

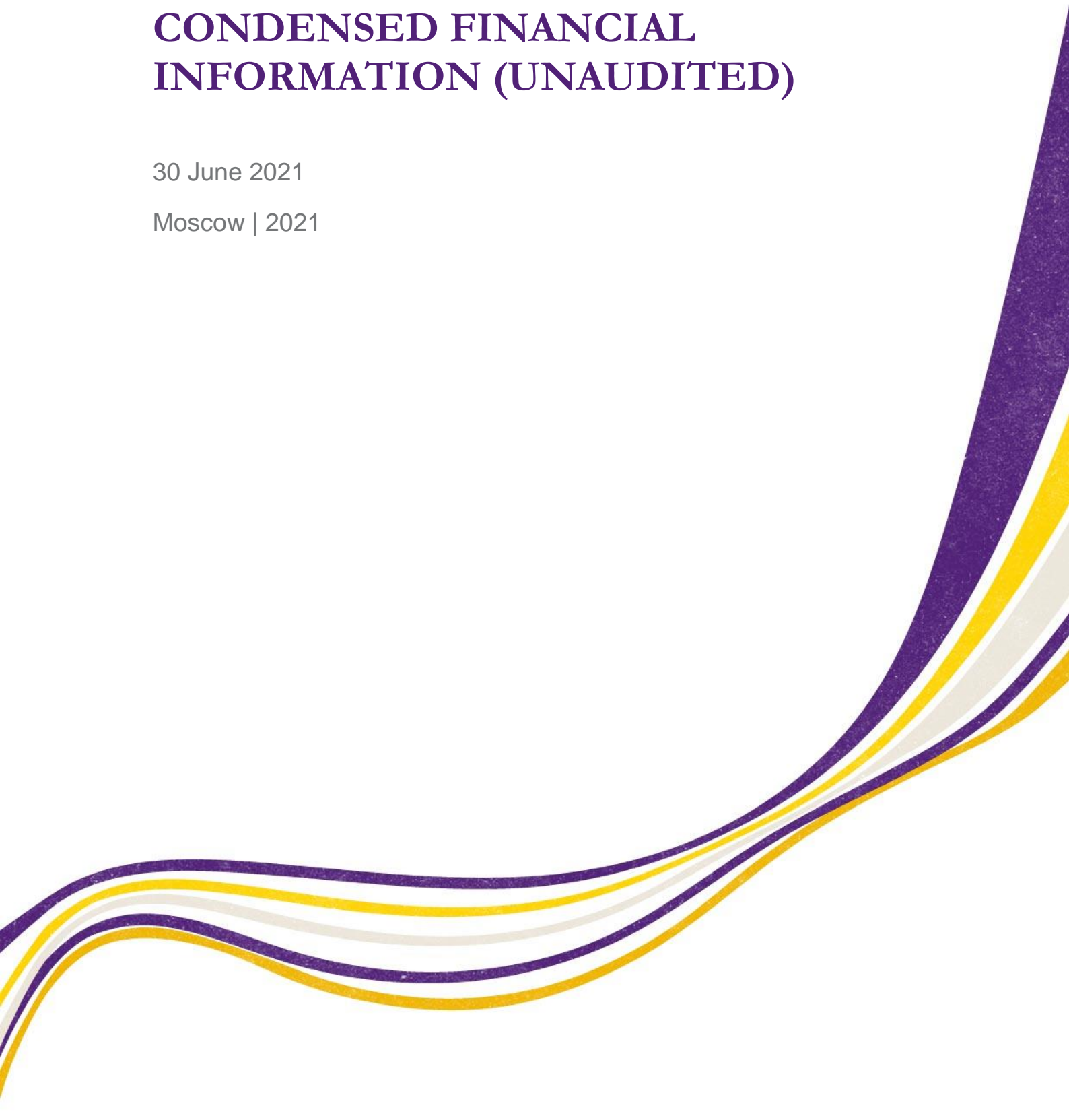


PJSC GAZPROM

IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 June 2021

Moscow | 2021



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Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders
of Public Joint Stock Company Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of Public Joint Stock Company Gazprom (“PJSC Gazprom”) and its subsidiaries as of 30 June 2021 and the related consolidated interim condensed statement of comprehensive income for the three and six months ended 30 June 2021, consolidated interim condensed statements of cash flows and changes in equity for the six months ended 30 June 2021, and notes to the consolidated interim condensed financial information.

Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

Engagement partner

K.S. Shirikova, FCCA
(audit qualification certificate 01-000712)

Date of the Report on Review
26 August 2021



Audited entity

Auditor

Name:

Name:

Public Joint Stock Company Gazprom (PJSC Gazprom).

FBK, LLC.

Address of the legal entity within its location:

Address of the legal entity within its location:

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

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

State registration:

State registration:

Registered by the Moscow Registration Chamber on 25 February 1993, registration number 022.726.

Registered by the Moscow Registration Chamber on 15 November 1993, registration number 484.583.

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

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

Membership in self-regulatory organization of auditors:

Member of Self-regulatory organization of auditors Association "Sodruzhestvo".

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

PJSC Gazprom
Consolidated Interim Condensed Balance Sheet (Unaudited)
as of 30 June 2021
(in millions of Russian Rubles)

Notes		30 June 2021	31 December 2020
	Assets		
	Current assets		
6	Cash and cash equivalents	1,411,790	1,034,919
	Short-term financial assets	31,883	29,892
7	Accounts receivable and prepayments	1,317,603	1,302,129
8	Inventories	885,964	971,789
	VAT recoverable	95,432	134,555
13	Other current assets	<u>669,098</u>	<u>301,005</u>
		4,411,770	3,774,289
	Non-current assets		
9	Property, plant and equipment	16,305,814	16,103,095
10	Right-of-use assets	207,958	195,313
	Goodwill	120,949	119,854
11	Investments in associates and joint ventures	1,407,238	1,327,241
12	Long-term accounts receivable and prepayments	1,153,680	988,857
23	Long-term financial assets	540,575	421,869
13	Other non-current assets	<u>476,266</u>	<u>421,667</u>
		20,212,480	19,577,896
	Total assets	24,624,250	23,352,185
	Liabilities and equity		
	Current liabilities		
	Accounts payable, provisions and other liabilities	1,969,103	1,622,288
	Current profit tax payable	21,649	14,402
	Taxes other than on profit and fees payable	363,781	296,740
	Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>611,833</u>	<u>693,534</u>
		2,966,366	2,626,964
	Non-current liabilities		
14	Long-term borrowings, promissory notes	4,195,670	4,214,080
22	Provisions	677,184	688,333
15	Deferred tax liabilities	810,657	667,724
	Long-term lease liabilities	215,480	211,488
	Other non-current liabilities	<u>126,120</u>	<u>138,864</u>
		6,025,111	5,920,489
	Total liabilities	8,991,477	8,547,453
	Equity		
16	Share capital	325,194	325,194
16	Treasury shares	(331)	(331)
17	Perpetual notes	250,966	195,616
	Retained earnings and other reserves	<u>14,483,314</u>	<u>13,717,464</u>
		15,059,143	14,237,943
	Non-controlling interest	<u>573,630</u>	<u>566,789</u>
	Total equity	15,632,773	14,804,732
	Total liabilities and equity	24,624,250	23,352,185

A.B. Miller
Chairman of the Management Committee
26 August 2021


M.N. Rosseev
Chief Accountant
26 August 2021

The accompanying notes on pages 9 to 45 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Consolidated Interim Condensed Statement of Comprehensive Income (Unaudited)
for the Three and Six Months Ended 30 June 2021
(in millions of Russian Rubles)

Notes		Three months ended 30 June		Six months ended 30 June	
		2021	2020	2021	2020
18	Sales	2,066,807	1,163,316	4,351,968	2,903,148
	Net gain from trading activity	9,233	4,043	4,336	14,438
19	Operating expenses	(1,561,314)	(1,253,556)	(3,328,167)	(2,693,257)
	Impairment loss on financial assets	(18,321)	(17,277)	(41,539)	(34,344)
	Operating profit (loss)	496,405	(103,474)	986,598	189,985
20	Finance income	178,255	324,386	327,978	459,352
20	Finance expenses	(79,856)	(58,014)	(217,715)	(740,984)
11	Share of profit of associates and joint ventures	72,936	29,016	144,365	74,841
	Profit (loss) before profit tax	667,740	191,914	1,241,226	(16,806)
	Current profit tax expenses	(73,571)	(9,884)	(130,091)	(37,788)
	Deferred profit tax (expenses) income	(64,262)	(28,488)	(115,614)	100,054
	Profit tax	(137,833)	(38,372)	(245,705)	62,266
	Profit for the period	529,907	153,542	995,521	45,460
	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	21,659	34,820	93,593	(71,273)
22	Remeasurement of provision for post-employment benefits	(7,548)	(40,290)	47,480	(35,091)
	Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	14,111	(5,470)	141,073	(106,364)
	Items that may be reclassified subsequently to profit or loss:				
	Share of other comprehensive (loss) income of associates and joint ventures	49	(1,450)	(22)	(34,535)
	Translation differences	(60,334)	(154,043)	(61,325)	172,076
	Gain (loss) from hedging operations, net of tax	(9,082)	(54)	4,316	(11,999)
	Total other comprehensive (loss) income that may be reclassified subsequently to profit or loss	(69,367)	(155,547)	(57,031)	125,542
	Total other comprehensive income (loss) for the period, net of tax	(55,256)	(161,017)	84,042	19,178
	Comprehensive income (loss) for the period	474,651	(7,475)	1,079,563	64,638
	Profit for the period attributable to:				
	Owners of PJSC Gazprom	521,235	149,168	968,498	32,919
	Non-controlling interest	8,672	4,374	27,023	12,541
		529,907	153,542	995,521	45,460
	Comprehensive income (loss) for the period attributable to:				
	Owners of PJSC Gazprom	468,790	(1,371)	1,058,135	40,666
	Non-controlling interest	5,861	(6,104)	21,428	23,972
		474,651	(7,475)	1,079,563	64,638
21	Basic and diluted earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	21.96	6.31	40.79	1.39


A.B. Miller
Chairman of the Management Committee
26 August 2021



M.N. Rosseev
Chief Accountant
26 August 2021

The accompanying notes on pages 9 to 45 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Consolidated Interim Condensed Statement of Cash Flows (Unaudited)
for the Six Months Ended 30 June 2021
(in millions of Russian Rubles)

