand.

No other Russian Rouble short-term loans were raised by the Company in 2021. The interest rate on other Russian Rouble short-term loans was 6.50% in 2020. In 2019, the interest rate ranged from 6.50% to 8.25%.

The interest rates on Russian Rouble long-term loans ranged from 5.80% to 9.10% in 2021 and 2020, and from 7.35% to 9.10% in 2019.

11. Borrowings and loans (continued)

The interest rates on foreign currency long-term loans received from Gaz Capital S.A. related to the issue of loan participation notes ranged from 1.45% to 8.625% in 2021, 2020 and 2019.

The interest rates on foreign currency long-term loans received from Gaz Finance Plc as a result of the issue of loan participation notes ranged from 1.50% to 3.50% in 2021 and from 2.95% to 3.25% in 2020.

The interest rates on other foreign currency long-term loans ranged from 0.98% to 1.5% in 2021, from 1.01% to 2.90% in

2020 and from 1.01% to 3.50% in 2019.

There are no loans (borrowings) not disbursed by the Company due to the lack of need as at 31 December 2021. As at 31 December 2020 and 2019, the loans (borrowings) not disbursed by the Company amounted to RUB 136,596,169 thousand and RUB 87,559,423 thousand, respectively.

12. Taxation

Income tax

Pursuant to clause 1 of article 11-11 of Law of St. Petersburg No. 81-11 dated 14 July 1995 "On Tax Concessions" for entities registered in St. Petersburg, in 2021 PJSC Gazprom applied a reduced corporate income tax rate of 12.5% for tax payable to the budget of St. Petersburg (the concession is applicable until 31 December 2022).

In accordance with the Russian Accounting Regulation "Accounting for Corporate Income Tax Payments" (RAR 18/02), the Company recognised the following amounts in the accounting records and the statement of financial results for 2021:

	2021	2020
Profit (loss) before taxation – total	3,209,237,485	(922,065,968)
including		
taxable at 20%, 15.5%	2,795,001,564	(1,234,031,960)
taxable at 13%	7,441,870	12,170,806
taxable at 0%	406,794,051	299,795,186
Provisional income tax expense (benefit) – total	(518,956,733)	245,224,187
including		
calculated at 20%, 15.5%	(517,989,290)	246,806,392
calculated at 13%	(967,443)	(1,582,205)
Permanent tax expense (benefit)	(3,312,375)	(17,731,951)
Income tax expense (benefit)	(522,269,108)	227,492,236
Deferred income tax	(228,741,978)	212,015,226
including due to		
occurrence (settlement) of temporary differences in the reporting period	(228,741,978)	212,015,226
changes in taxation rules, changes in applied tax rates	–	–
recognition (write-off) of deferred tax assets due to changes in the probability that the company will receive taxable profit in subsequent reporting periods	–	–
Current income tax – total	(331,702,692)	13,318,280
including:		
due to the application of the reduced rate	25,941,148	–
Prior year income tax	38,175,562	2,158,730

12. Taxation (continued)

Other taxes

VAT accrued upon dispatch (transfer) of goods (works, services, property rights) including VAT accrued upon receipt of payment, partial payment against forthcoming supplies of goods (works, services, property rights) and reversed amounts of previously accepted VAT with respect

to payment, partial payment issued against forthcoming supplies of goods (works, services, property rights) totalled RUB 748,528,376 thousand and RUB 639,476,688 thousand for 2021 and 2020, respectively.

13. Accounts payable

As at 31 December 2021, the balance sheet line "Other Liabilities" (line 1450) includes advances of RUB 44,024,544 thousand received by the Company under a share purchase agreement between PJSC Gazprom and LLC Gazprom export with payments expected beyond 12 months after the reporting date.

The balance sheet line "Advances from Customers" (line 1527) within accounts payable (payment expected within 12 months of the reporting date) includes advances of RUB 101,551,420 thousand, RUB 63,530,207 thousand and RUB 17,797,085 thousand received by the Company under commission agreements between PJSC Gazprom

and LLC Gazprom export in accordance with the terms and conditions of gas supply contracts as at 31 December 2021, 2020 and 2019, respectively, and advances of RUB 44,024,544 thousand received in accordance with the terms and conditions of a share purchase agreement as at 31 December 2020 and 2019, respectively.

Trade payables mainly include payables to related parties (Note 18).

Additional information is provided in table forms 5.3 "The Presence and Movement of Accounts Payable" and 5.4 "Overdue Accounts Payable" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

14. Sales

	2021	2020
Revenue from gas sales:		
in Russia	1,266,577,915	1,055,267,348
outside Russia, including:	3,453,667,047	1,580,198,068
to far abroad countries	<u>3,107,532,425</u>	<u>1,320,846,495</u>
	4,720,244,962	2,635,465,416
Revenue from leasing out assets	793,999,761	801,610,263
Revenue from sale of gas condensate and oil and gas refinery products	562,097,477	359,851,135
Revenue from sale of gas transportation services	250,732,540	243,635,662
Revenue from oil sales	47,540,036	7,988,518
Revenue from other activities	<u>14,372,391</u>	<u>12,893,124</u>
Total	6,388,987,167	4,061,444,118

Revenues from gas sales outside Russia include revenue from export gas sales through an agent as well. Revenues from gas sales outside Russia in 2021 are reported on the basis of an upward adjustment in the amount of RUB 67,240,197 thousand with respect to gas supplies made in 2021, prices of which

were revised in 2021. Revenues from gas sales outside Russia in 2020 are reported on the basis of a downward adjustment in the amount of RUB 14,220,574 thousand with respect to gas supplies made in 2020, prices of which were revised in 2020.

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unless otherwise stated)**

14. Sales (continued)

The Company's customers, each contributing material percentage of the total revenue from gas sales, are presented below:

	2021	2020
LLC Gazprom mezhregiongaz	1,070,048,309	886,146,244
Eni S.p.A.	581,835,033	120,162,638

15. Cost of sales and selling expenses (lines 2120 and 2210 in the statement of financial results)

	2021	2020
Cost of gas, including gas sold		
in Russia	695,006,827	564,557,858
outside Russia, including:	637,504,938	556,871,161
to far abroad countries	568,342,562	490,445,880
	1,332,511,765	1,121,429,019
Gas transportation costs, including gas sold		
in Russia	529,127,956	420,919,190
outside Russia, including:	1,005,133,393	1,006,874,392
to far abroad countries	930,563,137	928,700,429
	1,534,261,349	1,427,793,582
Cost of assets leasing out	778,583,802	789,984,086
Cost of purchased gas condensate, oil products and their refinery and transportation	339,184,595	318,742,699
Cost of gas transportation services	241,260,190	251,741,930
Cost of oil sales	55,517,501	11,199,253
Cost of other sales	19,060,292	18,170,479
Total	4,300,379,494	3,939,061,048

16. Other income and expenses

	2021		2020	
	Income	Expenses	Income	Expenses
Market value revaluation of investments	1,014,572,782	713,901	3,604,581	466,345,102
Exchange differences on foreign currency transactions	589,047,849	539,210,335	977,440,422	1,292,469,021
Doubtful debt provision accrual/release	56,126,607	64,769,864	8,650,206	117,968,417
Recognition/release of estimated liabilities related to gas price adjustments (Note 19)	37,142,170	86,560,959	147,794	83,703,530
Prior year profit (loss)	26,482,522	72,992,539	15,678,967	24,814,678
Investments impairment provision accrual/release	23,966,766	4,111,261	154,931	4,351,296
Fines, penalties and forfeitures for breach of contract	8,460,661	2,514,764	2,178,959	3,291,212
Contributions to subsidiaries' property	185,400,000	71,044,709	–	85,633,254
Increase/decrease in the value of fixed assets as a result of revaluation	813,424	10,245,568	307,443	285,018
Costs of mineral resources development	–	68,786,610	–	2,959,000
Charity expenses	–	39,490,225	–	28,770,933
Other	61,179,209	126,760,399	59,223,194	129,836,208
Total	2,003,191,990	1,087,201,134	1,067,386,497	2,240,427,669

16. Other income and expenses (continued)

In 2021, due to an increase in the current market value of shares of PJSC Gazprom Neft as at 31 December 2021, the Company recognised a gain of RUB 1,014,572,782 thousand from adjustment of their measurement as at the previous reporting date, and due to an increase in the current market value of shares of JSC Latvijas Gaze and a simultaneous decrease in the exchange rate of the Russian Rouble against the Euro as at 31 December 2021, the Company recognised a loss of RUB 713,901 thousand from adjustment of their measurement as at the previous reporting date. In 2020, due to a decrease in the current market value of shares of PJSC Gazprom Neft as at 31 December 2020, the Company recognised a loss of RUB 466,345,102 thousand from adjustment of their measurement as at the previous reporting date, and due to an increase in the current market value of shares of JSC Latvijas Gaze as at 31 December 2020, the Company recognised a gain of RUB 3,604,581 thousand from adjustment of their measurement as at the previous reporting date.

The Company's investments in its subsidiaries and associates are of a long-term nature and are not intended to derive profit from movements of share quotations in the stock exchanges.

In 2021, the line "Prior Year Profit (Loss)" demonstrated a negative effect of gas price adjustment amounting to RUB 27,579,900 thousand. In 2020, the line "Prior Year Profit (Loss)" demonstrated a positive effect of gas price adjustment amounting to RUB 6,149,454 thousand. These adjustments

relate to gas supplies of prior years for which price adjustments were agreed in 2021 and 2020, respectively.

The line "Contributions to Subsidiaries' Property" includes contributions paid into the property of subsidiaries under decisions adopted by the participant (the Company) in 2004–2021. As at 31 December 2021, 2020 and 2019, contributions in the subsidiaries' property that were to be made according to the taken decisions amounted to RUB 122,797,767 thousand, RUB 28,705,059 thousand and RUB 27,399,873 thousand, respectively.

Income and expenses from accrual and release of provision for doubtful debts and impairment of non-current assets held for sale are reported by the Company on a gross basis. Income and expenses resulted from adjusted doubtful debt provision after recalculation of doubtful debt in foreign currency into Russian Roubles are reported by the Company on a net basis.

Income and expenses from accrual and release of estimated liabilities are reported by the Company on a gross basis. Income and expenses resulted from adjusted estimated liabilities after recalculation of liabilities in foreign currency into Russian Roubles are reported by the Company on a net basis.

The line "Other" includes pension contributions of RUB 1,831,912 thousand and RUB 939,791 thousand transferred to PJSC Gazprom's joint account in JSC NPF GAZFOND in 2021 and 2020, respectively. Non-state pensions shall be paid to employees of the Company when corresponding conditions are met.

17. Earnings per share

Basic earnings (loss) per share have been calculated by dividing the net profit (loss) for the year by the weighted average number of common shares outstanding during the year. The weighted average number of shares outstanding during the reporting period totalled 23,673,513 thousand for the years ended 31 December 2021, 2020 and 2019.

As of the beginning and the end of the reporting period the Company did not have any potentially dilutive securities and therefore the diluted earnings per share were not calculated.

Information about perpetual loans is presented in Note 10.

18. Related parties¹

100% subsidiaries of PJSC Gazprom:

LLC Aviapredpriyatiye Gazprom avia
CJSC Gazprom Armenia
LLC Gazprom VNIIGAZ
LLC Gazprom gaznadzor
LLC Gazprom gazobezopasnost
LLC Gazprom gazonefteproduct holding
LLC Gazprom geologorazvedka
LLC Gazprom dobycha Irkutsk

LLC Gazprom SPG Vladivostok
LLC Gazprom SPG Portovaya
LLC Gazpromtrans
LLC Gazprom telecom
OJSC Gazprom transgas Belarus
LLC Gazprom transgaz Volgograd
LLC Gazprom transgaz Grozny
LLC Gazprom transgaz Ekaterinburg

¹ Note 18 "Related Parties" discloses information about major entities and about entities with material transactions in the reporting period.

18. Related parties (continued)

LLC Gazprom dobycha Krasnodar	LLC Gazprom transgaz Kazan
LLC Gazprom dobycha Kuznetsk	LLC Gazprom transgaz Krasnodar
LLC Gazprom dobycha Nadym	LLC Gazprom transgaz Makhachkala
LLC Gazprom dobycha Noyabrsk	LLC Gazprom transgaz Moscow
LLC Gazprom dobycha Urengoy	LLC Gazprom transgaz Nizhny Novgorod
LLC Gazprom dobycha shelf Yuzhno-Sakhalinsk	LLC Gazprom transgaz Samara
LLC Gazprom dobycha Yamburg	LLC Gazprom transgaz Saint-Petersburg
LLC Gazprom invest	LLC Gazprom transgaz Saratov
LLC Gazprom investproject	LLC Gazprom transgaz Stavropol
LLC Gazprom investholding	LLC Gazprom transgaz Surgut
LLC Gazprom inform	LLC Gazprom transgaz Tomsk
LLC Gazprom capital	LLC Gazprom transgaz Ufa
LLC Gazprom komplektatsiya	LLC Gazprom transgaz Ukhta
LLC Gazprom Kyrgyzstan	LLC Gazprom transgaz Tchaikovsky
LLC Gazprom international projects	LLC Gazprom transgaz Yugorsk
LLC Gazprom international projects Center 1	LLC Gazprom asset management KSN
LLC Gazprom international projects South 1	(formerly LLC Gazprom asset management)
LLC Gazprom nedra	LLC Gazprom flot
LLC Gazprom NGCC	LLC Gazprom tsentrremont
LLC Gazprom pererabotka	LLC Gazprom export
LLC Gazprom proektirovaniye	LLC Gazprom energo
LLC Gazprom PHG	LLC Gazprom energoholding
LLC Gazprom sotsinvest	JSC Yamalgazinvest

In August 2021, LLC Gazprom transgaz Krasnodar was reorganised by spin-off of the Company's two wholly owned subsidiaries – LLC Gazprom international projects South 1 in the amount of RUB 187,538,409 thousand and LLC Gazprom international projects Center 1 in the amount of RUB 24,714,967 thousand.

In August 2021, LLC Gazprom asset management KSN was established as the Company's wholly-owned

subsidiary as a result of the reorganisation of LLC Gazprom mezhregiongaz by spin-off. The Company's stake amounted to RUB 8,829,327 thousand.

In August 2021, the wholly-owned subsidiary LLC Gazprom asset management was reorganised by merger into LLC Gazprom asset management KSN. As a result, the Company's stake in LLC Gazprom asset management KSN increased by RUB 5,613,589 thousand.

Other subsidiaries of PJSC Gazprom:

Company name	Share in the charter capital, %	Type of business	Location
LLC Achim Development	50,01%	Production of natural gas and gas condensate	Russia
JSC Achim sbyt	67,51%	Wholesale of solid, liquid and gaseous fuels and related products	Russia
JSC Vostokgazprom	99,98%	Rent and management of own and rented non-residential real estate	Russia
LLC Gazpromviet	81,318%	Production of natural gas and gas condensate	Russia
JSC Gazprom zakupki	99,9975%	Combined administrative and business service activities	Russia
JSC Gazprom Space Systems	79,8%	Activities related to satellite communication	Russia
LLC Gazprom mezhregiongaz	99,9998%	Wholesale of solid, liquid and gaseous fuels and related products	Russia
PJSC Gazprom Neft	95,68%	Wholesale of solid, liquid and gaseous fuels and related products	Russia

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021 (in thousand Russian Roubles, unless otherwise stated)

18. Related parties (continued)

Company name	Share in the charter capital, %	Type of business	Location
JSC Gazprom trubinvest (formerly OJSC Gazpromtrubinvest)	99,871%	Production of steel pipes, hollow sections and piping components	Russia
JSC Gazprom YRGM Development	75,0%	Wholesale of solid, liquid and gaseous fuels and related products	Russia
JSC Gazprom YRGM Trading	75,0%	Wholesale of solid, liquid and gaseous fuels and related products	Russia
JSC Daltransgaz	87,9999%	Pipeline transportation of gas	Russia
OJSC Kamchatgazprom	92,25%	Wholesale of solid, liquid and gaseous fuels and related products	Russia
OJSC Severneftegazprom	50,0011% ¹	Production of natural gas and gas condensate	Russia

¹The share of voting stock is indicated.

In August 2021, LLC Gazprom mezhregiongaz was reorganised through merger with LLC Gazprom gazoraspredelenie KSN established as a result of the spin-off from JSC Gazprom gazoraspredelenie. As a result, the Company's stake in LLC Gazprom mezhregiongaz decreased from 100% to 99.9998%, so LLC Gazprom mezhregiongaz was removed from the list of wholly owned subsidiaries and included in the list of other subsidiaries.

In 2021, the Company made an additional contribution of RUB 268,480 thousand to the charter capital of LLC Gazpromviet. This resulted in the increase of the Company's stake in LLC Gazpromviet from 79.5598% to 81.318%. The increase in the charter capital was registered in August 2021.

Associates of PJSC Gazprom:

Company name	Share in the charter capital, %	Type of business	Location
OJSC Belgazprombank	49,8178%	Banking	Belarus
Gazprombank (Joint Stock Company)	27,9893% ¹	Banking	Russia
JSC EUROPOL GAZ	48,0%	Gas transportation and sale	Poland
KazRosGas LLP	50,0%	Gas transportation and sale	Kazakhstan
JSC Latvijas Gaze	34,0%	Gas transportation and sale	Latvia
CJSC Leader	25,714 %	Fund management activities	Russia
JSC Moldovagaz	50,0 %	Gas transportation and sale	Moldova
LLC Tsentrikasneftegaz	50,0%	Prospecting, geophysical and geochemical activities related to exploration and replacement of mineral resources	Russia
JSC YugoRosGaz	50,0%	Gas transportation and sale	Serbia

¹ The share of voting stock is indicated.

Other related parties

JSC Arcticgas
WIEE ROMANIA SRL
WIEE Hungary Kft.
WIEH GmbH
WINGAS GmbH
JSC VNIPIgazdobycha

GAZPROM Schweiz AG
JSC Gazprom energosbyt
JSC Gazprom energosbyt Tyumen
JSC Gazstroyprom
PJSC MOSENERGO
PJSC MIPC

18. Related parties (continued)

GASCADE Gastransport GmbH	LLC National Sports Channel
Gazprom Austria GmbH	LLC Novo-Urengoykaya gas company
LLC Gazprom gas-engine fuel	Nord Stream AG
LLC Gazprom gazonefteproduct sales	Nord Stream 2 AG
JSC Gazprom gazoraspredelenie	JSC NPF GAZFOND
GAZPROM Germania GmbH	JSC Overgas Inc.
LLC Gazprom dobycha Astrakhan	PJSC OGK-2
LLC Gazprom dobycha Orenburg	OPAL Gastransport GmbH and Co. KG.
JSC Gazprom dobycha Tomsk	LLC Operator tovarnykh postavok TEK
JSC Gazprom zarubezhneftegaz	CJSC Panrusgaz
Gazprom Italia S.p.A.	Prometheus Gas S.A.
Gazprom Marketing & Trading Ltd.	CJSC Purgaz
LLC Gazprom metanol	LLC RusKhimAlliance
LLC Gazprom neftekhim Salavat	JSC REP Holding
LLC Gazpromneft Eastern-European projects (formerly JSC Gazpromneft Eastern-European projects)	South Stream Transport B.V.
LLC Gazpromneft-Zapolyarye	Sakhalin Energy Investment Company Ltd.
LLC Gazprom nefte shelf	JSC SOGAZ
LLC Gazprom pererabotka Blagoveshchensk	PJSC TGC-1
Gazprom Sakhalin Holdings B.V.	TurkAkim Gaz Tasima A.S.
LLC Gazprom Sakhalin Holding	LLC Management company Aura
JSC Gazprom teploenergo	Centrex Hungaria Zrt
Gazprom Holding Cooperatie U.A.	Centrex Europe Energy & Gas AG

Related-party transactions

Figures for 2019 and 2020 are adjusted so as to follow the comparability principle of current and prior period accounting information concerning transactions with related parties.

PJSC Gazprom's transactions with wholly owned subsidiaries

	2021	2020
Sale		
(net of VAT, excise, customs duties and similar payments):		
leased assets	773,003,860	782,189,265
gas	396,472,579	336,412,629
gas condensate, oil and oil and gas refinery products	210,451,012	177,904,761
Acquisition:		
gas transportation and storage services	1,226,378,132	1,149,571,596
gas	851,751,400	732,520,575
liquid hydrocarbons	134,140,293	107,751,519
liquid hydrocarbons refinery services	81,966,116	71,296,803

Prices for gas, gas transportation and storage services purchased from wholly owned subsidiaries of PJSC Gazprom were mainly set in accordance with the Price List named Internal Settlement (Wholesale) Prices of Gas and Internal

Settlement Tariffs for Gas Transportation and Storage Services for PJSC Gazprom Entities, as approved by PJSC Gazprom. Gas was mainly provided to wholly owned subsidiaries based on the above Price List. Prices for liquid hydrocarbons and

18. Related parties (continued)

liquid hydrocarbons refinery services purchased from wholly owned subsidiaries were set in accordance with the Price List named Internal Settlement Prices of Hydrocarbons and Hydrocarbon Refinery Services for Making Contracts

between PJSC Gazprom and its Subsidiaries, as approved by PJSC Gazprom.

Accounts receivable from and accounts payable to wholly owned subsidiaries of PJSC Gazprom were as follows:

	31 December		
	2021	2020	2019
Accounts receivable	1,092,175,118	1,280,144,584	1,153,036,462
Accounts payable	547,620,418	508,922,759	543,762,062

Accounts receivable include outstanding interest-free loans given to wholly owned subsidiaries in the amount of RUB 611,797,829 thousand, RUB 624,907,738 thousand and RUB 672,940,978 thousand as at 31 December 2021, 2020 and 2019, respectively.

Interest-bearing loans due from wholly owned subsidiaries of PJSC Gazprom were as follows:

	31 December		
	2021	2020	2019
Loans due beyond 12 months of the reporting date	73,706,412	4,340,270	3,833,970
Loans due within 12 months of the reporting date	37,201,478	2,395,863	391,298

Loans due beyond 12 months of the reporting date are represented primarily by the debt of LLC Gazprom international projects in the amount of RUB 69,264,032 thousand as at 31 December 2021 and by the debt of LLC Gazprom dobycha Kuznetsk as at 31 December 2020 and 2019.

Loans due within 12 months are represented primarily by the debt of LLC Gazprom international projects in the amount of RUB 30,029,625 thousand as at 31 December 2021, primarily by the debt of LLC Gazprom investproject in the amount of RUB 1,395,863 thousand as at 31 December 2020 and by the debt of LLC Gazprom investproject as at 31 December 2019.

Interest on loans that the Company granted to its wholly owned subsidiaries was RUB 1,054,471 thousand, RUB 380,312 thousand and RUB 412,044 thousand in 2021, 2020 and 2019, respectively.

The Company issued loans to its wholly owned subsidiaries at the interest rates ranging from 1.71% to 7.42%, from 6.78% to 7.42%, and from 6.78% to 13.98% in 2021, 2020 and 2019, respectively.

In addition, in 2021, 2020 and 2019 the Company issued Russian Rouble loans to its wholly owned subsidiaries in order to centralise the management of Gazprom Group's cash flows. The interest rate was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium.

The debt of the Company on loans it received from its wholly owned subsidiaries was as follows:

	31 December		
	2021	2020	2019
Loans due beyond 12 months of the reporting date	105,000,000	120,000,000	90,000,000
Loans due within 12 months of the reporting date	597,283,637	158,184,916	123,195,248

As at 31 December 2021, 2020 and 2019 the Company had a debt on loans received from LLC Gazprom capital due beyond 12 months of the reporting date.

As at 31 December 2021 loans due within 12 months are represented basically by the debt on loans received from its wholly-owned subsidiaries in order to centralise

the management of Gazprom Group's cash flows in the amount of RUB 579,621,897 thousand, including the debt to LLC Gazprom capital in the amount of RUB 432,258,661 thousand.

As at 31 December 2020 loans due within 12 months are represented basically by the debt on loans received

18. Related parties (continued)

from its wholly-owned subsidiaries in order to centralise the management of Gazprom Group's cash flows in the amount of RUB 155,548,117 thousand, including the debt to LLC Gazprom capital in the amount of RUB 45,815,784 thousand and the debt to LLC Gazprom export in the amount of RUB 24,327,952 thousand.

As at 31 December 2019 loans due within 12 months are represented basically by the debt on loans received from its wholly-owned subsidiaries in order to centralise the management of Gazprom Group's cash flows in the amount of RUB 120,752,208 thousand, including the debt to LLC Gazprom export in the amount of RUB 32,364,283 thousand and LLC Gazprom capital in the amount of RUB 27,612,930 thousand.

Interest on loans that the Company received from its wholly owned subsidiaries was RUB 10,165,415 thousand, RUB 8,939,665 thousand and RUB 6,944,484 thousand in 2021, 2020 and 2019, respectively.

The Company received loans from its wholly owned subsidiaries at the interest rates ranging from 5.80% to 9.10% in 2021 and 2020, and from 7.35% to 9.10% in 2019.

In addition, in 2021, 2020 and 2019 the Company received Russian Rouble loans from its wholly owned subsidiaries in order to centralise the management of Gazprom Group's cash flows.

The interest rate was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium.

In 2021, the Company allocated cash of RUB 16,479,443 thousand for the increase of charter capitals of its wholly owned subsidiaries (2020: RUB 43,883,177 thousand, 2019: RUB 26,007,634 thousand). These amounts included RUB 10,156,100 thousand to

increase the charter capital of LLC Aviapredpriyatiye Gazprom avia in 2021 (2020: RUB 2,207,590 thousand, 2019: RUB 0 thousand), RUB 4,624,990 thousand to increase the charter capital of LLC Gazprom gazonefteproduct holding in 2021 (2020: RUB 3,448,210 thousand, 2019: RUB 120,810 thousand), RUB 1,287,160 thousand to increase the charter capital of LLC Gazprom SPG Portovaya in 2021 (2020: RUB 2,150,960 thousand, 2019: RUB 667,960 thousand), RUB 0 thousand to increase the charter capital of LLC Gazprom transgaz Tomsk in 2021 (2020: RUB 5,567,337 thousand, 2019: RUB 0 thousand), RUB 0 thousand to increase the charter capital of LLC Gazprom investproject in 2021 (2020: RUB 5,548,000 thousand, 2019: RUB 757,302 thousand), RUB 0 thousand to increase the charter capital of LLC Gazprom pererabotka in 2021 (2020: RUB 0 thousand, 2019: RUB 16,733,850 thousand) and RUB 0 thousand to increase the charter capital of LLC Gazprom energoholding in 2021 (2020: RUB 0 thousand, 2019: RUB 4,608,802 thousand).

In 2021, the Company did not make additional contributions to the charter capitals of its wholly owned subsidiaries by way of non-monetary assets. In 2020 and 2019, the amount of additional contributions to the charter capitals of its wholly owned subsidiaries by way of non-monetary assets was RUB 140,800,976 thousand and RUB 4,134,742 thousand, respectively.

Guarantees issued by the Company to secure obligations of its wholly owned subsidiaries totalled RUB 58,718,543 thousand, RUB 63,816,998 thousand and RUB 48,949,964 thousand as at 31 December 2021, 2020 and 2019, respectively.

Transactions with other subsidiaries

	2021	2020
Sale		
(net of VAT, excise, customs duties and similar payments):		
gas	1,070,429,813	886,746,576
gas transportation services	64,514,110	56,982,445
gas condensate, oil and oil and gas refinery products	20,310,670	18,981
Acquisition:		
gas	143,573,284	98,363,360
liquid hydrocarbons	18,523,934	–
gas transportation services	1,025,211	–

Prices of gas sold to other subsidiaries were set up based on the contracts made between the parties and effective Price

Lists named Internal Settlement (Wholesale) Prices of Gas and Internal Settlement Tariffs for Gas Transportation and Storage

18. Related parties (continued)

Services for PJSC Gazprom Entities as amended from time to time. Prices for gas purchased from other subsidiaries of PJSC Gazprom were set forth in accordance with the terms and conditions of contracts.

Accounts receivable from and accounts payable to other subsidiaries of the Company were as follows:

	31 December		
	2021	2020	2019
Accounts receivable	400,954,850	186,645,936	159,572,474
Accounts payable	41,573,386	21,399,910	15,862,891

The debt of other subsidiaries of the Company on interest-bearing loans due to the Company was as follows:

	31 December		
	2021	2020	2019
Loans due within 12 months of the reporting date	14,060,305	25,744,198	17,711,240

Loans due within 12 months are represented basically by the debt of JSC Gazprom Space Systems (a subsidiary) of RUB 13,153,651 thousand as at 31 December 2021 and basically by the debt of LLC Achim Development (a subsidiary) of RUB 24,837,544 thousand and RUB 16,804,586 thousand as at 31 December 2020 and 2019, respectively.

Interest on loans that the Company granted to its other subsidiaries was RUB 1,683,467 thousand, RUB 1,609,507 thousand and RUB 413,066 thousand in 2021, 2020 and 2019, respectively.

The Company issued loans to its other subsidiaries at interest rates ranging from 4.25% to 8.48% in 2021 and 2020, and from 6.02% to 8.48% in 2019.

In addition, in 2021 the Company issued Russian Rouble loans to its other subsidiaries in order to centralise the management of Gazprom Group's cash flows. The interest rate was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium.

The Company's accounts payable related to loans received from its other subsidiaries were as follows:

	31 December		
	2021	2020	2019
Loans due within 12 months of the reporting date	610,995,954	218,917,021	155,712,887

As at 31 December 2021, 2020 and 2019, loans due within 12 months are represented by the debt on loans received from its other subsidiaries in order to centralise the management of Gazprom Group's cash flows. As at 31 December 2021, loans due within 12 months are represented primarily by the debt payable to PJSC Gazprom Neft in the amount of RUB 406,668,040 thousand; and primarily by the debt payable to LLC Gazprom mezhregiongaz in the amount of RUB 160,814,139 thousand and RUB 108,524,317 thousand as at 31 December 2020 and 2019, respectively.

Interest on loans that the Company received from its other subsidiaries was RUB 15,036,159 thousand,

RUB 3,894,582 thousand and RUB 4,917,741 thousand in 2021, 2020 and 2019, respectively.

The interest rate on loans that the Company received from its other subsidiaries in 2021, 2020 and 2019 was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium.

Guarantees issued by the Company to secure obligations of its other subsidiaries totalled RUB 83,176,525 thousand, RUB 62,589,520 thousand and RUB 49,763,337 thousand as at 31 December 2021, 2020 and 2019, respectively.

18. Related parties (continued)

Transactions with associates

	2021	2020
Sale (net of VAT, excise, customs duties and similar payments)		
gas	103,414,128	45,923,330
Acquisition:		
gas transportation and storage services, including	284,752	5,035,692
through LLC Gazprom export acting as the commissioner	–	4,838,462

Prices of gas sold outside Russia to associates and prices of gas transportation and storage services purchased from associates were set based on the contracts.

Accounts receivable from and accounts payable to the Company's associates were as follows:

	31 December		
	2021	2020	2019
Accounts receivable	562,029,429	529,655,623	418,489,745
Accounts payable	2,445,616	678,727	1,994,578

As at 31 December 2021, 2020 and 2019 the doubtful debt provisions of RUB 542,765,937 thousand, RUB 487,780,831 thousand and RUB 389,872,669 thousand, respectively, were formed in respect to receivables from associates.

The interest-bearing loans receivable from the Company's associates were as follows:

	31 December		
	2021	2020	2019
Loans due beyond 12 months of the reporting date	2,478,686	2,478,686	2,478,686
Loans due within 12 months of the reporting date	4,146,204	4,105,204	4,045,204

As at 31 December 2021, 2020 and 2019, loans due beyond 12 months of the reporting date are represented by the debt of OJSC Belgazprombank.

As at 31 December 2021, 2020 and 2019, loans due within 12 months of the reporting date are represented by the debt of LLC TsentrKasneftegaz.

Interest on loans given by the Company to its associates was RUB 464,401 thousand, RUB 430,172 thousand and RUB 536,034 thousand in 2021, 2020 and 2019, respectively.

In 2021, the Company granted loans to its associates at the interest rates ranging from 4.675% to 9.35% (2020: from 4.675% to 8.25%, 2019: from 8.25% to 8.27%).

The value of promissory notes purchased by the Company from Gazprombank (Joint Stock Company) amounted to:

	31 December		
	2021	2020	2019
Promissory notes due within 12 months of the reporting date	–	–	23,814,336

**PJSC Gazprom explanatory notes to the balance
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18. Related parties (continued)

The amount of deposits opened with Gazprombank (Joint Stock Company) was:

	31 December		
	2021	2020	2019
Deposits due within 12 months of the reporting date	408,187,780	185,900,000	408,681,200

No loans were raised from associates in 2021, 2020 and 2019.
No bank loans were raised from associates in 2021, 2020 and 2019.

No guarantees were issued to secure obligations of associates as at 31 December 2021, 2020 and 2019.

