



Strength in Unity

PJSC Gazprom Financial Report 2022

PJSC Gazprom Financial Report 2022

Contents

1	PJSC Gazprom Statutory Financial Statements for 2022 4
----------	-----------------------------------------------------------------------------

2	PJSC Gazprom IFRS Consolidated Financial Statements 31 December 2022 68
----------	--------------------------------------------------------------------------------------------------------

1 PJSC Gazprom IFRS Consolidated Financial Statements 31 December 2022

Independent Auditor's Report
6

Balance Sheet
as at 31 December 2022
11

Statement of Financial Results
for 2022
15

Statement of Changes
in Equity for 2022
17

Cash Flow Statement
for 2022
21

Explanatory Notes to the Balance Sheet
and the Statement of Financial Results
24

PJSC Gazprom Explanatory Notes to the Balance
Sheet and the Statement of Financial Results
in the Statutory Financial Statements for 2022
40

Independent Auditor's Report (Translation from Russian original)

To The Shareholders of PJSC Gazprom

Opinion

We have audited the accompanying financial statements of PJSC Gazprom, which comprise the balance sheet as at 31 December 2022, statement of financial results for the year then ended, supplements to the balance sheet and the statement of financial results, including the statement of changes in equity and cash flow statement for the year then ended, and explanatory notes to the balance sheet and

the statement of financial results, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJSC Gazprom as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

Basis for Opinion

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

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

Key Audit Matters

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

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

Revenue recognition

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

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

or error, as well as substantive procedures with respect to sales transactions and procedures that involved obtaining accounts receivable confirmation letters from debtors as at the end of the reporting period.

Information about the approaches to revenue recognition is disclosed in Note 2 "Significant accounting policies and basis of presentation" to the balance sheet and the statement of financial results in the statutory financial statements for 2022. Information about major types of activities is disclosed in sublines 2111-2117 of line 2110 "Sales" of the statement of financial results for 2022.

Adjustment of indicators in The financial statements due to The application of RFAS 6/2020 "Fixed Assets" and RFAS 26/2020 "Capital Investments"

The transition of PJSC Gazprom from 1 January 2022 to new Russian federal accounting standards (RFAS 6/2020 "Fixed Assets", RFAS 26/2020 "Capital Investments") required the adjustment of PJSC Gazprom's accounting policies and the formation of management's estimates affecting one of

the most significant items of the balance sheet (line 1150 "Fixed Assets"), including the change in the indicators as at 31 December 2021. Therefore, in our opinion, this area is one of the most significant areas in the audit of the financial statements of PJSC Gazprom for 2022.

Our procedures aimed to evaluate the sufficiency and completeness of the reported transitional adjustments for the new accounting standards and the correctness of the disclosure of information about the adjustments in the financial statements:

- we analysed accounting policies with respect to accounting for fixed assets and capital investments due to the application of RFAS 6/2020 "Fixed Assets" and RFAS 26/2020 "Capital Investments", including transitional provisions;
- we evaluated the changes made in the internal accounting and control system with respect to the judgments and processes used to transition to the new standards;
- we analysed the judgments with respect to elements of depreciation of fixed assets, including the established useful lives of fixed assets, approaches to the determination of the disposal value of fixed assets;
- we checked the adjustments of the opening balances related to accounting for fixed assets as at the beginning

of the reporting year, including mathematical precision of the calculations made based on the judgments applied;

- we analysed the methodology and key assumptions applied by PJSC Gazprom to test fixed assets for indications of impairment;
- we checked the accuracy and sufficiency of the disclosures in the financial statements about the adjustments made. Information about the main accounting methods applied to fixed assets is disclosed in Note 2 "Significant accounting policies and basis of presentation" to the balance sheet and the statement of financial results in the statutory financial statements for 2022. Information about the adjustments made to the indicators of the financial statements due to the application of the new Russian federal accounting standards is disclosed in Note 4 "Adjustments to prior reporting period data" to the balance sheet and the statement of financial results in the statutory financial statements for 2022.