Notes	Six months ended 30 June	
	2021	2020
	Cash flows from operating activities	
	Profit (loss) before profit tax	1,241,226 (16,806)
	Adjustments to profit (loss) before profit tax for	
19	Depreciation	413,843 396,891
20	Net finance (income) expenses	(110,263) 281,632
11	Share of profit of associates and joint ventures	(144,365) (74,841)
	Impairment loss on assets and change in provision for post-employment benefits	68,695 69,123
19	Derivative financial instruments loss (gain)	22,733 (1,798)
	Other	(6,362) 17,733
	Total effect of adjustments	244,281 688,740
	Cash flows from operating activities before working capital changes	1,485,507 671,934
	Increase in non-current assets	(39,766) (3,575)
	(Decrease) increase in non-current liabilities	(13,895) 32,620
	Changes in working capital	(100,027) 148,427
	Profit tax paid	(119,833) (89,755)
	Net cash from operating activities	1,211,986 759,651
	Cash flows from investing activities	
	Capital expenditures	(831,440) (720,196)
20	Interest capitalised and paid	(70,520) (63,720)
	Net change in loans issued	(2,472) (1,132)
	Acquisition of subsidiaries, net of cash acquired	(4,956) (40)
	Investments in associates and joint ventures	(22,523) (41,767)
	Interest received	20,171 36,197
	Change in long-term financial assets measured at fair value through other comprehensive income	2,751 6,250
	Proceeds from associates and joint ventures	88,171 21,845
	Proceeds from sale of associates and joint ventures	1,617 7,585
	Proceeds from sale of subsidiaries	3,996 -
	Placement of long-term bank deposits	(29,204) (86,023)
	Repayment of long-term bank deposits	1,158 3,497
	Other	(11,809) (21,467)
	Net cash used in investing activities	(855,060) (858,971)
	Cash flows from financing activities	
	Proceeds from long-term borrowings	420,267 688,601
	Repayment of long-term borrowings (including current portion of long-term borrowings)	(376,938) (498,980)
	Proceeds from short-term borrowings	21,437 59,830
	Repayment of short-term borrowings	(29,256) (84,249)
	Repayment of lease liabilities	(21,798) (19,373)
	Dividends paid	(3,962) (89)
20	Interest paid	(20,818) (22,931)
	Acquisition of non-controlling interests in subsidiaries	(124) (124)
17	Proceeds from issuance of perpetual notes	60,000 -
17	Interest paid on perpetual notes	(2,085) -
	Proceeds from sale of non-controlling interests in subsidiaries	- 66
	Other	(2,228) (36,347)
	Net cash from financing activities	44,495 86,404
	Effect of foreign exchange rate changes on cash and cash equivalents	(24,550) 55,695
	Increase in cash and cash equivalents	376,871 42,779
6	Cash and cash equivalents at the beginning of the period	1,034,919 696,057
6	Cash and cash equivalents at the end of the period	1,411,790 738,836


A.B. Miller
Chairman of the Management Committee
26 August 2021


M.N. Rosseev
Chief Accountant
26 August 2021

The accompanying notes on pages 9 to 45 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Consolidated Interim Condensed Statement of Changes in Equity (Unaudited)
for the Six Months Ended 30 June 2021
(in millions of Russian Rubles)

		Equity attributable to the owners of PJSC Gazprom						
Notes		Share capital	Treasury shares	Perpetual notes	Retained earnings and other reserves	Total	Non-controlling interest	Total equity
Six months ended 30 June 2020								
	Balance as of 31 December 2019	325,194	(331)	-	13,779,970	14,104,833	510,854	14,615,687
	Profit for the period	-	-	-	32,919	32,919	12,541	45,460
	Other comprehensive income (loss):							
	Loss arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	-	-	-	(71,273)	(71,273)	-	(71,273)
22	Remeasurement of provision for post-employment benefits	-	-	-	(35,059)	(35,059)	(32)	(35,091)
	Share of other comprehensive loss of associates and joint ventures	-	-	-	(34,535)	(34,535)	-	(34,535)
	Translation differences	-	-	-	160,612	160,612	11,464	172,076
	Loss from hedging operations, net of tax	-	-	-	(11,998)	(11,998)	(1)	(11,999)
	Comprehensive income for the period	-	-	-	40,666	40,666	23,972	64,638
	Change in non-controlling interest in subsidiaries	-	-	-	1,296	1,296	1,722	3,018
	Dividends declared	-	-	-	(360,343)	(360,343)	(13,427)	(373,770)
	Balance as of 30 June 2020	325,194	(331)	-	13,461,589	13,786,452	523,121	14,309,573
Six months ended 30 June 2021								
	Balance as of 31 December 2020	325,194	(331)	195,616	13,717,464	14,237,943	566,789	14,804,732
	Profit for the period	-	-	-	968,498	968,498	27,023	995,521
	Other comprehensive income (loss):							
	Gain arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	-	-	-	93,593	93,593	-	93,593
22	Remeasurement of provision for post-employment benefits	-	-	-	47,450	47,450	30	47,480
	Share of other comprehensive loss of associates and joint ventures	-	-	-	(22)	(22)	-	(22)
	Translation differences	-	-	-	(55,692)	(55,692)	(5,633)	(61,325)
	Gain from hedging operations, net of tax	-	-	-	4,308	4,308	8	4,316
	Comprehensive income for the period	-	-	-	1,058,135	1,058,135	21,428	1,079,563
	Change in non-controlling interest in subsidiaries	-	-	-	3,262	3,262	1,079	4,341
	Dividends declared	-	-	-	(296,740)	(296,740)	(15,666)	(312,406)
17	Perpetual notes transactions	-	-	55,350	1,193	56,543	-	56,543
	Balance as of 30 June 2021	325,194	(331)	250,966	14,483,314	15,059,143	573,630	15,632,773

A.B. Miller
Chairman of the Management Committee
26 August 2021

M.N. Rosscev
Chief Accountant
26 August 2021

The accompanying notes on pages 9 to 45 are an integral part of this consolidated interim condensed financial information.

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 Group’s activity is subject to seasonal fluctuations with peak demand for gas in the first and fourth quarters of each year. Typically approximately 30 % of total annual gas volumes are shipped in the first calendar quarter and approximately 20 % in the second calendar quarter.

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 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, 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 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 30 June 2021 – 72.3723 (as of 30 June 2020 – 69.9513);
- 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 30 June 2021 – 86.2026 (as of 30 June 2020 – 78.6812);
- 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

This consolidated interim condensed financial information is prepared in accordance with the requirements of IAS 34 Interim Financial Reporting. The consolidated interim condensed financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (“IFRS”).

4 Summary of Significant Accounting Policies and Critical Judgements and Estimates in Their Application

The significant accounting policies followed by the Group and the critical judgements and estimates in their application are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020 except for the Perpetual notes update as below.

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 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 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 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 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.

Profit Tax

Profit tax for the interim periods is accrued using a tax rate that would be applicable to expected profit for the year.

Application of Amendments to Standards

- 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 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;

4 Summary of Significant Accounting Policies and Critical Judgements and Estimates in Their Application (continued)

- 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 interim condensed financial information. The amendments to standards have no significant impact on the Group's consolidated interim condensed financial information.

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

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:

- 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.

5 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 interim condensed financial information 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.

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5 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
Three months ended									
<u>30 June 2021</u>									
Sales of segments	<u>259,748</u>	<u>326,848</u>	<u>1,029,883</u>	<u>15,609</u>	<u>442,582</u>	<u>648,088</u>	<u>111,680</u>	<u>69,154</u>	<u>2,903,592</u>
Inter-segment sales	251,731	271,849	57,929	14,295	231,528	5,002	-	-	832,334
External sales	8,017	54,999	971,954	1,314	211,054	643,086	111,680	69,154	2,071,258
Financial result of segments	1,789	60,792	211,896	1,606	131,199	50,954	7,387	10,195	475,818
Depreciation	51,650	116,669	5,657	7,093	40,560	21,365	16,950	12,456	272,400
Share of profit of associates and joint ventures	2,288	9,197	625	-	42,278	2,824	55	15,669	72,936
Three months ended									
<u>30 June 2020</u>									
Sales of segments	<u>180,468</u>	<u>319,484</u>	<u>558,604</u>	<u>15,268</u>	<u>194,517</u>	<u>353,301</u>	<u>94,157</u>	<u>63,686</u>	<u>1,779,485</u>
Inter-segment sales	174,625	266,281	43,464	13,984	103,328	5,407	-	-	607,089
External sales	5,843	53,203	515,140	1,284	91,189	347,894	94,157	63,686	1,172,396
Financial result of segments	(23,989)	68,720	(40,138)	2,166	27,928	(71,949)	5,769	(7,434)	(38,927)
Depreciation	44,069	123,790	4,500	7,642	40,152	16,425	15,827	13,140	265,545
Share of profit of associates and joint ventures	443	7,989	1,448	-	7,522	513	87	11,014	29,016
	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
Six months ended									
<u>30 June 2021</u>									
Sales of segments	<u>480,895</u>	<u>620,977</u>	<u>2,376,298</u>	<u>29,600</u>	<u>847,182</u>	<u>1,202,894</u>	<u>299,185</u>	<u>140,402</u>	<u>5,997,433</u>
Inter-segment sales	466,250	508,804	170,386	26,821	454,124	10,129	-	-	1,636,514
External sales	14,645	112,173	2,205,912	2,779	393,058	1,192,765	299,185	140,402	4,360,919
Financial result of segments	(17,380)	87,033	433,880	2,612	255,528	57,290	44,553	46,729	910,245
Depreciation	103,730	234,656	11,033	14,206	84,083	39,448	33,764	24,074	544,994
Share of profit of associates and joint ventures	4,355	19,880	1,773	-	79,182	4,318	80	34,777	144,365
Six months ended									
<u>30 June 2020</u>									
Sales of segments	<u>409,368</u>	<u>600,939</u>	<u>1,506,946</u>	<u>28,542</u>	<u>474,332</u>	<u>831,248</u>	<u>252,240</u>	<u>132,406</u>	<u>4,236,021</u>
Inter-segment sales	397,943	491,649	131,782	26,124	262,282	10,395	-	-	1,320,175
External sales	11,425	109,290	1,375,164	2,418	212,050	820,853	252,240	132,406	2,915,846
Financial result of segments	(19,088)	88,187	(149,767)	3,783	96,730	(83,516)	38,380	(50,777)	(76,068)
Depreciation	88,367	250,111	9,057	15,299	85,047	29,653	31,556	24,517	533,607
Share of profit of associates and joint ventures	1,517	15,737	649	-	35,409	330	101	21,098	74,841

Sales of Production of gas and Distribution of gas segments compose gas sales, sales of Gas storage segment are included in other sales.

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5 Segment Information (continued)

The reconciliation of reportable segments' financial results to profit (loss) before profit tax in the consolidated interim condensed statement of comprehensive income is provided below.