Information on cash flows related to transactions with subsidiaries and associates of PJSC Gazprom

Line code	Narrative	For reporting period	including, subsidiaries and associates	For the same period of the prior year	including, subsidiaries and associates
Cash flows from operating activities					
4110	Receipts – total, including:	7,567,734,269	2,977,813,478	5,336,331,743	2,893,294,211
4111	sales of products, goods, work and services	6,814,363,435	2,585,956,043	4,454,168,613	2,295,977,777
4119	other receipts	753,370,834	391,857,435	882,163,130	597,316,434
4120	Payments – total, including:	(5,850,832,066)	(2,777,995,617)	(4,746,134,568)	(2,906,574,260)
4121	to suppliers for raw materials, works, services	(3,433,248,307)	(2,556,778,690)	(3,166,454,809)	(2,322,132,320)
4122	wages and salaries	(51,322,367)	–	(49,481,746)	–
4123	interest on borrowings	(112,184,690)	(16,339,971)	(113,673,049)	(12,588,152)
4124	income tax	(259,982,801)	–	(55,673,940)	–
4129	other payments	(1,994,093,901)	(204,876,956)	(1,360,851,024)	(571,853,788)
4100	Net cash flows from operating activities	1,716,902,203	199,817,861	590,197,175	(13,280,049)
Cash flows from investing activities					
4210	Receipts – total, including:	382,453,197	318,465,323	1,254,701,181	1,134,995,745
4211	from sales of non-current assets (except for financial investments)	1,934,500	547,242	1,986,725	1,000,253
4212	from sales of shares of other entities (ownership interest)	13,925	–	6,155,324	1,600
4213	from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	92,600,595	55,235,864	903,772,371	817,899,020
4214	dividends, interest on debt financial investments and receipts from participation in other entities	272,085,049	250,609,161	320,395,735	298,631,286
4219	other receipts	15,819,128	12,073,056	22,391,026	17,463,586

PJSC Gazprom explanatory notes to the balance sheet and the statement of financial results in the statutory financial statements for 2021
(in thousand Russian Roubles, unless otherwise stated)

18. Related parties (continued)

Line code	Narrative	For reporting period	including, subsidiaries and associates	For the same period of the prior year	including, subsidiaries and associates
4220	Payments – total, including:	(1,688,610,980)	(1,439,752,535)	(1,526,202,007)	(1,275,014,606)
4221	acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	(197,931,829)	(52,076,884)	(138,480,225)	(50,048,976)
4222	acquisition of other entities shares (ownership interest)	(21,621,436)	(16,747,924)	(67,544,718)	(67,420,798)
4223	acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	(339,758,796)	(310,691,495)	(501,540,523)	(392,374,097)
4225	construction/acquisition of exploration assets	(51,032,269)	(33,566,594)	(40,083,785)	(27,709,175)
4229	other payments	(1,078,266,650)	(1,026,669,638)	(778,552,756)	(737,461,560)
4200	Net cash flows from investing activities	(1,306,157,783)	(1,121,287,212)	(271,500,826)	(140,018,861)
Cash flows from financing activities					
4310	Receipts – total, including:	1,616,968,166	835,292,293	949,243,098	147,473,436
4311	borrowings and bank loans	1,616,734,257	835,292,293	751,543,942	147,473,436
4315	perpetual notes and loans	–	–	197,467,580	–
4319	other receipts	233,909	–	231,576	–
4320	Payments – total, including:	(1,191,761,455)	(26,208,916)	(959,460,134)	(100,121,155)
4322	dividend payments or other distribution of profit to owners (participants)	(292,854,172)	–	(355,542,806)	–
4323	redemption (buy-back) of promissory notes and other debt securities, loan repayment	(894,450,218)	(26,208,916)	(601,280,562)	(100,121,155)
4324	associated with perpetual notes and loans	–	–	(2,636,766)	–
4325	payment of interest on perpetual notes and loans	(4,457,065)	–	–	–
4300	Net cash flows from financing activities	425,206,711	809,083,377	(10,217,036)	47,352,281
4400	Net cash flows for the reporting period	835,951,131	(112,385,974)	308,479,313	(105,946,629)

Transactions with other related parties

	2021	2020
Sale (net of VAT, excise, customs duties and similar payments)		
gas	441,971,314	354,598,572
gas condensate, oil and oil and gas refinery products	229,713,539	95,633,156
gas transportation services	30,202,898	46,871,101
leased assets	12,098,357	12,759,723
Acquisition:		
gas, including	242,315,356	143,168,171

18. Related parties (continued)

	2021	2020
through LLC Gazprom export acting as the commissioner	157,387,244	70,421,437
gas transportation and storage services, including	199,296,250	183,579,006
through LLC Gazprom export acting as the commissioner	199,200,504	183,521,879
liquid hydrocarbons	107,722,606	80,325,351

Prices of gas sold outside Russia to other related parties and prices of gas transportation and storage services purchased from other related parties were set based on the contracts.

Accounts receivable from and accounts payable to the Company's other related parties were as follows:

	31 December		
	2021	2020	2019
Accounts receivable	1,076,434,268	494,317,471	296,536,702
Accounts payable	143,538,913	127,106,619	140,399,020

The doubtful debt provisions of RUB 366,235 thousand and RUB 7,196,259 thousand were formed in respect to receivables from other related parties as at 31 December 2020 and 2019, respectively.

Accounts receivable include outstanding interest-free loans given to other related parties in the amount of

RUB 433,329,780 thousand, RUB 16,831,255 thousand and RUB 1,149,946 thousand as at 31 December 2021, 2020 and 2019, respectively.

The debt of other related parties on interest-bearing loans received from the Company was as follows:

	31 December		
	2021	2020	2019
Loans due beyond 12 months of the reporting date	168,559,348	–	279,395,460
Loans due within 12 months of the reporting date	37,500,000	229,726,012	26,347,290

As at 31 December 2021, loans due beyond 12 months of the reporting date are represented by the debt of South Stream Transport B.V. As at 31 December 2019, loans due beyond 12 months of the reporting date are represented basically by the debt of Nord Stream 2 AG in the amount of RUB 161,863,143 thousand.

As at 31 December 2021, loans due within 12 months of the reporting date are represented by the debt of LLC RusKhimAlliance. As at 31 December 2020, loans due within 12 months of the reporting date are represented basically by the debt of South Stream Transport B.V. of RUB 181,818,212 thousand. As at 31 December 2019, loans due within 12 months of the reporting date are represented by the debt of South Stream Transport B.V.

Interest on loans that the Company granted to its other related parties in 2021 amounted to RUB 6,035,794 thousand (2020: RUB 17,530,907 thousand, 2019: RUB 13,923,523 thousand).

In 2021, the Company granted loans to its other related parties at the interest rates ranging from 0.60% to 9.00% (2020: from 1.13% to 8.25%, 2019: from 1.13% to 7.76%).

In addition, in 2021, 2020 and 2019 the Company issued Russian Rouble loans to its other related parties in order to centralise the management of Gazprom Group's cash flows. The interest rate was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium.

In addition, in 2021 and 2020 the Company issued foreign currency loans to its other related parties in order to centralise the management of Gazprom Group's cash flows. The interest rate was determined depending on the period of actual use of loan proceeds at LIBOR, EONIA and EURIBOR increased by the credit risk premium. In 2019, the Company did not issue foreign currency loans to its other related parties in order to centralise the management of Gazprom Group's cash flows.

18. Related parties (continued)

The Company's accounts payable related to loans received from other related parties were as follows:

	31 December		
	2021	2020	2019
Loans due within 12 months of the reporting date	395,224,370	499,035,768	364,725,211

As at 31 December 2021 loans due within 12 months of the reporting date are represented basically by the debt on a loan received from GAZPROM Germania GmbH in order to centralise the management of Gazprom Group's cash flows in the amount of RUB 196,348,624 thousand.

As at 31 December 2020 loans due within 12 months of the reporting date are represented basically by the debt on a loan received by the Company from Gazprom Sakhalin Holdings B.V. and a loan received from JSC Gazprom gazoraspredelenie in order to centralise the management of Gazprom Group's cash flows in the amount of RUB 122,423,664 thousand and RUB 168,104,121 thousand, respectively.

As at 31 December 2019 loans due within 12 months of the reporting date are represented basically by the debt payable to Gazprom Sakhalin Holdings B.V. and loans received from Gazprom Holding Cooperatie U.A. in order to centralise the management of Gazprom Group's cash flows in the amount of RUB 129,151,560 thousand and RUB 115,565,068 thousand, respectively.

Interest on loans that the Company received from its other related parties was RUB 8,817,028 thousand, RUB 13,998,200 thousand and RUB 12,314,760 thousand in 2021, 2020 and 2019, respectively.

The interest rates on loans that the Company received from its other related parties varied from 0.98% to 1.50% in 2021, from 1.50% to 2.90% in 2020 and from 2.90% to 3.50% in 2019.

In addition, in 2021, 2020 and 2019 the Company received Russian Rouble loans from its other related parties in order to centralise the management of Gazprom Group's cash flows. The interest rate on loans received in Russian Roubles was determined depending on the period of actual use of loan proceeds at MosPrime Rate increased by the credit risk premium.

In 2021, 2020 and 2019 the Company also received foreign currency loans from its other related parties in order to centralise the management of Gazprom Group's cash flows. The interest rate on loans received in foreign currencies was determined depending on the period of actual use of loan proceeds at LIBOR, EONIA and EURIBOR increased by the credit risk premium.

Issued guarantees, pledged property and receivables arising from promissory notes aimed to secure obligations of other related parties totalled RUB 703,722,936 thousand, RUB 531,540,614 thousand and RUB 388,674,398 thousand as at 31 December 2021, 2020 and 2019, respectively.

Under loan agreements concluded in 2020 and 2019, the Company is obliged to issue loans to JSC Gazstroyprom to settle loan liabilities towards the bank in case of a delay in payment. The loan facilities are valid until 15 December 2022 and 31 December 2027, respectively. No loans were issued as at 31 December 2021, 2020 and 2019. The undrawn amount of the loan facilities as at 31 December 2021, 2020 and 2019 was RUB 87,000,000 thousand, RUB 87,000,000 thousand and RUB 47,000,000 thousand, respectively.

Information on cash flows related to transactions with other related parties:

	2021	2020
Cash inflow, including:	1,160,241,142	890,864,448
from operating activities	854,875,334	684,042,678
from financing activities	247,252,215	191,664,405
from investing activities	58,113,593	15,157,365
Cash outflow, including:	(1,309,012,677)	(714,220,281)
from operating activities	(924,834,893)	(474,749,843)
from financing activities	(351,278,060)	(86,350,166)
from investing activities	(32,899,724)	(153,120,272)

18. Related parties (continued)

The line "Cash Inflow from Operating Activities" primarily includes proceeds from sale of goods, products, works and services.

The line "Cash Outflow from Operating Activities" primarily includes payments to the suppliers (contractors) for raw materials, works and services.

Remuneration to key management personnel

Short-term compensation of key management personnel (the members of the Board of Directors and Management Committee of PJSC Gazprom), including salary, bonuses and remuneration for membership in the management bodies of the Company, amounted to RUB 1,932,189 thousand, RUB 2,332,426 thousand and RUB 1,956,740 thousand for the years ended 31 December 2021, 2020 and 2019, respectively. Such amounts include personal income tax and insurance contributions. Government employees, who are members of the Board of Directors, do not receive any remuneration from the Company. Remuneration of members of the Board of Directors shall be approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) is determined by the terms of employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to the Russian legislation, the Company makes contributions for compulsory pension coverage, compulsory social insurance against temporary disability and maternity, compulsory medical insurance, insurance against accidents at work and occupational diseases calculated on the basis of salaries and other payments to employees, including the key management personnel.

The Company also provided medical insurance for its key management personnel. Voluntary medical insurance contributions amounted to RUB 10,693 thousand, RUB 10,406 thousand and RUB 10,632 thousand in 2021, 2020 and 2019, respectively.

In 2020–2021, the Company did not make contributions under non-state pension agreements with JSC NPF GAZFOND to individual retirement accounts of its key management personnel (2019: RUB 347,088 thousand).

19. Estimated and contingent liabilities

Estimated liabilities

Information on estimated liabilities is disclosed in Section 7 of the table enclosed in the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

Estimated asset retirement liability and liability to restore environment disturbed by mineral extraction

According to p. 8 Art. 22 of Federal Law No. 2395-I of 21 February 1992 "On Subsoil" and subsoil use licence agreements, the user of mineral resources is obliged to bring the land plots and other natural sites disturbed by subsoil use to the condition appropriate for further use as well as to liquidate mine workings and wells that are not subject to further use.

The Company holds licence agreements at the Kirinskoye gas and condensate field, the Kovyktinskoye gas and condensate field, the Chayandinskoye oil, gas and condensate field, the Kirinskoye prospective area and the Chikanskoye gas and condensate field and, consequently, is the user of mineral resources and the owner of the fixed assets items.

The fixed assets items were transferred by the user of mineral resources under a commercial field development and use agreement with respect to the Kirinskoye gas

and condensate field and under a pilot field development agreement with respect to the Chayandinskoye oil, gas and condensate field, under a pilot field development agreement with respect to the Kovyktinskoye gas and condensate field, under an agreement for production, preparation and transportation of hydrocarbons of the Botuobinsk deposit oil rim at the Chayandinskoye oil, gas and condensate field, as well as under property lease agreements and, consequently, the Company bears responsibility for bringing the land plots and other natural sites disturbed by subsoil use to the condition appropriate for further use as well as liquidating mine workings and wells that are not subject to further use.

The Company recognised estimated liabilities with respect to the removal of the infrastructure facilities and soil remediation of the Kirinskoye gas and condensate field, the Kovyktinskoye gas and condensate field, the Chayandinskoye oil, gas and

18. Related parties (continued)

condensate field, the Chikanskoye gas and condensate field, as well as estimated liabilities with respect to removal of the infrastructure facilities of the Kirinskoye prospective area. The amount of estimated liabilities was recalculated using the discount rate as at the end of each reporting period during 2021.

The Company does not accrue estimated liabilities on the removal of fixed assets with respect to the items leased out to its subsidiaries (users of mineral resources), which is explained by the specific aspects of the subsoil use process applied by the Company and its subsidiaries, specifically,

the majority of the fixed assets items involved in the process are owned by the Company but leased out to its subsidiaries (users of mineral resources) and used by the latter in accordance with licence agreements to which they are a party. Consequently, the Company which owns fixed assets that have been leased out to the user of mineral resources does not have any liabilities of dismantling fixed assets that are not subject for further use or restoring the environment disturbed by the subsoil use.

Pension liabilities

The Company operates a defined benefit plan. As the current legislation provides no guidance for recording pension liability accruals on accounts, the calculations of both pension liabilities and pension assets are only possible at

the level of Gazprom Group and they are disclosed in the Notes to Gazprom Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards (www.gazprom.ru).

Estimated liabilities related to gas and other products price adjustments

The Company has recognised estimated liabilities related to price adjustments with regard to delivered gas supplies caused by customer claims based on contract conditions.

The estimated liabilities related to gas price adjustments of RUB 85,952,657 thousand, RUB 40,756,935 thousand and

RUB 66,503,127 thousand as at 31 December 2021, 2020 and 2019, respectively, do not include any potential adjustment of customs duties accrued earlier.

Contingencies

The Company issued the following guarantees to third parties on behalf of other entities:

	31 December		
	2021	2020	2019
Guarantees issued on behalf of the following entities:			
LLC Gazprom pererabotka Blagoveshchensk	654,072,062	489,305,239	216,210,682
LLC MK-1	82,221,637	106,341,669	101,017,885
LLC Gazprom export	58,718,543	63,316,998	48,449,964
JSC Gazprom Space Systems	42,154,733	62,589,520	49,763,337
LLC Achim Development	41,021,792	–	–
LLC Svobodnenskaya TPP	40,115,953	27,665,663	10,832,402
LLC RusKhimAlliance	34,745,240	–	–
Other	36,682,893	47,806,599	31,158,703
Total	989,732,853	797,025,688	457,432,973

19. Estimated and contingent liabilities (continued)

In June 2016, the Company issued a guarantee valid till June 2021 to secure obligations of JSC Gazprom Space Systems under a loan agreement. As at 31 December 2020 and 2019, the guarantee amounted to RUB 4,923,182 thousand and RUB 11,294,610 thousand, respectively. In June 2021, the obligations under the loan agreement were fully fulfilled, and the guarantee agreement was, therefore, terminated.

In May 2018, the Company issued a guarantee valid till November 2023 to secure obligations of JSC Gazprom Space Systems under a loan agreement. As at 31 December 2021, 2020 and 2019, the guarantee amounted to RUB 17,575,834 thousand, RUB 31,597,331 thousand and RUB 33,864,124 thousand, respectively.

In December 2018, the Company issued a guarantee valid till November 2030 to secure obligations of LLC Svobodnenskaya TPP under a loan agreement. As at 31 December 2021, 2020 and 2019, the guarantee amounted to RUB 40,115,953 thousand, RUB 27,665,663 thousand and RUB 10,832,402 thousand, respectively.

In January 2019, the Company issued a guarantee valid till June 2028 to secure obligations of LLC MK-1 under a loan agreement. As at 31 December 2021, 2020 and 2019, the guarantee amounted to RUB 82,221,637 thousand, RUB 106,341,669 thousand and RUB 101,017,885 thousand, respectively.

In July 2019, the Company issued a guarantee valid till October 2039 to secure obligations of LLC Gazprom export under a capacity booking agreement. As at 31 December 2021, 2020 and 2019, the guarantee amounted to RUB 46,612,798 thousand, RUB 50,259,017 thousand and RUB 38,465,134 thousand, respectively.

In December 2019, the Company issued a guarantee valid till December 2036 to secure obligations of LLC Gazprom pererabotka

Blagoveshchensk under a project financing agreement. As at 31 December 2021, 2020 and 2019, the guarantee amounted to RUB 636,701,070 thousand, RUB 471,549,139 thousand and RUB 154,950 thousand, respectively.

In April 2020, the Company issued a guarantee valid till April 2025 to secure obligations of JSC Gazprom Space Systems under a loan agreement. As at 31 December 2021 and 2020, the guarantee amounted to RUB 22,779,587 thousand and RUB 22,087,956 thousand, respectively.

In December 2020, the Company issued a guarantee valid till December 2021 for LLC Gazprom pererabotka Blagoveshchensk to apply the declarative procedure for value-added tax refund. As at 31 December 2020, the guarantee amounted to RUB 17,756,100 thousand. An application for the guarantor's release from its obligations was received in March 2021 and the guarantee agreement was, therefore, terminated.

In October 2021, the Company issued a guarantee valid till January 2022 for LLC Gazprom pererabotka Blagoveshchensk to apply the declarative procedure for value-added tax refund. As at 31 December 2021, the guarantee amounted to RUB 17,370,992 thousand.

In October 2021, the Company issued a guarantee valid till April 2024 to secure obligations of LLC Achim Development under a loan agreement. As at 31 December 2021, the guarantee amounted to RUB 41,021,792 thousand.

In November and December 2021, the Company issued a guarantee valid till September 2025 to secure obligations of LLC RusKhimAlliance under a loan agreement. As at 31 December 2021, the guarantee amounted to RUB 34,745,240 thousand.

The Company secured obligations with pledged securities and receivables arising from the securities:

	31 December		
	2021	2020	2019
Shares	44,024,544	44,024,544	183,261,771
Promissory notes and receivables arising from them	4,888,618	31,638,936	23,814,336
Total	48,913,162	75,663,480	207,076,107

In June 2018, the Company pledged the shares recognised in the balance sheet as assets to LLC Gazprom export to secure its obligations under a share purchase agreement. Since January 2021, following the dematerialisation of the shares, the obligations have been secured by a registered pledge. The pledge is valid until ownership of the shares is transferred to LLC Gazprom export. As at 31 December 2021, 2020 and 2019, the pledge value of the shares amounted to RUB 44,024,544 thousand. As at 31 December 2021, 2020 and 2019, the value of the shares reported in the balance sheet amounted to RUB 62,817 thousand.

In March 2019, the Company pledged the promissory notes recognised in the balance sheet as assets for the period until November 2020 without the right to alienate or otherwise dispose of them without written consent of the pledge holder to secure obligations of JSC Gazstroyprom under a loan agreement. In October 2020, the pledge was extended to January 2022. The pledge concerns all accounts receivable arising from the promissory notes. In December 2021, the pledge was extended to February 2023. The pledge value of the promissory notes and the accounts receivable as of 31 December 2021, 2020 and 2019 amounted

19. Estimated and contingent liabilities (continued)

to RUB 4,888,618 thousand, RUB 31,638,936 thousand and RUB 23,814,336 thousand, respectively. The value of the promissory notes and the accounts receivable reported in the balance sheet as of 31 December 2021, 2020 and 2019 amounted to RUB 4,888,618 thousand, RUB 31,638,936 thousand and RUB 23,814,336 thousand, respectively.

According to the Company's assessment, there is no material risk of third parties' default on obligations secured by guarantees and pledged property of PJSC Gazprom as at 31 December 2021, 2020 and 2019. The Company, therefore, did not record estimated liabilities for guarantees issued and property pledged to secure obligations as of 31 December 2021, 2020 and 2019.

Legal proceedings

On 15 October 2018 PGNiG S.A., Poland, filed a claim with the General Court of the European Union (the EU) for cancellation of the decision of the European Commission on the pro-competition commitments which completed the antitrust investigation against alleged breach of the EU antitrust law by PJSC Gazprom and its subsidiary LLC Gazprom export within the activity in the EU member countries from Central and Eastern Europe. The pro-competition commitments came into effect on 28 May 2018 when PJSC Gazprom was officially served with the adopted decision. By its decision dated 2 February 2022 the EU General Court dismissed the claim filed by PGNiG S.A. on 15 October 2018.

On 14 March 2017 the European Commission received a complaint from PGNiG S.A., Poland, stating that PJSC Gazprom and LLC Gazprom export allegedly violated Article 102 of the Treaty on the Functioning of the European Union. In this complaint PGNiG S.A. states that PJSC Gazprom and LLC Gazprom export violate the antitrust law of the EU through:

- 1) applying unfair pricing policy with respect to PGNiG S.A.;
- 2) preventing cross-border gas sale;
- 3) tying commercial issues with infrastructure.

These claims relate to issues covered by the European Commission investigation of PJSC Gazprom's and LLC Gazprom export's operation in the countries of Central and Eastern Europe, which formal phase was initiated in 2012 and completed in 2018. On 17 April 2019 the complaint was rejected by the European Commission. In June 2019 PGNiG S.A. filed with the EU General Court a petition in respect of the rejection of that complaint by the European Commission. By its decision dated 2 February 2022 the EU General Court accepted the petition filed by PGNiG S.A. and cancelled the decision of the European Commission dated 17 April 2019.

On 4 May 2018 PJSC Gazprom received a notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) dated 30 April 2018 on initiation of an investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project (on the basis of "the establishment of a joint venture without obtaining the prior consent of the President of the Polish Office of Competition and Consumer Protection").

On 31 July 2020 PJSC Gazprom received an official notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) about the imposition

of a fine of about EUR 50 million on PJSC Gazprom for the failure to provide the information requested earlier by Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) as part of the antitrust investigation. On 28 August 2020 PJSC Gazprom appealed to the competent court of Poland against the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to impose the fine on PJSC Gazprom. As the fine was appealed, it will not be subject to recovery until a respective court decision becomes effective.

On 24 August 2020 PJSC Gazprom appealed to the competent court of Poland against the decisions of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to deny PJSC Gazprom access to evidence collected during the investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project.

On 6 October 2020 it became known to PJSC Gazprom that Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) had completed its antitrust investigation and decided to impose a fine of about USD 7.6 billion on PJSC Gazprom, as well as obliged PJSC Gazprom and its Nord Stream 2 project partners to terminate the project financing agreement. On 4 November 2020 PJSC Gazprom appealed to the competent court of Poland against that decision. As the decision of the antimonopoly authority was appealed, it will not be subject to enforcement until a respective court decision becomes effective. The decision of the court of first instance may be appealed to the Court of Appeal in Warsaw, which is considering the merits of the case.

According to the announcement on the official website of NJSC Naftogaz of Ukraine, on 21 December 2021 NJSC Naftogaz of Ukraine filed a complaint with the European Commission against Gazprom Group for abusing its dominant position on the European gas market and a request to implement precautionary measures. Based on this complaint, the European Commission registered case No. AT.40801. PJSC Gazprom is still interacting with the European Commission on that matter.

The Company is also a party to certain other legal proceedings arising in the ordinary course of business. There are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or financial position of the Company.

19. Estimated and contingent liabilities (continued)

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and frequent change. As of 31 December 2021, the management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency and customs positions will be sustained.

The Russian transfer pricing law obliges a taxpayer that belongs to an international group of companies to provide country-by-country data on international groups of companies and prepare a notification of controlled transactions.

In the course of its business the Company is guided by the tax legislation, official clarifications from government agencies and delivered court judgements. The Company has implemented internal control procedures to comply with the requirements of the tax legislation regarding transfer pricing.

Since currently there is no sufficient practice for application of the transfer pricing law by tax authorities and courts, therefore, the outcome of any disputes with tax authorities over applied prices cannot be estimated reliably but may affect the Company's financial results and operations.

20. Subsequent events

In February and March 2022, the United States of America, the European Union, the United Kingdom and certain other countries imposed additional sanctions on Russia. This led to the weakening of the Russian Rouble and increased volatility of financial markets, as well as raised the level of economic uncertainty associated with business activities in Russia.

In addition, new US sanctions were introduced directly against the Company. These sanctions prohibit transactions by US persons in new debt and new equity of PJSC Gazprom issued on or after 26 March 2022 of longer than 14 days

maturity. The respective restrictions also apply to entities owned 50 percent or more, directly or indirectly, by sanctioned persons.

The Company's management is currently analysing the economic environment and its potential impact on the Company's operations. As of the date of these financial statements, according to the estimates of the Company's management, the circumstances described do not cast any doubt on the Company's ability to continue as a going concern. The Company's management regards these events as non-adjusting events after the reporting period.

21. Business risks

The Company has an effective risk management and internal control system aimed to ensure reasonable assurance in the achievement of goals. That system is integrated with planning, project management, occupational safety management systems and constitutes a part of the Company's corporate governance. In addition, the Company has a separate risk management and internal control structural unit.

Principal goals, objectives, principles and approaches to risk management and internal control are set forth in the Risk Management and Internal Control Policy of PJSC Gazprom approved by decision of the Board of Directors of PJSC Gazprom No. 3195 dated 25 December 2018.

The Company timely identifies business risks, analyses potential events, circumstances, external and internal factors that affect the achievement of goals, develops respective risk management measures and internal control procedures.

The measures taken by the Company allow it to make sure that business risks are at the acceptable level.

The risk management and internal control system operation in 2022 was rated by Expert RA, a rating agency.

On 21 February 2022, Expert RA assigned the highest corporate governance quality rating of A++.gq to the Company. Expert RA gave recognition to the Company's well-organised risk management system. Key risks are assessed based on very detailed provisions on management of liquidity, operating, currency and credit risks. Risk management regular and annual reporting formats were approved. When analysing risk management effectiveness, Expert RA took into consideration regular confirmation of certification for compliance with ISO 9001:2015 in respect of the quality management system. The current certificate is valid until 2023. In issuer's reports of PJSC Gazprom, the Company should

21. Business risks (continued)

place information about the Company's position in the industry, including development trends in the corresponding market segment, the Company's level of adaptation to market conditions, main priority areas of the Company's

activity, including its development prospects, as well as key information on risk factors associated with the Company's operation.

22. Information on production innovations and upgrade

Information on intangible assets that the Company developed or acquired, on movement of property, machinery and equipment as well as expenses incurred by the Company in the production innovation and upgrade process, if material,

is disclosed in the relevant paragraphs of these Explanatory Notes to the Balance Sheet and the Statement of Financial Results of the Company.

Chief Executive Officer

15 March 2022



A.B. Miller

Chief Accountant

M.N. Rosseev

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Independent Auditor's Report

To the Shareholders of Public Joint Stock Company Gazprom

Opinion

We have audited the accompanying consolidated financial statements of Public Joint Stock Company Gazprom ("PJSC Gazprom") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Rules of Independence of the Auditors and Audit Organisations and the Code of Professional

Ethics of the Auditors, which are in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the

consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

During the audit we specially focused on revenue recognition as the revenue amount was material and revenue streams were formed in different geographic regions with significantly different terms of revenue recognition including price determination and change, transfer of risks and rewards.

We assessed the consistency in the application of the revenue recognition accounting policy applicable to various types of revenue and geographic regions. Our audit procedures in respect of the risk of material misstatement of revenue included, in particular, evaluation of the design of controls, assessment of the risk of material misstatement due to fraud or error and performance of substantive procedures in respect of the sales transactions. Based on the results of our audit procedures, we considered the position of the Group's management on the revenue recognition to be acceptable.

We paid special attention to the analysis and testing of estimated liabilities associated with gas price adjustments under long-term contracts and evaluation of existing controls in this area. The amount of the estimated gas price adjustments depends on the effective terms and conditions of the contracts and the results of the negotiations between the Group and the specific customers.

Information about the approaches to revenue recognition is disclosed in Note 5 "Summary of Significant Accounting Policies" to the consolidated financial statements, information about sales, including information by geographic segments, is disclosed in Note 29 "Sales" to the consolidated financial statements.

Impairment of property, plant and equipment

Due to the material carrying amount of property, plant and equipment, continued volatility of macroeconomic parameters, aggravated by the impact of the spread of coronavirus and fluctuating prices for energy resources, as well as high level of subjectivity of the underlying assumptions, judgments and estimates made by the management to conduct the impairment analysis, we consider this area to be one of the most significant audit areas.

As at the reporting date, the Group measured the recoverable amount of property, plant and equipment in respect of cash-generating units based on the estimated value in use. Our audit procedures in respect of this area included testing of the principles used to forecast future cash flows, analysis of the methodology used by the Group to test property, plant and equipment for impairment and consistency of its application by the Group. We paid special attention to the analysis of significant assumptions underlying the impairment test procedures in respect of various cash-generating units. The significant assumptions, in particular, included determining discount rates, forecasting prices for energy resources and

exchange rates, as well as estimating volumes of production and sales. We also conducted a sensitivity analysis to determine whether the models used for testing were sensitive to changes in the significant assumptions.

Based on the results of the audit procedures performed, we considered that the information and the significant assumptions applied by the Group's management in calculating the recoverable amount of the assets as at the end of the reporting period were within the acceptable range and corresponded to the current economic environment.

Information about the measurement methods and significant assumptions applied to test property, plant and equipment for impairment is disclosed in Note 5 "Summary of Significant Accounting Policies" to the consolidated financial statements, information about property, plant and equipment and their impairment testing, including the sensitivity analysis to determine whether the models are sensitive to changes in the significant assumptions, is disclosed in Note 13 "Property, Plant and Equipment" to the consolidated financial statements.

Classification, measurement and disclosure of information about perpetual notes

Classification, measurement and disclosure of information about perpetual notes require detailed analysis of issuance terms and conditions of these instruments and application of management's professional judgment and estimates to justify their accounting methods. Therefore, we consider that this area was one of most significance in our audit.

Our procedures included review of the issuance terms and conditions of the perpetual notes, which allowed the Group, acting in its sole discretion, to refuse to redeem the notes and, at any time and on any number of occasions, to decide to postpone interest payments or decide to refuse to pay interest, as well as checking them for compliance with the criteria for the recognition as an equity instrument within equity in accordance with the provisions of IFRS 32 Financial Instruments: Presentation. We paid special attention to the analysis of conditions which gave rise to an interest payment liability and checked that these conditions were under the Group's control. We analysed key aspects of the Group's methodology in respect of accounting methods adopted for transactions associated with the perpetual notes for

compliance with the requirements of international standards. In particular, we evaluated accounting methods selected to recognise costs associated with the issuance of the perpetual notes, accrue interest and recognise translation differences and tax effects on these transactions. We also analysed whether the disclosures in the Group's consolidated financial statements were sufficient to achieve transparency of disclosed information.

Based on the results of our audit procedures, we found the position of the Group's management on the classification, measurement and disclosure of information about the perpetual notes to be appropriate.

Information about methods used to account for the perpetual notes is disclosed in Note 5 "Summary of Significant Accounting Policies" to the consolidated financial statements, information about the issuance terms and conditions of the perpetual notes and transactions associated with them is disclosed in Note 28 "Perpetual Notes" to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of PJSC Gazprom for 2021 and the Issuer's Report of PJSC Gazprom for the 12 months of 2021 but does not include the consolidated financial statements and our auditor's report

thereon. The Annual Report of PJSC Gazprom for 2021 and the Issuer's Report of PJSC Gazprom for the 12 months of 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our

knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report of PJSC Gazprom for 2021 and the Issuer's Report of PJSC Gazprom for the 12 months of 2021, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability

to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management;
- d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

President of FBK, LLC

Engagement partner
on the audit resulting
in this independent auditor's report

Date of Independent Auditor's Report
26 April 2022



S.M. Shapiguzov
(by virtue of the Charter,
registration number 21606043397)

K.S. Shirikova, FCCA
(registration number 21606042126)

Audited entity

Name:

Public Joint Stock Company Gazprom (PJSC Gazprom).

Address of the legal entity within its location:

2/3 Lakhtinsky Avenue, Bldg. 1, St. Petersburg, 197229, Russian Federation.

The registration entry was made in the Unified State Register of Legal Entities on 2 August 2002 under primary state registration number 1027700070518.

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

44/1 Myasnitskaya St, Bldg 2AB, Moscow, 101990, Russian Federation.

The registration entry was made in the Unified State Register of Legal Entities on 24 July 2002 under primary state registration number 1027700058286.

Primary number of registration entry in the register of auditors and audit organizations of the self-regulatory organization of auditors 11506030481.