Impact of sanctions

As a result of the escalation of the geopolitical situation in the world, as well as the imposition by EU countries, the US and other countries of restrictive measures (including the imposition of several packages of sanctions) against PJSC Gazprom and its subsidiaries, the assessment of the potential impact of this situation on the financial statements of PJSC Gazprom is a higher risk area.

We considered management's estimates, including those regarding:

- the fulfilment of the recognition conditions for estimated and/or contingent liabilities;
- impairment of inventories and financial investments;
- the need to create doubtful debt provisions.

Our audit procedures also included discussion with management of the impact of the sanctions imposed on

PJSC Gazprom's operations in 2022 and their potential impact on subsequent reporting periods.

Information about the approaches applied to the formation of estimated liabilities and provisions is disclosed in Note 2 "Significant accounting policies and basis of presentation" to the balance sheet and the statement of financial results in the statutory financial statements for 2022. Information about the amounts of the investment impairment provisions and doubtful debt provisions is presented in tables 3.1 "The Presence and Movement of Financial Investments" and 5.1 "The Presence and Movement of Accounts Receivable" of the explanatory notes to the balance sheet and the statement of financial results.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report of PJSC Gazprom for 2022 and the Issuer's report of PJSC Gazprom for the 12 months of 2022, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual report of PJSC Gazprom for 2022 and the Issuer's report of PJSC Gazprom for the 12 months of 2022, if we conclude that there are material misstatements therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the audited entity's ability to

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

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

Auditor's Responsibilities for The Audit of The Financial Statements

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

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

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

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

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

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

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

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

Engagement partner on the audit
resulting in this independent
auditor's report acting on behalf of the audit
firm under power of attorney No. 133/22 dated
4 July 2022



N.Y. Khrenov
ORNZ 21606080534

Date of the Independent Auditor's Report:
13 March 2023

Independent Auditor's Report
(Translation from Russian original)

Audited entity

Name:

PJSC Gazprom

Address of the legal entity within its location:

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

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

Auditor

Name:

FBK, LLC

Address of the legal entity within its location:

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

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

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

Balance Sheet as at 31 December 2022

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

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

OKVED 2

OKOPF/OKFS
OKEI

INN
OGRN/OGRNIP

Codes

0710001

31/12/2022

00040778

7736050003

46.71

12247/41

384

☒ Yes ☐ No

7701017140

1027700058286

Notes	Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Assets					
I. Non-current assets					
1	Intangible assets, including:	1110	11,962,617	13,318,662	14,744,114
	intellectual property rights	1111	11,009,221	12,767,120	14,437,503
	other	1119	953,396	551,542	306,611
1	Results of research and development	1120	4,172,749	3,567,625	2,985,739
9	Intangible exploration assets	1130	114,943,077	112,405,812	130,776,537
9	Tangible exploration assets	1140	21,332,986	19,429,714	52,045,575
2	Fixed assets, including:	1150	14,264,684,443	13,939,289,676	8,002,629,050
	Fixed assets items, including:	1151	12,011,175,459	12,223,207,139	6,613,018,663
	land plots and natural resources	1152	4,991,574	4,503,546	3,497,718
	buildings, facilities, machinery and equipment	1153	11,919,700,223	12,128,481,159	6,518,838,804
Note 6	Capital investments in progress	1154	2,229,946,356	1,690,148,367	1,389,610,387
Note 7	Right-of-use assets	1155	23,562,628	25,934,170	–
	Investment real estate	1156	–	–	–
	Income-bearing investments in tangible assets	1160	–	–	–
3, Note 8	Financial investments, including:	1170	4,415,459,661	4,439,221,232	3,295,369,477
	investments in subsidiaries	1171	4,013,796,519	4,117,504,618	3,211,227,291
	investments in associates	1172	33,854,753	37,394,210	38,100,611
	investments in other entities	1173	4,631,497	214,790	214,790
	loans provided to companies for a period over 12 months	1174	291,681,123	244,744,446	6,818,956
	Deferred tax assets	1180	387,718,753	169,009,037	245,003,019
Note 9	Other non-current assets	1190	697,270,625	706,247,450	469,371,310
	Total Section I	1100	19,917,544,911	19,402,489,208	12,212,924,821