Notes	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Financial result of reportable segments	465,623	(31,493)	863,516	(25,291)
Financial result of other segments	10,195	(7,434)	46,729	(50,777)
Total financial result of segments	475,818	(38,927)	910,245	(76,068)
Difference in depreciation ¹	66,227	68,218	131,151	136,716
Expenses for provision for post-employment benefits	(5,279)	(5,464)	(13,028)	(5,453)
20 Net finance income (expense)	98,399	266,372	110,263	(281,632)
11 Share of profit of associates and joint ventures	72,936	29,016	144,365	74,841
19 Derivatives (loss) gain	(23,444)	1,344	(22,733)	1,798
Other	(16,917)	(128,645)	(19,037)	132,992
Total profit (loss) before profit tax in the consolidated interim condensed statement of comprehensive income	667,740	191,914	1,241,226	(16,806)

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 interim condensed statement of comprehensive income is provided below.

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
External sales of reportable segments	2,002,104	1,108,710	4,220,517	2,783,440
External sales of other segments	69,154	63,686	140,402	132,406
Total external sales of segments	2,071,258	1,172,396	4,360,919	2,915,846
Differences in external sales ¹	(4,451)	(9,080)	(8,951)	(12,698)
Total sales in the consolidated interim condensed statement of comprehensive income	2,066,807	1,163,316	4,351,968	2,903,148

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 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 30 June 2021									
Assets of segments	2,929,462	7,305,244	1,691,747	351,420	3,471,869	3,107,687	1,105,756	1,807,040	21,770,225
Investments in associates and joint ventures	19,210	232,581	41,894	2	605,657	27,473	1,457	478,964	1,407,238
Capital expenditures ¹	114,217	167,166	13,446	4,274	140,813	141,915	38,182	39,592	659,605
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 six months ended 30 June 2021.

² Capital expenditures for the year ended 31 December 2020.

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5 Segment Information (continued)

The reconciliation of reportable segments' assets to total assets in the consolidated interim condensed balance sheet is provided below.

Notes	30 June 2021	31 December 2020
Assets of reportable segments	19,963,185	19,412,372
Assets of other segments	1,807,040	1,960,300
Total assets of segments	21,770,225	21,372,672
Difference in property, plant and equipment, net ¹	(829,956)	(996,982)
Borrowing costs capitalised	1,072,533	1,021,764
6 Cash and cash equivalents	1,411,790	1,034,919
Short-term financial assets	31,883	29,892
VAT recoverable	95,432	134,555
13 Other current assets	669,098	301,005
Right-of-use assets	64,479	63,311
Goodwill	120,949	119,854
23 Long-term financial assets	540,575	421,869
13 Other non-current assets	476,266	421,667
Inter-segment assets	(1,060,098)	(948,190)
Other	261,074	375,849
Total assets in the consolidated interim condensed balance sheet	24,624,250	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.

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.

	30 June 2021	31 December 2020
Refining	879,177	754,088
Distribution of gas	855,757	791,817
Production of crude oil and gas condensate	490,848	441,058
Production of gas	318,840	334,499
Transportation of gas	169,380	256,853
Electric and heat energy generation and sales	119,731	124,102
Gas storage	31,442	34,093
All other segments	318,431	353,228
Total liabilities of segments	3,183,606	3,089,738

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5 Segment Information (continued)

The reconciliation of reportable segments' liabilities to total liabilities in the consolidated interim condensed balance sheet is provided below.

Notes	30 June 2021	31 December 2020
Liabilities of reportable segments	2,865,175	2,736,510
Liabilities of other segments	<u>318,431</u>	<u>353,228</u>
Total liabilities of segments	3,183,606	3,089,738
Short-term lease liabilities	21,203	17,567
Current profit tax payable	21,649	14,402
Short-term borrowings, promissory notes and current portion of long-term borrowings	611,833	693,534
14 Long-term borrowings, promissory notes	4,195,670	4,214,080
22 Long-term provisions (except for provision for decommissioning and site restoration)	333,229	348,140
15 Deferred tax liabilities	810,657	667,724
Long-term lease liabilities	48,179	48,647
Other non-current liabilities	126,120	138,864
Dividends	314,487	5,625
Inter-segment liabilities	(1,060,098)	(948,190)
Other	<u>384,942</u>	<u>257,322</u>
Total liabilities in the consolidated interim condensed balance sheet	8,991,477	8,547,453

6 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.

	30 June 2021	31 December 2020
Cash on hand and bank balances payable on demand	1,148,195	735,334
Term deposits with original maturity of three months or less and other cash equivalents	<u>263,595</u>	<u>299,585</u>
Total cash and cash equivalents	1,411,790	1,034,919

7 Accounts Receivable and Prepayments

	30 June 2021	31 December 2020
Financial assets		
Trade accounts receivable	844,354	871,814
Other accounts receivable	164,636	192,159
Loans receivable	<u>174,389</u>	<u>158,543</u>
	1,183,379	1,222,516
Non-financial assets		
Advances paid and prepayments	<u>134,224</u>	<u>79,613</u>
Total accounts receivable and prepayments	1,317,603	1,302,129

Accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 1,060,199 million and RUB 1,032,705 million, advances paid and prepayments are presented net of impairment allowance in the amount of RUB 5,681 million and RUB 6,029 million as of 30 June 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 30,076 million and RUB 31,639 million as of 30 June 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 Gazstroyprom.

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8 Inventories

For inventories with the cost exceeding the net realisable value, the amount of write-down to net realisable value was RUB 12,010 million and RUB 12,697 million as of 30 June 2021 and 31 December 2020, respectively.

9 Property, Plant and Equipment

Notes	Operating assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2019				
Cost	17,825,647	90,046	4,524,775	22,440,468
Accumulated depreciation	(7,135,819)	(46,845)	-	(7,182,664)
Impairment allowance	<u>(240,847)</u>	<u>-</u>	<u>(160,509)</u>	<u>(401,356)</u>
Net book value as of 31 December 2019	10,448,981	43,201	4,364,266	14,856,448
Six months ended 30 June 2020				
Cost				
Additions	32,145	168	618,397	650,710
Transfers	717,377	2,126	(719,503)	-
Disposals	(61,814)	(406)	(7,857)	(70,077)
Translation differences	158,605	276	101,498	260,379
Accumulated depreciation and impairment allowance				
Depreciation	(377,584)	(1,331)	-	(378,915)
Disposals	11,776	204	1,935	13,915
Translation differences	(55,409)	(78)	(3,005)	(58,492)
Change in impairment allowance:	(14,067)	-	(156)	(14,223)
allowance accrual	(14,067)	-	(313)	(14,380)
allowance release	-	-	157	157
As of 30 June 2020				
Cost	18,671,960	92,210	4,517,310	23,281,480
Accumulated depreciation	(7,551,591)	(48,050)	-	(7,599,641)
Impairment allowance	<u>(260,359)</u>	<u>-</u>	<u>(161,735)</u>	<u>(422,094)</u>
Net book value as of 30 June 2020	10,860,010	44,160	4,355,575	15,259,745
Six months ended 31 December 2020				
Cost				
Additions	68,567	78	1,082,220	1,150,865
Transfers	905,300	1,756	(907,056)	-
Disposals	(51,610)	-	(122,775)	(174,385)
Translation differences	178,741	400	101,022	280,163
Accumulated depreciation and impairment allowance				
Depreciation	(381,515)	(1,397)	-	(382,912)
Disposals	26,722	-	23,074	49,796
Translation differences	(47,116)	(138)	(1,755)	(49,009)
Change in impairment allowance:	(11,722)	-	(19,446)	(31,168)
allowance accrual	(13,397)	-	(19,744)	(33,141)
allowance release	1,675	-	298	1,973
As of 31 December 2020				
Cost	19,779,166	94,444	4,664,513	24,538,123
Accumulated depreciation	(7,950,157)	(49,585)	-	(7,999,742)
Impairment allowance	<u>(281,632)</u>	<u>-</u>	<u>(153,654)</u>	<u>(435,286)</u>
Net book value as of 31 December 2020	11,547,377	44,859	4,510,859	16,103,095

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9 Property, Plant and Equipment (continued)

Notes	Operating assets (including production licenses)	Social assets	Assets under construction	Total
Six months ended 30 June 2021				
Cost				
Additions	19,363	63	729,710	749,136
Transfers	244,639	-	(244,639)	-
Disposals	(44,701)	(346)	(43,372)	(88,419)
Translation differences	(72,108)	(156)	(39,400)	(111,664)
Accumulated depreciation and impairment allowance				
Depreciation	(392,582)	(1,374)	-	(393,956)
Disposals	17,143	85	13,022	30,250
Translation differences	20,104	62	121	20,287
Change in impairment allowance:	-	-	(2,915)	(2,915)
allowance accrual	-	-	(3,028)	(3,028)
allowance release	-	-	113	113
As of 30 June 2021				
Cost	19,928,006	94,005	5,065,165	25,087,176
Accumulated depreciation	(8,306,765)	(50,812)	-	(8,357,577)
Impairment allowance	<u>(282,006)</u>	<u>-</u>	<u>(141,779)</u>	<u>(423,785)</u>
Net book value as of 30 June 2021	11,339,235	43,193	4,923,386	16,305,814

The Group recognised an impairment loss in the amount of RUB 3,028 million for assets for the six months ended 30 June 2021 and RUB 14,380 million for the six months ended 30 June 2020.

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 18 million and RUB 27 million as of 30 June 2021 and 31 December 2020, respectively.