PJSC Gazprom

Consolidated Balance Sheet

as of 31 December 2021

(in millions of Russian Rubles)

Notes	31 December			
	2021	2020		
Assets				
Current assets				
8	Cash and cash equivalents	2,013,923	1,034,919	
9	Short-term financial assets	26,237	29,892	
10	Accounts receivable and prepayments	2,009,951	1,302,129	
11	Inventories	1,009,323	971,789	
	VAT recoverable	105,425	134,555	
12	Other current assets	1,049,424	301,005	
	6,214,283	3,774,289		
Non-current assets				
13	Property, plant and equipment	16,673,568	16,103,095	
14	Right-of-use assets	226,290	195,313	
15	Goodwill	120,768	119,854	
16	Investments in associates and joint ventures	1,422,308	1,327,241	
17	Long-term accounts receivable and prepayments	1,228,979	988,857	
18	Long-term financial assets	599,747	421,869	
12	Other non-current assets	561,287	421,667	
	20,832,947	19,577,896		
Total assets			27,047,230	23,352,185
Liabilities and equity				
Current liabilities				
19	Accounts payable, provisions and other liabilities	2,799,800	1,622,288	
	Current profit tax payable	112,705	14,402	
20	Taxes other than on profit and fees payable	413,394	296,740	
21	Short-term borrowings, promissory notes and current portion of long-term borrowings	697,046	693,534	
	4,022,945	2,626,964		
Non-current liabilities				
22	Long-term borrowings, promissory notes	4,186,656	4,214,080	
25	Provisions	577,863	688,333	
23	Deferred tax liabilities	875,099	667,724	
40	Long-term lease liabilities	230,630	211,488	
26	Other non-current liabilities	287,458	138,864	
	6,157,706	5,920,489		
Total liabilities			10,180,651	8,547,453
Equity				
27	Share capital	325,194	325,194	
27	Treasury shares	(331)	(331)	
28	Perpetual notes	313,190	195,616	
27	Retained earnings and other reserves	15,613,466	13,717,464	
	16,251,519	14,237,943		
36	Non-controlling interest	615,060	566,789	
Total equity			16,866,579	14,804,732
Total liabilities and equity			27,047,230	23,352,185

Chairman of the Management Committee _____ A.B. Miller

Chief Accountant _____ M.N. Rosseev

26 April 2022

PJSC Gazprom

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021 (in millions of Russian Rubles)

Notes	Year ended 31 December	
	2021	2020
29 Sales	10,241,353	6,321,559
Net gain (loss) from trading activity	(92,397)	31,349
30 Operating expenses	(7,681,410)	(5,665,762)
30 Impairment loss on financial assets	(56,285)	(72,295)
Operating profit	2,411,261	614,851
31 Finance income	615,167	747,400
31 Finance expenses	(499,110)	(1,365,518)
16 Share of profit of associates and joint ventures	242,196	136,736
Profit before profit tax	2,769,514	133,469
Current profit tax expenses	(452,817)	(75,606)
Deferred profit tax (expenses) income	(157,611)	104,544
23 Profit tax	(610,428)	28,938
Profit for the year	2,159,086	162,407
Other comprehensive income (loss):		
Items that will not be reclassified subsequently to profit or loss:		
Gain (loss) arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	121,551	(13,571)
25 Remeasurement of provision for post-employment benefits	68,426	(53,951)
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	189,977	(67,522)
Items that may be reclassified subsequently to profit or loss:		
16 Share of other comprehensive loss of associates and joint ventures	2,989	(30,308)
Translation differences	(58,645)	318,734
(Loss) gain from hedging operations, net of tax	(42,304)	(20,582)
Total other comprehensive (loss) income that may be reclassified subsequently to profit or loss	(97,960)	267,844
Total other comprehensive income for the year, net of tax	92,017	200,322
Comprehensive income for the year	2,251,103	362,729
Profit for the year attributable to:		
Owners of PJSC Gazprom	2,093,071	135,341
36 Non-controlling interest	66,015	27,066
	2,159,086	162,407
Comprehensive income for the year attributable to:		
Owners of PJSC Gazprom	2,193,020	309,401
Non-controlling interest	58,083	53,328
	2,251,103	362,729
33 Basic and diluted earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	88.07	5.66

Chairman of the Management Committee _____ A.B. Miller

Chief Accountant _____ M.N. Rosseev

26 April 2022

PJSC Gazprom

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

(in millions of Russian Rubles)

Notes	Year ended 31 December		
	2021	2020	
	Cash flows from operating activities		
34	Net cash from operating activities	3,015,390	1,918,891
	Cash flows from investing activities		
	Capital expenditures	(1,933,766)	(1,522,565)
31, 40	Interest capitalised and paid	(151,615)	(133,076)
	Net change in loans issued	4,247	17,761
	Acquisition of subsidiaries, net of cash acquired	(4,958)	–
	Investments in associates and joint ventures	(89,663)	(43,802)
	Interest received	70,364	61,723
	Change in long-term financial assets measured at fair value through other comprehensive income	42,527	13,509
	Proceeds from associates and joint ventures	259,604	101,672
	Proceeds from sale of associates and joint ventures	1,654	7,585
	Proceeds from sale of subsidiaries	5,487	12,983
	Placement of long-term bank deposits	(29,966)	(86,865)
	Repayment of long-term bank deposits	10,211	91,607
	Other	(14,563)	(66,134)
	Net cash used in investing activities	(1,830,437)	(1,545,602)
	Cash flows from financing activities		
40	Proceeds from long-term borrowings	843,807	1,065,524
40	Repayment of long-term borrowings (including current portion of long-term borrowings)	(742,607)	(811,775)
40	Proceeds from short-term borrowings	109,089	74,191
40	Repayment of short-term borrowings	(103,304)	(134,213)
40	Repayment of lease liabilities	(47,934)	(40,470)
40	Dividends paid	(313,396)	(372,524)
31, 40	Interest paid	(44,071)	(39,801)
	Acquisition of non-controlling interests in subsidiaries	(124)	(224)
28	Proceeds from issuance of perpetual notes	120,000	197,468
28	Interest paid on perpetual notes	(6,985)	–
28	Payments related to issuance of perpetual notes	(922)	(2,637)
	Proceeds from sale of non-controlling interests in subsidiaries	13,087	116
	Other	(5,571)	(42,076)
	Net cash used in financing activities	(178,931)	(106,421)
	Effect of foreign exchange rate changes on cash and cash equivalents	(27,018)	71,994
	Increase in cash and cash equivalents	979,004	338,862
8	Cash and cash equivalents at the beginning of the reporting year	1,034,919	696,057
8	Cash and cash equivalents at the end of the reporting year	2,013,923	1,034,919

Chairman of the Management Committee _____ A.B. Miller

Chief Accountant _____ M.N. Rosseev

26 April 2022

PJSC Gazprom

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021 (in millions of Russian Rubles)

Notes	Equity attributable to the owners of PJSC Gazprom						
	Share capital	Treasury shares	Perpetual notes	Retained earnings and other reserves	Total	Non-controlling interest	Total equity
Balance as of 31 December 2019	325,194	(331)	–	13,779,970	14,104,833	510,854	14,615,687
36 Profit for the year	–	–	–	135,341	135,341	27,066	162,407
Other comprehensive income (loss) – total,	–	–	–	174,060	174,060	26,262	200,322
including: Loss arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	–	–	–	(13,571)	(13,571)	–	(13,571)
25, 36 Remeasurement of provision for post-employment benefits	–	–	–	(53,955)	(53,955)	4	(53,951)
16 Share of other comprehensive loss of associates and joint ventures	–	–	–	(30,308)	(30,308)	–	(30,308)
36 Translation differences	–	–	–	292,494	292,494	26,240	318,734
36 (Loss) gain from hedging operations, net of tax	–	–	–	(20,600)	(20,600)	18	(20,582)
Comprehensive income for the year	–	–	–	309,401	309,401	53,328	362,729
36 Change in non-controlling interest in subsidiaries	–	–	–	(10,346)	(10,346)	19,356	9,010
36 Dividends declared	–	–	–	(360,614)	(360,614)	(16,749)	(377,363)
28 Perpetual notes transactions	–	–	195,616	(947)	194,669	–	194,669
Balance as of 31 December 2020	325,194	(331)	195,616	13,717,464	14,237,943	566,789	14,804,732
36 Profit for the year	–	–	–	2,093,071	2,093,071	66,015	2,159,086
Other comprehensive income (loss) – total,	–	–	–	99,949	99,949	(7,932)	92,017
including: Profit arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	–	–	–	121,551	121,551	–	121,551
25, 36 Remeasurement of provision for post-employment benefits	–	–	–	68,226	68,226	200	68,426
16 Share of other comprehensive income of associates and joint ventures	–	–	–	2,989	2,989	–	2,989
36 Translation differences	–	–	–	(50,503)	(50,503)	(8,142)	(58,645)
36 (Loss) gain from hedging operations, net of tax	–	–	–	(42,314)	(42,314)	10	(42,304)
Comprehensive income for the year	–	–	–	2,193,020	2,193,020	58,083	2,251,103
36 Change in non-controlling interest in subsidiaries	–	–	–	6,258	6,258	16,879	23,137
Return of social assets to the balance of governmental authorities	–	–	–	(13)	(13)	–	(13)
36 Dividends declared	–	–	–	(296,740)	(296,740)	(26,691)	(323,431)
28 Perpetual notes transactions	–	–	117,574	(6,523)	111,051	–	111,051
Balance as of 31 December 2021	325,194	(331)	313,190	15,613,466	16,251,519	615,060	16,866,579

Chairman of the Management Committee _____ A.B. Miller

Chief Accountant _____ M.N. Rosseev

26 April 2022

PJSC Gazprom

Notes to the Consolidated Financial Statements

31 December 2021 (in millions of Russian Rubles)

1. General Information

Public Joint Stock Company Gazprom (PJSC Gazprom) and its subsidiaries (the "Group" or "Gazprom Group") operate one of the largest gas pipeline systems in the world, and provide for the major part of natural gas production and its transportation by high-pressure pipelines in the Russian Federation.

The Group is also a major natural gas supplier to European countries. The Group is engaged in oil production, oil refining, electric and heat energy generation. The Russian Federation is the ultimate controlling party and has a controlling interest (including both direct and indirect ownership) of over 50% in PJSC Gazprom.

The Group is involved in the following activities:

- exploration and production of gas;

- transportation of gas;
 - sales of gas within the Russian Federation and abroad;
 - gas storage;
 - production of crude oil and gas condensate;
 - processing of oil, gas condensate and other hydrocarbons and sales of refined products;
 - electric and heat energy generation and sales.
- Other activities include production of other goods, execution of other works and provision of other services.
- The average number of employees during 2021 and 2020 was 468 thousand persons and 467 thousand persons, respectively.

2. Economic Environment in the Russian Federation

The economy of the Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation of the Russian Federation is subject to varying interpretations and causes additional challenges for companies operating in the Russian Federation.

The political and economic instability, the situation in Ukraine, the current situation with sanctions, uncertainty and volatility of financial and trade markets and other risks have had and may continue to have effects on the Russian economy.

The spread of COVID-19, which occurred in 2020 and continued in 2021, has had a material adverse effect on the world economy. Measures taken to combat the spread of the virus have caused material economic downturn. Global oil and gas markets are experiencing high volatility of demand and prices.

The duration and consequences of the ongoing COVID-19 pandemic, as well as the efficiency of the measures taken are currently unclear. It is now impossible to assess reliably the duration and effect of the consequences of the pandemic on the Group's financial position and results of operations in future reporting periods.

The official Russian Ruble ("RUB") to US Dollar ("USD") exchange rate as determined by the Central Bank of the Russian Federation was as follows:

- as of 31 December 2021 – 74.2926;
 - as of 31 December 2020 – 73.8757
- (as of 31 December 2019 – 61.9057).

The official RUB to Euro ("EUR") exchange rate as determined by the Central Bank of the Russian Federation was as follows:

- as of 31 December 2021 – 84.0695;
 - as of 31 December 2020 – 90.6824
- (as of 31 December 2019 – 69.3406).

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the Government of the Russian Federation to sustain growth and to change the tax, legal and regulatory frameworks. The management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment. The future economic situation and the regulatory environment and their impact on the Group's operations may differ from management's current expectations.

3. Basis of Presentation

These consolidated financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS"), including International Accounting Standards and Interpretations issued by the International Accounting Standards Board and effective in the reporting period.

The consolidated financial statements of the Group are prepared under the historical cost convention except for

certain financial assets and liabilities presented at the fair value (see Note 41). The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented in these consolidated financial statements, unless otherwise stated.

4. Scope of Consolidation

As described in Note 5, the consolidated financial statements include consolidated subsidiaries, associates, joint ventures

and operations of the Group. There were no significant changes in the Group's structure in 2021 and 2020.

5. Summary of Significant Accounting Policies

The significant accounting policies followed by the Group are set out below.

5.1 Consolidation of Subsidiaries, Associates and Joint Arrangements

Subsidiaries

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has substantive rights over the investee. Protective rights of other investors, such as those that relate to making fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee.

Subsidiaries are consolidated from the date when control over their operations is transferred to the Group (the acquisition

date) and are deconsolidated from the date on which control ceases.

All inter-company transactions, balances and unrealised gain and losses on transactions between companies of the Group have been eliminated. Separate disclosure is made for non-controlling interests.

The acquisition method of accounting is used to account for the acquisition of subsidiaries, including entities under common control. The costs of an acquisition are measured at the fair value of the assets transferred, shares issued and liabilities incurred or assumed at the date of acquisition. Acquisition-related costs are expensed as incurred. The acquisition date is a date when a business combination is achieved, and when a business combination is achieved in stages the acquisition date is a date of each equity interest purchase.

An acquirer should recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability which relate to measurement period adjustments are adjusted against goodwill. Changes which arise due to events occurring after the acquisition date will be recognised in accordance with other applicable IFRSs, rather than by adjusting goodwill.

Goodwill and Non-Controlling Interest

The excess of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share in the identifiable net assets acquired is recorded as goodwill. If actual cost of acquisition is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income. Goodwill is tested annually for impairment as well as when there are indications of impairment. For the purpose of impairment testing goodwill is allocated to a cash-generating unit or a group of cash-generating units.

A non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly, through subsidiaries, by the parent. The Group treats transactions with non-controlling interest as transactions with equity owners of the Group. In accordance with IFRS 3 Business Combinations, the acquirer recognises the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date, and any non-controlling interest in the acquiree is stated at the non-controlling interest in the net fair value of those items.

5. Summary of Significant Accounting Policies (continued)

Joint Arrangements

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligation for the liabilities, relating to the arrangement. Where the Group acts as a joint operator, the Group recognises in relation to its interest in a joint operation: its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly;

its revenue from the sale of its share of the output of the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets. With regards to joint arrangements, where the Group acts as a joint venture participant, the Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

Associates

Associates are entities over which the Group has significant influence and that are neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. Associates are accounted for using the equity method. The Group's share of its associates' post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless there is an evidence of the impairment of the asset transferred.

The Group's interest in each associate is carried in the consolidated balance sheet in the amount that reflects cost of acquisition, including the goodwill at the acquisition date, the Group's share of profit or loss and its share of post-acquisition movements in reserves recognised in equity. Corresponding allowances are recorded for any impairment in value of such investments.

Recognition of losses under the equity method is discontinued when the carrying amount of the investment in the associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

5.2 Financial Instruments

5.2.1 Classification and Measurement of Financial Assets

The Group classifies financial assets into three measurement categories: those measured subsequently at amortised cost, those measured subsequently at fair value with changes recognised in

other comprehensive income, and those measured subsequently at fair value with changes recognised in profit or loss.

Financial Assets Measured Subsequently at Amortised Cost

Such category of financial assets includes assets held to obtain contractual cash flows and it is expected that they will result in cash flows being solely payments of principal and interest.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of difference between that initial amount and

the maturity amount and, for financial assets, adjusted for any allowance for expected credit losses.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Group estimates expected cash flows

5. Summary of Significant Accounting Policies (continued)

considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees and amounts paid or received between parties of the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and

of allocating and recognising the interest income or interest expense in profit or loss over the relevant period.

This category of financial assets of the Group mainly includes cash and cash equivalents, restricted cash, deposits, accounts receivable, including loans receivable.

Cash and Cash Equivalents and Restricted Cash

Cash comprises cash on hand and bank balances. Cash equivalents comprise short-term financial assets which are readily convertible to cash and have an original maturity of three months or less. Restricted cash includes cash and cash equivalents which are not to be used for any purposes other

than those specified in the terms of the financing and other agreements or under banking regulations. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

Accounts Receivable

Accounts receivable, including loans receivable, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Accounts receivable

are carried at amortised cost using the effective interest method.

Financial Assets Measured Subsequently at Fair Value with Changes Recognised Through Other Comprehensive Income

Such category of financial assets includes debt-type assets held within business models whose objective is achieved by both collecting contractual cash flows and selling financial assets and it is expected that they will result in cash flows being solely payments of principal and interest.

Gain or loss associated with this category of financial assets are recognised in other comprehensive income, except for impairment gain or loss, interest income and foreign exchange gain and loss, which are recognised in profit or loss. When a financial asset is disposed of, cumulative gains or losses that have been previously recognised in other comprehensive income are reclassified from equity to profit or loss in the consolidated statement of comprehensive income. Interest income from these financial assets is calculated using the effective interest method and included in financial income.

The Group's management can make an irrevocable decision to recognise changes in the fair value of equity instruments in other comprehensive income if the instrument is not held for trading. The Group's management has made a decision to recognise changes in the fair value of the majority of equity instruments in other comprehensive income as such instruments are considered to be long-term strategic investments which are not expected to be sold in the short and medium term. Other comprehensive income or loss from changes in the fair value of such instruments shall not be subsequently reclassified to profit or loss in the consolidated statement of comprehensive income.

This category of financial assets of the Group mainly includes equity instruments for which the Group has made a decision to recognise changes in fair value in other comprehensive income and derivative financial instruments recognised as hedging instruments.

Financial Assets Measured Subsequently at Fair Value with Changes Recognised Through Profit or Loss

Financial assets that do not meet the criteria of recognition as financial assets measured at amortised cost or measured at fair value through other comprehensive income are measured at fair value through profit or loss.

Such financial assets of the Group mainly include derivative financial instruments and financial instruments held for trading, as well as some equity instruments for which the Group has not made a decision to recognise changes in their fair value in other comprehensive income.

5. Summary of Significant Accounting Policies (continued)

Impairment of Financial Assets

The Group applies the expected credit losses model to financial assets measured at amortised cost and at fair value through other comprehensive income, except for investments in equity instruments, sublease receivables and to contract assets resulted from transactions that are within the scope of IFRS 15 Revenue from Contracts with Customers.

The allowance for expected credit losses for a financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

At each balance sheet date the Group assesses whether there is objective evidence of a significant increase in credit risk for a financial asset or a group of financial assets. If, at

the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the allowance for expected credit losses for financial asset is measured at an amount equal to 12-month expected credit losses.

For trade accounts receivable, sublease receivables or contract assets, whether they contain a significant financing component or not, measurement based on lifetime expected credit losses is applied.

The accrual (reversal) of the allowance for expected credit losses for financial assets is recognised in the consolidated statement of comprehensive income within impairment loss (reversal of impairment loss) on financial assets.

5.2.2 Classification and Measurement of Financial Liabilities

The Group classifies all financial liabilities as measured subsequently at amortised cost, except for:

- financial liabilities measured at fair value through profit or loss;
- financial guarantee contracts;
- contingent consideration recognised in a business combination for which IFRS 3 Business Combinations is applied. Such contingent consideration is measured subsequently at fair value with changes recognised in profit or loss.

Financial liabilities of the Group measured at amortised cost mainly include borrowings and accounts payable.

Financial liabilities of the Group measured at fair value through profit or loss mainly include derivative financial instruments not recognised as hedging instruments. The Group does not choose to classify any financial liabilities as measured at fair value through profit or loss.

Borrowings

Borrowings are recognised initially at fair value of the proceeds which is determined using the prevailing market rate of interest for a similar instrument in case of significant difference from the interest rate of the borrowing, net of transaction costs incurred. In subsequent periods, borrowings are recognised

at amortised cost, using the effective interest method; the difference between the fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value. After initial recognition financial guarantee contracts

are measured at the higher of the allowance for expected credit losses and the amount initially recognised less total income recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

Financial guarantee contracts of the Group mainly include guarantees issued and independent guarantees provided.

5. Summary of Significant Accounting Policies (continued)

5.2.3 Derivative Financial Instruments

The Group uses a variety of derivative financial instruments, including forward and foreign currency, commodities and securities option contracts. The derivative financial instruments are recognised in the consolidated financial statements at fair value. A gain or a loss from a change in the fair value of the derivative financial instruments is recognised in profit or loss of the consolidated statement of comprehensive income in the period in which it occurred.

The fair value of the derivative financial instruments is determined using market information and valuation techniques based on prevailing market interest rates for similar financial instruments.

As part of its activities, the Group enters into contracts to buy / sell gas, electric power and other commodities at the European liquid trading platforms. This activity provides for a large number of buy / sell transactions completed within short

periods, which, coupled with the Group's transportation and storage capacities, aims to generate profit.

Some of these contracts can be settled net in accordance with IFRS 9 Financial Instruments, because a contract to buy / sell a commodity is settled within a short period for the purpose of generating profit from short-term fluctuations in price or dealer's margin. Such contracts are, therefore, concluded not for the purpose of the receipt or delivery of a non-financial asset in accordance with the Group's expected purchase, sale or usage requirements. Consequently, such contracts to buy or sell a non-financial item are regulated by IFRS 9 Financial Instruments and are recognised as derivative financial instruments at fair value, with changes in fair value recognised in "Loss (gain) on derivative financial instruments" within operating expenses of the consolidated statement of comprehensive income.

5.2.4 Hedge Accounting

For derivative financial instruments recognised as hedging instruments, the Group applies hedge accounting in accordance with the requirements of IFRS 9 Financial Instruments. The Group applies the cash flow hedge to manage variability in cash flows that results from fluctuations in foreign exchange rates attributable to highly probable forecast transactions.

A qualifying hedging instrument is designated in its entirety as a hedging instrument.

The effective portion of fair value changes of hedging instrument is recognised in other comprehensive income. Gain or loss related to the ineffective portion of changes in the fair value of the hedging instrument is immediately transferred to profit or loss.

The effective portion of hedging is reclassified from equity to profit or loss as a reclassification adjustment in the same

period during which the hedged expected future cash flows affect profit or loss. However, if full or a portion of that amount is not expected to be recovered in one or more future periods, the amount that is not expected to be recovered is immediately reclassified into profit or loss as a reclassification adjustment.

If the hedging instrument expires or is sold or the instrument no longer meets the criteria for hedge accounting, the cumulative gains and losses that have been recognised in equity remain in equity until the forecast transaction occurs. If the forecast transaction on hedging instrument is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in equity is immediately reclassified to profit or loss.

The fair value of the hedge instruments is determined at the end of each reporting period with reference to the value, which is typically determined by the credit institutions.

5.3 Fair Value

Fair value is a price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of accounts receivable in the consolidated financial statements is measured by discounting the value of future cash flows at the current market rate of interest used for similar instruments at the reporting date.

The fair value of financial liabilities and other financial instruments (except for publicly quoted) in the consolidated

financial statements is measured by discounting the future contractual cash flows at the current market interest rate available to the Group to make borrowings for similar financial instruments.

The fair value of publicly quoted financial instruments in the consolidated financial statements is measured based on quoted market closing prices at the date nearest to the reporting date.

5. Summary of Significant Accounting Policies (continued)

5.4 Value Added Tax

In the Russian Federation the value added tax ("VAT") is payable on the difference between output VAT on sales of goods (works, services) and recoverable input VAT charged by suppliers of goods (works, services). Starting from 1 January 2019 the VAT rate changed from 18% to 20%. The output VAT tax base is determined on the earliest of the following dates: either the date of the shipment of goods (works, services) or the date of payment or advance payment received for future supplies of goods (works, services). Input VAT is recovered when purchased goods (works, services) are accounted for and other necessary VAT recovery requirements provided by the tax legislation are met.

Export of goods and rendering certain services related to exported goods are subject to a 0% VAT rate upon the submission of confirmation documents required by the current

tax legislation to the tax authorities. Input VAT related to operations that are subject to a 0% VAT rate is recoverable. A limited list of goods, works and services are exempted from VAT. Input VAT related to supply of goods, works and services, which are non-taxable by VAT, generally is not recoverable and is included in the value of acquired goods, works and services.

Deductible VAT related to purchases of goods (works, services) (input VAT) and also VAT overpayments (recoverable VAT) are recognised in the consolidated balance sheet within current assets, while VAT payable to the state budget is disclosed separately as a current liability. VAT presented within other non-current assets relates to assets under construction and is expected to be recovered more than 12 months after the balance sheet date.

5.5 Mineral Extraction Tax

Mineral extraction tax ("MET") applied to the extraction of hydrocarbons, including natural fuel gas, gas condensate and oil, is accrued in proportion to the volume of extracted minerals.

In the Russian Federation, the MET rate formula for natural fuel gas and gas condensate has been used since 1 July 2014 instead of the fixed MET rate.

Since 1 January 2015 MET rate for natural fuel gas has been defined as the set of indicators:

- 1) the base rate of RUB 35 per thousand cubic meters of natural fuel gas;
- 2) the base value of a unit of fuel equivalent calculated based on various macroeconomic indicators, including oil and gas prices;
- 3) the coefficient representing the degree of difficulty of extracting natural fuel gas and (or) gas condensate from raw hydrocarbon fields;
- 4) the indicator representing the transportation costs of natural fuel gas.

The MET rate for gas condensate is defined as the set of indicators:

- 1) the base rate of RUB 42 per ton for extracted gas condensate;

- 2) the base value of a unit of fuel equivalent calculated taking into account various macroeconomic indicators, including oil and gas prices;
- 3) the coefficient representing the degree of difficulty of extracting natural fuel gas and (or) gas condensate from raw hydrocarbon deposits;
- 4) the adjustment coefficient.

A zero MET rate is applied to natural fuel gas and gas condensate extracted in a number of regions of the Russian Federation subject to the respective requirements of the tax law.

In the Russian Federation MET applied to extracted oil is calculated on a monthly basis by way of multiplying the volume of extracted mineral by the fixed tax rate (RUB 919 per ton from 2017) adjusted for a coefficient that takes into account dynamics of global oil prices, as well as the indicator which reflects specific aspects of oil extraction. A zero rate is also applied to oil extracted in a number of regions of the Russian Federation subject to the respective requirements of the tax law.

MET is also applied to the extraction of common mineral resources (also under a combined license).

MET is included in operating expenses.

5.6 Customs Duties

The export of hydrocarbons, including natural gas and crude oil, outside of the Customs union countries, which includes the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan, is subject to export customs duties. According to Resolution of the Government of the Russian Federation No.754 dated 30 August 2013 export of natural gas outside

the boundaries of the Customs union is subject to a fixed 30% export customs duty rate levied on the customs value of the exported natural gas.

Pertaining to the sales of oil and oil products to countries outside the Customs union according to Federal Law No.239-FZ dated 3 December 2012, starting from 1 April 2013

5. Summary of Significant Accounting Policies (continued)

under Resolution of the Government of the Russian Federation No.276 dated 29 March 2013 the export customs duty calculation methodology for crude oil and oil products was established based on which the Ministry of Economic

Development of the Russian Federation determines export customs duty rates for the following calendar month.
Sales are recognised net of the amount of customs duties.

5.7 Excise Tax

Effective from 1 January 2015, natural gas is subject to a 30% excise tax rate, if provided by international treaties of the Russian Federation. Thus, at the present moment excisable oil products include gasoline, motor oil, diesel fuel and natural gas, while oil and gas condensate do not apply to excisable goods.

Within the Group's activities, excise tax is imposed on the transfers of excisable refined oil products produced at the

Group's refineries from customer-supplied raw materials to the Group companies owning the raw materials. The Group considers the excise tax on refined oil products produced from customer-supplied raw materials as operating expenses. These taxes are not netted with sales of refined oil products presented in the consolidated statement of comprehensive income.

5.8 Inventories

Inventories are valued at the lower of net realisable value and cost. Cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs

and related production overheads but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses and production completion costs.

5.9 Property, Plant and Equipment

Property, plant and equipment are carried at historical cost of acquisition or construction after deduction of accumulated depreciation and accumulated impairment. Gas and oil exploration and production activities are accounted for in accordance with the successful efforts method ("successful exploratory wells"). Under the successful efforts method, costs of successful development and exploratory wells are capitalised. Costs of unsuccessful exploratory wells are expensed as they are recognised unproductive. Other exploration costs are expensed as incurred. Exploration costs are classified as research and development expenses within operating expenses.

Major renewals and improvements are capitalised. Maintenance, repairs and minor renewals are expensed as incurred. Minor renewals include all expenditures that do not result in a technical enhancement of the asset beyond its original capability. Gain or loss arising from the disposal of property, plant and equipment is included within the profit or loss in the consolidated statement of comprehensive income as incurred.

Property, plant and equipment include the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs are capitalised as part of the cost of assets under construction during the period of time that is required to construct and prepare the asset for its intended use. To the extent that funds are borrowed for general purposes and used for obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by the Group by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Foreign exchange rate differences to the extent that they are regarded as an adjustment of interest costs are included in the borrowing costs eligible for capitalisation.

Depreciation of acquired production licenses is calculated using the units-of-production method for each field based upon proved reserves. Oil and gas reserves for this purpose are generally determined in accordance with the guidelines set by Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers, the World Petroleum Congress, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers, and were estimated by independent engineers.

5. Summary of Significant Accounting Policies (continued)

Depreciation of property, plant and equipment (other than production licenses) is calculated using the straight-line method over their estimated remaining useful lives, as follows:

	Years
Pipelines	25-34
Wells	7-40
Machinery and equipment	10-18
Buildings	30-40
Roads	20-40
Social assets	10-40

Depreciation on wells has been calculated on cost using the straight line method rather than on the unit-of-production method, as it is the more generally accepted international industry practice. The difference between straight line and units-of-production methods is not material for these consolidated financial statements. Assets under construction are not depreciated until they are placed in service.

The return to a governmental authority of state social assets (such as rest houses, housing, schools and medical facilities) retained by the Group at privatisation is recorded in the consolidated financial statements only upon the termination of responsibilities of operational management of such assets.

The Group does not possess ownership rights for the assets, but records them on its consolidated balance sheet up to the return to a governmental authority because the Group controls the future benefits which are expected to flow from the use of the assets and bears all associated operational and custody risks. Disposals of these assets are considered to be shareholders transactions because they represent a return of assets for the benefit of governmental authorities, as contemplated in the original privatisation arrangements. Consequently, such disposals are accounted for as a reduction directly in equity.

5.10 Impairment of Non-Financial Assets

At each balance sheet date, management assesses whether there is any indication that the recoverable value of the assets has declined below the carrying value. When such a decline is identified, the carrying amount is reduced to the estimated recoverable amount which is the higher of fair value less costs to sell and value in use. Individual assets are grouped for impairment assessment purposes into the cash-generating units at the lowest level of group of assets generating identifiable cash inflows that are largely independent of the cash inflows of other groups of assets.

Goodwill acquired in a business combination is assessed for the recoverability of its carrying value annually irrespective of whether there are any indications that impairment exists at the

balance sheet date. Goodwill is allocated to cash-generating unit. In assessing whether goodwill has been impaired, the carrying amount of the cash-generating unit, including goodwill, is compared with its recoverable amount.

The amount of the reduction of the recoverable amount of assets below the carrying value is recorded within the profit or loss of the consolidated statement of comprehensive income in the period in which the reduction is identified. Impairment allowances, except for those relating to goodwill, are reversed with recognition of respective gain as applicable to the extent that the events or circumstances that triggered the original impairment have changed. Impairment losses recognised for goodwill are not reversed in subsequent reporting periods.

5.11 Deferred Tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet method. Deferred tax assets and liabilities are recorded in the consolidated financial statements for all temporary differences arising between the tax basis of assets and liabilities and their carrying value included in the consolidated

financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised or to the extent that the assets can be set off against existing deferred tax liabilities. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period

5. Summary of Significant Accounting Policies (continued)

when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or enactment of which in the foreseeable future was reliably known as of the reporting date.

Deferred tax liabilities are recognised for all temporary differences associated with investments in subsidiaries and associates, as well as joint arrangements, except when it is possible to control the timing of the decrease in the temporary

differences and when it is probable that the temporary differences will not decrease in the foreseeable future.

Deferred tax assets are recognised for all temporary differences associated with investments in subsidiaries and associates, as well as joint arrangements, to the extent that it is probable that the temporary difference will be reduced in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

5.12 Foreign Currency Transactions

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in the Russian Rubles, which are the presentation currency of the Group's consolidated financial statements.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official foreign exchange rates at the reporting date. Foreign currency transactions are accounted for at the foreign exchange rate prevailing at the date of the transaction. Gain or loss resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies into functional currency at the reporting date is recognised as foreign exchange gain or

loss within the profit or loss of the consolidated statement of comprehensive income.

The balance sheets of foreign subsidiaries, associates and joint arrangements are translated into the Russian Rubles at the official foreign exchange rates at the reporting date. Statements of comprehensive income of these entities are translated at average foreign exchange rates for quarter. Foreign exchange rate differences arising on the translation of the net assets of foreign subsidiaries, associates and joint arrangements are recognised as translation differences and recorded directly in equity.

There are currency control rules relating to conversion of the Russian Rubles into other currencies. The Russian Ruble is not freely convertible currency in most countries outside of the Russian Federation.

5.13 Provisions

Provisions, including the provision for post-employment benefits and the provision for decommissioning and site restoration costs, are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the monetary

value of the obligation. As obligations are determined, they are recognised immediately based on the present value of the expected future cash flows required to settle the obligations. Costs of dismantling the property, plant and equipment and site restoration are capitalised as property, plant and equipment.

5.14 Equity

Treasury Shares

The cost of acquisition of the shares of PJSC Gazprom by the Group's entities, including any attributable transaction costs is deducted from total equity until they are re-sold. When such shares are subsequently sold, any consideration received net of profit tax is included in equity. Treasury shares are

recorded at weighted average cost. Gain (loss) arising from treasury shares transactions is recognised in the consolidated statement of changes in equity, net of associated costs including tax payments.

5. Summary of Significant Accounting Policies (continued)

Dividends

Dividends are recognised as liabilities and deducted from equity in the period when they are recommended by the

Board of Directors and approved at the General Meeting of Shareholders.

Perpetual notes

Russian Ruble perpetual callable notes and foreign currency perpetual callable loan participation notes issued by the Group are reported as an equity instrument within equity provided that the notes have no stated maturity and the Group, acting in its sole discretion, may, at any time and on any number of occasions, decide to postpone interest payments or decide to refuse to pay interest. The par value of foreign currency perpetual notes is recognised in the consolidated statement of changes in equity at the official exchange rate as at the date of initial recognition.