Balance Sheet
as at 31 December 2022

Form 0710001 p.2

Notes	Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Assets					
II. Current assets					
4	Inventories, including:	1210	695,450,949	549,355,418	570,823,149
	raw materials and other inventories	1211	13,647,282	12,649,213	5,647,999
	work in progress	1213	150,581	203,070	5,710
	finished goods and goods for resale	1214	663,552,039	526,030,706	559,934,279
	goods dispatched	1215	18,101,047	10,472,429	5,235,161
	Value-added tax on goods purchased	1220	55,614,038	57,390,967	75,632,590
5, Note 10	Accounts receivable, including:	1230	2,899,224,596	2,915,621,610	1,941,962,055
	Accounts receivable (payments expected beyond 12 months after the reporting date), including:	1231	563,038,305	725,543,385	522,399,531
	buyers and customers	1232	11,841,882	–	1,056,765
	advances issued	1233	1,183,625	8,102,670	1,514,832
	other debtors	1234	550,012,798	717,440,715	519,827,934
	Accounts receivable (payments expected within 12 months after the reporting date), including:	1235	2,336,186,291	2,190,078,225	1,419,562,524
	buyers and customers	1236	1,195,029,095	1,010,143,933	579,447,708
	advances issued	1238	150,978,446	37,363,446	15,163,219
	other debtors	1239	990,178,750	1,142,570,846	824,951,597
3, Note 8	Financial investments (except for cash equivalents), including:	1240	199,321,909	493,303,465	262,692,226
	loans provided to companies for a period less than 12 months	1241	86,262,047	95,150,088	262,688,713
	Cash and cash equivalents, including:	1250	247,470,110	1,473,249,474	648,397,537
	cash on hand	1251	27,256	33,277	25,717
	settlement accounts	1252	169,225,929	356,477,443	210,145,651
	foreign currency accounts	1253	77,955,061	839,662,894	248,157,997
	other cash and cash equivalents	1259	261,864	277,075,860	190,068,172
	Other current assets	1260	19,174,618	21,769,369	3,084,381
	Total Section II	1200	4,116,256,220	5,510,690,303	3,502,591,938
	BALANCE	1600	24,033,801,131	24,913,179,511	15,715,516,759

Balance Sheet
as at 31 December 2022

Form 0710001 p.3

Notes	Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Equity and liabilities					
III. Equity and reserves					
Note 12	Charter capital (joint capital, charter fund, contributions of partners)	1310	118,367,564	118,367,564	118,367,564
	Own shares buy-back	1320	–	–	–
	Revaluation of non-current assets	1340	–	–	5,513,189,506
Note 12	Additional paid-in capital (without revaluation)	1350	178,823,816	193,190,229	195,615,797
	including perpetual notes and loans	1351	178,823,816	193,190,229	195,615,797
Note 12	Reserve capital	1360	8,636,001	8,636,001	8,636,001
	Retained earnings (loss)	1370	16,426,983,014	16,880,601,659	4,381,112,734
	Social government fund	1380	–	–	–
	Total Section III	1300	16,732,810,395	17,200,795,453	10,216,921,602
IV. Non-current liabilities					
Note 13	Borrowings and bank loans, including:	1410	2,510,047,004	2,316,444,841	2,282,427,006
	bank loans due for repayment beyond 12 months	1411	781,732,433	526,270,060	613,034,561
	other borrowings due for repayment beyond 12 months	1412	1,728,314,571	1,790,174,781	1,669,392,445
	Deferred tax liabilities	1420	2,415,407,690	2,237,801,085	936,432,484
7, Note 20	Estimated liabilities	1430	23,023,547	21,338,537	19,234,306
5, Note 15	Other liabilities, including:	1450	82,591,234	70,753,687	2,301,619
	long-term lease liabilities	1455	18,352,358	20,489,076	–
	Total Section IV	1400	5,031,069,475	4,646,338,150	3,240,395,415