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10 Right-of-Use Assets

Notes

	Operating assets	Social assets	Total
Six months ended 30 June 2020			
Net book value as of 31 December 2019	206,738	7,506	214,244
Initial recognition	250,471	8,930	259,401
Accumulated depreciation and impairment allowance	<u>(43,733)</u>	<u>(1,424)</u>	<u>(45,157)</u>
Net book value as of 1 January 2020	206,738	7,506	214,244
Depreciation	(19,867)	(585)	(20,452)
Additions as a result of new leases	3,143	290	3,433
Effect of modification and changes of estimates in lease contracts	706	(118)	588
Disposals	(2,418)	(221)	(2,639)
Translation differences	<u>5,015</u>	<u>-</u>	<u>5,015</u>
Net book value as of 30 June 2020	193,317	6,872	200,189
As of 30 June 2020			
Cost	257,482	8,764	266,246
Accumulated depreciation and impairment allowance	<u>(64,165)</u>	<u>(1,892)</u>	<u>(66,057)</u>
Net book value as of 30 June 2020	193,317	6,872	200,189
Six months ended 31 December 2020			
Depreciation	(20,353)	(683)	(21,036)
Impairment allowance accrual	(15)	-	(15)
Additions as a result of new leases	6,491	891	7,382
Effect of modification and changes of estimates in lease contracts	6,260	330	6,590
Disposals	(229)	(1,610)	(1,839)
Translation differences	<u>4,042</u>	<u>-</u>	<u>4,042</u>
Net book value as of 31 December 2020	189,513	5,800	195,313
As of 31 December 2020			
Cost	272,537	7,706	280,243
Accumulated depreciation and impairment allowance	<u>(83,024)</u>	<u>(1,906)</u>	<u>(84,930)</u>
Net book value as of 31 December 2020	189,513	5,800	195,313
Six months ended 30 June 2021			
Depreciation	(22,258)	(705)	(22,963)
Additions as a result of new leases	34,516	443	34,959
Effect of modification and changes of estimates in lease contracts	2,564	19	2,583
Disposals	(1,079)	(83)	(1,162)
Translation differences	<u>(772)</u>	<u>-</u>	<u>(772)</u>
Net book value as of 30 June 2021	202,484	5,474	207,958
As of 30 June 2021			
Cost	305,097	8,056	313,153
Accumulated depreciation and impairment allowance	<u>(102,613)</u>	<u>(2,582)</u>	<u>(105,195)</u>
Net book value as of 30 June 2021	202,484	5,474	207,958

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 29,633 million and RUB 27,706 million for the six months ended 30 June 2021 and 30 June 2020, respectively.

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11 Investments in Associates and Joint Ventures

Notes			Carrying value as of		Share of profit (loss) of associates and joint ventures for the six months ended	
			30 June 2021	31 December 2020	30 June 2021	30 June 2020
22, 24, 25	Gazprombank (Joint Stock Company) and its subsidiaries ¹	Associate	263,123	227,649	28,111	14,169
24, 25	Sakhalin Energy Investment Company Ltd.	Associate	239,553	216,853	32,176	23,894
24	PJSC NGK Slavneft and its subsidiaries	Joint venture	162,296	156,725	5,571	(5,234)
24, 25	Nord Stream AG	Joint venture	127,458	119,666	12,509	10,384
24	JSC Arcticgas	Joint venture	121,707	160,312	28,519	11,682
24, 25	JSC Gazstroyprom	Associate	83,234	42,567	1,894	(1,486)
	WIGA Transport Beteiligungs-					
24	GmbH & Co. KG and its subsidiaries	Joint venture	63,544	68,824	6,101	4,945
24	JSC Messoyakhaneftegaz	Joint venture	42,165	44,387	7,279	3,728
24	JSC EUROPOL GAZ	Associate	37,038	37,522	1,270	408
22, 24	JSC NPF GAZFOND ²	Associate	36,454	34,863	1,591	5,431
24	JSC Achimgaz	Joint venture	32,623	33,313	11,373	5,742
	Wintershall AG	Associate	18,854	19,172	692	(381)
24	KazRosGas LLP	Joint venture	14,725	13,460	1,595	275
24	CJSC Northgas	Joint venture	13,596	12,226	1,370	720
	Wintershall Noordzee B.V.	Joint venture	4,756	4,043	369	(716)
24	JSC Latvijas Gaze and its subsidiaries	Associate	3,941	4,310	166	419
	Other (net of allowance for investments impairment in the amount of RUB 20,732 million and RUB 21,435 million as of 30 June 2021 and 31 December 2020, respectively)		<u>142,171</u>	<u>131,349</u>	<u>3,779</u>	<u>861</u>
			1,407,238	1,327,241	144,365	74,841

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 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.

Summarised financial information of the Group's significant associates and joint ventures is presented below.

The disclosed values of assets, liabilities, revenues, profit (loss) of the Group's significant associates and joint ventures represent total values and not the Group's share of them.

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11 Investments in Associates and Joint Ventures (continued)

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.

	Ownership interest (%) ¹ as of 30 June 2021	Country of primary operations	As of 30 June 2021		Six months ended 30 June 2021	
			Assets	Liabilities	Revenues	Profit
Gazprombank (Joint Stock Company) and its subsidiaries ^{2, 7}	49.88	Russia	7,830,943	7,120,766	142,900	76,169
Sakhalin Energy Investment Company Ltd. ³	50	Russia	958,749	479,642	197,473	64,352
JSC Gazstroyprom	49	Russia	890,011	760,505	166,908	3,865
PJSC NGK Slavneft and its subsidiaries	49.88	Russia	638,840	307,284	132,234	11,281
Nord Stream AG ^{4, 5}	51	Germany	464,745	214,824	48,037	24,528
JSC NPF GAZFOND	42	Russia	460,366	372,564	-	3,832
JSC Arcticgas	50	Russia	457,427	238,340	134,737	57,042
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	49.98	Germany	374,457	230,360	35,042	11,462
JSC Messoyakhaneftegaz	50	Russia	252,073	168,165	80,724	14,562
JSC Achimgaz	50	Russia	99,018	33,771	45,669	22,746
JSC EUROPOL GAZ	48	Poland	79,641	2,480	13,577	2,645
Wintershall AG ⁶	49	Libya	66,731	41,709	5,142	1,413
CJSC Northgas	50	Russia	44,418	16,287	9,136	2,741
Wintershall Noordzee B.V.	50	Netherlands	43,759	34,910	8,056	739
JSC Latvijas Gaze and its subsidiaries	34	Latvia	33,802	13,612	13,808	489
KazRosGaz LLP	50	Kazakhstan	32,211	2,761	18,815	3,190

	Ownership interest (%) ¹ as of 31 December 2020	Country of primary operations	As of 31 December 2020		Six months ended 30 June 2020	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank (Joint Stock Company) and its subsidiaries ^{2, 7}	49.88	Russia	7,430,261	6,791,388	112,379	28,408
Sakhalin Energy Investment Company Ltd. ³	50	Russia	982,250	548,545	173,071	47,788
JSC Gazstroyprom	49	Russia	879,528	753,886	40,984	(3,032)
PJSC NGK Slavneft and its subsidiaries	49.88	Russia	599,896	280,159	93,515	(10,778)
Nord Stream AG ^{4, 5}	51	Germany	486,764	252,122	41,404	20,360
JSC NPF GAZFOND	42	Russia	462,278	378,308	-	13,081
JSC Arcticgas	50	Russia	436,689	140,391	72,247	23,363
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	49.98	Germany	398,438	240,026	30,798	10,094
JSC Messoyakhaneftegaz	50	Russia	228,539	140,187	41,772	7,461
JSC Achimgaz	50	Russia	94,507	27,880	40,411	11,484
JSC EUROPOL GAZ	48	Poland	80,163	1,994	8,308	851
Wintershall AG ⁶	49	Libya	69,861	45,455	-	(777)
Wintershall Noordzee B.V.	50	Netherlands	45,480	36,901	2,298	(1,433)
CJSC Northgas	50	Russia	44,337	18,945	7,314	1,439
JSC Latvijas Gaze and its subsidiaries	34	Latvia	29,562	7,228	7,486	1,232
KazRosGaz LLP	50	Kazakhstan	28,572	1,653	16,226	549

¹ Cumulative share of the Group in share capital of investees.

² The amount of revenue of Gazprombank (Joint Stock Company) and its subsidiaries includes revenue of media business, machinery business and other non-banking entities.

³ Country of incorporation is Bermuda Islands.

⁴ Country of incorporation is Switzerland.

⁵ 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.

⁶ Country of incorporation is Germany.

⁷ Share in voting shares.

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12 Long-Term Accounts Receivable and Prepayments

	30 June 2021	31 December 2020
Financial assets		
Long-term trade accounts receivable	83,521	47,661
Long-term loans receivable	190,051	194,215
Long-term other accounts receivable	<u>85,517</u>	<u>83,460</u>
	359,089	325,336
Non-financial assets		
Long-term prepayments	26,243	23,082
Advances for assets under construction	<u>768,348</u>	<u>640,439</u>
	794,591	663,521
Total long-term accounts receivable and prepayments	1,153,680	988,857

Long-term accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 15,775 million and RUB 16,083 million as of 30 June 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 8,740 million and RUB 8,794 million as of 30 June 2021 and 31 December 2020, respectively.

13 Other Current and Non-Current Assets

Other current assets are provided in the table below.

Notes	30 June 2021	31 December 2020
Financial assets		
Short-term deposits	234,969	15,101
23 Derivative financial instruments	<u>177,309</u>	<u>107,162</u>
	412,278	122,263
Non-financial assets		
Prepaid VAT	168,489	118,797
Prepaid profit tax	15,505	19,212
Other	<u>72,826</u>	<u>40,733</u>
	256,820	178,742
Total other current assets	669,098	301,005

Other non-current assets are provided in the table below.

Notes	30 June 2021	31 December 2020
Financial assets		
23 Derivative financial instruments	36,613	19,286
Long-term deposits	<u>28,037</u>	<u>1,562</u>
	64,650	20,848
Non-financial assets		
Intangible assets	80,353	80,040
VAT recoverable related to assets under construction	19,324	22,575
22 Net pension plan assets	18,799	-
Other	<u>293,140</u>	<u>298,204</u>
	411,616	400,819
Total other non-current assets	476,266	421,667

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14 Long-Term Borrowings, Promissory Notes