The issuer may decide to postpone interest payments on the foreign currency perpetual callable loan participation notes. To reflect the best estimate of the rights of perpetual notes holders and a potential cash outflow, the Group accrues interest in the consolidated statement of changes in equity by decreasing the retained earnings and other reserves item and increasing the perpetual notes item at the interest rate effective for the current interest period until an interest payment liability arises. Interest on foreign currency perpetual callable loan participation notes is accrued in the consolidated statement of changes in equity at the official exchange rate as at the date of initial recognition. A liability to pay interest on foreign currency perpetual callable loan participation notes is recognised in the consolidated balance sheet at the official exchange rate as at the date when an interest payment obligation arises.

To reflect the best estimate of the rights of foreign currency perpetual callable loan participation notes holders and a potential cash outflow, the par value of foreign currency perpetual notes and interest recognised in equity are translated into Russian Rubles as at the reporting date and as at the date of their transfer to liabilities at the official exchange rate. Gain or loss from translating the par value of foreign currency perpetual notes and interest into Russian Rubles is reported within perpetual notes and retained earnings and other reserves in the consolidated statement of changes in equity.

The issuer may decide to refuse to pay interest on the Russian Ruble perpetual callable notes. The Group accrues interest in the consolidated statement of changes in equity by decreasing the retained earnings and other reserves item as at the date when an interest payment obligation arises.

Costs associated with the issuance of perpetual notes and the tax effect of transactions related to perpetual notes and recognised in equity (except for the tax effect of transactions related to interest) are reported within retained earnings and other reserves in the consolidated statement of changes in equity. The tax effect of interest accrual is reported within profit or loss in the consolidated statement of comprehensive income, as defined by IAS 12 Income Taxes.

5.15 Revenue Recognition

Revenue from contracts with customers is measured at the fair value of the consideration received or receivable. Revenue is recognised when (or as) the entity satisfies a performance obligation by transfer of the promised good or service (i.e. the asset) to the customer. The asset is transferred when (or as) the customer obtains control over such an asset. The moment of control transfer varies depending on the terms of the contract with customer.

Sales of gas, refined products, crude oil and gas condensate and electric and heat energy are recognised for financial reporting purposes when products are delivered to customers and the title passes and are stated in the consolidated financial statements net of VAT and other similar

compulsory payments. Gas transportation sales are recognised when gas transportation services are provided, as evidenced by delivery of gas in accordance with the contract.

Prices of natural gas and tariffs for transportation of gas to final consumers in the Russian Federation are regulated by the Federal Antimonopoly Service ("FAS"). Prices for gas sold to European countries are mainly calculated by formulas based on the number of oil product prices, in accordance with the terms of long-term contracts. Prices for gas exported to countries of the former Soviet Union are defined in various ways, including using formulas similar to those used in contracts with European customers.

5. Summary of Significant Accounting Policies (continued)

Net Gain (Loss) From Trading Activity

Contracts to buy or sell commodities at the European liquid trading platforms, where gas, electric power and other commodities are traded, entered into at the European liquid trading platforms for the purpose of generating profit from short-term fluctuations in price rather than out of the Group's expected purchase, sale or usage requirements

are recognised at fair value. These contracts are considered as derivative financial instruments and regulated by IFRS 9 Financial Instruments. Income and expenses which arise at the moment of contract fulfilment are recognised on a net basis in profit or loss in the line "Net gain (loss) from trading activity" of the consolidated statement of comprehensive income.

5.16 Interest

Interest income and expense are recognised in profit or loss of the consolidated statement of comprehensive income for all interest-bearing financial instruments on an accrual basis using the effective interest method. Interest income includes nominal interest and accrued discount and premiums. If the collection

of loans issued becomes doubtful, they are written down to their recoverable amounts (using the original effective rate) and interest income is thereafter recognised based on the same effective rate of interest.

5.17 Research and Development

Research expenditures are recognised as operating expenses as incurred. Development expenditures are recognised as intangible assets (within other non-current assets) if only future economic benefits are expected to flow from such expenditures. Other development expenditures are recognised

as operating expenses as incurred. However, development expenditures previously recognised as expenses are not capitalised in subsequent periods, even if the asset recognition criteria are subsequently met.

5.18 Employee Benefits

Pension and Other Post-Employment Benefits

The Group applies pension and other post-employment benefits system, which is recorded as defined benefit plan in the consolidated financial statements under IAS 19 Employee Benefits. Pension benefits are provided to the majority of the Group's employees. The costs of providing pension benefits are recognised using the projected unit credit method. The costs of providing pension benefits are accrued and recognised in operating expenses in the consolidated statement of comprehensive income within staff costs with the simultaneous recognition of a provision for post-employment benefits to allocate regular expenses over the service lives of employees.

The provision for post-employment benefits is measured at the present value of the projected cash outflows using interest rates applied to government securities, which have the term to maturity approximately corresponding to the term of maturity of the related provision.

Actuarial gains and losses on pension plan assets and liabilities arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur (see Note 25).

Past service cost is recognised immediately in profit or loss in the consolidated statement of comprehensive income when it occurs for the period of a pension plan amendment.

Interest income or expense on the net liability (asset) of the plan and liability for other post-employment benefits is recognized on a net basis as finance income or expense in profit or loss of the consolidated statement of comprehensive income.

Plan assets are measured at fair value and subject to certain limitations (see Note 25). Fair value of pension plan assets is based on market quotes. When no pension plan assets' market price is available, the fair value of assets is estimated by different valuation techniques, including the use of discounted expected cash flows calculated using a discount rate that reflects both the risk associated with the pension plan assets and maturity or expected disposal date of these assets.

In the normal course of business the Group pays contributions to the Pension Fund of the Russian Federation on behalf of its employees. Mandatory contributions to the state pension fund, which are recorded as a defined contribution

5. Summary of Significant Accounting Policies (continued)

plan, are recognised within staff costs in operating expenses in the consolidated statement of comprehensive income as incurred. The costs of providing other discretionary pension benefits (including constructive obligations) are accrued and

recognised in profit or loss in the consolidated statement of comprehensive income to allocate regular expenses over the average remaining service lives of employees.

Social Expenses

The Group incurs expenses for the social needs of employees, in particular, related to the provision of medical services and maintenance of social infrastructure facilities. These amounts represent inherent costs associated with the employment

of production personnel and, accordingly, are charged to operating expenses in the consolidated statement of comprehensive income.

5.19 Lease Contracts

At inception of a contract the Group estimates whether the contract contains a lease. A contract contains a lease if it contains enforceable rights and obligations under which the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the commencement date – the date when the asset is available for use by the lessee.

Liabilities arising from a lease are initially measured at the present value of the lease payments that are not paid at that date. Lease liabilities include the value of the following payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- penalties for early terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group applies a practical expedient to the contracts with fixed payments which include a service component and accounts for each lease component and associated non-lease components as a single lease component for all the classes of underlying assets except for vessels. The Group recognises a service component for vessel lease contracts as current period expenses if the share of such non-lease payments can be reliably determined.

The lease payments are discounted using interest rate implicit in the lease, if that rate can be readily determined, and, if not - the Group's incremental borrowing rate being the rate that as of the commencement date the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs;
- an estimate of costs of dismantling and removing the underlying asset, restoring the site on which it is located or the underlying asset.

The Group does not recognise a right-of-use asset and a lease liability for short-term leases, the term of which does not exceed 12 months taking into account the probability of exercising the option to extend the lease (if available), and for leased assets of low value.

A right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of a right-of-use asset is determined on the same basis as of the fixed asset. In addition, the value of a right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Application of Amendments to Standards

The following amendments to current standards became effective beginning on or after 1 January 2021:

- The amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16

Leases – Interest Rate Benchmark Reform – Phase 2 (issued in August 2020 and effective for annual reporting periods beginning on or after 1 January 2021). The amendments provide temporary reliefs, which address the financial reporting effects when an interbank offered

5. Summary of Significant Accounting Policies (continued)

- rate (IBOR) is replaced with an alternative nearly risk-free interest rate. The amendments include the following:
- a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
 - permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
 - provide temporary relief to entities from having to meet the separately identifiable requirement when a risk-free interest rate instrument is designated at the discretion of the entity as a risk component within the hedging relationship.
- The amendments to IFRS 16 Leases (issued in March 2021 and effective for annual reporting periods beginning on or after 1 April 2021). The amendments extend the previously effective COVID-19 related rent concessions, which were issued in May 2020 and were effective for annual reporting periods beginning on or after 1 June 2020, and permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendments do not affect lessors.
- The Group reviewed these amendments to standards while preparing the consolidated financial statements. The amendments to standards have no significant impact on the Group's consolidated financial statements.

Standard and Amendments to Existing Standards That Are Not yet Effective and Have Not Been Early Adopted by the Group

- New standard and certain amendments to standards are mandatory for the annual periods beginning on or after 1 January 2022. In particular, the Group has not early adopted the following amendments to standards:
- IFRS 17 Insurance contracts (issued in May 2017 and amended in June 2020 and in December 2021, effective for annual reporting periods beginning on or after 1 January 2023) replaces IFRS 4 Insurance Contracts and establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures.
 - The amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify the criteria for classifying obligations as short-term or long-term.
 - The amendments to IFRS 9 Financial Instruments (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments clarify which fees should be included when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
 - The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments specify which costs are included in determining the cost of fulfilling a contract for assessing whether the contract is onerous.
 - The amendments to IAS 16 Property, Plant and Equipment (issued in May 2020 and effective for annual reporting periods beginning on or after 1 January 2022). The amendments prohibit deducting from the cost of property, plant and equipment amounts received from selling items produced while the asset is preparing for its intended use. Instead, such sales proceeds and related cost are recognised in profit or loss.
 - The amendments to IAS 1 Presentation of Financial Statements (issued in February 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify how the concept of materiality could be applied in making decisions about the disclosure of accounting policies.
 - The amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (issued in February 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify how distinguish changes in accounting estimates from changes in accounting policies.
 - The amendments to IAS 12 Income Taxes (issued in May 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify that the recognition exemption does not apply to transactions in which equal deductible and taxable temporary differences arise on initial recognition. The Group is currently assessing the impact of these amendments on its financial position and performance.

6. Critical Judgements and Estimates in Applying Accounting Policies

- The preparation of consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities as well as information in notes to the consolidated financial statements.

6. Critical Judgements and Estimates in Applying Accounting Policies (continued)

Management also makes certain judgements in the process of applying the accounting policies. These estimates and judgements are continually analysed based on historical experience and other information, including forecasts and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from specified estimates, and management's estimates can be revised in the future, either negatively or positively, depending

upon the outcome of changes in expectations based on the facts surrounding each estimate.

Judgements that may have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause significant adjustments to the carrying amount of assets and liabilities within the next financial year are reported below.

6.1 Consolidation of Subsidiaries

Management's judgements are involved in the assessment of control and the method of accounting of various investments in subsidiaries in the Group's consolidated financial statements

taking into account voting rights and contractual arrangements with other owners.

6.2 Tax Legislation

Tax, currency and customs legislation of the Russian Federation is subject to varying interpretations (see Note 39). Profit tax liabilities are determined by management in accordance with the current tax legislation. Liabilities for

penalties, fines and taxes other than profit tax are recognised based on management's best estimate of the expenditure required to settle tax obligations at the balance sheet date.

6.3 Assumptions to Determine Amount of Allowances

Loss Allowance for Expected Credit Losses of Accounts Receivable

An allowance for expected credit losses of accounts receivable is based on the Group's management's assessment of expected credit losses for the accounts receivable lifetime. Credit losses are the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective

interest rate. If there is deterioration in any major customer's creditworthiness or actual losses as a result of defaults by debtors are higher or lower than the estimates, the actual results could differ from these estimates. The accruals (and reversals) of allowance for expected credit losses of accounts receivable may be material (see Notes 10, 17).

Impairment of Property, Plant and Equipment, Right-of-Use Assets and Goodwill

The estimation of forecasted cash flows for the purposes of impairment testing involves the application of a number of significant judgements and estimates in relation to certain variables as volumes of production and extraction, prices on natural gas, oil and refined products, electrical power, operating costs, capital expenditures, hydrocarbon reserves estimates, and also macroeconomic factors such as inflation and discount rates.

In addition, assumptions are applied in determining the cash-generating units assessed for impairment. For the purposes of goodwill impairment test, management considers gas production, transportation and distribution activities as part

of single gas cash-generating unit and assesses associated goodwill at this level. The Group's pipelines constitute a unified gas supply system, providing gas supply to customers in the Russian Federation, Former Soviet Union countries and Europe. The interaction of production of gas, transportation and distribution of gas activities provides the basis for capturing the benefits from synergies.

The value in use of assets or cash-generating units related to oil and gas production are based on their expected production volumes, which include both proved and explored reserves as well as certain volumes of those that are expected to constitute proved and probable reserves in the future.

6. Critical Judgements and Estimates in Applying Accounting Policies (continued)

Change in impairment allowance of property, plant and equipment, right-of-use assets and goodwill is disclosed in Notes 13, 14, 15 and 30.

Accounting for Impairment

Accounting for impairment includes allowances against assets under construction, other non-current assets and inventory obsolescence. Because of the Group's production cycle, the year end carrying values are assessed in light of forward looking plans prepared on or around the reporting date.

Because of the Group's production cycle, some important decisions about capital construction projects are taken at the end of the fiscal year. Accordingly, the Group usually has larger impairment charges or releases in the fourth quarter of the reporting year as compared to other quarters.

6.4 Decommissioning and Site Restoration Costs

Decommissioning and site restoration costs that may occur at the end of the operating life of certain Group's production facilities are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The cost is depreciated through profit or loss of the consolidated statement of comprehensive income on a straight-line basis over the asset's productive life.

Changes in the measurement of decommissioning and site restoration provision that result from changes in the estimated

timing or amount of cash outflows, or from changes in the discount rate adjust the cost of the related asset in the current period. IFRSs prescribe the recording of provisions for these costs. Estimating the amounts and timing of those obligations that should be recorded requires significant judgement. This judgement is based on cost and engineering studies using currently available technology and is based on current environmental regulations. Provisions for decommissioning and site restoration are subject to change because of change in laws and regulations, and their interpretation.

6.5 Useful Lives of Property, Plant and Equipment

The estimation of the useful life of an item of property, plant and equipment is a matter of management judgement based upon experience with similar assets. In determining the useful life of an asset, management considers such factors as production and reserve estimates, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates.

Were the estimated useful lives to decrease by 10% or increase by 10% from Group's management estimates,

the impact on depreciation would be an increase by RUB 79,268 million or a decrease for the year ended 31 December 2021 (2020: by RUB 76,183 million).

Based on the terms included in the licenses and past experience, management believes that hydrocarbon production licenses, which are expected to be productive after their current expiration dates, will be extended at insignificant additional costs. Because of the anticipated license extensions, the assets are depreciated over their useful lives beyond the end of the current license term.

6.6 Fair Value Estimation of Financial Instruments

Determination of the fair value of contracts for the purchase (sale) of energy carriers, commodity futures and swaps is based on market data received on measurement date (Level 1 in accordance with the fair value hierarchy). Customary valuation models are used to value financial instruments which are not traded in active market. The fair value is calculated based on inputs that are observable either

directly or indirectly (Level 2 in accordance with the fair value hierarchy).

Contracts not based on observable market data belong to Level 3 in accordance with the fair value hierarchy. Management's best estimates based on models internally developed by the Group are used for the valuation of fair value these instruments. Where the valuation technique employed

6. Critical Judgements and Estimates in Applying Accounting Policies (continued)

incorporates significant volume of input data for which market information is not available, such as long-term price

assumptions, contracts have been categorised as Level 3 in accordance with the fair value hierarchy (see Note 41).

6.7 Fair Value Estimation for Acquisitions

In accounting for business combinations, the purchase price paid to acquire a business is allocated to its assets and liabilities based on the estimated fair value of the assets acquired and liabilities received as of the date of acquisition. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired is recorded as goodwill. A significant amount of judgement is involved

in estimating the individual fair value of property, plant and equipment and identifiable intangible assets.

The estimates used in determining fair value are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ from the projected results used to determine fair value.

6.8 Accounting for Pension Plan Assets and Liabilities

Pension plan liabilities are estimated using actuarial techniques and assumptions (see Note 25). Actual results may differ from the estimates, and the Group's estimates may be adjusted in the future based on changes in economic and financial conditions. In addition, certain pension plan assets related to JSC NPF GAZFOND are recorded at fair value, determined using estimation techniques. Management makes judgements with respect to the selected models, the amount of cash flows and their distribution over time, as well as other indicators

including discount rate. The recognition of pension plan assets is limited to the estimated present value of future benefits available to the Group in relation to this plan. The value of future benefits is determined using actuarial techniques and assumptions. The impact of the limitation of the net pension plan asset in accordance with IAS 19 Employee Benefits is disclosed in Note 25. The value of pension plan assets and the limitations may be adjusted in the future.

6.9 Joint Arrangements

Upon adopting of IFRS 11 Joint Arrangements the Group applied judgement whether its joint arrangements represent a joint operation or a joint venture. The Group determined the type of joint arrangement based on its rights and obligations arising from the arrangement including the assessment of the structure and legal form of the arrangement, the decision making terms agreed by the parties in the contractual arrangement and, when relevant, other factors and

circumstances. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures, except for its investments in Blue Stream Pipeline Company B.V., Moravia Gas Storage a.s., Podzemno skladiste gasa Banatski Dvor d.o.o., Salym Petroleum Development N.V. and its subsidiaries, Erdgasspeicher Peissen GmbH, LLC Yuzhno-Priobskij GPZ, which were determined to be joint operations.

6.10 Accounting for Lease Liabilities and Right-of-use Assets

When measuring the present value of lease payments, the Group applies professional judgement to determine the incremental borrowing rate if the discount rate is not implicit in the lease. When determining the incremental borrowing rate, the Group management analyses borrowings over a similar term in a similar period. If there are no borrowings with similar characteristics the discount rate is determined on the basis of the risk-free rate, adjusted for the credit risk of the Group determined on the basis of its quoted bonds.

Assessment of the non-cancellable period is subject to management judgement, which takes into account all relevant facts and circumstances that create an economic incentive for the Group to exercise or not to exercise an option to extend the lease. These facts and circumstances include the need to extend the lease to continue operations, the period of construction and exploitation of assets on leased lands, useful lives of leased assets, potential dismantling and relocation costs.

7. Segment Information

The Group operates as a vertically integrated business with substantially all external gas sales generated by the Distribution of gas segment.

The Board of Directors, the Chairman of the Management Committee and the Management Committee of PJSC Gazprom (the "Governing bodies") make key decisions managing the Group's activity, assess operating results and allocate resources using different internal financial information.

Based on that information the following reportable segments were determined:

- Production of gas – exploration and production of gas;
- Transportation of gas – transportation of gas within the Russian Federation and abroad;
- Distribution of gas – sales of gas within the Russian Federation and abroad;
- Gas storage – storage of extracted and purchased gas in underground gas storages;
- Production of crude oil and gas condensate – exploration and production of crude oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of crude oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales.

Other activities' results have been included within All other segments.

The inter-segment sales mainly consist of the following operations:

- Production of gas – sales of gas to the Distribution of gas and Refining segments;

- Transportation of gas – rendering gas transportation services to the Distribution of gas segment;
- Distribution of gas – sales of gas to the Transportation of gas segment for operating needs and to the Electric and heat energy generation and sales segment;
- Gas storage – provision of gas storage services to the Distribution of gas segment;
- Production of crude oil and gas condensate – sales of crude oil and gas condensate to the Refining segment for further processing;
- Refining – sales of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for Production of gas, Transportation of gas and Gas storage segments, are established by the management of the Group with the objective to meet funding requirements of particular subsidiaries within a segment.

The Governing bodies of the Group assess the performance, assets and liabilities of the reportable segments on the basis of the internal financial information. The effects of certain significant transactions and events, such as business acquisitions, and the effects of some adjustments that may be considered necessary to reconcile the internal financial information of the Group to the corresponding data presented in the consolidated financial statements are reviewed by the Governing bodies on a central basis and not allocated to the reportable segments. Finance income and expenses are not allocated to the reportable segments.

	Production of gas	Transportation of gas	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Year ended 31 December 2021									
Sales of segments	1,026,342	1,283,089	5,998,903	61,919	1,916,644	2,615,367	595,478	310,154	13,807,896
Inter-segment sales	1,002,601	1,058,559	366,611	56,284	1,034,496	20,183	–	–	3,538,734
External sales	23,741	224,530	5,632,292	5,635	882,148	2,595,184	595,478	310,154	10,269,162
Financial result of segments	(17,758)	153,752	1,641,309	5,180	566,408	88,220	(39,397)	186,070	2,583,784
Depreciation	209,657	466,948	23,027	30,502	167,562	74,565	70,176	46,317	1,088,754
Share of profit of associates and joint ventures	13,461	36,069	3,479	–	171,870	8,179	105	9,033	242,196
Year ended 31 December 2020									
Sales of segments	819,835	1,198,421	3,294,644	60,738	1,066,558	1,818,987	499,469	322,865	9,081,517
Inter-segment sales	797,229	974,597	267,911	55,168	579,209	20,591	–	–	2,694,705
External sales	22,606	223,824	3,026,733	5,570	487,349	1,798,396	499,469	322,865	6,386,812
Financial result of segments	32,125	153,237	(292,445)	7,610	281,356	(128,398)	54,831	(31,985)	76,331

7. Segment Information (continued)

	Production of gas	Transportation of gas	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Depreciation	207,856	464,330	20,085	28,133	167,037	61,534	64,874	48,703	1,062,552
Share of profit of associates and joint ventures	3,274	32,510	1,188	–	71,609	2,588	84	25,483	136,736

Sales of Production of gas and Distribution of gas segments compose gas sales, sales of Gas storage segment are included in other sales.

The reconciliation of reportable segments' financial result to profit before profit tax in the consolidated statement of comprehensive income is provided below.

Notes	Year ended 31 December	
	2021	2020
Financial result of reportable segments	2,397,714	108,316
Financial result of other segments	186,070	(31,985)
Total financial result of segments	2,583,784	76,331
Difference in depreciation ¹	260,727	264,116
Income (expenses) for post-employment benefits	20,557	(8,743)
31 Net finance income (expenses)	116,057	(618,118)
16 Share of profit of associates and joint ventures	242,196	136,736
30 Gain (loss) on derivative financial instruments	53,905	(16,735)
Other	(507,712)	299,882
Total profit before profit tax in the consolidated statement of comprehensive income	2,769,514	133,469

¹ The difference in depreciation mainly relates to adjustments of property, plant and equipment under Russian statutory accounting to comply with IFRS, such as reversal of revaluation of property, plant and equipment recorded under Russian statutory accounting or adjustments related to operating of the Group in hyperinflation which are not recorded in accounting reports under Russian statutory accounting.

The reconciliation of reportable segments' external sales to sales in the consolidated statement of comprehensive income is provided below.

	Year ended 31 December	
	2021	2020
External sales of reportable segments	9,959,008	6,063,947
External sales of other segments	310,154	322,865
Total external sales of segments	10,269,162	6,386,812
Differences in external sales ¹	(27,809)	(65,253)
Total sales in the consolidated statement of comprehensive income	10,241,353	6,321,559

¹ The differences in external sales relate to adjustments of external sales under Russian statutory accounting to comply with IFRS, such as elimination of sales of materials to contractors and other adjustments.

Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associates and joint ventures and inventories. Cash and cash equivalents, VAT recoverable, goodwill, financial assets

and other current and non-current assets are not allocated to the segments and managed on a central basis.

The Group's assets are primarily located in the Russian Federation. Information on non-current assets by

7. Segment Information (continued)

geographic regions is not disclosed due to the fact that the carrying value of non-current assets located outside the Russian Federation is insignificant.

	Production of gas	Transportation of gas	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
As of 31 December 2021									
Assets of segments	3,435,941	8,335,842	2,772,261	386,196	3,516,673	2,893,077	934,051	1,932,873	24,206,914
Investments in associates and joint ventures	23,414	228,422	36,365	2	659,460	24,317	1,371	448,957	1,422,308
Capital expenditures ¹	490,984	486,659	50,767	12,533	325,282	368,336	93,844	109,206	1,937,611
As of 31 December 2020									
Assets of segments	2,992,642	7,233,415	1,848,312	355,297	3,267,110	2,823,335	892,261	1,960,300	21,372,672
Investments in associates and joint ventures	15,628	230,553	42,274	2	602,659	32,008	1,328	402,789	1,327,241
Capital expenditures ²	352,986	251,591	17,873	26,391	309,793	396,637	82,229	56,685	1,494,185

¹ Capital expenditures for the year ended 31 December 2021.

² Capital expenditures for the year ended 31 December 2020.

The reconciliation of reportable segments' assets to total assets in the consolidated balance sheet is provided below.

Notes	31 December	
	2021	2020
Assets of reportable segments	22,274,041	19,412,372
Assets of other segments	1,932,873	1,960,300
Total assets of segments	24,206,914	21,372,672
Difference in property, plant and equipment, net ¹	(1,981,587)	(996,982)
13 Borrowing costs capitalised	1,122,337	1,021,764
8 Cash and cash equivalents	2,013,923	1,034,919
9 Short-term financial assets	26,237	29,892
VAT recoverable	105,425	134,555
12 Other current assets	1,049,424	301,005
14 Right-of-use assets	82,027	63,311
15 Goodwill	120,768	119,854
18 Long-term financial assets	599,747	421,869
12 Other non-current assets	561,287	421,667
Inter-segment assets	(1,022,928)	(948,190)
Other	163,656	375,849
Total assets in the consolidated balance sheet	27,047,230	23,352,185

¹ The difference in property, plant and equipment relates to adjustments of property, plant and equipment under Russian statutory accounting to comply with IFRS, such as reversal of revaluation of property, plant and equipment recorded under Russian statutory accounting or adjustments related to operating of the Group in hyperinflation which are not recorded in accounting reports under Russian statutory accounting.

7. Segment Information (continued)

Liabilities of segments mainly comprise accounts payable arising in the course of operating activities. Current profit tax payable, deferred tax liabilities, long-term provisions (except for provision for decommissioning and site restoration), long-

term and short-term borrowings, including current portion of long-term borrowings, long-term and short-term promissory notes payable and other non-current liabilities are not allocated to the reportable segments and managed on a central basis.

	31 December	
	2021	2020
Distribution of gas	1,415,868	791,817
Refining	848,081	754,088
Production of crude oil and gas condensate	406,075	441,058
Production of gas	335,943	334,499
Transportation of gas	311,021	256,853
Electric and heat energy generation and sales	115,551	124,102
Gas storage	31,868	34,093
All other segments	383,217	353,228
Total liabilities of segments	3,847,624	3,089,738

The reconciliation of reportable segments' liabilities to total liabilities in the consolidated balance sheet is provided below.

Notes	31 December	
	2021	2020
Liabilities of reportable segments	3,464,407	2,736,510
Liabilities of other segments	383,217	353,228
Total liabilities of segments	3,847,624	3,089,738
Short-term lease liabilities	26,150	17,567
Current profit tax payable	112,705	14,402
21 Short-term borrowings, promissory notes and current portion of long-term borrowings	697,046	693,534
22 Long-term borrowings, promissory notes	4,186,656	4,214,080
25 Long-term provisions (except for provision for decommissioning and site restoration)	328,557	348,140
23 Deferred tax liabilities	875,099	667,724
Long-term lease liabilities	63,293	48,647
Other non-current liabilities	287,458	138,864
Dividends	12,492	5,625
Inter-segment liabilities	(1,022,928)	(948,190)
Other	766,499	257,322
Total liabilities in the consolidated balance sheet	10,180,651	8,547,453

8. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks, term deposits with the original maturity of three months or less and other cash equivalents.

8. Cash and Cash Equivalents (continued)

	31 December	
	2021	2020
Cash on hand and bank balances payable on demand	1,642,711	735,334
Term deposits with original maturity of three months or less and other cash equivalents	371,212	299,585
Total cash and cash equivalents	2,013,923	1,034,919

The fair value of cash and cash equivalents approximates their carrying value.

Analysis of credit quality of banks at which the Group holds cash and cash equivalents by external credit ratings is provided

in the table below. The ratings are conditionally shown under Standard & Poor's classification.

	31 December	
	2021	2020
Cash on hand	688	568
External credit investment rating	1,660,084	957,677
External credit non-investment rating	187,739	62,469
No external credit rating	165,412	14,205
Total cash and cash equivalents	2,013,923	1,034,919

The sovereign credit rating of the Russian Federation published by Standard & Poor's is BBB- with a stable outlook as of 31 December 2021 and 31 December 2020.

9. Short-Term Financial Assets

	31 December	
	2021	2020
Financial assets measured at fair value with changes recognised through profit or loss:	25,011	29,758
Bonds	23,706	29,517
Equity securities	1,305	241
Financial assets measured at fair value with changes recognised through other comprehensive income:	1,092	1
Equity securities	1,092	–
Promissory notes	–	1
Financial assets measured at amortised cost:	134	133
Promissory notes	134	133
Total short-term financial assets	26,237	29,892

Analysis of credit quality of short-term financial assets (excluding equity securities) is presented in the table below with reference to external credit ratings of related

counterparties or financial instruments. The ratings are conditionally shown under Standard & Poor's classification.

9. Short-Term Financial Assets(continued)

	31 December	
	2021	2020
Investment rating	24,639	24,904
Non-investment rating	159	2,099
No external credit rating	134	2,648
	24,932	29,651

10. Accounts Receivable and Prepayments

	31 December	
	2021	2020
Financial assets		
Trade accounts receivable	1,609,728	871,814
Other accounts receivable	109,970	192,159
Loans receivable	98,925	158,543
	1,818,623	1,222,516
Non-financial assets		
Advances paid and prepayments	191,328	79,613
Total accounts receivable and prepayments	2,009,951	1,302,129

The estimated fair value of short-term accounts receivable approximates their carrying value.

Trade accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 1,024,873 million and RUB 975,910 million as of 31 December 2021 and 31 December 2020, respectively.

Loans receivable are presented net of allowance for expected credit losses in the amount of RUB 15,748 million and RUB 21,068 million as of 31 December 2021 and 31 December 2020, respectively.

Other accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 35,010 million and RUB 35,727 million as of 31 December 2021 and 31 December 2020, respectively.

Advances paid and prepayments are presented net of impairment allowance in the amount of RUB 6,749 million and RUB 6,029 million as of 31 December 2021 and 31 December 2020, respectively.

Other accounts receivable include rights of claim arising from promissory notes of Gazprombank (Joint Stock Company) in the amount of RUB 4,889 million and RUB 31,639 million as of 31 December 2021 and 31 December 2020, respectively. These rights of claim and promissory notes were pledged to secure the repayment of loan funds provided to JSC Gazstroyrom.

Other accounts receivable are mainly represented by accounts receivable from Russian customers for various types of goods, works and services.

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2021	2020	2021	2020
Short-term accounts receivable neither past due nor credit-impaired	1,486,883	785,828	144,342	286,471
Short-term accounts receivable past due or credit-impaired	1,147,718	1,061,896	115,311	121,026
Amount of allowance for expected credit losses of accounts receivable	(1,024,873)	(975,910)	(50,758)	(56,795)
Total short-term accounts receivable	1,609,728	871,814	208,895	350,702

Management's experience indicates customer payment histories in respect of trade accounts receivable neither past due nor credit-impaired vary by geography. Analysis of credit

quality of trade and other receivable, loans receivable is provided below.

10. Accounts Receivable and Prepayments (continued)

	31 December	
	2021	2020
Europe and other countries gas, crude oil, gas condensate and refined products trade accounts receivable	1,077,892	439,055
Domestic gas, crude oil, gas condensate and refined products trade accounts receivable	211,273	168,200
Former Soviet Union countries (excluding the Russian Federation) gas, crude oil, gas condensate and refined products trade accounts receivable	15,202	35,956
Electricity and heat trade accounts receivable	76,033	49,244
Gas transportation services trade accounts receivable	4,750	4,273
Other trade accounts receivable	101,733	89,100
Other accounts receivable	45,417	127,928
Loans receivable	98,925	158,543
Total accounts receivable neither past due nor credit-impaired	1,631,225	1,072,299

As of 31 December 2021 and 31 December 2020 credit-impaired receivables mainly relate to trade receivables for gas sold in certain Russian regions and former Soviet Union

countries. In management's view the accounts receivable will be settled. The ageing analysis of overdue or credit-impaired receivables is presented below:

Ageing from the due date	Gross book value 31 December		Allowance for expected credit losses 31 December		Net book value 31 December	
	2021	2020	2021	2020	2021	2020
up to 6 months	256,607	177,990	(99,368)	(69,694)	157,239	108,296
from 6 to 12 months	54,936	67,969	(35,791)	(49,165)	19,145	18,804
from 1 to 3 years	168,072	206,065	(159,573)	(194,414)	8,499	11,651
more than 3 years	783,414	730,898	(780,899)	(719,432)	2,515	11,466
	1,263,029	1,182,922	(1,075,631)	(1,032,705)	187,398	150,217

Change in the Group's allowance for expected credit losses of trade and other accounts receivable is provided in the table below.

	Trade receivables Year ended 31 December		Other receivables and loans receivable Year ended 31 December	
	2021	2020	2021	2020
Allowance for expected credit losses of accounts receivable at the beginning of the year	975,910	841,298	56,795	42,842
Changing the perimeter of the group	—	—	(1,705)	—
Accrual of allowance for expected credit losses of accounts receivable ¹	125,819	84,518	10,126	16,678
Write-off of accounts receivable during the year ²	(3,824)	(3,654)	(3,033)	(1,453)
Reversal of previously accrued allowance for expected credit losses of accounts receivable ¹	(75,552)	(28,104)	(10,996)	(2,761)
Reclassification to other lines	(236)	(1,038)	(105)	403
Foreign exchange rate differences	2,756	82,890	(324)	1,086
Allowance for expected credit losses of accounts receivable at the end of the year	1,024,873	975,910	50,758	56,795

¹ The accrual and release of allowance for expected credit losses of trade and other accounts receivable have been included in the line "Impairment loss on financial assets" in the consolidated statement of comprehensive income.