	Currency	Final maturity	30 June 2021	31 December 2020
Long-term borrowings, promissory notes payable to:				
China Construction Bank Corporation, Beijing branch ^{1, 2}	Euro	2034	244,577	248,384
Loan participation notes issued in February 2020 ³	US Dollar	2030	145,362	148,344
Loan participation notes issued in January 2021 ³	US Dollar	2029	145,244	-
Loan participation notes issued in September 2012 ⁴	US Dollar	2022	109,891	112,174
Loan participation notes issued in November 2013 ⁴	US Dollar	2023	109,155	111,423
Gazprombank (Joint Stock Company)	Russian Ruble	2027	108,775	106,342
Loan participation notes issued in March 2007 ⁵	US Dollar	2022	96,024	98,018
Loan participation notes issued in August 2007 ⁵	US Dollar	2037	92,938	94,868
Loan participation notes issued in February 2019 ⁵	US Dollar	2026	91,759	93,620
Loan participation notes issued in April 2004 ⁵	US Dollar	2034	88,157	89,988
Loan participation notes issued in November 2016 ⁵	Euro	2023	87,627	90,737
Loan participation notes issued in November 2018 ⁵	Euro	2024	86,942	92,759
Loan participation notes issued in April 2020 ³	Euro	2025	86,193	91,978
Loan participation notes issued in February 2021 ³	Euro	2027	85,922	-
	British Pound			
Loan participation notes issued in April 2017 ^{5, 6}	Sterling	2024	84,911	89,293
PJSC Sberbank ^{1, 2}	Russian Ruble	2034	81,365	71,312
Gazprombank (Joint Stock Company) ^{1, 2}	Russian Ruble	2034	79,328	35,072
Loan participation notes issued in July 2012 ⁵	US Dollar	2022	73,984	75,521
Intesa Sanpaolo Bank Luxembourg S.A. ¹	Euro	2023	73,756	93,130
Loan participation notes issued in June 2020 ³	US Dollar	2027	71,832	73,291
J.P. Morgan AG ¹	Euro	2023	67,654	85,421
Loan participation notes issued in February 2013 ⁵	US Dollar	2028	66,434	67,814
Loan participation notes issued in November 2017 ⁵	Euro	2024	65,246	67,851
Loan participation notes issued in March 2018 ⁵	Euro	2026	64,761	68,965
UniCredit S.p.A.	Euro	2025	60,354	63,473
Loan participation notes issued in March 2018 ⁵	Swiss Franc	2023	59,053	63,169
Loan participation notes issued in March 2017 ⁵	US Dollar	2027	54,687	55,801
Wintershall Nederland Transport and Trading B.V. ⁷	Euro	2034	43,850	46,738
OMV Gas Marketing Trading & Finance B.V. ⁷	Euro	2034	43,849	46,738
Shell Exploration and Production (LXXI) B.V. ⁷	Euro	2034	43,848	46,738
Uniper Gas Transportation and Finance B.V. ⁷	Euro	2034	43,848	46,738
Engie Energy Management Holding Switzerland AG ⁷	Euro	2034	43,847	46,737
Loan participation notes issued in March 2013 ⁵	Euro	2025	43,627	46,892
Sumitomo Mitsui Banking Corporation	Euro	2025	42,888	45,096
Mizuho Bank Ltd.	Euro	2025	42,841	45,047
Loan issued in December 2018 ⁸	Japanese yen	2028	42,080	46,045
Loan participation notes issued in November 2016 ^{5, 6}	Swiss Franc	2021	40,796	42,324
Wintershall Nederland Transport and Trading B.V. ⁷	Euro	2035	40,371	39,843
Uniper Gas Transportation and Finance B.V. ⁷	Euro	2035	40,371	39,842
OMV Gas Marketing Trading & Finance B.V. ⁷	Euro	2035	40,368	39,839
Shell Exploration and Production (LXXI) B.V. ⁷	Euro	2035	40,368	39,839
Engie Energy Management Holding Switzerland AG ⁷	Euro	2035	40,368	39,839
Loan participation notes issued in July 2017 ^{5, 6}	Swiss Franc	2022	39,907	41,504

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14 Long-Term Borrowings, Promissory Notes (continued)

	Currency	Final maturity	30 June 2021	31 December 2020
Loan participation notes issued in June 2021 ³	Swiss Franc	2027	38,849	-
Intesa Sanpaolo S.p.A. ^{1, 2}	Euro	2034	38,515	31,893
Natixis ¹	Euro	2024	36,968	45,391
J.P. Morgan AG ¹	Euro	2022	36,821	51,657
Credit Agricole CIB, London branch	Euro	2023	34,433	36,182
ING Bank, a branch of ING-DiBa AG	Euro	2023	34,429	36,202
MUFG Bank Ltd.	Euro	2023	30,633	38,679
Credit Agricole CIB	Euro	2023	29,488	38,780
UniCredit S.p.A.	Euro	2022	27,751	38,930
Russian bonds issued in December 2020 ⁹	Russian Ruble	2023	27,047	27,049
JSC ALFA-BANK	US Dollar	2023	26,426	26,971
Russian bonds issued in March 2018 ⁴	Russian Ruble	2024	25,547	25,552
Russian bonds issued in October 2017 ⁴	Russian Ruble	2022	25,387	25,392
Russian bonds issued in November 2019 ⁴	Russian Ruble	2024	25,189	25,209
ING Bank N.V. ^{1, 2}	Euro	2036	24,575	13,331
PJSC Sberbank	Euro	2023	23,927	31,462
PJSC VTB Bank	Russian Ruble	2028	23,260	14,698
UniCredit S.p.A.	Euro	2025	23,048	21,800
PJSC Sberbank	Euro	2025	21,072	22,168
Russian bonds issued in December 2020 ⁴	Russian Ruble	2024	20,151	20,016
Russian bonds issued in December 2019 ⁴	Russian Ruble	2029	20,021	20,023
Credit Agricole CIB	Euro	2022	17,302	27,295
PJSC Sberbank ^{1, 2}	Euro	2034	16,586	17,458
Russian bonds issued in July 2019 ¹⁰	Russian Ruble	2024	15,539	15,542
VTB Bank (Europe) SE	Euro	2027	15,527	17,695
Russian bonds issued in July 2018 ¹¹	Russian Ruble	2048	15,516	15,519
Russian bonds issued in July 2018 ¹¹	Russian Ruble	2048	15,516	15,519
Russian bonds issued in February 2017 ¹⁰	Russian Ruble	2027	15,512	15,516
Russian bonds issued in February 2017 ¹⁰	Russian Ruble	2027	15,512	15,516
Russian bonds issued in August 2017 ⁴	Russian Ruble	2024	15,495	15,496
Russian bonds issued in April 2017 ⁴	Russian Ruble	2022	15,297	15,300
Russian bonds issued in November 2013 ¹¹	Russian Ruble	2043	15,117	15,088
Russian bonds issued in November 2013 ¹¹	Russian Ruble	2043	15,117	15,088
Gazprombank (Joint Stock Company)	Russian Ruble	2022	15,111	15,111
Russian bonds issued in June 2019 ¹⁰	Russian Ruble	2022	15,092	15,095
Russian bonds issued in June 2020 ¹⁰	Russian Ruble	2027	15,073	15,075
Russian bonds issued in June 2020 ¹⁰	Russian Ruble	2025	15,070	15,073
JSC BANK "ROSSIYA"	Russian Ruble	2022	15,000	15,000
PJSC CREDIT BANK OF MOSCOW	Russian Ruble	2024	14,948	14,940
PJSC CREDIT BANK OF MOSCOW	Russian Ruble	2025	14,942	14,935
Intesa Sanpaolo S.p.A., London branch ^{1, 2}	Euro	2036	14,238	1,305
PJSC Sberbank ^{1, 2}	Euro	2034	11,428	6,235
Gazprombank (Joint Stock Company)	Russian Ruble	2025	11,250	12,750
Russian bonds issued in July 2018 ¹¹	Russian Ruble	2033	10,344	10,346
Russian bonds issued in August 2016 ⁴	Russian Ruble	2046	10,327	10,330
Russian bonds issued in February 2018 ¹⁰	Russian Ruble	2028	10,249	10,251
Russian bonds issued in February 2018 ¹⁰	Russian Ruble	2028	10,249	10,251
Russian bonds issued in February 2020 ⁴	Russian Ruble	2025	10,047	10,047
Russian bonds issued in December 2017 ⁴	Russian Ruble	2024	10,027	10,030
PJSC Sberbank	Russian Ruble	2025	57	32,854
Loan participation notes issued in February 2014 ⁵	Euro	2021	-	70,086
Loan participation notes issued in November 2011 ⁵	US Dollar	2021	-	45,493
Citibank Europe plc ¹	Euro	2021	-	32,906
Bank of China Limited, London branch	Euro	2021	-	26,115

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14 Long-Term Borrowings, Promissory Notes (continued)

	Currency	Final maturity	30 June 2021	31 December 2020
PJSC VTB Bank	Euro	2021	-	18,130
Russian bonds issued in February 2011 ⁴	Russian Ruble	2021	-	10,325
Other long-term borrowings, promissory notes	Various	Various	554,240	584,381
Total long-term borrowings, promissory notes			4,694,423	4,788,028
Less current portion of long-term borrowings			(498,753)	(573,948)
			4,195,670	4,214,080

¹ The loans received from consortiums of banks, the named lender is the bank-agent.

² The loan received to finance the Amur gas processing plant construction.

³ The issuer of these bonds is Gaz Finance Plc. The bonds were issued under EUR 30,000 million Programme for the Issuance of Loan Participation Notes.

⁴ The issuer of these bonds is PJSC Gazprom Neft.

⁵ The issuer of these bonds is Gaz Capital S.A. The bonds were issued under USD 40,000 million Programme for the Issuance of Loan Participation Notes.

⁶ According to the signed agreements between the bond issuer Gas Capital S.A. and the banks, settlements for the bonds are made in Euro (up to the achievement of a coefficient based on the ratio of currency exchange rates set in the agreements).

⁷ Borrowings were obtained for financing of the Nord Stream 2 project.

⁸ The issuer of these bonds is GazAsia Capital S.A.

⁹ The issuer of these bonds is PJSC WGC-2.

¹⁰ The issuer of these bonds is Gazprom capital LLC.

¹¹ The issuer of these bonds is PJSC Gazprom.

The maturity analysis of long-term borrowings and promissory notes is presented in the table below.

Maturity of long-term borrowings, promissory notes	30 June 2021	31 December 2020
between one and two years	622,501	788,176
between two and five years	1,679,611	1,586,715
after five years	1,893,558	1,839,189
	4,195,670	4,214,080

Long-term liabilities include fixed interest rate borrowings with a carrying value of RUB 2,703,392 million and RUB 2,626,491 million and fair value of RUB 3,008,228 million and RUB 3,021,359 million as of 30 June 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 1,991,031 million and RUB 2,161,537 million and fair value is RUB 2,196,559 million and RUB 2,409,733 million as of 30 June 2021 and 31 December 2020, respectively.

As of 30 June 2021 and 31 December 2020 according to the agreements signed within the framework of financing the Nord Stream 2 project with Wintershall Nederland Transport and Trading B.V., OMV Gas Marketing Trading & Finance B.V., Shell Exploration and Production (LXXI) B.V., Engie Energy Management Holding Switzerland AG, Uniper Gas Transportation and Finance B.V., 100 % of shares of Nord Stream 2 AG were pledged until a full settlement of the secured obligations.

As of 30 June 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 30 June 2021 and 31 December 2020 the secured obligations to agent banks China Construction Bank Corporation, Beijing branch, ING Bank N.V., Intesa Sanpaolo S.p.A., London branch, Intesa Sanpaolo S.p.A., PJSC Sberbank and Gazprombank (Joint Stock Company) amounted to RUB 555,668 million and RUB 471,558 million, respectively.

Under the terms of the Russian bonds with the nominal value of RUB 25,000 million issued by PJSC Gazprom Neft in November 2019 and due in 2024 the issuer can execute the right of early redemption in November 2021.

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.

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14 Long-Term Borrowings, Promissory Notes (continued)

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.

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom Neft in August 2016 and due in 2046 bondholders can execute the right of early redemption in August 2021 at par, including interest accrued.

The Group has no subordinated borrowings and no debt obligations that may be converted into shares of the Group (see Notes 21).

15 Profit Tax

Profit tax is recognised based on the estimated average annual effective profit tax rate applied to the profit before profit tax for the six months ended 30 June 2021. Differences between the recognition criteria of assets and liabilities reflected in the IFRS consolidated interim condensed financial information and for the purposes of Russian statutory taxation give rise to certain temporary differences. The tax effect of the movement in these temporary differences is recorded at the applicable statutory rates with the prevailing rate of 20 % in the Russian Federation.

	30 June 2021	Temporary differences recognition and reversals	31 December 2020	30 June 2020	Temporary differences recognition and reversals	31 December 2019
Tax effects of taxable temporary differences:						
Property, plant and equipment	(1,026,986)	(39,388)	(987,598)	(964,485)	(10,928)	(953,557)
Right-of-use assets	(30,327)	(495)	(29,832)	(32,396)	928	(33,324)
Inventories	(6,487)	(3,794)	(2,693)	(4,952)	207	(5,159)
	(1,063,800)	(43,677)	(1,020,123)	(1,001,833)	(9,793)	(992,040)
Tax effects of deductible temporary differences:						
Financial assets	(18,841)	(23,821)	4,980	7,188	5,066	2,122
Tax losses carried forward	53,829	(61,037)	114,866	116,311	90,860	25,451
Retroactive gas price adjustments	8,944	780	8,164	4,739	(14,683)	19,422
Accounts receivable	178,019	5,832	172,187	158,129	60,997	97,132
Lease liabilities	39,677	(744)	40,421	40,893	1,161	39,732
Other deductible temporary differences	(8,485)	(20,266)	11,781	9,329	(30,404)	39,733
	253,143	(99,256)	352,399	336,589	112,997	223,592
Total net deferred tax liabilities	(810,657)	(142,933)	(667,724)	(665,244)	103,204	(768,448)

Taxable temporary differences recognised for the six months ended 30 June 2021 and 30 June 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 11,853 million and RUB 25,933 million and it was offset by the decrease in the current profit tax by the corresponding amount which did not affect profit for the six months ended 30 June 2021 and 30 June 2020.

16 Equity

Share Capital

The share capital authorised, issued and paid totals RUB 325,194 million as of 30 June 2021 and 31 December 2020 and consists of 23,674 million ordinary shares, each with a par value of 5 Russian Rubles.

Treasury Shares

As of 30 June 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 30 June 2021 and 31 December 2020.

The management of the Group controls the voting rights of treasury shares.

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 30 June 2021 and 31 December 2020.

Perpetual notes

Information about perpetual notes is disclosed in Note 17.

17 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 2021 the Group issued in the Russian market perpetual callable notes with a par value of RUB 60,000 million under the RUB 150,000 million Programme for the Issuance of Series 001B Notes. Gazprom capital LLC was the issuer of the notes. When the note issues were offered, the interest rate was set at 8.4500 %. 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.

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17 Perpetual Notes (continued)

Transactions related to perpetual notes for the six months ended 30 June 2021 are shown in the table 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	60,000	-	-	60,000
Costs related to issuance of perpetual notes	-	-	(90)	(90)
Translation differences arising on the translation of the par value of perpetual notes	-	(6,584)	6,584	-
Accrued interest	-	4,110	(4,110)	-
Recognition of an interest payment liability ¹	-	(2,068)	-	(2,068)
Translation differences arising on the translation of accrued interest	-	(108)	108	-
Cumulative tax effect of transactions related to perpetual notes	-	-	(1,299)	(1,299)
Balance as of 30 June 2021	60,000	190,966	246	251,212

¹ Interest was paid in the amount of RUB 2,085 million

As of 30 June 2021 cumulative translation differences arising on the translation of the par value of perpetual notes amounted to RUB 9,943 million, and cumulative interest taking into account translation differences arising on its translation amounted to RUB 3,441 million.

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18 Sales

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Gas sales gross of excise tax and customs duties:				
the Russian Federation	176,475	165,938	574,158	488,703
Former Soviet Union countries (excluding the Russian Federation)	84,447	55,300	202,349	146,186
Europe and other countries	<u>935,542</u>	<u>372,028</u>	<u>1,865,619</u>	<u>930,480</u>
	1,196,464	593,266	2,642,126	1,565,369
Customs duties	(200,435)	(76,375)	(390,387)	(168,551)
Excise tax	(16,058)	(1,994)	(31,187)	(12,553)
Retroactive gas price adjustments ¹	-	<u>6,086</u>	<u>5</u>	<u>2,324</u>
Total gas sales	979,971	520,983	2,220,557	1,386,589
Sales of refined products:				
the Russian Federation	420,170	248,332	766,701	554,072
Former Soviet Union countries (excluding the Russian Federation)	39,868	23,010	69,692	53,454
Europe and other countries	<u>183,048</u>	<u>76,552</u>	<u>356,372</u>	<u>213,327</u>
Total sales of refined products	643,086	347,894	1,192,765	820,853
Sales of crude oil and gas condensate:				
the Russian Federation	34,681	8,481	62,253	21,561
Former Soviet Union countries (excluding the Russian Federation)	8,070	3,341	17,723	3,341
Europe and other countries	<u>168,303</u>	<u>79,367</u>	<u>313,082</u>	<u>187,148</u>
Total sales of crude oil and gas condensate	211,054	91,189	393,058	212,050
Electric and heat energy sales:				
the Russian Federation	104,582	91,520	286,677	243,741
Former Soviet Union countries (excluding the Russian Federation)	-	101	31	1,258
Europe and other countries	<u>7,098</u>	<u>2,536</u>	<u>12,477</u>	<u>7,241</u>
Total electric and heat energy sales	111,680	94,157	299,185	252,240
Gas transportation sales:				
the Russian Federation	52,834	51,702	108,380	106,165
Former Soviet Union countries (excluding the Russian Federation)	704	712	1,546	1,517
Europe and other countries	<u>1,461</u>	<u>789</u>	<u>2,247</u>	<u>1,608</u>
Total gas transportation sales	54,999	53,203	112,173	109,290
Other sales:				
the Russian Federation	56,894	46,227	111,174	102,419
Former Soviet Union countries (excluding the Russian Federation)	2,113	1,508	3,867	3,188
Europe and other countries	<u>7,010</u>	<u>8,155</u>	<u>19,189</u>	<u>16,519</u>
Total other sales	66,017	55,890	134,230	122,126
Total sales	2,066,807	1,163,316	4,351,968	2,903,148

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 interim condensed financial information when they become probable and a reliable estimate of the amounts can be made. The effects of retroactive gas price adjustments for the three months ended 30 June 2021 amounted to RUB nil million. The effects of retroactive gas price adjustments for the six months ended 30 June 2021 recorded as an increase of sales by RUB 5 million. The effects of retroactive gas price adjustments on sales for the three and six months ended 30 June 2020 recorded as an increase of sales by RUB 6,086 million and RUB 2,324 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 interim condensed financial information.

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19 Operating Expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Taxes other than on profit	372,809	271,643	758,940	617,679
Purchased gas and oil	349,466	162,406	682,138	441,522
Staff costs	222,851	207,530	439,797	414,587
Depreciation	206,173	197,327	413,843	396,891
Transit of gas, oil and refined products	170,039	158,519	332,413	312,423
Materials	66,043	53,424	120,439	110,350
Goods for resale, including refined products	65,978	33,940	114,566	85,046
Electricity and heating	30,197	24,788	66,236	56,283
Repairs and maintenance	34,853	30,633	54,299	49,016
Foreign exchange differences on operating items	17,889	52,125	44,413	(63,459)
Loss (gain) on derivative financial instruments	23,444	(1,344)	22,733	(1,798)
Insurance	8,658	8,514	16,758	17,200
Social expenses	8,401	8,840	16,098	16,106
Transportation expenses	8,264	6,547	15,664	14,024
Processing services	6,003	4,611	11,867	10,341
Research and development	5,848	4,360	11,684	9,301
Lease	4,366	4,574	8,831	8,548
Impairment loss on non-financial assets	786	149	3,696	14,200
Other	67,886	79,290	163,016	170,463
	1,669,954	1,307,876	3,297,431	2,678,723
Change in balances of finished goods, work in progress and other effects	(108,640)	(54,320)	30,736	14,534
Total operating expenses	1,561,314	1,253,556	3,328,167	2,693,257

Staff costs include RUB 11,699 million and RUB 23,460 million of expenses for provision for post-employment benefits for the three and six months ended 30 June 2021, respectively, and RUB 10,361 million and RUB 20,579 million for the three and six months ended 30 June 2020, respectively (see Note 22).

20 Finance Income and Expenses

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Foreign exchange gain	161,018	307,175	298,435	421,799
Interest income	17,237	17,211	29,543	37,553
Total finance income	178,255	324,386	327,978	459,352
Foreign exchange loss	61,988	40,887	183,105	706,907
Interest expense	17,868	17,127	34,610	34,077
Total finance expenses	79,856	58,014	217,715	740,984

Total interest paid amounted to RUB 39,418 million and RUB 91,338 million for the three and six months ended 30 June 2021, respectively, and RUB 31,062 million and RUB 86,651 million for the three and six months ended 30 June 2020, respectively.

Interest expense includes interest expense on lease liabilities under IFRS 16 Leases in the amount of RUB 3,872 million and RUB 7,835 million for the three and six months ended 30 June 2021, respectively, and RUB 4,130 million and RUB 8,333 million for the three and six months ended 30 June 2020, respectively.

Foreign exchange gain and loss for the six month ended 30 June 2021 and 30 June 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.

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21 Basic and Diluted Earnings per Share Attributable to the Owners of PJSC Gazprom

Basic earnings per share attributable to the owners of PJSC is shown in the table below.

Notes	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	Profit for the period attributable to the owners of PJSC Gazprom			
	521,235	149,168	968,498	32,919
17	Interest accrued on perpetual notes (2,044)	-	(4,110)	-
17	Translation differences arising on the translation of interest accrued on perpetual notes 99	-	108	-
	Profit for the period attributable to the ordinary shareholders of PJSC Gazprom			
	519,290	149,168	964,496	32,919
16	Weighted average number of ordinary shares outstanding, excluding the weighted average number of treasury shares (in millions of shares) 23,645	23,645	23,645	23,645
	Basic and diluted earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)			
	21.96	6.31	40.79	1.39

The Group has no dilutive financial instruments.