² If there is no probability of cash receipt for the credit-impaired accounts receivable which were previously provided for, the amount of respective accounts receivable is written-off by means of that allowance.

11. Inventories

	31 December	
	2021	2020
Gas in pipelines and storages	491,829	524,419
Materials and supplies (net of amount of write-down to net realizable value in size of RUB 6,528 million and RUB 6,213 million as of 31 December 2021 and 31 December 2020, respectively)	202,094	199,279
Goods for resale (net of amount of write-down to net realizable value in size of RUB 2,775 million and RUB 6,484 million as of 31 December 2021 and 31 December 2020, respectively)	151,933	148,573
Crude oil and refined products	163,467	99,518
Total inventories	1,009,323	971,789

12. Other Current and Non-Current Assets

Other current assets are provided in the table below.

Notes		31 December	
		2021	2020
Financial assets			
41	Derivative financial instruments	537,949	107,162
	Short-term deposits	200,758	15,101
		738,707	122,263
Non-financial assets			
	Prepaid VAT	174,491	118,797
	Prepaid profit tax	11,177	19,212
	Other	125,049	40,733
		310,717	178,742
	Total other current assets	1,049,424	301,005

Other non-current assets are provided in the table below.

Notes		31 December	
		2021	2020
Financial assets			
41	Derivative financial instruments	140,635	19,286
	Long-term deposits	18,903	1,562
		159,538	20,848
Non-financial assets			
	Intangible assets	92,505	80,040
25	Net pension plan assets	40,802	–
	VAT recoverable related to assets under construction	15,907	22,575
	Other	252,535	298,204
		401,749	400,819
	Total other non-current assets	561,287	421,667

The estimated fair value of short-term and long-term deposits approximates their carrying value.

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13. Property, Plant and Equipment

Notes	Pipelines	Wells	Machinery and equipment	Buildings and roads	Production licenses	Social assets	Assets under construction	Total
As of 31 December 2019								
Cost	4,521,779	2,184,578	5,764,745	4,720,582	633,963	90,046	4,524,775	22,440,468
Accumulated depreciation	(1,676,558)	(681,163)	(2,836,266)	(1,660,100)	(281,732)	(46,845)	–	(7,182,664)
Impairment allowance	(445)	(102,739)	(92,031)	(39,033)	(6,599)	–	(160,509)	(401,356)
Net book value as of 31 December 2019	2,844,776	1,400,676	2,836,448	3,021,449	345,632	43,201	4,364,266	14,856,448
Cost								
Additions	1,990	30,159	42,095	14,339	12,129	246	1,700,617	1,801,575
Transfers	611,543	248,185	432,312	322,125	8,512	3,882	(1,626,559)	–
Disposals	(832)	(20,456)	(77,091)	(11,878)	(3,167)	(406)	(130,632)	(244,462)
Translation differences	117,813	90,717	67,054	44,701	17,061	676	202,520	540,542
Accumulated depreciation and impairment allowance								
Depreciation	(109,591)	(105,680)	(363,583)	(170,203)	(10,042)	(2,728)	–	(761,827)
Disposals	788	9,182	24,569	3,914	45	204	25,009	63,711
Translation differences	(4,407)	(38,662)	(29,569)	(18,404)	(11,483)	(216)	(4,760)	(107,501)
Change in impairment allowance	–	(18,517)	(3,142)	(3,809)	(321)	–	(19,602)	(45,391)
allowance accrual	–	(18,517)	(4,817)	(3,809)	(321)	–	(20,057)	(47,521)
allowance release	–	–	1,675	–	–	–	455	2,130
As of 31 December 2020								
Cost	5,252,293	2,533,183	6,235,303	5,089,889	668,498	94,444	4,664,513	24,538,123
Accumulated depreciation	(1,789,768)	(809,051)	(3,203,330)	(1,844,776)	(303,232)	(49,585)	–	(7,999,742)
Impairment allowance	(445)	(128,528)	(102,880)	(42,879)	(6,900)	–	(153,654)	(435,286)
Net book value as of 31 December 2020	3,462,080	1,595,604	2,929,093	3,202,234	358,366	44,859	4,510,859	16,103,095
Cost								
Additions	2,280	10,051	20,551	3,020	17,988	1,620	2,190,934	2,246,444
Transfers	114,431	220,895	624,098	452,349	1,253	214	(1,413,240)	–
Disposals	(2,341)	(176,896)	(79,194)	(95,345)	(55,211)	(1,619)	(144,715)	(555,321)
Translation differences	(41,478)	(9,742)	(17,570)	(9,625)	441	(198)	(57,989)	(136,161)
Accumulated depreciation and impairment allowance								
Depreciation	(108,230)	(108,610)	(390,134)	(174,014)	(8,998)	(2,696)	–	(792,682)
Disposals	1,498	43,937	61,392	34,709	9,408	610	38,693	190,247
Translation differences	(126)	1,941	7,871	2,528	(426)	93	32	11,913
Change in impairment allowance	–	(8,864)	(83,144)	(66,484)	–	–	(235,475)	(393,967)
allowance accrual	–	(8,864)	(83,144)	(66,484)	–	–	(235,475)	(393,967)
allowance release	–	–	–	–	–	–	–	–
As of 31 December 2021								
Cost	5,325,185	2,577,491	6,786,924	5,440,438	632,969	94,461	5,235,617	26,093,085

13. Property, Plant and Equipment (continued)

Notes	Pipelines	Wells	Machinery and equipment	Buildings and roads	Production licenses	Social assets	Assets under construction	Total
Accumulated depreciation	(1,896,626)	(871,292)	(3,525,199)	(1,981,562)	(303,210)	(51,578)	–	(8,629,467)
Impairment allowance	(445)	(137,883)	(188,762)	(109,504)	(6,938)	–	(346,518)	(790,050)
Net book value as of 31 December 2021	3,428,114	1,568,316	3,072,963	3,349,372	322,821	42,883	4,889,099	16,673,568

At the each balance sheet date management assess whether there is any indication that the recoverable value has declined below the carrying value of assets, including goodwill.

As of 31 December 2021 and 31 December 2020 the Group conducted a test of assets for the purposes of making a decision on the possible accrual or release of previously recognised impairment.

For the impairment test the Group's assets are grouped into cash-generating units ("CGU") and their recoverable amount has been determined on the basis of the values in their use. The values in use of each CGU have been calculated by the Group as the present values of forecasted future cash flows discounted using the rates derived from the weighted average cost of capital of the Group, as adjusted, where applicable, to take into account any specific risks of business operations related assets.

The Group applied discount rates ranging from 5.76% to 14.80% and from 4.93% to 13.80% as of 31 December 2021 and 31 December 2020, respectively. Cash flows were forecasted based on actual operating results, budgets and other corporate documents containing forward-looking data.

The cash flow forecast covered periods commensurate with expected useful lives of the respective assets. To extrapolate cash flows beyond the periods, which are not included in the corporate documents containing forecast data, estimated growth rates were used.

The most significant CGU is the group of assets that constitute a unified gas supply system ("UGSS").

As of 31 December 2021 and 31 December 2020 the test did not reveal any impairment of the CGU relating to UGSS, assets for production, transportation and refining of gas in the Eastern Siberia and the Far East.

As of 31 December 2021 based on the result of the impairment test the Group recognised an impairment loss in the amount of RUB 158,492 million for the following CGU:

- production of gas;
- exploration and production of oil;
- electric and heat energy generation and sales.

As of 31 December 2020 based on the result of the impairment test the Group recognised an impairment loss in the amount of RUB 27,464 million for the following CGU:

- production of gas;
- exploration and production of oil;
- electric and heat energy generation and sales.

Impairment allowance of assets under construction primarily relate to assets for which it is not yet probable that there will be future economic benefits.

Property, plant and equipment include social assets (rest houses, housing, schools and medical facilities), which the Group received at privatisation, with a net book value of RUB 5 million and RUB 27 million as of 31 December 2021 and 31 December 2020, respectively.

Included in additions above are capitalised borrowing costs of RUB 206,129 million and RUB 226,338 million for the years ended 31 December 2021 and 31 December 2020, respectively. Capitalisation rates of 5.16% and 6.06% were used representing the weighted average borrowing cost including exchange differences on foreign currency borrowings for the years ended 31 December 2021 and 31 December 2020, respectively. Capitalisation rate excluding exchange losses on foreign currency borrowings were 4.87% and 5.13% for the years ended 31 December 2021 and 31 December 2020, respectively.

The information regarding the Group's exploration and evaluation assets (included within production licenses and assets under construction) is presented below:

	Year ended 31 December	
	2021	2020
Exploration and evaluation assets at the beginning of the year	371,815	333,121
Additions	77,060	77,420
Translation differences	(814)	6,219
Reclassification	(18,489)	(2,370)
Disposals	(101,010) ¹	(42,575) ²
Exploration and evaluation assets at the end of the year	328,562	371,815

¹ Including impairment loss in the amount of RUB nil million.

² Including impairment loss in the amount of RUB 4,566 million.

14. Right-of-Use Assets

	Operating assets	Social assets	Total
As of 31 December 2019			
Cost	250,471	8,930	259,401
Accumulated depreciation and impairment allowance	(43,733)	(1,424)	(45,157)
Net book value as of 31 December 2019	206,738	7,506	214,244
Cost			
Additions as a result of new leases	9,634	1,181	10,815
Disposals	(6,288)	(2,617)	(8,905)
Effect of modification and changes of estimates in lease contracts	6,014	212	6,226
Translation differences	12,706	–	12,706
Accumulated depreciation and impairment allowance			
Depreciation	(40,220)	(1,268)	(41,488)
Disposals	3,641	786	4,427
Impairment allowance accrual	(15)	–	(15)
Effect of modification and changes of estimates in lease contracts	952	–	952
Translation differences	(3,649)	–	(3,649)
As of 31 December 2020			
Cost	272,537	7,706	280,243
Accumulated depreciation and impairment allowance	(83,024)	(1,906)	(84,930)
Net book value as of 31 December 2020	189,513	5,800	195,313
Cost			
Additions as a result of new leases	70,844	622	71,466
Disposals	(13,227)	(1,364)	(14,591)
Effect of modification and changes of estimates in lease contracts	12,931	497	13,428
Translation differences	(470)	–	(470)
Accumulated depreciation and impairment allowance			
Depreciation	(44,708)	(1,311)	(46,019)
Disposals	7,213	680	7,893
Impairment allowance accrual	(1,373)	–	(1,373)
Translation differences	643	–	643
As of 31 December 2021			
Cost	342,615	7,461	350,076
Accumulated depreciation and impairment allowance	(121,249)	(2,537)	(123,786)
Net book value as of 31 December 2021	221,366	4,924	226,290

Right-of-use assets are mainly represented by leases of ships, used for transportation of liquefied natural gas and refined products, and leases of properties and land occupied by operating assets.

The total cash outflow under lease agreements amounted to RUB 64,858 million and RUB 56,999 million for the years ended 31 December 2021 and 31 December 2020, respectively.

15. Goodwill

Change in goodwill occurred as a result of subsidiaries acquisition is presented in the table below.

Notes	Year ended 31 December	
	2021	2020
Goodwill at the beginning of the year	119,854	130,028
Additions	415	–
Translation differences	499	3,384
Adjustments to provisional amounts	–	(9,782)
30 Impairment	–	(3,774)
Disposals	–	(2)
Goodwill at the end of the year	120,768	119,854

Goodwill acquired through business combinations has been allocated to the related cash-generating units and segments within the following operations:

	31 December	
	2021	2020
Gas production, transportation and distribution	44,538	44,123
Production of crude oil and gas condensate	38,461	37,962
Electric and heat energy generation and sales	28,326	28,326
Production and maintenance of turbocompressor and power equipment	9,443	9,443
Total goodwill	120,768	119,854

Management has assessed the existence of indications of goodwill impairment. The procedure of calculating of the recoverable amount of a group of cash-generating units is described in Note 13.

As a result of this assessment the Group recognised impairment loss on goodwill in the amount of RUB nil million and RUB 3,774 million for the years ended 31 December 2021 and 31 December 2020, respectively.

16. Investments in Associates and Joint Ventures

Notes	Carrying amount as of 31 December		Share of profit (loss) for the year ended 31 December	
	2021	2020	2021	2020
25, 37, 39, 40 Gazprombank (Joint Stock Company) and its subsidiaries ¹	227,503	227,649	37,812	17,937
37, 40 Sakhalin Energy Investment Company Ltd.	209,384	216,853	73,829	38,085
37 PJSC NGK Slavneft and its subsidiaries	169,233	156,725	12,201	(2,481)
37 JSC Arcticgas	123,883	160,312	62,946	34,300
37, 40 Nord Stream AG	121,490	119,666	23,836	22,083
37, 40 JSC Gazstroyprom	88,376	42,567	(37,964)	(562)
37 WIGA Transport Beteiligungs GmbH & Co. KG and its subsidiaries	66,994	68,824	11,044	10,084

16. Investments in Associates and Joint Ventures (continued)

Notes		Carrying amount as of 31 December		Share of profit (loss) for the year ended 31 December	
		2021	2020	2021	2020
37	JSC Tomskneft VNK and its subsidiaries ²	63,468	–	(3,301)	–
37	JSC Messoyakhaneftegaz	46,703	44,387	14,817	9,037
37	JSC Achimgaz	40,325	33,313	30,246	10,576
25, 37, 40	JSC NPF GAZFOND ³	37,884	34,863	3,021	2,134
37	JSC EUROPOL GAZ	35,397	37,522	1,189	343
	Wintershall AG	20,399	19,172	2,686	(1,066)
37	CJSC Northgas	15,409	12,226	3,184	1,700
	Others	155,860	153,162	6,650	(5,434)
Total investments in associates and joint ventures		1,422,308	1,327,241	242,196	136,736

¹ In March 2020 the Group purchased Gazprombank (Joint Stock Company) ordinary shares from one of its shareholders, as the result of which the Group's share in voting shares increased from 47.87 % to 49.88 %.

² In the fourth quarter of 2021 the investment in JSC Tomskneft VNK and its subsidiaries was reclassified from joint operations into joint ventures due to changes in the nature of relationship with the second shareholder.

³ In January 2020 the remaining 25 % of ordinary registered uncertificated shares not allocated at the date of JSC NPF GAZFOND state registration were distributed among its shareholders in proportion to the number of the shares they owned. The Group's voting share in JSC NPF GAZFOND did not change. As of 31 December 2020 the Group's share in voting shares is equal to ownership interest.

Investments in associates and joint ventures are accounted net of allowance for investments impairment in the amount of RUB 71,047 million and RUB 21,435 million as of 31 December 2021 and 31 December 2020, respectively.

Material Associates and Joint Ventures

	Nature of relationship	Country of primary operations	Country of incorporation	Nature of operations	Ownership interest (%) ¹ as of 31 December	
					2021	2020
JSC Arcticgas	Joint venture	Russia	Russia	Production of oil and petroleum gas	50	50
Gazprombank (Joint Stock Company) ²	Associate	Russia	Russia	Banking	49.88	49.88
Nord Stream AG ³	Joint venture	Russia, Germany	Switzerland	Gas transportation	51	51
Sakhalin Energy Investment Company Ltd.	Associate	Russia	Bermuda Islands	Production of oil, LNG	50	50
PJSC NGK Slavneft	Joint venture	Russia	Russia	Production, processing and sales of oil	49.88	49.88

¹ Cumulative share of the Group in share capital of investees.

² Share in voting shares.

³ Investment in the company is accounted under the equity method of accounting, as the Group did not obtain control due to its corporate governance structure.

Investments in the Group's material associates and joint ventures of are accounted for using the equity method.

Summarised financial information on the Group's material associates and joint ventures and its reconciliation to the carrying amount of its ownership interests is presented below.

The disclosed values of assets, liabilities, revenues, profit (loss) of the Group's material associates and joint ventures represent total values and not the Group's share of them.

This financial information may differ from the financial statements of an associate or a joint venture prepared and presented in accordance with IFRS due to adjustments required in application of the equity method, such as fair value adjustments to identifiable assets and liabilities at the date of acquisition and adjustments for differences in accounting policies.

16. Investments in Associates and Joint Ventures (continued)

	Gazprombank (Joint-stock Company) and its subsidiaries ^{1,2}	Sakhalin Energy Investment Company Ltd.	JSC Arcticgas	PJSC NGK Slavneft and its subsidiaries	Nord Stream AG
As of 31 December 2021 and for the year ended 31 December 2021					
Cash and cash equivalents	1,290,460	64,815	2,567	1,577	14,687
Other current assets (excluding cash and cash equivalents)	1,774,511	68,204	34,172	108,412	34,256
Other non-current assets	5,556,528	824,369	403,956	559,463	376,340
Total assets	8,621,499	957,388	440,695	669,452	425,283
Current financial liabilities (excluding trade payables)	6,113,817	26,608	16,720	106,888	42,691
Other current liabilities (including trade payables)	162,185	130,747	29,289	60,752	923
Non-current financial liabilities	1,595,265	77,293	120,000	91,636	139,916
Other non-current liabilities	18,410	303,973	51,246	63,722	3,536
Total liabilities	7,889,677	538,621	217,255	322,998	187,066
Net assets	731,822	418,767	223,440	346,454	238,217
Ownership interest	49.88%	50%	50%	49.88%	51%
Group's share of net assets	365,066	209,384	111,720	172,822	121,490
Impairment, goodwill and other effects	(137,563)	–	12,163	(3,589)	–
Carrying amount of investment	227,503	209,384	123,883	169,233	121,490
Revenue	281,903	422,629	294,864	322,011	93,552
Depreciation	(61,003)	(125,208)	(22,184)	(47,854)	(6)
Interest income	473,250	389	660	99	8
Interest expense	(258,459)	(9,238)	(8,839)	(6,828)	(8,879)
Profit tax expenses	(30,531)	(78,175)	(32,546)	(8,004)	(1,814)
Profit for the year	95,768	147,658	125,890	24,987	46,738
Other comprehensive (loss) income for the year	(3,107)	381	–	644	6,325
Comprehensive income for the year	92,661	148,039	125,890	25,631	53,063
Dividends received from associates and joint ventures	(2,625)	(81,965)	(99,375)	–	(16,677)
As of 31 December 2020 and for the year ended 31 December 2020					
Cash and cash equivalents	943,439	18,229	6,123	2,281	17,562
Other current assets (excluding cash and cash equivalents)	1,590,281	89,760	38,757	47,779	36,504
Other non-current assets	4,896,541	874,261	391,809	549,836	432,697
Total assets	7,430,261	982,250	436,689	599,896	486,763
Current financial liabilities (excluding trade payables)	5,353,272	54,911	44,445	52,151	47,628
Other current liabilities (including trade payables)	154,948	105,428	20,376	27,605	1,088
Non-current financial liabilities	1,255,417	86,277	30,000	132,221	200,236
Other non-current liabilities	27,751	301,929	45,570	68,182	3,170
Total liabilities	6,791,388	548,545	140,391	280,159	252,122
Net assets	638,873	433,705	296,298	319,737	234,641

16. Investments in Associates and Joint Ventures (continued)

	Gazprombank (Joint-stock Company) and its subsidiaries ^{1,2}	Sakhalin Energy Investment Company Ltd.	JSC Arcticgas	PJSC NGK Slavneft and its subsidiaries	Nord Stream AG
Ownership interest	49.88%	50%	50%	49.88%	51%
Group's share of net assets	318,652	216,853	148,149	159,494	119,666
Impairment, goodwill and other effects	(91,003)	–	12,163	(2,769)	–
Carrying amount of investment	227,649	216,853	160,312	156,725	119,666
Revenue	245,487	314,480	171,095	175,013	89,005
Depreciation	(52,994)	(129,391)	(23,844)	(42,981)	(18)
Interest income	407,372	1,518	352	106	1
Interest expense	(237,855)	(11,368)	(5,192)	(5,650)	(10,320)
Profit tax expenses	(25,402)	(35,710)	(7,137)	451	(891)
Profit (loss) for the year	55,995	76,170	68,601	(5,205)	43,299
Other comprehensive income (loss) for the year	13,224	294	–	(29)	5,108
Comprehensive income (loss) for the year	69,219	76,464	68,601	(5,234)	48,407
Dividends received from associates and joint ventures	(4,013)	(34,672)	(10,750)	(1)	(12,491)

¹ The amount of revenue of Gazprombank (Joint Stock Company) and its subsidiaries includes revenue of media business, machinery business and other non-banking entities.

² Share in voting shares.

17. Long-Term Accounts Receivable and Prepayments

	31 December	
	2021	2020
Financial assets		
Long-term trade accounts receivable	82,123	47,661
Long-term loans receivable	253,895	194,215
Long-term other accounts receivable	82,417	83,460
	418,435	325,336
Non-financial assets		
Long-term prepayments	24,451	23,082
Advances for assets under construction	786,093	640,439
	810,544	663,521
Total long-term accounts receivable and prepayments	1,228,979	988,857

Long-term accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 23,018 million and RUB 16,083 million as of 31 December 2021 and 31 December 2020, respectively. Prepayments and advances paid for assets under construction are presented net of impairment allowance in the amount of RUB 8,324 million and RUB 8,794 million as of 31 December 2021 and 31 December 2020, respectively.

As of 31 December 2021 and 31 December 2020 long-term accounts receivable and prepayments with carrying value RUB 418,435 million and RUB 325,336 million have an estimated fair value RUB 418,435 million and RUB 325,336 million, respectively.

17. Long-Term Accounts Receivable and Prepayments (continued)

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2021	2020	2021	2020
Long-term accounts receivable neither past due nor credit-impaired	82,123	47,661	335,145	277,675
Long-term accounts receivable past due or credit-impaired	8,772	5,927	15,413	10,156
Allowance for expected credit losses of long-term accounts receivable	(8,772)	(5,927)	(14,246)	(10,156)
Total long-term accounts receivable	82,123	47,661	336,312	277,675

Management experience indicates that long-term loans to other entities granted mainly for capital construction purposes are of strong credit quality.

Movement of the Group's allowance for expected credit losses of long-term accounts receivable is presented in the table below.

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2021	2020	2021	2020
Allowance for expected credit losses of accounts receivable at the beginning of the year	5,927	4,300	10,156	7,328
Accrual of allowance for expected credit losses of accounts receivable ¹	3,491	–	5,317	2,789
Reversal of previously accrued allowance for expected credit losses of accounts receivable ¹	(909)	(175)	(1,011)	(711)
Reclassification to other line of assets	236	1,038	105	(403)
Foreign exchange rate differences	27	764	(321)	1,153
Allowance for expected credit losses of accounts receivable at the end of the year	8,772	5,927	14,246	10,156

¹ The accrual and release of allowance for expected credit losses of long-term accounts receivable have been included in the line "Impairment loss on financial assets" in the consolidated statement of comprehensive income.

18. Long-Term Financial Assets

	31 December	
	2021	2020
Financial assets measured at fair value with changes recognised through profit or loss:	2,343	3,056
Equity securities	2,343	3,056
Financial assets measured at fair value with changes recognised through other comprehensive income:	597,404	418,813
Equity securities ¹	597,066	418,504
Promissory notes	338	309
Total long-term financial assets	599,747	421,869

¹ As of 31 December 2021 and 31 December 2020 equity securities measured at fair value with changes recognised through other comprehensive income include PJSC NOVATEK shares in the amount of RUB 527,769 million and RUB 362,681 million, respectively.

Long-term financial assets are shown net of allowance for expected credit losses of RUB 2 million and RUB 34 million as of 31 December 2021 and 31 December 2020, respectively.

Long-term financial assets measured at fair value with changes recognised through other comprehensive income include promissory notes on the Group companies' balances which are assessed by management as of high credit quality.

18. Long-Term Financial Assets (continued)

Movement in long-term financial assets is presented in the table below.

	Year ended 31 December	
	2021	2020
Long-term financial assets at the beginning of the year	421,869	434,282
Increase (decrease) in fair value of long-term financial assets	162,923	(16,788)
Acquisition of long-term financial assets	15,691	4,451
Disposal of long-term financial assets	(3)	(565)
Translation differences	(765)	489
Release of allowance for expected credit losses of long-term financial assets	32	–
Long-term financial assets at the end of the year	599,747	421,869

As of the reporting date the maximum exposure to credit risk for this category of assets equals to the fair value of the promissory notes classified as financial assets measured at fair value with changes recognised through other comprehensive

income. The fair value of financial assets measured at fair value with changes recognised through other comprehensive income mainly has been determined using the quoted market prices (see Note 41).

19. Accounts Payable, Provisions and Other Liabilities

Notes	31 December	
	2021	2020
Financial liabilities		
Trade accounts payable	1,113,471	509,013
Accounts payable for acquisition of property, plant and equipment	396,856	387,110
41 Derivative financial instruments	555,753	118,872
Lease liabilities	53,079	41,452
Other accounts payable ¹	359,733	298,394
	2,478,892	1,354,841
Non-financial liabilities		
Advances received	318,768	265,329
Accruals and deferred income	2,140	2,118
	320,908	267,447
Total accounts payable, provisions and other liabilities	2,799,800	1,622,288

¹ As of 31 December 2021 and 31 December 2020 other accounts payable include RUB nil million and RUB 40,692 million of accruals for probable price adjustments related to natural gas deliveries made from 2014 to 2020, respectively.

Advances received as of 31 December 2020 include advances under construction contracts that contain a significant financing component determined based on the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception and relate to an operational cycle of more than 12 months. Revenue from the contracts was expected to be recognised

when all contract work was completed in 2022. The amount of unsatisfied performance obligations excluding the significant financing component amounted to RUB 65,000 million as of 31 December 2020. In the fourth quarter of 2021, an asset under construction by the Group under a building contract was decided to be leased out to the Group after completion of its construction. Since that moment, the construction contract

19. Accounts Payable, Provisions and Other Liabilities (continued)

and the lease contract have been regarded as a financing arrangement. Therefore, the corresponding amount from the work in progress was reclassified to assets under construction (see Note 13). Advances received from the customer under the

construction contract were reclassified to other non-current liabilities.

The fair value of these liabilities approximately equal to their carrying value.

20. Taxes Other than on Profit and Fees Payable

	31 December	
	2021	2020
VAT	183,678	134,616
MET	121,450	73,190
Property tax	34,067	31,871
Excise tax	31,215	25,696
Other taxes	42,984	31,367
Total taxes other than on profit and fees payable	413,394	296,740

21. Short-Term Borrowings, Promissory Notes and Current Portion of Long-Term Borrowings

	31 December	
	2021	2020
Short-term borrowings and promissory notes:		
Borrowings and promissory notes denominated in Russian Rubles	115,900	88,856
Foreign currency denominated borrowings	11,343	30,730
	127,243	119,586
Current portion of long-term borrowings (see Note 22)	569,803	573,948
Total short-term borrowings, promissory notes and current portion of long-term borrowings	697,046	693,534

The weighted average effective interest rates at the balance sheet date were as follows:

	31 December	
	2021	2020
Fixed rate short-term borrowings denominated in Russian Rubles	8.67%	5.38%
Fixed rate foreign currency denominated short-term borrowings	0.50%	–
Variable rate short-term borrowings denominated in Russian Rubles	9.32%	5.25%
Variable rate foreign currency denominated short-term borrowings	0.15%	0.11%

The fair value of these liabilities approximates their carrying value.

22. Long-Term Borrowings, Promissory Notes

	31 December	
	2021	2020
Long-term borrowings, promissory notes:		
Loan participation notes ¹	2,026,399	1,831,913
Bank borrowings	1,809,661	1,986,148
Loans	451,494	469,043
Russian bonds ²	420,626	454,879
Other bonds ³	41,560	46,045
Promissory notes	6,719	—
Total long-term borrowings, promissory notes	4,756,459	4,788,028
Less current portion of long-term borrowings	(569,803)	(573,948)
	4,186,656	4,214,080

¹ The issuers of these bonds are Gaz Finance Plc. (the bonds were issued under EUR 30,000 million Programme for the Issuance of Loan Participation Notes), Gaz Capital S.A. (bonds were issued under USD 40,000 million Programme for the Issuance of Loan Participation Notes) and GPN Capital S.A.

² Issuer of these bonds are PJSC Gazprom Neft, Gazprom Capital LLC, PJSC Gazprom, PJSC OGK-2, PJSC MIPC, PJSC TGC-1.

³ Issuer of these bonds is GazAsia Capital S.A.

	31 December	
	2021	2020
Long-term borrowings and promissory notes denominated in Russian Rubles (including current portion of RUB 123,665 million and RUB 68,153 million as of 31 December 2021 and 31 December 2020, respectively)	1,045,927	1,017,203
denominated in foreign currency (including current portion of RUB 446,138 million and RUB 505,795 million as of 31 December 2021 and 31 December 2020, respectively)	3,710,532	3,770,825
	4,756,459	4,788,028

The maturity analysis of long-term borrowings and promissory notes is presented in the table below.

	31 December	
	2021	2020
Maturity of long-term borrowings, promissory notes		
between one and two years	591,465	788,176
between two and five years	1,643,345	1,586,715
after five years	1,951,846	1,839,189
	4,186,656	4,214,080

Long-term liabilities include fixed interest rate borrowings with a carrying value of RUB 2,786,826 million and RUB 2,626,491 million and fair value of RUB 3,003,568 million and RUB 3,021,359 million as of 31 December 2021 and 31 December 2020, respectively.

All other long-term borrowings have variable interest rates generally linked to LIBOR and EURIBOR. Their carrying value is RUB 1,969,633 million and RUB 2,161,537 million and fair value is RUB 2,146,438 million and RUB 2,409,733 million as of 31 December 2021 and 31 December 2020, respectively.

22. Long-Term Borrowings, Promissory Notes (continued)

The weighted average effective interest rates at the balance sheet date were as follows:

	31 December	
	2021	2020
Fixed interest rate long-term borrowings denominated in Russian Rubles	7.49%	7.44%
Fixed interest rate foreign currency denominated long-term borrowings	4.69%	4.97%
Variable interest rate long-term borrowings denominated in Russian Rubles	9.21%	5.16%
Variable interest rate foreign currency denominated long-term borrowings	2.80%	2.77%

As of 31 December 2021 and 31 December 2020 according to the agreements signed within the framework of financing the Nord Stream 2 project, 100 % of shares of Nord Stream 2 AG were pledged until a full settlement of the secured obligations.

As of 31 December 2021 and 31 December 2020 according to the agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant, 99.99 % of interest in the charter capital of LLC Gazprom pererabotka Blagoveshchensk (a subsidiary) was pledged until a full settlement of the secured obligations. As of 31 December 2021 and 31 December 2020 the secured obligations to agent banks amounted to RUB 636,701 million and RUB 471,558 million, respectively.

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom in July 2018 and due in 2048 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom in July 2018 and due in 2048 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 10,000 million issued by PJSC Gazprom in July 2018 and due in 2033 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 30,000 million issued by Gazprom capital LLC in February 2018 and due in 2028 the issuer can execute the right of early redemption in February 2025.

Under the terms of the Russian bonds with the nominal value of RUB 30,000 million issued by Gazprom capital LLC in February 2017 and due in 2027 the issuer can execute the right of early redemption in February 2024.

The Group has no subordinated borrowings and no debt obligations that may be converted into shares of the Group (see Note 33).

23. Profit Tax

Profit before profit tax for financial reporting purposes is reconciled to profit tax expense as follows:

Notes	For the year ended 31 December	
	2021	2020
Profit before profit tax	2,769,514	133,469
Theoretical tax charge calculated at applicable tax rates	(553,903)	(26,694)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-deductible expenses, including:		
Tax losses for which no deferred tax asset was recognised	(8,123)	(9,231)
25 Provision for post-employment benefits	(2,713)	(7,911)
13 Allowance for impairment of assets under construction	(45,267)	(3,486)

23. Profit Tax (continued)

Notes	For the year ended 31 December	
	2021	2020
Non-operating expenses	(54,767)	(23,364)
Social expenses	(8,893)	(8,028)
Other non-deductible expenses	(38,946)	(7,678)
15 Non-taxable share of profit of associates and joint ventures	48,439	27,347
Other non-taxable income	53,745	87,983
Profit tax (expenses) income	(610,428)	28,938

Differences between the recognition criteria of assets and liabilities reflected in the consolidated financial statements and for the purposes of taxation give rise to certain temporary differences. The tax effect of the movement in these temporary

differences is reported at the rates set forth by the applicable legislation of the Russian Federation. Certain entities of the Gazprom Group enjoy preferential tax treatment, which allows them to pay income tax at a reduced rate.

	Temporary differences recognition and reversals			Temporary differences recognition and reversals			31 December 2021
	31 December 2019	in profit or loss	in other comprehensive income	31 December 2020	in profit or loss	in other comprehensive income	
Property, plant and equipment	(953,557)	(29,468)	(4,573)	(987,598)	(41,964)	8,374	(1,021,188)
Right-of-use assets	(33,324)	3,492	–	(29,832)	(5,912)	–	(35,744)
Financial assets	2,122	4,146	(1,288)	4,980	(215)	(41,299)	(36,534)
Account receivables	97,132	75,055	–	172,187	(16,123)	–	156,064
Inventories	(5,159)	2,466	–	(2,693)	(9,515)	–	(12,208)
Tax losses carry forward	25,451	89,933	(518)	114,866	(65,982)	–	48,884
Retroactive gas price adjustments	19,422	(11,258)	–	8,164	8,899	–	17,063
Lease liabilities	39,732	689	–	40,421	2,731	–	43,152
Other deductible temporary differences	39,733	(30,511)	2,559	11,781	(29,530)	(16,839)	(34,588)
Total net deferred tax liabilities	(768,448)	104,544	(3,820)	(667,724)	(157,611)	(49,764)	(875,099)

Taxable temporary differences recognised for the years ended 31 December 2021 and 31 December 2020 include the effect of bonus depreciation applied to certain items of property, plant and equipment. The positive tax effect on these differences amounted to RUB 5,231 million and

RUB 18,216 million, respectively, it was offset by the decrease in the current profit tax by the corresponding amount which did not affect profit (loss) for the years ended 31 December 2021 and 31 December 2020.

24. Derivative Financial Instruments

The Group has outstanding commodity contracts measured at fair value. The fair value of derivative financial instruments is based on market quotes on measurement date or calculation using an agreed price formula.

Where appropriate, in order to manage currency risk the Group uses foreign currency derivatives.

The following table provides an analysis of the Group's position and fair value of derivative financial instruments outstanding as of the end of the reporting year. Fair values of assets and liabilities classified as derivative financial instruments are reflected in the consolidated balance sheet on a gross basis within other assets and other liabilities.

24. Derivative Financial Instruments (continued)

Fair value	31 December	
	2021	2020
Assets		
Commodity contracts	665,262	119,348
Foreign currency derivatives and currency and interest rate swaps	10,095	3,938
Other derivative financial instruments	3,227	3,162
	678,584	126,448
Liabilities		
Commodity contracts	661,486	134,514
Foreign currency derivatives and currency and interest rate swaps	3,857	8,204
Other derivative financial instruments	655	7,282
	665,998	150,000

Derivative financial instruments are mainly denominated in US dollars, Euros and British Pounds Sterling.

25. Provisions

	31 December	
	2021	2020
Provision for decommissioning and site restoration costs	249,306	340,193
Provision for post-employment benefits	298,822	329,404
Other	29,735	18,736
Total provisions	577,863	688,333

Provision for decommissioning and site restoration costs changed mainly due to change in estimates.

The Group applies pension and other post-employment benefits system, which is recorded as defined benefit plan in the consolidated financial statements under IAS 19 Employee Benefits. Pension benefits are provided to the majority of the Group's employees. These benefits include pension benefits provided by the non-governmental pension fund,

JSC NPF GAZFOND, and lump-sum payments provided by the Group upon retirement.

The amount of benefits provided depends on the time of service rendered by employees (length of service), salary in the last years preceding retirement, a predetermined fixed amount or a combination of these factors.

The principal actuarial assumptions used:

	31 December	
	2021	2020
Discount rate (nominal)	8.4%	6.2%
Future salary and pension increase (nominal)	5.0%	4.0%
Average expected retirement age, years	women 58, men 62	
Employee turnover ratio	age-related probability of resignation curve, 3.8% on average	

The weighted average term of obligations to maturity is 10.7 years.

The assumptions related to the remaining life expectancy of employees at expected retirement age were 16.3 years for

25. Provisions (continued)

62 year old men and 25.8 years for 58 year old women in 2021 and 2020.

Net post-employment benefits liabilities or assets recorded in the consolidated balance sheet are presented below.

	31 December 2021		31 December 2020	
	Pension plan provided through JSC NPF GAZFOND	Other post-employment benefits	Pension plan provided through JSC NPF GAZFOND	Other post-employment benefits
Present value of obligations	(401,560)	(298,822)	(435,828)	(328,110)
Fair value of plan assets	442,362	—	434,534	—
Total net assets (liabilities)	40,802	(298,822)	(1,294)	(328,110)

The net pension plan assets related to benefits provided through JSC NPF GAZFOND in the amount of RUB 40,802 million as of 31 December 2021 are included within other non-current assets in the consolidated balance sheet (see Note 12). The net pension plan liabilities related to benefits provided through JSC NPF GAZFOND in the amount of

RUB 1,294 million as of 31 December 2020 are included within provisions in the consolidated balance sheet.

Changes in the present value of the defined benefit plan obligations and in the fair value of pension plan assets for the years ended 31 December 2021 and 31 December 2020 are presented below.

	Provision for pension plan provided through JSC NPF GAZFOND	Fair value of plan assets	Net (assets) liabilities	Provision for other post-employment benefits
As of 31 December 2020	435,828	(434,534)	1,294	328,110
Current service cost	10,216	—	10,216	12,706
Past service cost	(6,878)	—	(6,878)	(2,722)
Interest expense (income)	27,022	(26,862)	160	19,823
Effect of business combinations	—	—	—	241
Total included in profit or loss (see Note 30, 31)	30,360	(26,862)	3,498	30,048
Remeasurement of provision for post-employment benefits:				
Actuarial gains – changes in financial assumptions	(36,053)	—	(36,053)	(38,680)
Actuarial losses – changes in demographic assumptions	81	—	81	61
Actuarial gains – experience adjustments	(8,789)	—	(8,789)	(1,001)
Expense on plan assets excluding amounts included in interest expense	—	16,488	16,488	—
Translation differences	—	—	—	(533)
Total included in other comprehensive income	(44,761)	16,488	(28,273)	(40,153)
Benefits paid	(19,867)	19,867	—	(19,183)
Employer's contributions	—	(17,321)	(17,321)	—
As of 31 December 2021	401,560	(442,362)	(40,802)	298,822
As of 31 December 2019	404,997	(431,544)	(26,547)	291,684
Current service cost	10,895	—	10,895	14,527
Past service cost	(1,881)	—	(1,881)	(1,108)
Interest expense (income)	26,317	(27,763)	(1,446)	18,612
Effect of business combinations	—	—	—	(45)
Total included in profit or loss (see Note 30, 31)	35,331	(27,763)	7,568	31,986
Remeasurement of provision for post-employment benefits:				
Actuarial losses – changes in financial assumptions	10,151	—	10,151	9,850
Actuarial losses – changes in demographic assumptions	46	—	46	71
Actuarial losses – experience adjustments	4,042	—	4,042	12,373

25. Provisions (continued)

	Provision for pension plan provided through JSC NPF GAZFOND	Fair value of plan assets	Net (assets) liabilities	Provision for other post-employment benefits
Expense on plan assets excluding amounts included in interest expense	–	15,943	15,943	–
Translation differences	–	–	–	1,475
Total included in other comprehensive income	14,239	15,943	30,182	23,769
Benefits paid	(18,739)	18,740	1	(19,329)
Employer's contributions	–	(9,910)	(9,910)	–
As of 31 December 2020	435,828	(434,534)	1,294	328,110

The major categories of plan assets allocation broken down by fair value and percentage of total plan assets are presented below.

	31 December 2021		31 December 2020	
	Fair value	Percentage of plan assets	Fair value	Percentage of plan assets
Quoted plan assets, including:	315,495	71.3%	319,348	73.5%
Bonds	207,607	46.9%	213,385	49.1%
Mutual funds	75,398	17.0%	72,236	16.6%
Shares	32,490	7.4%	33,727	7.8%
Unquoted plan assets, including:	126,867	28.7%	115,186	26.5%
Equities	88,977	20.1%	81,778	18.8%
Mutual funds	21,748	4.9%	22,774	5.2%
Deposits	9,800	2.2%	9,685	2.2%
Other assets	6,342	1.5%	949	0.3%
Total plan assets	442,362	100%	434,534	100%

The amount of investment in ordinary shares of PJSC Gazprom included in the fair value of plan assets comprises RUB 1,948 million and RUB 473 million as of 31 December 2021 and 31 December 2020, respectively.

Unquoted equities within the pension plan assets are represented by equity stake in Gazprombank (Joint Stock Company), which is measured at fair value (Level 2 in accordance with the fair value hierarchy) using market approach valuation techniques based on available market data.

For the years ended 31 December 2021 and 31 December 2020 the actual return on pension plan assets was a gain in the amount of RUB 10,374 million and in the amount of RUB 11,820 million, respectively, primarily caused by the change in the fair value of assets.

The sensitivity analysis of the present value of defined benefit pension plan obligations to changes in the principal actuarial assumptions as of 31 December 2021 is presented in the table below.

	Increase (decrease) of obligation	Increase (decrease) of obligation, %
Mortality rate lower by 20%	27,586	4.1%
Mortality rate higher by 20%	(23,094)	(3.4%)
Discount rate lower by 1 pp	60,313	8.9%
Discount rate higher by 1 pp	(51,199)	(7.5%)
Pension and other benefits growth rate lower by 1 pp	(53,192)	(7.8%)
Pension and other benefits growth rate higher by 1 pp	61,801	9.1%

25. Provisions (continued)

	Increase (decrease) of obligation	Increase (decrease) of obligation, %
Staff turnover lower by 1 pp for all ages	35,640	5.2%
Staff turnover higher by 1 pp for all ages	(30,802)	(4.5)%
Retirement age lower by 1 year	25,271	3.7%
Retirement age higher by 1 year	(25,432)	(3.7%)

The Group expects to contribute in the amount of RUB 31,300 million to the defined benefit pension plan in 2022.

Pension Plan Parameters and Related Risks

As a rule, the above benefits are indexed in line with inflation or salary growth for salary-dependent benefits and are exposed to inflation risk.

In addition to the inflation risk, the pension plans of the Group are exposed to mortality risks and longevity risks.

26. Other Non-Current Liabilities

Other non-current liabilities include advances received in the amount RUB 77,785 million and RUB 76,299 million as of 31 December 2021 and 31 December 2020, respectively.

The contract obligations carried out from 2021 to 2027 according to the schedule. All the contracts are concluded on the market conditions.

27. Equity

Share Capital

The share capital authorised, issued and paid totals RUB 325,194 million as of 31 December 2021 and

31 December 2020 and consists of 23,674 million ordinary shares, each with a par value of 5 Russian Rubles.

Dividends

In 2021 PJSC Gazprom declared and paid dividends in the nominal amount of 12.55 Russian Rubles per share based on the results for the year ended 31 December 2020. In 2020

PJSC Gazprom declared and paid dividends in the nominal amount of 15.24 Russian Rubles per share based on the results for the year ended 31 December 2019.

Treasury Shares

As of 31 December 2021 and 31 December 2020 subsidiaries of PJSC Gazprom held 29 million PJSC Gazprom's ordinary shares, which are accounted for as treasury shares.

The shares held by PJSC Gazprom's subsidiaries represented 0.1 % of the total number of PJSC Gazprom's shares as of 31 December 2021 and 31 December 2020.

The management of the Group controls the voting rights of treasury shares.

27. Equity (continued)

Retained Earnings and Other Reserves

Retained earnings and other reserves include the effect of the consolidated financial statements restatement to the Russian Ruble purchasing power equivalent as of 31 December 2002, when the economy of the Russian Federation ceased to be hyperinflationary under IAS 29 Financial Reporting in Hyperinflationary Economies. Also, retained earnings and other reserves include translation differences arising on the translation of the net assets of foreign subsidiaries, associates and joint arrangements in the amount of RUB 914,156 million and RUB 964,659 million as of 31 December 2021 and 31 December 2020, respectively.

Retained earnings and other reserves include a statutory fund for social assets, created in accordance with Russian legislation at the time of privatisation. From time to time, the Group negotiates to return certain of social assets to the balance of local governmental authorities and this process may be continued in the future. Social assets with a net book value of RUB 13 million and RUB nil million were transferred to governmental authorities in 2021 and 2020, respectively. Cost of assets transferred was recorded as a reduction of retained earnings and other reserves.

Number of shares outstanding

The number of PJSC Gazprom shares outstanding (the number of issued ordinary shares less treasury shares) amounted

to 23,645 million shares as of 31 December 2021 and 31 December 2020.

Perpetual notes

Information about perpetual notes is disclosed in Note 28.

28. Perpetual Notes

In October 2020 the Group issued in the international market perpetual callable loan participation notes with a par value of USD 1,400 million and EUR 1,000 million under the EUR 30,000 million Programme for the Issuance of Loan Participation Notes. Gaz Finance Plc was the issuer of the notes. When the note issues were offered, the interest rate was set at 4.5985% for the issue in USD and 3.8970% for the issue in EUR. The interest rate for the perpetual notes in USD and EUR is reviewed every five years. Interest is cumulative.

Under the terms of the foreign currency perpetual loan participation notes, the Group, acting in its sole discretion, may refuse to redeem the notes and may, at any time and on any number of occasions, decide to postpone interest payments. Conditions which give rise to an interest payment liability are under the control of PJSC Gazprom. In particular, an interest payment liability arises when PJSC Gazprom decides to pay or declare dividends.

The Group may decide to redeem the foreign currency perpetual loan participation notes no earlier than five years after their offering and then has the right to call them on each interest payment due date. The Group may also call the notes in case of certain events, including those caused by changes in the regulation of accounting for and taxation of perpetual notes.

In June and September 2021 the Group issued in the Russian market perpetual callable notes with a par value of RUB 60,000 million and RUB 60,000 million, respectively, under the RUB 150,000 million Programme for the Issuance of Series 001B Notes. Gazprom capital LLC, a subsidiary of the Group, was the issuer of the notes. When the note issues were offered, the interest rate was set at 8.4500% in June 2021 issue and 8.6000% in September 2021 issue. The interest rate is reviewed every five years. The issuer may, on a unilateral basis, decide to refuse to pay interest. Interest is not cumulative. In case the issuer decides to refuse to pay interest, Resolution of the Government of the Russian Federation No.2337 dated 29 December 2020 provides for the reimbursement for the investors' lost income.

The Group may decide to redeem the ruble perpetual notes no earlier than five years after their offering and then has the right to call them on each interest payment due date. The Group may also call the notes in case of certain events, caused by changes in the regulation of accounting for perpetual notes.

As the notes have no stated maturity and the Group may postpone payment of any interest on any number of occasions or decide to refuse to pay interest, the Group classifies these perpetual callable loan participation notes as an equity instrument within equity.

28. Perpetual Notes (continued)

Transactions related to perpetual notes for the years ended 31 December 2021 and 31 December 2020 are presented below.

	Ruble perpetual notes	Foreign currency perpetual loan participation notes	Retained earnings and other reserves	Total
Balance as of 31 December 2020	–	195,616	(947)	194,669
Issuance of perpetual notes	120,000	–	–	120,000
Costs related to issuance of perpetual notes ¹	–	–	(950)	(950)
Translation differences arising on the translation of the par value of perpetual notes	–	(6,030)	6,030	–
Accrued interest	–	8,140	(8,140)	–
Recognition of an interest payment liability ²	–	(4,455)	(2,528)	(6,983)
Translation differences arising on the translation of accrued interest	–	(81)	81	–
Cumulative tax effect of transactions related to perpetual notes	–	–	(1,016)	(1,016)
Balance as of 31 December 2021	120,000	193,190	(7,470)	305,720

¹ Including payment in cash amounted to RUB 922 million.

² Interest was paid in the amount of RUB 6,985 million.

As of 31 December 2021 cumulative translation differences arising on the translation of the par value of perpetual notes amounted to RUB 9,389 million, and cumulative interest taking

into account translation differences arising on its translation amounted to RUB 5,111 million.

	Foreign currency perpetual loan participation notes	Retained earnings and other reserves	Total
Balance as of 31 December 2019	–	–	–
Issuance of perpetual notes	197,468	–	197,468
Costs related to issuance of perpetual notes ¹	–	(2,659)	(2,659)
Translation differences arising on the translation of the par value of perpetual notes	(3,359)	3,359	–
Accrued interest	1,523	(1,523)	–
Translation differences arising on the translation of accrued interest	(16)	16	–
Cumulative tax effect of transactions related to perpetual notes	–	(140)	(140)
Balance as of 31 December 2020	195,616	(947)	194,669

¹ Including payment in cash amounted to RUB 2,637 million.

As of 31 December 2020 cumulative translation differences arising on the translation of the par value of perpetual notes amounted to RUB 3,359 million, and cumulative interest taking

into account translation differences arising on its translation amounted to RUB 1,507 million.

29. Sales

	Year ended 31 December	
	2021	2020
Gas sales gross of excise tax and customs duties:		
the Russian Federation	1,080,256	940,155
Former Soviet Union countries (excluding the Russian Federation)	440,540	308,952
Europe and other countries	5,284,122	2,268,424
	6,804,918	3,517,531
Customs duties	(1,084,761)	(435,830)
Excise tax	(73,661)	(34,656)
Retroactive gas price adjustments ¹	9,537	2,294
Total gas sales	5,656,033	3,049,339
Sales of refined products:		
the Russian Federation	1,673,834	1,221,857
Former Soviet Union countries (excluding the Russian Federation)	158,529	107,166
Europe and other countries	762,821	469,373
Total sales of refined products	2,595,184	1,798,396
Sales of crude oil and gas condensate:		
the Russian Federation	129,662	47,647
Former Soviet Union countries (excluding the Russian Federation)	38,613	18,713
Europe and other countries	713,873	420,989
Total sales of crude oil and gas condensate	882,148	487,349
Electric and heat energy sales:		
the Russian Federation	554,111	467,689
Former Soviet Union countries (excluding the Russian Federation)	31	4,199
Europe and other countries	41,336	27,581
Total electric and heat energy sales	595,478	499,469
Gas transportation sales:		
the Russian Federation	216,694	217,367
Former Soviet Union countries (excluding the Russian Federation)	2,739	2,875
Europe and other countries	5,097	3,582
Total gas transportation sales	224,530	223,824
Other sales:		
the Russian Federation	240,239	223,163
Former Soviet Union countries (excluding the Russian Federation)	8,664	7,274
Europe and other countries	39,077	32,745
Total other sales	287,980	263,182
Total sales	10,241,353	6,321,559

¹ The effect of retroactive gas price adjustments relate to gas deliveries in previous years for which a price adjustment has been agreed or is in the process of negotiation. The effect of gas price adjustments, including corresponding impact on profit tax, is recorded in the consolidated financial statements when they become probable and a reliable estimate of the amounts can be made. The effects of retroactive gas price adjustments for the years ended 31 December 2021 and 31 December 2020 were recorded as the increase of sales by RUB 9,537 million and RUB 2,294 million, respectively. The effects increasing sales were due to recognition of adjustments increasing gas prices for the past periods and due to decrease in previously recognised accruals following agreements reached prior to the issuance of the respective consolidated financial statements.

29. Sales (continued)

Prepayments received from customers as of the beginning of the corresponding period were recognised within sales in the amount of RUB 101,113 million and RUB 81,175 million for the years ended 31 December 2021 and 31 December 2020, respectively.

30. Operating Expenses

	Year ended 31 December	
	2021	2020
Purchased gas and oil	1,924,908	961,928
Taxes other than on profit	1,539,507	1,235,822
Staff costs	840,153	807,824
Depreciation	828,027	798,436
Transit of gas, oil and refined products	680,216	654,562
Impairment loss on non-financial assets	448,229	54,191
Goods for resale, including refined products	290,799	213,900
Materials	261,921	257,490
Repairs and maintenance	177,979	151,869
Electricity and heating	135,919	113,303
Foreign exchange differences on operating items	69,171	(164,128)
Social expenses	38,454	40,690
Insurance	34,291	29,925
Transportation expenses	31,158	29,412
Processing services	24,528	21,576
Research and development	23,767	18,075
Lease	13,392	13,614
(Gain) loss on derivative financial instruments	(53,905)	16,735
Other	461,174	389,034
	7,769,688	5,644,258
Change in balances of finished goods, work in progress and other effects	(88,278)	21,504
Total operating expenses	7,681,410	5,665,762

Taxes other than on profit consist of:

	Year ended 31 December	
	2021	2020
MET	1,357,679	795,154
Property tax	140,753	142,554
Excise tax	(39,425)	252,993
Other	80,500	45,121
Total taxes other than on profit	1,539,507	1,235,822

30. Operating Expenses (continued)

Gas purchase expenses included within purchased gas and oil amounted to RUB 1,275,668 million and RUB 678,910 million for the years ended 31 December 2021 and 31 December 2020, respectively.

Staff costs include RUB 13,563 million and RUB 39,554 million of expenses for provision for post-employment benefits for the years ended 31 December 2021 and 31 December 2020, respectively (see Note 25).

The impairment loss on assets is presented below.

Notes	Year ended 31 December	
	2021	2020
10, 17 Impairment loss on trade accounts receivable	52,849	56,236
Impairment loss on other accounts receivable and loans receivable	3,436	16,059
Total impairment loss on financial assets	56,285	72,295
13, 14 Impairment loss on property, plant and equipment and assets under construction ¹	395,376	49,060
Impairment loss on advances paid and prepayments	627	937
Impairment loss (reversal of impairment loss) on investments in associates and joint ventures	52,207	4,124
Impairment loss on other assets	19	70
Total impairment loss on non-financial assets	448,229	54,191

¹ Including impairment loss on right-of-use assets.

31. Finance Income and Expenses

	Year ended 31 December	
	2021	2020
Foreign exchange gain	544,183	687,263
Interest income	70,984	60,137
Total finance income	615,167	747,400
Foreign exchange loss	404,239	1,292,073
Interest expense	94,871	73,445
Total finance expenses	499,110	1,365,518

Total interest paid amounted to RUB 195,686 million and RUB 172,877 million for the years ended 31 December 2021 and 31 December 2020, respectively.

Interest expense includes interest expense on lease liabilities under IFRS 16 Leases in the amount of RUB 16,924 million and RUB 16,529 million for the years ended 31 December 2021 and 31 December 2020, respectively.

Foreign exchange gain and loss for the years ended 31 December 2021 and 31 December 2020 were mainly caused by a change in the Euro and US Dollar exchange rates against the Russian Ruble. Gain and loss primarily relate to revaluation of borrowings denominated in foreign currencies.

**32. Reconciliation of Profit (Loss), Disclosed in Consolidated Statement of Financial Results,
Prepared in Accordance with Russian Statutory Accounting (RSA) to Profit Disclosed
in IFRS Consolidated Statement of Comprehensive Income**

	Year ended 31 December	
	2021	2020
RSA profit (loss) for the year per consolidated statutory accounts	2,302,586	(354,403)
Effect of IFRS adjustments:		
Differences in depreciation of property, plant and equipment and intangible assets	333,797	327,813
Differences in borrowing costs capitalised	151,654	177,552
Reversal of goodwill amortisation	64,145	63,637
Classification of loss (gain) arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	(121,551)	13,571
Impairment (loss) gain on assets and changes in provisions, including provision for post-employment benefits	(511,186)	(48,474)
Differences in property, plant and equipment disposal	14,889	29,213
Difference in share of profit of associates and joint ventures	(25,335)	(18,866)
Write-off of research and development expenses capitalised for RSA purposes	(5,967)	(6,026)
Other	(43,946)	(21,610)
IFRS profit for the year	2,159,086	162,407

33. Basic and Diluted Earnings per Share Attributable to the Owners of PJSC Gazprom

Basic earnings per share attributable to the owners of PJSC Gazprom is shown in the table below.

Notes	Year ended 31 December	
	2021	2020
Profit for the year attributable to the owners of PJSC Gazprom	2,093,071	135,341
28 Interest accrued on perpetual notes	(10,668)	(1,523)
28 Translation differences arising on the translation of interest accrued on perpetual notes	81	16
Profit for the year attributable to the ordinary shareholders of PJSC Gazprom	2,082,484	133,834
27 Annual weighted average number of ordinary shares outstanding, excluding the weighted average number of treasury shares (in millions of shares)	23,645	23,645
Basic and diluted earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	88.07	5.66

The Group has no dilutive financial instruments.

34. Net Cash from Operating Activities

Notes	Year ended 31 December	
	2021	2020
Profit before profit tax	2,769,514	133,469
Adjustments to profit before profit tax		
30 Depreciation	828,027	798,436
31 Net finance (income) expenses	(116,057)	618,118
16 Share of profit of associates and joint ventures	(242,196)	(136,736)
Impairment loss on assets and change in provision for post-employment benefits	518,077	166,039
30 Derivative financial instruments (gain) loss	(53,905)	16,735
Other	22,088	6,834
Total effect of adjustments	956,034	1,469,426
Cash flows from operating activities before working capital changes	3,725,548	1,602,895
Increase in non-current assets	(32,369)	(4,544)
Increase in non-current liabilities	1,664	75,726
	3,694,843	1,674,077
Changes in working capital:		
Increase in accounts receivable and prepayments	(754,004)	(288,724)
Increase in inventories	(113,518)	(28,141)
(Increase) decrease in other current assets	(254,968)	682,987
Increase (decrease) in accounts payable, excluding interest, dividends and capital construction	664,795	(15,507)
Settlements on taxes and fees payable (other than profit tax)	119,467	(7,534)
Decrease in financial assets	3,619	7,032
Total effect of working capital changes	(334,609)	350,113
Profit tax paid	(344,844)	(105,299)
Net cash from operating activities	3,015,390	1,918,891

The following taxes and other similar payments were paid in cash during 2021 and 2020:

	Year ended 31 December	
	2021	2020
MET	1,308,464	812,187
Customs duties	1,232,297	472,031
Profit tax	344,844	105,299
Insurance contributions	178,128	162,568
Property tax	148,713	155,709
VAT	144,796	126,077
Personal income tax	91,227	84,360
Excise tax	82,144	373,090
Additional income tax for hydrocarbon producers	55,663	29,997
Other taxes	46,489	47,235
Total taxes paid	3,632,765	2,368,553

35. Subsidiaries

Significant Subsidiaries

Subsidiary	Country of primary operation	Ownership interest (%) ¹ as of 31 December	
		2021	2020
LLC Aviapredpriyatie Gazprom avia	Russia	100	100
WIBG GmbH	Germany	100	100
WIEH GmbH	Germany	100	100
WINGAS GmbH	Germany	100	100
JSC Vostokgazprom	Russia	100	100
CJSC Gazprom Armenia	Armenia	100	100
JSC Gazprom gazoraspredelenie	Russia	100	100
GAZPROM Germania GmbH	Germany	100	100
LLC Gazprom GNP Holding	Russia	100	100
LLC Gazprom dobycha Astrakhan	Russia	100	100
LLC Gazprom dobycha Krasnodar	Russia	100	100
LLC Gazprom dobycha Nadym	Russia	100	100
LLC Gazprom dobycha Noyabrsk	Russia	100	100
LLC Gazprom dobycha Orenburg	Russia	100	100
JSC Gazprom dobycha Tomsk	Russia	100	100
LLC Gazprom dobycha Urengoy	Russia	100	100
LLC Gazprom dobycha Yamburg	Russia	100	100
LLC Gazprom invest	Russia	100	100
LLC Gazprom invest RGK	Russia	100	100
LLC Gazprom investgazifikatsiya	Russia	100	100
LLC Gazprom capital	Russia	100	100
LLC Gazprom komplektatsiya	Russia	100	100
JSC Gazprom Space Systems	Russia	80	80
Gazprom Marketing & Trading Ltd	United Kingdom	100	100
Gazprom Marketing & Trading Retail Ltd	United Kingdom	100	100
LLC Gazprom mezhregiongaz	Russia	100	100
LLC Gazprom mezhregiongaz Moskva	Russia	100	100
JSC Gazprom mezhregiongaz Nizhny Novgorod	Russia	51	51
LLC Gazprom mezhregiongaz Sankt-Peterburg	Russia	100	100
LLC Gazprom metanol	Russia	100	100
LLC Gazprom neftekhim Salavat	Russia	100	100
PJSC Gazprom Neft	Russia	96	96
Gazprom Neft Badra B.V. ²	Netherlands	100	100
Gazprom Neft Trading GmbH ²	Austria	100	100
LLC Gazprom neft shelf ²	Russia	100	100
LLC Gazprom NGKHK	Russia	100	100
LLC Gazprom pererabotka	Russia	100	100
LLC Gazprom pererabotka Blagoveshchensk	Russia	100	100
LLC Gazprom PHG	Russia	100	100
LLC Gazprom Sakhalin holding	Russia	100	-

35. Subsidiaries (continued)

Subsidiary	Country of primary operation	Ownership interest (%) ¹ as of 31 December	
		2021	2020
JSC Gazprom teploenergo	Russia	100	100
OJSC Gazprom transgaz Belarus	Belorussia	100	100
LLC Gazprom transgaz Volgograd	Russia	100	100
LLC Gazprom transgaz Ekaterinburg	Russia	100	100
LLC Gazprom transgaz Kazan	Russia	100	100
LLC Gazprom transgaz Krasnodar	Russia	100	100
LLC Gazprom transgaz Moskva	Russia	100	100
LLC Gazprom transgaz Nizhny Novgorod	Russia	100	100
LLC Gazprom transgaz Samara	Russia	100	100
LLC Gazprom transgaz Sankt-Peterburg	Russia	100	100
LLC Gazprom transgaz Saratov	Russia	100	100
LLC Gazprom transgaz Stavropol	Russia	100	100
LLC Gazprom transgaz Surgut	Russia	100	100
LLC Gazprom transgaz Tomsk	Russia	100	100
LLC Gazprom transgaz Ufa	Russia	100	100
LLC Gazprom transgaz Ukhta	Russia	100	100
LLC Gazprom transgaz Tchaikovsky	Russia	100	100
LLC Gazprom transgaz Yugorsk	Russia	100	100
Gazprom Finance B.V.	Netherlands	100	100
LLC Gazprom flot	Russia	100	100
Gazprom Holding Cooperatie U.A.	Netherlands	100	100
GAZPROM Schweiz AG	Switzerland	100	100
LLC Gazprom export	Russia	100	100
JSC Gazprom energosbyt ³	Russia	81	81
LLC Gazprom energoholding	Russia	100	100
Gazprom EP International B.V.	Netherlands	100	100
LLC Gazpromneft Marine Bunker ²	Russia	100	100
JSC Gazpromneft-Aero ²	Russia	100	100
LLC Gazpromneft-Bitumen Materials ²	Russia	100	100
LLC Gazpromneft-Vostok ²	Russia	51	51
JSC Gazpromneft-MNPZ ²	Russia	100	100
JSC Gazpromneft-Noyabrskneftegaz ²	Russia	100	100
JSC Gazpromneft-ONPZ ²	Russia	100	100
LLC Gazpromneft-Orenburg ²	Russia	100	100
LLC Gazpromneft Regional Sales ²	Russia	100	100
LLC Gazpromneft-Lubricants ²	Russia	100	100
LLC Gazpromneft-Khantos ²	Russia	100	100
LLC Gazpromneft-Centr ²	Russia	100	100
LLC Gazpromneft-Yamal ²	Russia	100	100
LLC Gazpromtrans	Russia	100	100
LLC GPN-Invest ²	Russia	100	100
LLC GPN-Finans ²	Russia	100	100
PJSC Mosenergo ³	Russia	54	54

35. Subsidiaries (continued)

Subsidiary	Country of primary operation	Ownership interest (%) ¹ as of 31 December	
		2021	2020
PJSC MIPC ³	Russia	99	99
Naftna Industrija Srbije a.d. ²	Serbia	56	56
Nord Stream 2 AG	Switzerland	100	100
PJSC OGK-2 ³	Russia	81	79
JSC REPH	Russia	100	100
South Stream Transport B.V.	Netherlands	100	100
OJSC Severneftegazprom ³	Russia	50	50
PJSC TGC-1	Russia	52	52
LLC Faktoring-Finance	Russia	100	100
PJSC Centerenergoholding	Russia	100	100

¹ Cumulative share of the Group in share capital of investees.

² Subsidiaries of PJSC Gazprom Neft.

³ Share in voting shares.

36. Non-Controlling Interest

	Year ended 31 December	
	2021	2020
Non-controlling interest as of 31 December 2020	566,789	510,854
Non-controlling interest share of profit of subsidiaries ¹	66,015	27,066
Change in ownership interest in LLC Gazpromneft-Palyan ²	10,346	–
Change in ownership interest in LLC Gazpromneft -Sakhalin ²	2,672	–
Change in ownership interest in JSC Teploset Sankt-Peterburga ³	2,449	2,266
Change in ownership interest in ZMB Gasspeicher Holding GmbH ⁴	1,612	–
Change in ownership interest in LLC Gazpromneft-Salym ²	467	468
Change in ownership interest in PJSC OGK-2	(3,161)	–
Change in / acquisition of interest in JSC REP Holding (abbreviated name – JSC REPH)	–	15,418
Change in ownership interest in JSC SalavatStroyTEK ⁵	–	1,647
Change in ownership interest in JSC Gazprom energosbyt	–	(629)
Change in the non-controlling interest as a result of other acquisitions and disposals	2,494	186
Gain from hedging operations, net of tax	10	18
Remeasurement of provision for post-employment benefits	200	4
Dividends	(26,691)	(16,749)
Translation differences	(8,142)	26,240
Non-controlling interest as of 31 December 2021	615,060	566,789

¹ Non-controlling interest share of profit of subsidiaries includes share in impairment of assets in the amount of RUB 19,829 million and RUB 1,964 million for the years ended 31 December 2021 and 31 December 2020, respectively.

² Subsidiary of PJSC Gazprom Neft.

³ Subsidiary of PJSC TGC-1.

⁴ Subsidiary of GAZPROM Germania GmbH.

⁵ Subsidiary of LLC Gazprom neftekhim Salavat.

36. Non-Controlling Interest (continued)

The following table provides information about all subsidiaries that have non-controlling interests that are significant to the Group is presented in the table below.

	Country of primary operation	Ownership interest held by non-controlling interest, % ¹	Profit (loss) attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary	Dividends accrued to non-controlling interest during the year
As of 31 December 2021 and for the year ended 31 December 2021					
Gazprom Neft Group ²	Russia	4	39,571	319,992	14,239
Naftna Industrija Srbije a.d. Group	Serbia	46	7,184	103,721	343
Mosenergo Group	Russia	46	4,543	112,537	3,292
TGC-1 Group	Russia	48	3,875	84,078	1,989
OGK-2 Group	Russia	19	(7,867)	23,980	1,263
As of 31 December 2020 and for the year ended 31 December 2020					
Gazprom Neft Group ²	Russia	4	14,085	288,447	7,497
Naftna Industrija Srbije a.d. Group	Serbia	46	(2,468)	106,338	1,444
Mosenergo Group	Russia	46	4,274	111,436	2,215
TGC-1 Group	Russia	48	5,630	79,625	1,926
OGK-2 Group	Russia	21	2,062	36,205	1,145

¹ Effective share held by non-controlling interest in share capital of investments.