22 Provisions

	30 June 2021	31 December 2020
Provision for decommissioning and site restoration	343,955	340,193
Provision for post-employment benefits	311,882	329,404
Other	21,347	18,736
Total provisions	677,184	688,333

The Group applies pension and other post-employment benefits system, which is recorded as defined benefit plan in the consolidated interim condensed financial information 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 net pension plan assets related to benefits provided through JSC NPF GAZFOND in the amount of RUB 18,799 million as of 30 June 2021 are included within other non-current assets in the consolidated interim condensed balance sheet (see Note 13). 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 interim condensed balance sheet.

In accordance with IAS 19 Employee Benefits, pension plan assets are recorded at estimated fair value and are subject to certain limitations. As of 30 June 2021 and 31 December 2020 management estimates the fair value of these assets in the amount of RUB 426,894 million and RUB 434,534 million, respectively. The pension plan assets comprise shares of various companies, including shares of PJSC Gazprom, an equity stake in Gazprombank (Joint Stock Company), corporate, state and municipal bonds, investments in mutual funds, deposits and other assets held by JSC NPF GAZFOND.

Net post-employment benefits assets or liabilities recorded in the consolidated interim condensed balance sheet are presented below.

	30 June 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	(408,095)	(311,882)	(435,828)	(328,110)
Fair value of plan assets	426,894	-	434,534	-
Total net assets (liabilities)	18,799	(311,882)	(1,294)	(328,110)

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22 Provisions (continued)

Expenses for provision for post-employment benefits recognised in operating expenses are presented below (see Note 19).

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Current service cost	6,609	5,973	13,219	11,945
Net interest expense	<u>5,090</u>	<u>4,388</u>	<u>10,241</u>	<u>8,634</u>
Total included in the line "Staff costs" within operating expenses	11,699	10,361	23,460	20,579

The principal assumptions used for the measurement of provision for post-employment benefits for the three and six months ended 30 June 2021 were the same as those applied for the year ended 31 December 2020 with the exception of the discount rate determined by reference to market yields on government securities. The decrease in the discount rate from 7.3 % to 7.2 % resulted in recognition of an actuarial loss in the amount of RUB 5,482 million in other comprehensive income for the three months ended 30 June 2021. The increase in the discount rate from 6.2 % to 7.2 % resulted in recognition of an actuarial gain in the amount of RUB 66,061 million in other comprehensive income for the six months ended 30 June 2021. The decrease in the discount rate from 6.9 % to 6.2 % resulted in recognition of an actuarial loss in the amount of RUB 45,220 million in other comprehensive income for the three months ended 30 June 2020. The decrease in the discount rate from 6.5 % to 6.2 % resulted in recognition of an actuarial loss in the amount of RUB 21,511 million in other comprehensive income for the six months ended 30 June 2020.

Remeasurement of provision for post-employment benefits recognised in other comprehensive income is presented below.

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
Actuarial gain (loss)	(5,482)	(45,220)	66,061	(21,511)
(Expense) return on plan assets excluding amounts included in net interest expense	(2,309)	4,363	(18,978)	(12,805)
Translation differences	<u>243</u>	<u>567</u>	<u>397</u>	<u>(775)</u>
Total	(7,548)	(40,290)	47,480	(35,091)

23 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.

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 12), long-term borrowings – Level 2 (see Note 14).

As of 30 June 2021 and 31 December 2020 the Group had the following assets and liabilities that are measured at fair value:

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23 Fair Value of Financial Instruments (continued)

Notes	30 June 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:				
13 Derivative financial instruments	29,079	104,554	475	134,108
Bonds	27,337	-	-	27,337
Equity securities	272	-	-	272
Financial assets measured at fair value with changes recognised through other comprehensive income:				
13 Derivative financial instruments	-	43,201	-	43,201
Bonds	3,455	-	-	3,455
Equity securities	-	-	688	688
Promissory notes	-	1	-	1
Total short-term financial assets measured at fair value	60,143	147,756	1,163	209,062
Financial assets measured at fair value with changes recognised through profit or loss:				
13 Derivative financial instruments	22,444	2,684	1,250	26,378
Equity securities	-	-	3,024	3,024
Financial assets measured at fair value with changes recognised through other comprehensive income:				
13 Derivative financial instruments	-	10,235	-	10,235
Equity securities	486,381	40,578	9,202	536,161
Bonds	1,066	-	-	1,066
Promissory notes	-	323	-	323
Total long-term financial assets measured at fair value	509,891	53,820	13,476	577,187
Total financial assets measured at fair value	570,034	201,576	14,639	786,249
Financial liabilities measured at fair value with changes recognised through profit or loss:				
Short-term derivative financial instruments	35,578	166,873	569	203,020
Long-term derivative financial instruments	7,478	24,928	144	32,550
Financial liabilities measured at fair value with changes recognised through other comprehensive income:				
Short-term derivative financial instruments	-	13,280	-	13,280
Long-term derivative financial instruments	-	1,135	-	1,135
Total financial liabilities measured at fair value	43,056	206,216	713	249,985

Notes	31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:				
13 Derivative financial instruments	14,400	85,797	379	100,576
Bonds	29,517	-	-	29,517
Equity securities	241	-	-	241
Financial assets measured at fair value with changes recognised through other comprehensive income:				
13 Derivative financial instruments	-	6,586	-	6,586
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:				
13 Derivative financial instruments	4,835	12,187	-	17,022
Equity securities	-	-	3,056	3,056
Financial assets measured at fair value with changes recognised through other comprehensive income:				
13 Derivative financial instruments	-	2,264	-	2,264
Equity securities	369,388	40,578	8,538	418,504
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

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23 Fair Value of Financial Instruments (continued)

Notes	31 December 2020			Total
	Level 1	Level 2	Level 3	
Financial liabilities measured at fair value with changes recognised through profit or loss:				
Short-term derivative financial instruments	38,478	77,967	557	117,002
Long-term derivative financial instruments	6,845	17,294	-	24,139
Financial liabilities measured at fair value with changes recognised through other comprehensive income:				
Short-term derivative financial instruments	-	1,870	-	1,870
Long-term derivative financial instruments	-	6,989	-	6,989
Total financial liabilities measured at fair value	45,323	104,120	557	150,000

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.

As of 30 June 2021 and 31 December 2020 long-term financial assets measured at fair value with changes recognised through other comprehensive income include shares of PJSC NOVATEK in the amount of RUB 480,759 million and RUB 362,681 million, respectively.

24 Related Parties

In the consolidated interim condensed financial information 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 30 June 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.

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 30 June 2021 prices of natural gas and gas transportation, 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 30 June 2021 and 31 December 2020 for the three and six months ended 30 June 2021 and for the three and six months ended 30 June 2020 the Group's significant transactions and balances with the Government and entities under the Government control are presented below.

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24 Related Parties (continued)

	As of 30 June 2021		Three months ended 30 June 2021		Six months ended 30 June 2021	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
Current profit tax	10,395	13,201	-	68,801	-	120,212
Insurance contributions	1,937	16,230	-	45,520	-	93,081
VAT	278,895	145,576	-	-	-	-
Customs duties	7,541	-	-	-	-	-
MET	27	96,888	-	319,286	-	620,587
Other taxes	65,297	79,795	-	19,047	-	75,524
Other	-	-	23,860	-	39,311	-
Transactions and balances with entities under the Government control						
Gas sales	-	-	26,886	-	90,266	-
Electric and heat energy sales	-	-	36,994	-	110,155	-
Gas transportation sales	-	-	11,923	-	21,492	-
Other sales	-	-	1,239	-	2,252	-
Transit of oil and refined products expenses	-	-	-	34,053	-	67,069
Interest expense	-	-	-	6,435	-	12,415
Cash and cash equivalents	524,270	-	-	-	-	-
Short-term deposits	3,850	-	-	-	-	-
Accounts receivable	54,561	-	-	-	-	-
Short-term financial assets	29,182	-	-	-	-	-
Long-term financial assets	6,664	-	-	-	-	-
Accounts payable	-	35,642	-	-	-	-
Borrowings	-	242,952	-	-	-	-
Short-term lease liabilities	-	8,709	-	-	-	-
Long-term lease liabilities	-	85,553	-	-	-	-

	As of 31 December 2020		Three months ended 30 June 2020		Six months ended 30 June 2020	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
Current profit tax	14,384	6,230	-	8,439	-	32,756
Insurance contributions	2,908	15,474	-	41,976	-	88,850
VAT	269,914	115,404	-	-	-	-
Customs duties	15,567	-	-	-	-	-
MET	18	72,930	-	152,578	-	388,791
Other taxes	30,624	61,288	-	95,138	-	183,404
Other	-	-	-	7,102	-	6,187
Transactions and balances with entities under the Government control						
Gas sales	-	-	23,399	-	70,515	-
Electric and heat energy sales	-	-	33,946	-	93,607	-
Gas transportation sales	-	-	9,270	-	18,811	-
Other sales	-	-	952	-	2,149	-
Transit of oil and refined products expenses	-	-	-	35,538	-	71,313
Interest expense	-	-	-	7,843	-	11,371
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	-	-	-	-

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24 Related Parties (continued)

See the consolidated interim condensed statement of changes in equity for returns of social assets to governmental authorities during the six months ended 30 June 2021 and 30 June 2020. See Note 9 for the net book values as of 30 June 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 30 June 2021		Three months ended 30 June 2021		Six months ended 30 June 2021	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with JSC FSC						
Electric and heat energy sales	-	-	37,592	-	90,002	-
Electricity and heating expenses	-	-	-	6,577	-	15,038
Accounts receivable	5,710	-	-	-	-	-
Accounts payable	-	1,653	-	-	-	-

	As of 31 December 2020		Three months ended 30 June 2020		Six months ended 30 June 2020	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with JSC FSC						
Electric and heat energy sales	-	-	26,914	-	68,659	-
Electricity and heating expenses	-	-	-	4,268	-	10,094
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.

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 22).

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 three and six months ended 30 June 2021 and for the three and six months ended 30 June 2020 and as of 30 June 2021 and 31 December 2020 the Group's significant transactions and balances with associates and joint ventures are presented below.