² Including non-controlling interest in Naftna Industrija Srbije a.d. Group.

The summarised financial information of these subsidiaries before inter-company eliminations is presented in the table below.

	Gazprom Neft Group ¹	Naftna Industrija Srbije a.d. Group	Mosenergo Group	TGC-1 Group	OGK-2 Group
As of 31 December 2021 and for the year ended 31 December 2021					
Current assets	1,135,154	68,359	98,365	33,267	40,759
Non-current assets	4,037,695	286,857	189,594	182,293	152,967
Current liabilities	1,349,479	45,121	27,851	20,494	14,028
Non-current liabilities	1,097,015	63,076	8,388	34,046	52,061
Sales	3,043,214	214,609	225,747	102,598	141,671
Profit (loss) for the year	506,496	14,738	11,126	7,504	(41,051)
Comprehensive income (loss) for the year	490,370	14,825	11,172	7,742	(40,709)
Net cash from (used in):					
operating activities	878,344	31,239	35,568	19,145	35,364
investing activities	108,827	(16,532)	(26,541)	(12,657)	(17,866)
financing activities	(65,483)	(5,301)	(16,638)	(4,879)	(17,435)

36. Non-Controlling Interest (continued)

	Gazprom Neft Group ¹	Naftna Industrija Srbije a.d. Group	Mosenergo Group	TGC-1 Group	OGK-2 Group
As of 31 December 2020 and for the year ended 31 December 2020					
Current assets	714,332	50,576	96,987	33,694	41,161
Non-current assets	3,763,046	317,934	171,812	178,670	202,666
Current liabilities	780,266	45,430	20,489	25,881	18,425
Non-current liabilities	1,231,753	68,313	26,734	32,078	70,752
Sales	1,974,938	127,598	181,559	89,023	121,229
Profit (loss) for the year	136,944	(7,513)	10,389	11,463	10,501
Comprehensive income (loss) for the year	193,492	(7,471)	10,388	11,490	10,550
Net cash from (used in):					
operating activities	569,899	20,940	29,592	22,571	21,211
investing activities	(382,103)	(18,391)	(15,377)	(18,575)	(4,993)
financing activities	(167,460)	(7,399)	(18,322)	(3,843)	(16,303)

¹ Including data of in Naftna Industrija Srbije a.d. Group.

The rights of the holders of non-controlling interests of the presented subgroups are determined by the respective laws

of country of incorporation and the charter documents of the subsidiaries.

37. Related Parties

In the consolidated financial statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making operational and financial decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions which unrelated parties would not, and

transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of relationships with those related parties with whom the Group entered into significant transactions or had significant balances outstanding is detailed below.

Government (the Russian Federation)

The Russian Federation is the ultimate controlling party of PJSC Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in PJSC Gazprom.

As of 31 December 2021 the Government directly owns 38.373% of PJSC Gazprom's issued shares. JSC ROSNEFTEGAZ and JSC Rosgazifikatsiya controlled by the Government own 11.859% of PJSC Gazprom's issued shares.

The Government does not prepare consolidated financial statements for public use. The Governmental economic and social policies affect the Group's financial position, performance and cash flows.

As a condition of privatisation in 1992, the Government of the Russian Federation imposed an obligation on the Group to provide an uninterrupted supply of gas to customers in the Russian Federation at government-controlled prices.

37. Related Parties (continued)

Parties Under the Government Control

In the normal course of business the Group enters into transactions with other entities under the Government control.

As of 31 December 2021 wholesale prices of natural gas produced by PJSC Gazprom and its affiliates, gas transportation tariffs for independent producers and electricity tariffs in the Russian Federation are regulated by the Federal Antimonopoly Service (the "FAS").

Bank borrowings are provided on the basis of market interest rates. Taxes are accrued and settled in accordance with the applicable current legislation.

As of 31 December 2021 and 31 December 2020 and for the years ended 31 December 2021 and 31 December 2020 the Group's significant transactions and balances with the Government and entities under the Government control are presented below.

	As of 31 December 2021		Year ended 31 December 2021	
	Assets	Liabilities	Income	Expenses
Transactions and balances with the Government				
Current profit tax	5,345	97,483	–	433,613
Insurance contributions	1,734	14,000	–	177,600
VAT	290,361	162,724	–	–
Customs duties	78,088	–	–	–
MET	130	121,158	–	1,356,694
Other taxes	85,847	81,410	–	177,565
Other	–	–	96,696	–
Transactions and balances with entities under the Government control				
Gas sales	–	–	171,025	–
Electric and heat energy sales	–	–	213,807	–
Gas transportation sales	–	–	46,011	–
Other sales	–	–	7,696	–
Transit of oil and refined products expenses	–	–	–	139,026
Interest expense	–	–	–	27,384
Cash and cash equivalents	883,455	–	–	–
Short-term deposits	2,805	–	–	–
Long-term deposits	13	–	–	–
Accounts receivable	64,031	–	–	–
Short-term financial assets	24,251	–	–	–
Long-term financial assets	4,451	–	–	–
Accounts payable	–	36,321	–	–
Borrowings	–	322,733	–	–
Short-term lease liabilities	–	10,292	–	–
Long-term lease liabilities	–	86,213	–	–
	As of 31 December 2020		Year ended 31 December 2020	
	Assets	Liabilities	Income	Expenses
Transactions and balances with the Government				
Current profit tax	14,384	6,230	–	63,384
Insurance contributions	2,908	15,474	–	166,071

37. Related Parties (continued)

	As of 31 December 2020		Year ended 31 December 2020	
	Assets	Liabilities	Income	Expenses
VAT	269,914	115,404	–	–
Customs duties	15,567	–	–	–
MET	18	72,930	–	793,705
Other taxes	30,624	61,288	–	437,305
Other	–	–	–	4,068
Transactions and balances with entities under the Government control				
Gas sales	–	–	147,016	–
Electric and heat energy sales	–	–	173,778	–
Gas transportation sales	–	–	37,410	–
Other sales	–	–	6,136	–
Transit of oil and refined products expenses	–	–	–	133,685
Interest expense	–	–	–	22,037
Cash and cash equivalents	336,213	–	–	–
Short-term deposits	2,190	–	–	–
Long-term deposits	1,156	–	–	–
Accounts receivable	50,450	–	–	–
Short-term financial assets	27,462	–	–	–
Long-term financial assets	6,683	–	–	–
Accounts payable	–	29,374	–	–
Borrowings	–	291,888	–	–
Short-term lease liabilities	–	8,420	–	–
Long-term lease liabilities	–	90,912	–	–

The recognised of right-of-use assets adjusted for lease modifications amount to RUB 5,903 million and RUB 2,073 million for the years ended 31 December 2021 and 31 December 2020.

See the consolidated statement of changes in equity for returns of social assets to governmental authorities during the

years ended 31 December 2021 and 31 December 2020. See Note 13 for the net book values as of 31 December 2021 and 31 December 2020 of social assets vested to the Group at privatisation.

Transactions with JSC FSC

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with JSC FSC. The current financial settling system of JSC FSC does not provide the ultimate counterparties with automatically generated information about transactions and

outstanding balances with the participants of the wholesale electricity and capacity market.

The Group's significant transactions and balances with JSC FSC are presented below.

	As of 31 December 2021		Year ended 31 December 2021	
	Assets	Liabilities	Income	Expenses
Transactions and balances with JSC FSC				
Electric and heat energy sales	–	–	191,477	–

37. Related Parties (continued)

	As of 31 December 2021		Year ended 31 December 2021	
	Assets	Liabilities	Income	Expenses
Electricity and heating expenses	–	–	–	30,684
Accounts receivable	8,713	–	–	–
Accounts payable	–	2,369	–	–

	As of 31 December 2020		Year ended 31 December 2020	
	Assets	Liabilities	Income	Expenses
Transactions and balances with JSC FSC				
Electric and heat energy sales	–	–	139,114	–
Electricity and heating expenses	–	–	–	20,745
Accounts receivable	6,478	–	–	–
Accounts payable	–	1,917	–	–

Compensation for Key Management Personnel

Key management personnel (the members of the Board of Directors and the Management Committee of PJSC Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of the Group's entities, amounted to approximately RUB 2,625 million and RUB 3,026 million for the years ended 31 December 2021 and 31 December 2020, respectively.

The members of the Board of Directors, who are government officials, do not receive compensation from the Group.

The compensation of the members of the Board of Directors is approved by the annual general meetings of shareholders of the Group's entities. The compensation of key management personnel (other than compensation of the members of the Board of Directors) is determined by the terms

of the employment contracts. Short-term compensation of key management personnel also includes benefits related to healthcare.

According to the Russian legislation, the Group makes contributions to the Pension Fund of the Russian Federation for all of its employees including key management personnel.

Key management personnel are also entitled to long-term post-employment benefits. These benefits include non-governmental pension benefits provided by JSC NPF GAZFOND and lump-sum payments provided by the Group's entities upon retirement (see Note 25).

Employees of the majority of the Group's entities are eligible for such post-employment benefits.

The Group also provides key management personnel with medical insurance and liability insurance.

Associates and Joint Ventures

For the years ended 31 December 2021 and 31 December 2020 and also as of 31 December 2021 and 31 December 2020 the Group's significant transactions and

balances with associates and joint ventures are presented below.

	Year ended 31 December 2021	
	2021	2020
	Income	
Gas sales		
Panrusgas Co.	59,596	25,724

37. Related Parties (continued)

	Year ended 31 December 2021	
	2021	2020
JSV Moldovagaz	53,936	24,179
JSC Latvijas Gaze	24,092	6,708
JSC Gazprom YRGM Trading ¹	15,499	15,426
Prometheus Gas S.A.	15,211	3,740
JSC Gazprom YRGM Development ¹	11,070	11,018
JSC EUROPOL GAZ	1,983	2,312
Gas transportation sales		
JSC Gazprom YRGM Trading ¹	24,382	24,229
JSC Gazprom YRGM Development ¹	17,415	17,306
KazRosGas LLP	2,739	2,874
Crude oil, gas condensate and refined products sales		
PJSC NGK Slavneft and its subsidiaries	37,325	17,787
LLC NPP Neftekhimia	9,997	4,080
LLC Poliom	8,125	3,717
Sakhalin Energy Investment Company Ltd.	7,863	2,326
JSC SOVEX	6,768	2,635
Field operator services sales and other services sales		
PJSC NGK Slavneft and its subsidiaries	3,965	3,491
JSC Messoyakhaneftegaz	3,795	3,865
Sakhalin Energy Investment Company Ltd.	1,839	1,774
Gas refining services sales		
KazRosGas LLP	10,300	10,865
Interest income		
Gazprombank (Joint Stock Company) and its subsidiaries	22,255	23,201
JSC Gazstroyprom	6,574	7,632
Other operating income (rental income)		
Sakhalin Energy Investment Company Ltd.	669	733
	Expenses	
Purchased gas		
JSC Gazprom YRGM Trading ¹	66,158	47,076
JSC Gazprom YRGM Development ¹	47,288	33,658
Sakhalin Energy Investment Company Ltd.	39,989	8,730
JSC Arcticgas	36,351	35,906
KazRosGas LLP	6,397	9,032
CJSC Northgas	4,633	5,261
Transit of gas		
Nord Stream AG	93,628	90,578
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	48,921	45,735
JSC EUROPOL GAZ	–	4,838
Purchased crude oil and refined products		
PJSC NGK Slavneft and its subsidiaries	152,836	82,730
JSC Messoyakhaneftegaz	87,474	48,701
JSC Arcticgas	6,075	4,395

37. Related Parties (continued)

	Year ended 31 December 2021	
	2021	2020
KazRosGas LLP	6,033	2,149
LLC NPP Neftekhimia	1,401	726
Sakhalin Energy Investment Company Ltd.	–	2,097
Gas and gas condensate production		
JSC Achimgaz	84,437	37,687
Processing services		
PJSC NGK Slavneft and its subsidiaries	15,462	14,642
Transit of crude oil and oil refinery products		
PJSC NGK Slavneft and its subsidiaries	9,343	5,821
JSC Messoyakhaneftegaz	7,418	7,651
Interest expense		
Gazprombank (Joint Stock Company) and its subsidiaries	14,422	11,235

¹ JSC Gazprom YRGM Trading and JSC Gazprom YRGM Development are not associates and joint ventures.

Under the agreement of subordinated debt the Group provided cash to Gazprombank (Joint Stock Company) in the amount of RUB nil million and RUB 40,000 million for the years ended 31 December 2021 and 31 December 2020, respectively.

Gas is sold to and purchased from the Group's associates and joint ventures in the Russian Federation mainly at the rates

established by the FAS. Gas is sold and purchased outside the Russian Federation generally on a long-term basis at prices based on world prices of oil products.

Crude oil is sold to and purchased from the Group's associates and joint ventures in the ordinary course of business at prices not significantly different from average market prices.

	As of 31 December 2021		As of 31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
JSC Gazstroyprom	26,180	–	58,569	–
Gazprombank (Joint Stock Company)	10,291	–	33,851	–
TurkAkim Gaz Tasima A.S.	5,820	–	1,993	–
PJSC NGK Slavneft and its subsidiaries	5,697	–	3,450	–
Sakhalin Energy Investment Company Ltd.	5,499	–	4,403	–
Prometheus Gas S.A.	3,307	–	563	–
JSC Gazprom YRGM Trading	2,273	–	1,924	–
JSC Latvijas Gaze	2,049	–	–	–
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	2,005	–	50	–
JSC Gazprom YRGM Development	1,623	–	1,374	–
KazRosGas LLP	1,488	–	1,579	–
Overgas Inc. AD	–	–	8,286	–
LLC National Petroleum Consortium	–	–	1,487	–
Cash and cash equivalents				
Gazprombank (Joint Stock Company) and its subsidiaries	552,930	–	453,859	–
OJSC Belgazprombank	1,931	–	29	–
Other current assets				
Gazprombank (Joint Stock Company) and its subsidiaries	194,197	–	2,290	–
OJSC Belgazprombank	3,222	–	16	–

37. Related Parties (continued)

	As of 31 December 2021		As of 31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Long-term accounts receivable and prepayments				
JSC Gazstroypprom	429,318	–	318,674	–
TurkAkim Gaz Tasima A.S.	23,135	–	28,763	–
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	16,807	–	18,129	–
Sakhalin Energy Investment Company Ltd.	12,240	–	14,187	–
JSC Eurotek-Yugra	5,191	–	4,515	–
OJSC Belgazprombank	2,479	–	2,479	–
Short-term accounts payable				
PJSC NGK Slavneft and its subsidiaries	–	112,249	–	53,286
JSC Gazstroypprom	–	85,885	–	57,618
JSC Messoyakhaneftegaz	–	47,518	–	33,670
JSC Gazprom YRGM Trading	–	15,931	–	6,509
JSC Achimgaz	–	15,898	–	5,476
JSC Gazprom YRGM Development	–	11,385	–	4,655
TurkAkim Gaz Tasima A.S.	–	9,810	–	1,438
JSC Tomskneft VNK	–	9,471	–	–
Nord Stream AG	–	7,516	–	8,139
JSC Arcticgas	–	4,278	–	3,367
Sakhalin Energy Investment Company Ltd.	–	2,666	–	864
JSC Latvijas Gaze	–	2,516	–	663
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	–	1,635	–	1,487
Short-term borrowings (including current portion of long-term borrowings)				
Gazprombank (Joint Stock Company)	–	11,805	–	7,109
JSC Tomskneft VNK	–	9,347	–	–
JSC Gazstroypprom	–	86	–	5,549
WIGA Transport Beteiligungs-GmbH & Co. KG	–	–	–	27,918
Long-term borrowings				
Gazprombank (Joint Stock Company)	–	195,624	–	182,216

Accounts receivable due from JSV Moldovagaz before allowance for expected credit losses were RUB 564,595 million and RUB 508,624 million as of 31 December 2021 and 31 December 2020, respectively. The accounts receivable net of allowance for expected credit losses amounted to RUB 2,775 million as of 31 December 2021 and RUB nil million as of 31 December 2020.

Accounts receivable for gas due from Overgas Inc. AD were RUB 7,770 million net of allowance for expected credit losses in the amount of RUB nil million as of 31 December 2020.

Borrowings from Gazprombank (Joint Stock Company) were obtained on terms not substantially different from those on financial instruments with similar characteristics and equally exposed to influence of changes in economic or other factors.

Under the loan facility agreements concluded in 2019-2020 the Group has commitments to provide loans to JSC Gazstroypprom to repay its loan liabilities towards the bank in case of late payment. As of 31 December 2021 and 31 December 2020 the limit of loan facilities

according to the concluded agreements amounted to RUB 297,002 million (RUB 60,000 million with the loan facilities valid until 29 November 2022, RUB 40,000 million – until 15 December 2022, RUB 197,002 million – until 31 December 2027). As of 31 December 2021 and 31 December 2020 the Group did not provide loans. The loan commitments of the Group are limited by the loan liabilities of JSC Gazstroypprom to the bank.

In June 2021 the Group acquired 100% of ordinary shares of Centrex Europe Energy & Gas AG. Compensation payments amounted to RUB 16,868 million. Payment was made by the cash. The shares were acquired from Gazprombank Group.

Information on investments in associates and joint ventures is disclosed in Note 16.

Information on transactions performed by the Group with JSC NPF GAZFOND is disclosed in Note 25.

Information on financial guarantees issued by the Group for associates and joint ventures is disclosed in Note 40.

38. Commitments and Contingencies

Capital Commitments

The total investment utilisation in accordance with the investment programme of the Group for 2022 (for gas, oil, electricity, heat generating and other assets) and current similar intentions of the Group is RUB 2,258,026 million.

Supply Commitments

The Group has entered into long-term supply contracts for periods ranging from 5 to 30 years with various entities operating in Europe and other countries. The volumes and prices in these contracts are subject to change due to various contractually defined factors. As of 31 December 2021 and 31 December 2020 no loss is expected to result from these long-term commitments.

Gas Transportation Commitments

The Group is a party to a number of long-term agreements on booking capacity for gas transportation. As of 31 December 2021 these agreements are not expected to be onerous for the Group.

Other

The Group has transportation agreements with certain of certain associates and joint ventures (see Note 37).

39. Operating Risks

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 31 December 2021 is appropriate and the Group's position in terms of tax, currency and customs legislation will remain stable.

Legal Proceedings

On 15 October 2018 PGNiG S.A., Poland, filed a claim with the General Court of the European Union ("the EU") for cancellation of the decision of the European Commission on the pro-competition commitments which completed the antitrust investigation against alleged breach of the EU antitrust law by PJSC Gazprom and its subsidiary LLC Gazprom export within the activity in the EU member countries from Central and Eastern Europe. On 18–19 May 2021 hearings in the case were held in the General Court of the EU. By its decision dated 2 February 2022 ("the Decision"), the General Court of the EU dismissed the claim filed by PGNiG S.A. dated 15 October 2018. On 14 April 2022 it became known that PGNiG S.A. had filed an appeal against the Decision to the European Court of Justice.

On 14 March 2017 the European Commission received a complaint from PGNiG S.A., Poland, stating that PJSC Gazprom and LLC Gazprom export allegedly violated Article 102 of the Treaty on the Functioning of the EU. In this complaint PGNiG S.A. states that PJSC Gazprom and LLC Gazprom export violate the antitrust law of the EU through:

- 1) applying unfair pricing policy with respect to PGNiG S.A.;
- 2) preventing cross-border gas sale;
- 3) tying commercial issues with infrastructure.

39. Operating Risks (continued)

These claims relate to issues covered by the European Commission investigation of PJSC Gazprom's and LLC Gazprom export's operation in the countries from Central and Eastern Europe, which formal phase was initiated in 2012 and finalised in 2018. On 17 April 2019 that complaint was rejected by the European Commission. In June 2019 PGNiG S.A. filed with the General Court of the EU a petition in respect of the rejection of that complaint by the European Commission. On 20 May 2021 hearings in the case were held in the General Court of the EU. By its decision dated 2 February 2022, the General Court of the EU accepted the petition filed by PGNiG S.A. and annulled the decision of the European Commission dated 17 April 2019.

According to the announcement on the official website of NJSC Naftogaz of Ukraine, on 21 December 2021 NJSC Naftogaz of Ukraine filed a complaint with the European Commission against the Gazprom Group for abusing its dominant position on the European gas market and a request to implement precautionary measures ("the Complaint"). Based on this Complaint, the European Commission registered case No. AT.40801. On 28 February 2022 PJSC Gazprom sent to the European Commission a response to the Complaint of NJSC Naftogaz of Ukraine.

On 4 May 2018 PJSC Gazprom received a notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) dated 30 April 2018 on the initiation of an investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project (on the basis of "the establishment of a joint venture without obtaining the prior consent of the President of the Polish Office of Competition and Consumer Protection").

On 31 July 2020 PJSC Gazprom received an official notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) about the imposition of a fine of about EUR 50 million on PJSC Gazprom for the failure to provide the information requested earlier by Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) as part of the antitrust investigation. On 28 August 2020 PJSC Gazprom appealed to Poland's competent court against the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to impose the fine on PJSC Gazprom. As the fine was appealed, it will not be subject to recovery until a respective court decision becomes effective. On 19 May 2021 PJSC Gazprom filed a motion to the competent court of Poland to suspend the legal proceedings in the case concerning the imposition of the said fine on PJSC Gazprom until the court made a decision in the case concerning the appeal against the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) on alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project.

On 24 August 2020 PJSC Gazprom filed appeals to Poland's competent court against the decisions made by Poland's antimonopoly authority (the Polish Office of Competition and

Consumer Protection) to restrict PJSC Gazprom's access to the evidence gathered in the course of the investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project.

On 6 October 2020 it became known to PJSC Gazprom that, based on the results of the antitrust investigation, Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) had decided to impose a fine of about USD 7.6 billion on PJSC Gazprom, and obliged PJSC Gazprom and its Nord Stream 2 project partners to terminate the project financing agreements. On 4 November 2020 PJSC Gazprom appealed to Poland's competent court against that decision. As the decision of the antimonopoly authority was appealed, it will not be subject to enforcement until a respective court decision becomes effective. The decision of the court of first instance may be appealed to the Court of Appeal in Warsaw, which is considering the merits of the case.

The Group is also a party to certain other legal proceedings arising in the ordinary course of business and subject to various regulations of environmental protection issued by various governmental authorities regarding handling, storage and disposal of certain products. Management believes that there are no such current legal proceedings or other claims outstanding, which could have a material adverse effect on the operation or the financial position of the Group.

On 25 July 2019 Nord Stream 2 AG, a subsidiary of the Group, filed with the General Court of the EU a petition to declare the amendments to the EU Third Gas Directive entered into force on 23 May 2019 concerning the regulation of gas transmission from third countries, including the Russian Federation, invalid and to annul them because of their discriminatory nature, an infringement of the principles of equal treatment and proportionality, misuse of powers, as well as breach of procedural requirements. On 20 May 2020 the General Court of the EU declared that the claim of Nord Stream 2 AG was inadmissible on procedural grounds. On 28 July 2020 Nord Stream 2 AG filed an appeal against the decision of the General Court of the EU dated 20 May 2020 to the Court of Justice. On 25 January 2021 Nord Stream 2 AG filed its response to the objections made earlier by the EU Council and the European Parliament to its appeal dated 28 July 2020. On 18 May 2021 Nord Stream 2 AG filed its response to the objections from Poland, Latvia and Estonia (that had earlier announced their intervention in the proceedings) to the appeal dated 28 July 2020.

On 26 September 2019 Nord Stream 2 AG sent a notification to the European Commission about the initiation of arbitration proceedings by the ad hoc arbitration tribunal established under the UNCITRAL Arbitration Rules against the EU under the Energy Charter Treaty. Nord Stream 2 AG believes that by making discriminatory amendments to the EU Third Gas Directive, the EU has breached its obligations under Articles 10 and 13 of the Energy Charter Treaty. In February 2020 the arbitration tribunal was formed to resolve the dispute (the seat of arbitration shall be Toronto, Canada).

On 3 July 2020 Nord Stream 2 AG filed a memorial on the merits of the case to the arbitration tribunal. The EU responded

39. Operating Risks (continued)

with its own memorial concerning objections to the jurisdiction of the arbitration tribunal to consider the dispute and a request for bifurcation dated 15 September 2020. On 16 October 2020 Nord Stream 2 AG responded to the EU memorial dated 15 September 2020. Hearings on the bifurcation issue were held on 8 December 2020 – the EU request for bifurcation was rejected by a decision of the arbitration tribunal dated 31 December 2020. On 3 May 2021 the EU presented a memorial on the merits of the case. On 25 October 2021 Nord Stream 2 AG responded to the arbitration tribunal with a memorial on the merits of the case and a counter-memorial to the EU objections to the jurisdiction of the arbitration tribunal to consider the dispute. On 1 March 2022 Nord Stream 2 AG requested a suspension of the arbitration. The arbitration tribunal vacated the hearings scheduled for the end of

June 2022. A meeting to be held by videoconference is scheduled for 20 June 2022, at that meeting Nord Stream 2 AG will have to comment on the respective circumstances and further ability to continue the arbitration on the merits.

On 15 June 2020 Nord Stream 2 AG appealed to the Higher Regional Court of Dusseldorf against the decision of the Federal Network Agency of the Federal Republic of Germany dated 15 May 2020 that had denied derogations from key provisions of the EU Third Gas Directive to the Nord Stream 2 project. Hearings in the case were held on 30 June 2021. On 25 August 2021 the Higher Regional Court of Dusseldorf made a decision to reject the appeal. On 21 September 2021 Nord Stream 2 AG appealed against the decision of the Higher Regional Court of Dusseldorf to the Federal Court of Justice of the Federal Republic of Germany.

Sanctions

Since 2014 the EU, the United States (“U.S.”) and some other countries have introduced a series of sanctions against the Russian Federation and some Russian legal entities. Some of these sanctions are aimed directly against PJSC Gazprom, PJSC Gazprom Neft and their subsidiaries and other companies, including Gazprombank (Joint Stock Company), and some of them include general restrictions of economic activity in certain sectors of the Russian Federation economy.

The U.S. sanctions prohibit any U.S. citizen and legal entities incorporated in the U.S. (including their foreign branches) and any person or entity in the U.S. or related to the territory of the U.S. from:

- 1) transacting in, providing financing for, or otherwise dealing with new debt of longer than 90 days maturity (since 28 November 2017 – 60 days) or new equity, property, or interests in property in respect of a number of energy companies, including PJSC Gazprom Neft;
- 2) transacting in, providing financing for, or otherwise dealing with new debt of longer than 30 days maturity (since 28 November 2017 – 14 days) or new equity, property, or interests in property in respect of a number of Russian companies of the banking sector, including Gazprombank (Joint Stock Company) (PJSC Gazprom is not on the list of restricted entities in this respect);
- 3) providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services), or technology in support of potential exploration and production of oil in deep water, Arctic offshore, or shale formations in the Russian Federation, inland or in territorial waters claimed by the Russian Federation with participation of Russian companies, including PJSC Gazprom and PJSC Gazprom Neft. Since 7 August 2015 the restriction has included the Yuzhno-Kirinskoye field located in the Sea of Okhotsk. According to the changes of 31 October 2017 the scope of the stated restriction was extended for projects that meet three criteria at the same time:

- the start date of projects – after 29 January 2018;
- projects relate to oil production around the world;
- Russian companies included in the Sectoral Sanctions Identifications List, including PJSC Gazprom and PJSC Gazprom Neft and their subsidiaries, own a share of 33% and more in such project or control the majority of voting rights.

On 2 August 2017 the U.S. President signed the Countering America’s Adversaries Through Sanctions Act (the “Act of 2 August 2017”), which expanded the U.S. sanctions regime against the Russian Federation. The Act of 2 August 2017, *inter alia*, gives the U.S. President the right to impose certain sanctions in interaction (coordination) with the U.S. allies against any person who after the adoption of the Act of 2 August 2017 consciously made investments or sold goods, supplied technologies or provided services to the Russian Federation (for the amount exceeding USD 1 million, or during the year – totally exceeding USD 5 million) in the construction and maintenance of Russian energy export pipelines (Section 232 of the Act of 2 August 2017). The implementation of these sanctions can create risks for the development of prospective gas transportation projects of PJSC Gazprom.

The Act of 2 August 2017 creates the risk of extraterritorial application of certain U.S. sanctions and may adversely affect the participation of foreigners in certain new projects of PJSC Gazprom. At the same time, the provisions of the Act of 2 August 2017 should be applied along with the explanations of the U.S. Department of the Treasury and the U.S. Department of State.

On 15 July 2020 the U.S. Department of State issued new guidance (the “New Guidance”) for Section 232 of the Act of 2 August 2017, which cancelled the earlier effective exception that stated that investments in projects commenced prior to 2 August 2017 would not be subject to sanctions. Under the New Guidance, Section 232 of the Act of 2 August 2017 explicitly applies to the Nord Stream 2 gas pipeline and the second line of the TurkStream gas pipeline. At the same time,

39. Operating Risks (continued)

the U.S. Department of State mentioned in the New Guidance that sanctions would not target gas pipelines in existence on, and capable of transporting commercial quantities of gas, as of the enactment date of the Act of 2 August 2017. In addition, the U.S. Department of State deleted the portion of the guidance in effect earlier that stated that investments and loans related to the construction of export pipelines made prior to 2 August 2017 would not be subject to sanctions and indicated that any actions with investments (except for reasonable steps to wind down effective contracts) made on or after 15 July 2020 might become a reason for the imposition of sanctions under Section 232 of the Act of 2 August 2017.

The National Defense Authorization Act, which was enacted on 20 December 2019, (the "Act of 20 December 2019") envisages sanctions against persons that provide vessels for the construction of the Nord Stream 2 and the TurkStream gas pipelines.

The Act of 20 December 2019 envisages that not later than 60 days after the date of the enactment of this Act, and every 90 days thereafter, the U.S. Secretary of State (in consultation with the U.S. Secretary of the Treasury) shall submit reports that identify:

- 1) vessels that are engaged in pipe-laying at depths of 100 feet or more below sea level for the construction of the Nord Stream 2 and the TurkStream export pipelines (or any project that is a successor to either such project); and
- 2) foreign persons (both individuals and legal entities) that the U.S. Secretary of State (in consultation with the U.S. Secretary of the Treasury) believes to have knowingly sold, leased, or provided those vessels for the construction of such pipelines; or facilitated deceptive or structured transactions to provide those vessels for the construction of such gas pipelines.

Persons indicated in the report submitted by the U.S. Secretary of State under paragraph 2 above and their corporate officers or principal shareholders with a controlling interest shall be excluded from the U.S. and the U.S. Secretary of State shall deny a U.S. visa to such persons and revoke all visas earlier issued to them. Assets of the persons indicated in the report submitted by the U.S. Secretary of State under paragraph 2 above that are located in the U.S. would be frozen (including in case of their transfer to third parties) and U.S. persons would be prohibited from entering into transactions with such persons.

The Act of 20 December 2019 envisages an exception for repair and maintenance of the gas pipelines indicated in the Act of 20 December 2019.

The Act of 20 December 2019 states that authorisations to impose those sanctions shall terminate on the date that is five years after the date of the enactment of the Act of 20 December 2019. Imposed sanctions may terminate earlier if the U.S. President provides to the Congress satisfactory evidence that the respective gas pipeline projects would not result in a decrease of more than 25 percent in the volume of Russian energy exports transiting through existing pipelines in other countries (particularly Ukraine) relative to the average monthly volume of Russian energy exports transiting through such pipelines in 2018.

As a result of the enactment of the Act of 20 December 2019, the contractor (Allseas, a Swiss company) of Nord Stream 2 AG suspended pipe-laying under the Nord Stream 2 project. In addition, the Act of 20 December 2019 is not expected to affect the TurkStream project as the construction of the offshore section of the TurkStream gas pipeline has been fully completed and the Act of 20 December 2019 envisages an exception for maintenance of constructed pipelines.

The National Defense Authorization Act for Fiscal Year 2021 was enacted on 1 January 2021 (the "Act of 1 January 2021"). This act amended the Act of 20 December 2019 by adding the provision of services as a reason for the imposition of sanctions, including the provision of insurance services (including underwriting services) for the vessels, services for upgrades of the vessels, as well as services for the testing, inspection and certification necessary for the completion of the Nord Stream 2 project. In addition, amendments introduced by the Act of 1 January 2021 provide for an opportunity to impose sanctions on persons that provide or facilitate providing the vessels for pipe-laying or pipe-laying activities.

Among other things, the Act of 1 January 2021 also introduced a new provision under which sanctions under the Act of 20 December 2019 shall not apply with respect to the EU, the governments of Norway, Switzerland, the United Kingdom, or any member country of the EU, and entities of these countries that are not operating as business enterprises.

On 20 October 2020 and 9 April 2021 the U.S. Department of State issued guidance documents for the Act of 20 December 2019 (including with regard to the amendments of 1 January 2021) that expanded the sanctions to include persons who provide services or goods that are necessary to the operation of vessels engaged in the process of pipe-laying for the construction of the Nord Stream 2 and the TurkStream projects (including services for installation of equipment or upgrades for those vessels, or funding for those services), financing of the vessels and providing other forms of support to them.

Pursuant to the Act of 20 December 2019 and based on the reports submitted by the U.S. Department of State on 21 May 2021, 20 August 2021 and 23 November 2021 the U.S. Department of the Treasury imposed sanctions against a number of legal entities and vessels that are owned by them and involved in the construction of the Nord Stream 2 pipeline.

On 21 July 2021 the U.S. and the Federal Republic of Germany published a joint statement, whereby the parties agree that should the Russian Federation use energy supplies as a weapon, the Federal Republic of Germany will take retaliatory action at the national level and at the EU level, including sanctions. This statement is declaratory and is not, in its legal nature, a legally binding document.