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24 Related Parties (continued)

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	Income		Income	
Gas sales				
Panrusgaz Co.	16,929	5,532	29,064	8,762
JSV Moldovagaz	8,322	4,988	15,703	13,444
JSC Latvijas Gaze	9,443	1,246	9,782	1,442
JSC Gazprom YRGM Trading ¹	3,768	4,280	7,653	8,778
JSC Gazprom YRGM Development ¹	2,692	3,057	5,467	6,270
Prometheus Gas S.A.	1,111	455	2,793	1,693
JSC EUROPOL GAZ	729	416	1,467	826
Gas transportation sales				
JSC Gazprom YRGM Trading ¹	5,831	6,081	11,844	12,473
JSC Gazprom YRGM Development ¹	4,165	4,343	8,460	8,909
KazRosGas LLP	704	711	1,546	1,516
Crude oil, gas condensate and refined products sales				
PJSC NGK Slavneft and its subsidiaries	7,707	3,432	16,945	3,469
LLC NPP Neftekhimia	2,591	722	4,417	1,862
Sakhalin Energy Investment Company Ltd.	1,364	83	4,370	1,147
LLC Poliom	1,778	464	3,552	1,585
JSC SOVEX	1,484	158	2,268	1,014
Field operator services and other services sales				
JSC Messoyakhaneftegaz	889	947	2,103	2,232
PJSC NGK Slavneft and its subsidiaries	920	748	1,767	1,676
Gas refining services sales				
KazRosGas LLP	2,737	2,723	5,938	5,868
Interest income				
Gazprombank (Joint Stock Company) and its subsidiaries	5,159	7,402	8,796	17,862
JSC Gazstroyprom	1,443	2,178	2,705	4,333
	Expenses		Expenses	
Purchased gas				
JSC Gazprom YRGM Trading ¹	13,125	11,523	24,733	25,156
JSC Gazprom YRGM Development ¹	9,386	8,232	17,685	17,976
JSC Arcticgas	10,698	10,756	14,326	16,555
Sakhalin Energy Investment Company Ltd.	7,333	2,124	14,021	3,981
KazRosGas LLP	4,323	4,767	4,884	9,373
CJSC Northgas	1,159	1,317	2,345	2,699
Transit of gas				
Nord Stream AG	23,792	21,353	48,079	41,949
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	13,523	14,242	25,869	24,782
JSC EUROPOL GAZ	-	1,645	-	4,838
Purchased crude oil and refined products				
PJSC NGK Slavneft and its subsidiaries	37,683	16,330	61,779	44,451
JSC Messoyakhaneftegaz	21,599	7,660	40,300	20,837
JSC Arcticgas	1,491	783	3,035	2,009
KazRosGas LLP	1,846	414	2,825	1,103
Gas and gas condensate production				
JSC Achimgaz	18,271	8,097	33,581	19,275

PJSC Gazprom
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24 Related Parties (continued)

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	Expenses		Expenses	
Processing services				
PJSC NGK Slavneft and its subsidiaries	3,693	3,196	7,564	7,258
Transit of crude oil and oil refinery products				
PJSC NGK Slavneft and its subsidiaries	2,390	1,451	4,396	3,022
JSC Messoyakhaneftegaz	1,908	1,840	3,781	3,647
Interest expense				
Gazprombank (Joint Stock Company) and its subsidiaries	3,206	3,140	5,627	6,573

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 six months ended 30 June 2021 and 30 June 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 30 June 2021		As of 31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
Gazprombank (Joint Stock Company)	35,618	-	33,851	-
JSC Gazstroyprom	32,649	-	58,569	-
JSC Messoyakhaneftegaz	10,193	-	747	-
Panrusgas Co.	8,021	-	4,504	-
Sakhalin Energy Investment Company Ltd.	5,136	-	4,403	-
JSC Achimgaz	5,003	-	59	-
LLC Salavatsky Neftehimichesky Kompleks	4,395	-	-	-
JSC Gazprom YRGM Trading	3,520	-	1,924	-
PJSC NGK Slavneft and its subsidiaries	2,960	-	3,450	-
JSC Gazprom YRGM Development	2,514	-	1,374	-
TurkAkim Gaz Tasima A.S.	1,678	-	1,993	-
KazRosGas LLP	1,489	-	1,579	-
Overgas Inc. AD	-	-	8,286	-
LLC National Petroleum Consortium	-	-	1,487	-
Cash and cash equivalents				
Gazprombank (Joint Stock Company) and its subsidiaries	376,305	-	453,859	-
OJSC Belgazprombank	1,157	-	29	-
Other current assets				
Gazprombank (Joint Stock Company)	192,047	-	2,290	-
Long-term accounts receivable and prepayments				
JSC Gazstroyprom	422,165	-	318,674	-
TurkAkim Gaz Tasima A.S.	27,660	-	28,763	-
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	17,235	-	18,129	-
Sakhalin Energy Investment Company Ltd.	12,965	-	14,187	-
JSC Evroteck-Yugra	5,017	-	4,515	-
OJSC Belgazprombank	-	-	2,479	-

PJSC Gazprom
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24 Related Parties (continued)

	As of 30 June 2021		As of 31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts payable				
PJSC NGK Slavneft and its subsidiaries	-	81,350	-	53,286
JSC Messoyakhaneftegaz	-	48,485	-	33,670
JSC Gazstroyprom	-	17,270	-	57,618
Nord Stream AG	-	7,710	-	8,139
JSC Achimgaz	-	6,886	-	5,476
JSC Gazprom YRGM Trading	-	5,415	-	6,509
JSC Arcticgas	-	4,956	-	3,367
JSC Latvijas Gaze	-	4,800	-	663
Sakhalin Energy Investment Company Ltd.	-	4,208	-	864
JSC Gazprom YRGM Development	-	3,877	-	4,655
KazRosGas LLP	-	2,230	-	141
WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries	-	1,171	-	1,487
Short-term borrowings (including current portion of long-term borrowings)				
WIGA Transport Beteiligungs-GmbH & Co. KG	-	27,413	-	27,918
Gazprombank (Joint Stock Company)	-	13,395	-	7,109
JSC Gazstroyprom	-	1,275	-	5,549
Long-term borrowings				
Gazprombank (Joint Stock Company)	-	215,259	-	182,216
JSC Gazstroyprom	-	4,431	-	-

Accounts receivable due from JSV Moldovagaz were RUB nil million as of 30 June 2021 and 31 December 2020 net of allowance for expected credit losses in the amount of RUB 512,444 million and RUB 508,624 million as of 30 June 2021 and 31 December 2020, respectively.

Accounts receivable for gas due from Overgas Inc. AD were RUB nil million as of 30 June 2021 and RUB 7,770 million as of 31 December 2020 net of allowance for expected credit losses in the amount of RUB nil million as of 30 June 2021 and 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 Gazstroyprom to repay its loan liabilities towards the bank in case of late payment. As of 30 June 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 30 June 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 Gazstroyprom 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 11.

Information on transactions performed by the Group with JSC NPF GAZFOND is disclosed in Note 22.

Information on financial guarantees issued by the Group for associates and joint ventures is disclosed in Note 25.

25 Commitments and Contingencies

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 30 June 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. A court decision is expected by the end of 2021.

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.

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. A court decision is expected by the end of 2021.

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.

25 Commitments and Contingencies (continued)

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 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 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. Nord Stream 2 AG has the right to respond until 13 September 2021.

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. A court decision was rendered on 25 August 2021. The court dismissed the claims made by Nord Stream 2 AG. Nord Stream 2 AG is currently evaluating the decision for a possibility to appeal.

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;

25 Commitments and Contingencies (continued)

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, 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

25 Commitments and Contingencies (continued)

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 and 20 August 2021 the U.S. Department of the Treasury imposed sanctions against six legal entities and fifteen vessels 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 Russia 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 Russia on a wide range of grounds, in particular against Russian

25 Commitments and Contingencies (continued)

persons that are responsible for, directly or indirectly engaged in or attempted 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 Russia, 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 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 with a maturity of more than 30 days;

4) after 12 September 2014 directly or indirectly making or being part of any arrangement to make new borrowings with a maturity exceeding 30 days 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.

Canada and some other countries also imposed sanctions on some Russian individuals and legal entities, including PJSC Gazprom, PJSC Gazprom Neft and other oil and gas companies of the Russian Federation. Sanctions imposed by Canada prohibit any person in Canada and any Canadian citizen outside Canada to transact in, provide financing for, or otherwise deal in new debt of longer than 90 days' maturity for a number of Russian energy companies, including PJSC Gazprom and PJSC Gazprom Neft. 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.

The Group is currently assessing an influence of adopted economic measures on its financial position and financial performance.

PJSC Gazprom
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(in millions of Russian Rubles)

25 Commitments and Contingencies (continued)

Financial Guarantee Contracts

	30 June 2021	31 December 2020
Guarantees issued for:		
Nord Stream AG	102,048	118,510
JSC Gazstroyprom	30,076	31,639
Sakhalin Energy Investment Company Ltd.	10,656	23,227
Other	<u>103,080</u>	<u>87,786</u>
Total financial guarantee contracts	245,860	261,162

For the six months ended 30 June 2021 and in 2020 the counterparties fulfilled their contractual obligations.

Financial guarantee contracts include financial guarantees denominated in US Dollars of USD 147 million and USD 314 million as of 30 June 2021 and 31 December 2020, respectively, as well as amounts denominated in Euros of EUR 2,130 million and EUR 2,103 million as of 30 June 2021 and 31 December 2020, respectively.

In June 2008 the Group pledged the shares of Sakhalin Energy Investment Company Ltd. to the agent bank Mizuho Bank Ltd. under the loan obligations of Sakhalin Energy Investment Company Ltd. As of 30 June 2021 and 31 December 2020 the amount of Sakhalin Energy Investment Company Ltd. obligations up to the amount of the Group's share (50 %) amounted to RUB 10,656 million (USD 147 million) and RUB 23,227 million (USD 314 million), respectively.

In March 2010 the Group pledged the shares of Nord Stream AG to the agent bank Societe Generale under the obligations of Nord Stream AG under the project financing agreement. As of 30 June 2021 and 31 December 2020 the amount of Nord Stream AG obligations up to the amount of the Group's share (51 %) amounted to RUB 102,048 million (EUR 1,184 million) and RUB 118,510 million (EUR 1,307 million), 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, 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. The collateral value of debt repayment rights as of 30 June 2021 and 31 December 2020 was RUB 30,076 million and RUB 31,639 million, respectively.

Capital Commitments

The total investment utilisation in accordance with the investment programme of the Group for 2021 (for gas, oil, electricity, heat generating and other assets) and current similar intentions of the Group is RUB 1,828,594 million.

26 Events After the Reporting Period

Borrowings

In July 2021 the Group issued loan participation notes in the amount of USD 1,000 million at an interest rate of 3.50 % due in 2031 under the EUR 30,000 million Programme for the Issuance of Loan Participation Notes.

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