On 15 April 2021 the U.S. President signed Executive Order No. 14024 on Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation that provides for an opportunity to impose new sanctions on the Russian Federation on a wide range of grounds, in particular against Russian persons that are responsible for, directly or indirectly engaged in or attempted

39. Operating Risks (continued)

to engage in, cutting or disrupting gas or energy supplies to Europe, the Caucasus, or Asia.

U.S. sanctions apply to any entity, in the capital of which the companies from the sanctions list directly or indirectly, individually or in the aggregate, own 50 or more percent equity interest.

PJSC Gazprom is not expressly stated among the entities against whom the EU sanctions are imposed. However, PJSC Gazprom Neft and Gazprombank (Joint Stock Company), as well as their subsidiaries in which they own more than 50 percent equity interest are subject to certain financial restrictions imposed by the EU.

The sanctions imposed by the EU prohibit all citizens of the EU member countries, as well as all legal persons, entities and bodies incorporated or established under the laws of an EU member country (both within the EU and abroad), as well as all legal persons, entities and bodies in connection with any economic activities carried out in whole or in part within the EU:

- 1) provision of drilling, well testing, logging and completion services, supply of specialised floating vessels necessary for deep water oil exploration and production, and (or) Arctic oil exploration and production, and shale oil projects in the Russian Federation, as well as the direct or indirect financing, financial assistance, technical and brokerage services in relation to these activities;
- 2) purchasing, selling and providing investment services for or assisting in the issuance of, or other dealings with transferable securities and money market instruments with a maturity of more than 90 days issued from 1 August 2014 to 12 September 2014 or more than 30 days issued after 12 September 2014 to 12 April 2022 or with any maturity issued after 12 April 2022 by certain Russian companies in the banking sector, including Gazprombank (Joint Stock Company), but excluding PJSC Gazprom;
- 3) purchasing, selling and providing investment services for or assisting in the issuance of, or other dealings with transferable securities and money market instruments issued by some Russian energy companies, including PJSC Gazprom Neft but excluding PJSC Gazprom, after 12 September 2014 to 12 April 2022 with a maturity of more than 30 days or with any maturity if issued after 12 April 2022;
- 4) after 12 September 2014 to 12 April 2022 directly or indirectly making or being part of any arrangement to make new borrowings with a maturity exceeding 30 days, and after 12 April 2022 — with any maturity, to some Russian companies (including PJSC Gazprom Neft and Gazprombank (Joint Stock Company) but excluding PJSC Gazprom), except for borrowings that have a specific and documented objective to provide financing for non-prohibited imports or exports of goods and non-financial services between the EU and the Russian Federation or for borrowings that have a specific and documented objective to provide emergency funding to meet solvency and liquidity criteria for bodies established in the EU, whose proprietary rights are owned for more than 50 percent by any entity referred to above.

These EU sanctions also apply to any entity if 50 percent or more in its capital is owned, directly or indirectly, by entities that are subject to sanctions.

On 24 February 2022 the Office of Foreign Assets Control of the U.S. Department of the Treasury included PJSC Gazprom in the U.S. sectoral sanctions list for the financial field pursuant to Directive No. 3 issued to implement the U.S. President's Executive Order No. 14024 of 15 April 2021. Those sanctions prohibit transactions by U.S. persons in new debt and new equity of PJSC Gazprom issued after 26 March 2022 of longer than 14 days maturity. The respective restrictions also apply to entities owned 50 percent or more, directly or indirectly, by PJSC Gazprom. Any transactions that have the purpose of evading those restrictions are also prohibited. Apart from PJSC Gazprom, those restrictions were imposed on PJSC Gazprom Neft, a subsidiary of the Gazprom Group, and Gazprombank (Joint Stock Company), an associate of the Gazprom Group. The ability of PJSC Gazprom and the Gazprom Group's entities to raise debt financing from U.S. persons is thus restricted.

On 8 March 2022 the U.S. President signed Executive Order No. 14066, which prohibited the importation into the U.S. from the Russian Federation of crude oil and refined oil products, liquefied natural gas, coal and coal products, and prohibited new investment in the energy sector in the Russian Federation by U.S. persons and any approval, financing, facilitation or guarantee by U.S. persons of the respective prohibited transactions by foreign persons. At the same time, the Office of Foreign Assets Control issued Licence No. 16 of 8 March 2022 providing for an exception from the restrictive measures introduced by the U.S. President's Executive Order No. 14066 to execute until 22 April 2022 contracts and agreements entered prior to 8 March 2022.

The U.S. Ending Importation of Russian Oil Act became effective on 8 April 2022 and prohibited the importation into the U.S. of Russian energy products, including oil and gas, in a manner consistent with actions issued under the U.S. President's Executive Order No. 14066 of 8 March 2022. However, the U.S. President is authorized to terminate that prohibition on importation of energy products from the Russian Federation in certain circumstances.

On 23 February 2022 the U.S. also imposed blocking sanctions on Nord Stream 2 AG.

The blocking sanctions mean that assets located in the U.S. are frozen (including when they are transferred to third parties) and U.S. persons are prohibited from dealings with such sanctioned persons. In addition, there is a risk of secondary sanctions being imposed on any foreign person for significant transactions and dealings with a person subject to the U.S. blocking sanctions.

The EU Council included PJSC Gazprom Neft in the list of entities with which European persons from 16 March 2022 are prohibited from engaging in any direct or indirect transactions (except for the execution until 15 May 2022 of contracts concluded before 16 March 2022 or ancillary contracts). That restriction does not apply to transactions which are strictly necessary for the purchase, import or transport

39. Operating Risks (continued)

of oil, oil products and natural gas, as well as titanium, aluminium, copper, nickel, palladium and iron ore, and until 10 August 2022 coal and other solid fossil fuels, from or through the Russian Federation into the EU and to transactions related to energy projects outside the Russian Federation in which PJSC Gazprom Neft (and other entities in the list) is a minority shareholder.

From 25 February 2022 it is prohibited to sell, supply, transfer or export, directly or indirectly, goods and technologies necessary for oil refining, and from 8 April 2022 – for natural gas liquefaction, as listed in Annex II to EU Regulation No. 833/2014 of 31 July 2014, including those originated outside the EU, to any natural and legal persons, entities and bodies in the Russian Federation or for use in the Russian Federation. That prohibition does not apply to events of the execution until 27 May 2022 of obligations arising from contracts concluded before 26 February 2022 or ancillary contracts necessary for the execution of such contracts.

From 16 March 2022 it is prohibited to sell, supply, transfer or export, directly or indirectly, goods and technologies listed in Annex II to EU Regulation No. 833/2014 of 31 July 2014, including those originated outside the EU, to any natural and legal persons, entities and bodies in the Russian Federation or for use in the Russian Federation, including its exclusive economic zone and continental shelf. In addition, it is prohibited to provide technical assistance, brokering and other services related to those goods and technologies and to the provision, manufacture, maintenance and use of those goods and technologies, directly or indirectly, to any natural or legal person, entity or body in the Russian Federation or for use in the Russian Federation. It is also prohibited to provide financing or financial assistance related to those goods, technologies and listed services.

The exceptions from that prohibition include:

- 1) the provision of those goods and services for the transport of fossil fuels (in particular coal, oil and natural gas) from or through the Russian Federation into the EU; or
- 2) the urgent prevention or mitigation of consequences of an event that is likely to have a serious and significant impact on human health and safety or the environment.

In addition, that prohibition does not apply to:

- a) events of the execution until 17 September 2022 of obligations arising from contracts concluded before 16 March 2022 or ancillary contracts necessary for the execution of such contracts, provided that the EU competent public authority has been informed at least five working days in advance;
- b) the provision of insurance or reinsurance to any legal person, entity or body incorporated or constituted under the law of an EU member state with regard to its activities outside the energy sector in the Russian Federation.

A competent public authority of the respective EU country may authorise the activities, export and financing listed above if it has been determined that:

- 1) it is necessary for ensuring critical energy supply within the EU; or
- 2) it is intended for the exclusive use of entities owned, or solely or jointly controlled by a legal person, entity or body which is incorporated or constituted under the law of an EU member state.

From 16 March 2022 it is prohibited for European persons to:

- 1) acquire any new or extend any existing participation in any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation;
- 2) grant or be part of any arrangement to grant any new loan or credit or otherwise provide financing (including equity capital) to any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation or for the documented purpose of financing such a legal person, entity or body;
- 3) create any new joint venture with any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation;
- 4) provide investment services related to the activities referred to in points 1)-3) above.

In February–March 2022, the United Kingdom imposed a wide range of financial sanctions, including the prohibition on transactions with securities and financial instruments issued after 1 March 2022 by “persons connected with the Russian Federation”, regardless of maturity, and the Government of the Russian Federation. From 1 March 2022 the United Kingdom introduced restrictions in respect of the provision of debt financing with a maturity exceeding 30 days to all legal “persons connected with the Russian Federation” and to the Government of the Russian Federation.

A number of other countries have recently imposed sanctions on the Russian Federation. Those sanctions are generally similar to the U.S., EU and UK sanctions. At the same time, certain countries have imposed extended sanction restrictions. On 24 February 2022 Canada imposed blocking sanctions on PJSC Gazprom, PJSC Gazprom Neft and Gazprombank (Joint Stock Company). Furthermore, there is an ongoing restriction imposed by Canada on the export, sale and delivery by persons in Canada and Canadian citizens outside Canada of certain goods to the Russian Federation or any person in the Russian Federation, if such goods are used for deep-water oil exploration (at a depth of more than 500 metres), for oil exploration or production in the Arctic, as well as shale oil exploration or production. On 13 April 2022 Australia imposed blocking sanctions on PJSC Gazprom and PJSC Gazprom Neft, a subsidiary of the Gazprom Group.

The Group is currently assessing an influence of adopted economic measures on its financial position and financial performance.

40. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme considers the low level of predictability of financial markets

and seeks to reduce potential adverse effects on the financial performance of the Group.

Risks are managed centrally and to some extent at the level of subsidiaries in accordance with adopted local acts of PJSC Gazprom and its subsidiaries.

Market Risk

Market risk is a risk that changes in market prices, such as foreign currency exchange rates, interest rates, commodity prices and prices of marketable securities, will affect

the Group's financial results or the value of its holdings of financial instruments.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from financial assets and liabilities

denominated in foreign currencies other than the functional currency of a Group entity.

The carrying amounts of the Group's financial instruments are denominated in the following currencies.

Notes	Russian Ruble	US dollar	Euro	Other	Total
As of 31 December 2021					
Financial assets					
Current					
8 Cash and cash equivalents	764,187	774,513	431,090	44,133	2,013,923
12 Short-term deposits	185,927	11,264	2,809	758	200,758
9 Short-term financial assets (excluding equity securities)	23,736	1,196	–	–	24,932
10 Accounts receivable	385,646	672,255	718,805	41,917	1,818,623
Non-current					
12 Long-term deposits	–	–	18,618	285	18,903
17 Long-term accounts receivable	366,225	4,418	45,598	2,194	418,435
18 Long-term financial assets (excluding equity securities)	338	–	–	–	338
Total financial assets	1,726,059	1,463,646	1,216,920	89,287	4,495,912
Financial liabilities					
Current					
19 Accounts payable (excluding derivative financial instruments)	1,006,727	175,750	599,709	140,953	1,923,139
21 Short-term borrowings, promissory notes and current portion of long-term borrowings	239,565	300,925	116,271	40,285	697,046
Non-current					
22 Long-term borrowings, promissory notes	922,262	989,959	2,049,971	224,464	4,186,656
Long-term lease liabilities	83,963	121,072	21,948	3,647	230,630
26 Other non-current liabilities (excluding derivative financial instruments)	78,336	5,591	660	6	84,593
Total financial liabilities	2,330,853	1,593,297	2,788,559	409,355	7,122,064

40. Financial Risk Factors (continued)

Notes	Russian Ruble	US dollar	Euro	Other	Total
As of 31 December 2020					
Financial assets					
Current					
8 Cash and cash equivalents	633,798	182,701	192,514	25,906	1,034,919
12 Short-term deposits	9,402	363	920	4,416	15,101
9 Short-term financial assets (excluding equity securities)	29,518	133	–	–	29,651
10 Accounts receivable	545,153	365,664	275,104	36,595	1,222,516
Non-current					
12 Long-term deposits	–	–	123	1,439	1,562
17 Long-term accounts receivable	278,256	4,587	41,451	1,042	325,336
18 Long-term financial assets (excluding equity securities)	309	–	–	–	309
Total financial assets	1,496,436	553,448	510,112	69,398	2,629,394
Financial liabilities					
Current					
19 Accounts payable (excluding derivative financial instruments)	879,064	131,105	149,232	76,568	1,235,969
21 Short-term borrowings, promissory notes and current portion of long-term borrowings	157,009	68,537	422,014	45,974	693,534
Non-current					
22 Long-term borrowings, promissory notes	949,050	1,038,517	1,988,239	238,274	4,214,080
Long-term lease liabilities	63,965	118,872	24,297	4,354	211,488
26 Other non-current liabilities (excluding derivative financial instruments)	21,239	5,484	660	6	27,389
Total financial liabilities	2,070,327	1,362,515	2,584,442	365,176	6,382,460

Information on derivative financial instruments is presented in Note 24.

The Group manages its net exposure to foreign exchange risk by balancing both financial assets and financial liabilities comparable in selected foreign currencies.

As of 31 December 2021, if the Russian Ruble had weakened by 30% against the US dollar with all other variables held constant, profit before profit tax would have been lower by RUB 50,033 million, mainly as a result of foreign exchange loss on translation of US dollar-denominated borrowings partially offset by foreign exchange gain on translation of US dollar-denominated trade receivables. As of 31 December 2020, if the Russian Ruble had weakened by 20% against the US dollar with all other variables held constant, profit before profit tax would have been lower by RUB 167,718 million, mainly as a result of foreign exchange loss on translation of US dollar-denominated borrowings partially offset by foreign exchange gain on translation of US dollar-denominated trade receivables. The effect of related Russian Ruble strengthening against the

US dollar would have been approximately the same amount with opposite impact.

As of 31 December 2021, if the Russian Ruble had weakened by 30% against the Euro with all other variables held constant, profit before profit tax would have been lower by RUB 375,652 million, mainly as a result of foreign exchange loss on translation of Euro-denominated borrowings partially offset by foreign exchange gain on translation of Euro-denominated trade receivables. As of 31 December 2020, if the Russian Ruble had weakened by 20% against the Euro with all other variables held constant, profit before profit tax would have been lower by RUB 337,846 million, mainly as a result of foreign exchange loss on translation of Euro-denominated borrowings partially offset by foreign exchange gain on translation of Euro-denominated trade receivables. The effect of related Russian Ruble strengthening against the Euro would have been approximately the same amount with opposite impact.

40. Financial Risk Factors (continued)

(b) Cash flow and fair value interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest rate risk arises from loans issued, borrowings, lease liabilities and other interest-bearing financial instruments. The Group's interest rate risk primarily arises from

long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The table below summarises the balance between long-term borrowings at fixed and variable interest rates.

Notes	Long-term borrowings and promissory notes	31 December	
		2021	2020
22	At fixed rate	2,786,826	2,626,491
22	At variable rate	1,969,633	2,161,537
		4,756,459	4,788,028

The Group performs analysis of the current interest rate environment and depending on that analysis at the time of raising new debts management makes decisions whether obtaining financing on fixed-rate or variable-rate basis would be more beneficial to the Group over the expected period until maturity.

In 2020-2021 the Group's borrowings at variable rates were mainly denominated in Russian Rubles and Euro.

As of 31 December 2021, if benchmark interest rates on borrowings had been 100 basis points higher with all other variables held constant, profit before profit tax would have

been lower by RUB 20,656 million for 2021, mainly as a result of higher interest expense on variable interest rate long-term borrowings. As of 31 December 2020, if benchmark interest rates on borrowings had been 100 basis points higher with all other variables held constant, profit before profit tax would have been lower by RUB 18,168 million for 2020, mainly as a result of higher interest expense on variable interest rate long-term borrowings.

The effect of a corresponding decrease in benchmark interest rates is approximately equal and opposite.

(c) Commodity price risk

Commodity price risk - possible change in prices for natural gas, crude oil and their refined products, and its impact on the Group's future performance and results of the Group's operations. A decline in the prices could result in a decrease in net profit and cash flows.

The Group's overall strategy in production and sales of natural gas, crude oil and their refined products is centrally managed. Natural gas export prices to Europe and other countries are generally based on a formula linked to refined products prices, which in turn are linked to crude oil prices.

The Group's exposure to the commodity price risk is related essentially to the export market. As of 31 December 2021, if the average gas export prices had decreased by 30% with all other variables held constant, profit before profit

tax would have been lower by RUB 1,372,733 million for 2021. As of 31 December 2020, if the average gas export prices had decreased by 20% with all other variables held constant, profit before profit tax would have been lower by RUB 421,837 million for 2020.

Gas prices in the Russian Federation are regulated by the FAS and are as such less subject to significant fluctuations.

The Group assesses on regular basis the potential scenarios of future fluctuation in commodity prices and their impact on operational and investment decisions. However, in the current economic environment management estimates may significantly differ from actual impact of change in commodity prices on the Group's financial position.

(d) Securities price risk

The Group is exposed to movements in the value of equity securities included in financial assets held by the Group and classified in the consolidated balance sheet either

as financial assets measured at fair value with changes recognised through profit or loss or other comprehensive income (see Notes 9 and 18).

40. Financial Risk Factors (continued)

As of 31 December 2021 and 31 December 2020, if London Stock Exchange equity index, which primarily affects the major part of the Group's equity securities, had decreased by 20% with all other variables held constant, assuming high correlation of the value of these securities with the index, the Group's comprehensive income for the period would have

been RUB 120,142 million and RUB 84,361 million lower, respectively.

The Group is also exposed to movements in the value of securities held by JSC NPF GAZFOND and used for fair value estimation of the Group's pension plan assets (see Note 25).

Credit Risk

Credit risk refers to the risk exposure that a potential financial loss to the Group may occur if a counterparty defaults on its contractual obligations. The maximum exposure to credit risk is the value of the assets which might be lost.

Credit risk arises from cash and cash equivalents, deposits, debt financial instruments, derivative financial instruments, accounts receivable, loan commitments and financial guarantee contracts.

Financial instruments, which potentially subject the Group to concentrations of credit risk, primarily consist of accounts receivable. Credit risks related to accounts receivable are systematically monitored, taking into account customer's financial position, past experience and other factors.

Management systematically reviews ageing analysis of receivables and uses this information for calculation of allowance

for expected credit losses (see Notes 10 and 17). Credit risk exposure mainly depends on the individual characteristics of customers, more particularly customers default risk and country risk. Group operates with various customers and substantial part of sales relates to major customers.

Although collection of accounts receivable could be influenced by economic factors affecting these customers, management believes there is no significant risk of loss to the Group beyond the allowance for expected credit losses already recorded.

Cash and cash equivalents are deposited only with banks that are considered by the Group to have a minimal risk of default.

The Group's maximum exposure to credit risk is presented in the table below.

Notes	31 December	
	2021	2020
8 Cash and cash equivalents	2,013,923	1,034,919
12 Deposits	219,661	16,663
9, 18 Debt securities	25,270	29,960
10, 17 Accounts receivable	2,237,058	1,547,852
40 Financial guarantee contracts	239,309	261,162
37 Loan commitments	297,002	297,002
Total maximum exposure to credit risk	5,032,223	3,187,558

Financial Guarantee Contracts

In accordance with the agreements, the Group provided financial guarantees in the total amount of RUB 239,309 million and RUB 261,162 million as of 31 December 2021 and 31 December 2020, respectively.

The total amount of financial guarantee contracts issued to the Group's associates and joint ventures as of 31 December 2021 and 31 December 2020 was RUB 129,516 million and RUB 174,835 million, respectively.

In 2021 and 2020 the counterparties fulfilled their contractual obligations.

Financial guarantee contracts include financial guarantees denominated in US Dollars of USD nil million and USD 314 million as of 31 December 2021 and 31 December 2020, respectively, as well as amounts denominated in Euros of EUR 1,553 million and EUR 2,103 million as of 31 December 2021 and 31 December 2020, respectively.

In March 2019 the Group pledged promissory notes to Gazprombank (Joint Stock Company) for a period up to November 2020, without the right to alienate or otherwise manage of them without the written consent of the pledgee,

40. Financial Risk Factors (continued)

to secure the obligations of JSC Gazstroyprom under the loan agreement. In October 2020, the pledge was extended until January 2022, the subject of the pledge is all the rights of the claim for repayment of the debt arising from the promissory notes. In December 2021 the pledge was extended until February 2023. The collateral value of debt repayment rights as of 31 December 2021 and 31 December 2020 was RUB 4,889 million and RUB 31,639 million, respectively.

In November and December 2021, the Group provided a guarantee to secure the obligations of LLC RusChemAlliance under the loan agreement until September 2025. As of 31 December 2021 the amount of the issued guarantee was RUB 34,745 million.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group liquidity is managed centrally. The management of the Group monitors the planned cash inflow and outflow.

Important factor in the Group's liquidity risk management is an access to a wide range of funding through capital markets and banks. Due to the dynamic nature of the Group's activities,

management maintains flexibility in financing sources by having committed credit facilities available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Financial liabilities due within 12 months (except lease liabilities) equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As of 31 December 2021					
Short-term and long-term loans and borrowings and promissory notes	310,320	536,036	760,435	2,041,774	2,707,882
Accounts payable (excluding derivative financial instruments and lease liabilities)	1,687,161	182,899	–	–	–
Lease liabilities	38,727	34,881	65,355	130,583	119,649
Other non-current liabilities (excluding derivative financial instruments)	–	–	72,733	4,465	7,537
Financial guarantee contracts	6,850	4,799	31,726	46,574	149,360
Derivative financial instruments	393,329	162,424	95,307	14,842	96
Loan commitments	–	100,000	–	–	197,002
As of 31 December 2020					
Short-term and long-term loans and borrowings and promissory notes	418,826	413,553	944,335	1,978,064	2,516,873
Accounts payable (excluding derivative financial instruments and lease liabilities)	1,160,538	33,979	–	–	–
Lease liabilities	31,123	27,011	40,184	99,885	134,205
Other non-current liabilities (excluding derivative financial instruments)	–	–	17,703	2,566	7,369
Financial guarantee contracts	11,744	33,575	42,054	6,330	167,459
Derivative financial instruments	82,903	35,969	21,739	9,389	–
Loan commitments	–	–	100,000	–	197,002

The Group's borrowing facilities do not usually include financial covenants which could trigger accelerated reimbursement of financing facilities. For those borrowing facilities where

the Group has financial covenants, the Group is in compliance. If the financial covenants are not met, the Group reclassifies long-term borrowing facilities into short-term.

40. Financial Risk Factors (continued)

Reconciliation of liabilities arising from financing activities

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
As of 31 December 2020	4,907,614	5,625	252,940	4,124	5,170,303
Cash flows, including:					
Proceeds from borrowings (net of costs directly related to the receipt)	952,896	–	–	–	952,896
Additions as a result of new leases and modifications to existing leases	–	–	85,202	–	85,202
Repayment of borrowings	(845,839)	–	(47,934)	(72)	(893,845)
Interest capitalised and paid	(151,615)	–	–	–	(151,615)
Interest paid (in financing activities)	(27,085)	–	(16,924)	(62)	(44,071)
Dividends paid	–	(313,396)	–	–	(313,396)
Finance expense	27,553	–	16,924	62	44,539
Interest capitalised	184,985	–	–	–	184,985
Dividends declared	–	323,431	–	–	323,431
Change in fair value of hedging operations	–	–	–	(7,555)	(7,555)
Translation differences	(188,156)	–	(1,376)	–	(189,532)
Other movements	23,349	(3,167)	(5,123)	3,652	18,711
As of 31 December 2021	4,883,702	12,493	283,709	149	5,180,053

Information about perpetual notes is disclosed in Note 28.

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
As of 31 December 2019	3,863,904	3,667	247,513	4,836	4,119,920
Cash flows, including:					
Proceeds from borrowings (net of costs directly related to the receipt)	1,139,715	–	–	–	1,139,715
Additions as a result of new leases and modifications to existing leases	–	–	16,884	–	16,884
Repayment of borrowings	(946,991)	–	(40,470)	1,003	(986,458)
Interest capitalised and paid	(133,076)	–	–	–	(133,076)
Interest paid (in financing activities)	(22,876)	–	(16,529)	(396)	(39,801)
Dividends paid	–	(372,524)	–	–	(372,524)
Finance expense	29,755	–	16,529	396	46,680
Interest capitalised	174,079	–	–	–	174,079
Dividends declared	–	377,363	–	–	377,363
Change in fair value of hedging operations	–	–	–	(1,935)	(1,935)
Translation differences	828,337	–	31,817	–	860,154
Other movements	(25,233)	(2,881)	(2,804)	220	(30,698)
As of 31 December 2020	4,907,614	5,625	252,940	4,124	5,170,303

40. Financial Risk Factors (continued)

Capital Risk Management

The Group considers equity and debt to be the principal elements of capital management. The Group's objectives when managing capital are to safeguard the Group's position as a leading global energy company by further increasing the reliability of natural gas supplies and diversifying activities in the energy sector, both in the domestic and foreign markets.

In order to maintain and to adjust the capital structure, the Group may revise its investment programme, attract new or repay existing loans and borrowings or sell certain non-core assets.

The Group considers its target debt to equity ratio at the level of not more than 40%.

On the Group level capital is monitored on the basis of the net debt to adjusted EBITDA ratio. This ratio is calculated as

net debt divided by adjusted EBITDA. Net debt is calculated as total debt (short-term borrowings and current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable) less cash and cash equivalents.

Adjusted EBITDA is calculated as the sum of operating profit, depreciation, impairment loss or reversal of impairment loss on financial assets and non-financial assets, less changes of allowance for expected credit losses on accounts receivable and impairment allowance on advances paid and prepayments.

The net debt to adjusted EBITDA ratio as of 31 December 2021 and 31 December 2020 is presented in the table below.

	31 December	
	2021	2020
Total debt	4,883,702	4,907,614
Less: cash and cash equivalents	(2,013,923)	(1,034,919)
Net debt	2,869,779	3,872,695
Adjusted EBITDA	3,686,890	1,466,541
Net debt / Adjusted EBITDA	0.78	2.64

PJSC Gazprom has an investment grade credit rating of BBB- (stable outlook) by Standard & Poor's and BBB (stable outlook) by Fitch Ratings as of 31 December 2021.

41. Fair Value of Financial Instruments

The fair value of financial assets and liabilities is determined as follows:

a) Financial instruments included in Level 1

The fair value of financial instruments traded in active markets is based on quoted market closing prices at the date nearest to the reporting date.

b) Financial instruments included in Level 2

The fair value of financial instruments that are not traded in active markets is determined according to various valuation techniques, primarily based on the market or income approach, particularly the discounted cash flows valuation method. These valuation techniques maximise the use of

observable inputs where they are available and rely as little as possible on the Group's specific assumptions. If all significant inputs required to measure a financial instrument at fair value are based on observable data, such an instrument is included in Level 2.

41. Fair Value of Financial Instruments (continued)

c) Financial instruments included in Level 3

If one or more of the significant inputs used to measure the fair value of an instrument are not based on observable data, such an instrument is included in Level 3.

The fair value of long-term accounts receivable is classified as Level 3 (see Note 17), long-term borrowings – Level 2 (see Note 22).

As of 31 December 2021 and 31 December 2020 the Group had the following assets and liabilities that are measured at fair value.

		31 December 2021			
Notes		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:					
12, 24	Derivative financial instruments	140,853	283,095	10,449	434,397
9	Bonds	23,706	–	–	23,706
9	Equity securities	230	–	1,075	1,305
Financial assets measured at fair value with changes recognised through other comprehensive income:					
12, 24	Derivative financial instruments	–	103,552	–	103,552
9	Bonds	1,092	–	–	1,092
Total short-term financial assets measured at fair value		165,881	386,647	11,524	564,052
Financial assets measured at fair value with changes recognised through profit or loss:					
12, 24	Derivative financial instruments	72,366	26,807	–	99,173
18	Equity securities	–	–	2,343	2,343
Financial assets measured at fair value with changes recognised through other comprehensive income:					
12, 24	Derivative financial instruments	–	41,462	–	41,462
18	Equity securities	532,263	55,578	9,225	597,066
18	Promissory notes	–	338	–	338
Total long-term financial assets measured at fair value		604,629	124,185	11,568	740,382
Total financial assets measured at fair value		770,510	510,832	23,092	1,304,434
Financial liabilities measured at fair value with changes recognised through profit or loss:					
19, 24	Short-term derivative financial instruments	40,213	474,096	971	515,280
24	Long-term derivative financial instruments	8,060	98,867	–	106,927
Financial liabilities measured at fair value with changes recognised through other comprehensive income:					
19, 24	Short-term derivative financial instruments	–	40,473	–	40,473
24	Long-term derivative financial instruments	–	3,318	–	3,318
Total financial liabilities measured at fair value		48,273	616,754	971	665,998
		31 December 2020			
Notes		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:					
12, 24	Derivative financial instruments	14,400	85,797	379	100,576

41. Fair Value of Financial Instruments (continued)

		31 December 2020			
Notes		Level 1	Level 2	Level 3	Total
9	Bonds	29,517	–	–	29,517
9	Equity securities	241	–	–	241
Financial assets measured at fair value with changes recognised through other comprehensive income:					
12, 24	Derivative financial instruments	–	6,586	–	6,586
9	Promissory notes	–	1	–	1
Total short-term financial assets measured at fair value		44,158	92,384	379	136,921
Financial assets measured at fair value with changes recognised through profit or loss:					
12, 24	Derivative financial instruments	4,835	12,187	–	17,022
18	Equity securities	–	–	3,056	3,056
Financial assets measured at fair value with changes recognised through other comprehensive income:					
12, 24	Derivative financial instruments	–	2,264	–	2,264
18	Equity securities	369,388	40,578	8,538	418,504
18	Promissory notes	–	309	–	309
Total long-term financial assets measured at fair value		374,223	55,338	11,594	441,155
Total financial assets measured at fair value		418,381	147,722	11,973	578,076
Financial liabilities measured at fair value with changes recognised through profit or loss:					
19, 24	Short-term derivative financial instruments	38,478	77,967	557	117,002
24	Long-term derivative financial instruments	6,845	17,294	–	24,139
Financial liabilities measured at fair value with changes recognised through other comprehensive income:					
19, 24	Short-term derivative financial instruments	–	1,870	–	1,870
24	Long-term derivative financial instruments	–	6,989	–	6,989
Total financial liabilities measured at fair value		45,323	104,120	557	150,000

The derivative financial instruments include natural gas purchase and sale contracts and are categorised in Levels 1, 2 and 3 of the classification of derivative financial instruments. The contracts in Level 1 are valued using active market prices of identical assets and liabilities. Due to absence of quoted prices or other observable, market-corroborated data the contracts in Level 2 are valued using models internally developed by the Group. These models include inputs such as: quoted forward prices, time value of money, volatility factors, current market prices, contractual prices and expected volumes of the underlying instruments. If necessary, the price curves are extrapolated to the expiry of the contracts using all available external pricing information, statistical and long-term pricing relationships. These instruments are categorised in Level 3.

Foreign currency hedge contracts are categorised in Level 2. For fair value estimation the Group uses valuation prepared by independent financial institutes. Valuation results are regularly analysed by the Group's management. For the reporting period all foreign currency hedge contracts were effective.

During 2021 and 2020 there were no transfers of financial instruments between Levels 1, 2 and 3 and changes in valuation techniques during the reporting period.

Financial assets measured at fair value with changes recognised through profit or loss include derivative financial instruments, equity and debt securities intended to generate short-term profit through trading.

42. Offsetting Financial Assets and Liabilities

In connection with derivative financial instruments activities, the Group generally enters into standard offsetting agreements and collateral agreements with its counterparties. These

agreements provide the Group with the right to offset, in the event of a default by the counterparty (such as bankruptcy), counterparty's rights and obligations under the agreement or

42. Offsetting Financial Assets and Liabilities (continued)

to liquidate and set off collateral against any net amount owed by the counterparty.

The following financial assets and liabilities are subject to standard offsetting agreements, including set-off agreements using collateral for obligations and similar agreements.

	Gross amounts before offsetting	Amounts offset	Net amounts after offsetting in the consolidated balance sheet	Amounts subject to netting agreements
As of 31 December 2021				
Financial assets				
Long-term and short-term trade and other accounts receivable	2,786,056	548,998	2,237,058	86,088
Derivative financial instruments	3,365,299	2,686,715	678,584	352,547
Financial liabilities				
Accounts payable (excluding derivative financial instruments)	2,472,137	548,998	1,923,139	86,088
Derivative financial instruments	3,352,713	2,686,715	665,998	352,547
As of 31 December 2020				
Financial assets				
Long-term and short-term trade and other accounts receivable	1,915,425	367,573	1,547,852	39,898
Derivative financial instruments	540,135	413,687	126,448	78,468
Financial liabilities				
Accounts payable (excluding derivative financial instruments)	1,603,542	367,573	1,235,969	39,898
Derivative financial instruments	563,687	413,687	150,000	78,468

43. Events after the Reporting Period

Borrowings

In the first quarter of 2022 the Group obtained long-term loans in the total amount of EUR 304 million and RUB 40,270 million.

Changes in the Group's structure

In March 2022 the Gazprom Group terminated its participation in the subsidiary GAZPROM Germania GmbH and all assets of the latter.

Other events

In February-April 2022 the United States of America, the European Union and some other countries imposed additional sanctions against the Russian Federation (see note 39). These circumstances led to the depreciation of the Russian ruble exchange rate, volatility in financial market and significantly increased the level of economic uncertainty in the conditions of doing business in the Russian Federation. The Group's

management is currently analysing the current economic conditions and their possible impact on the Group's operations. At the time of signing these consolidated financial statements, according to the estimates of the Group's management, the described circumstances do not cast doubt on the going concern of the Group. The Group's management treats these events as non-adjusting events after the reporting period.

PJSC Gazprom

Investors Relations

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