Balance Sheet
as at 31 December 2022

Form 0710001 p.3

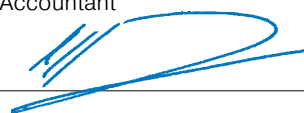
Notes	Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
V. Current liabilities					
Note 13	Borrowings and bank loans, including:	1510	979,886,132	1,941,908,757	1,353,045,123
	bank loans due for repayment within 12 months	1511	-	-	-
	other borrowings due for repayment within 12 months	1512	626,305,710	1,634,814,978	774,244,702
	current portion of long-term borrowings and bank loans	1513	353,580,422	307,093,779	578,800,421
5, Note 15	Accounts payable, including:	1520	1,264,988,290	1,017,326,985	852,767,523
	suppliers and contractors	1521	897,247,232	708,844,389	638,553,849
	salaries payable	1522	976,402	834,959	801,498
	insurance contributions payable	1523	592,442	497,985	502,782
	taxes payable	1524	85,141,596	124,052,556	30,191,699
	other creditors, including:	1525	191,221,559	181,477,119	181,241,882
	promissory notes payable	1526	-	-	-
	advances from customers	1527	99,607,210	122,239,875	125,365,023
	other settlements	1528	91,614,349	59,237,244	55,876,859
	dividends payable to participants (shareholders)	1529	89,809,059	1,619,977	1,475,813
	Future periods income	1530	-	-	-
7, Note 20	Estimated liabilities	1540	19,674,312	102,045,809	52,387,096
	Other liabilities, including:	1550	5,372,527	4,764,357	-
	short-term lease liabilities	1555	5,372,527	4,764,357	-
	Total Section V	1500	2,269,921,261	3,066,045,908	2,258,199,742
	BALANCE	1700	24,033,801,131	24,913,179,511	15,715,516,759

Chief Executive Officer




A.B. Miller

Chief Accountant



M.N. Rosseev

13 March 2023

PJSC Gazprom Financial Report 2022

Statement of Financial Results for 2022

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

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

OKVED 2

OKOPF/OKFS
OKEI

Codes
0710002
31/12/2022
00040778
7736050003
46.71
12247/41
384

Notes	Narrative	Line code	For 2022	For 2021
	Sales, including:	2110	7,979,026,948	6,388,987,167
	gas	2111	5,826,988,836	4,720,244,962
	leased assets	2112	1,175,632,237	793,999,761
	oil and gas refinery products	2113	319,915,645	328,779,949
	gas transportation services	2114	280,499,045	250,732,540
	gas condensate	2115	229,832,063	233,317,528
	oil	2116	131,539,203	47,540,036
	other goods, products, works and services	2117	14,619,919	14,372,391
6	Cost of sales, including:	2120	(4,768,761,092)	(2,748,528,303)
	gas	2121	(2,560,706,404)	(1,332,511,765)
	leased assets	2122	(1,147,919,597)	(778,583,802)
	oil and gas refinery products	2123	(311,929,646)	(199,883,602)
	gas transportation services	2124	(449,896,919)	(241,260,190)
	gas condensate	2125	(158,639,443)	(122,197,607)
	oil	2126	(116,081,529)	(55,031,095)
	other goods, products, works and services	2127	(23,587,554)	(19,060,242)
	Gross profit (loss)	2100	3,210,265,856	3,640,458,864
6	Selling expenses	2210	(1,489,385,460)	(1,551,851,191)
6	Administrative expenses	2220	(158,973,363)	(130,832,966)
	Profit (loss) from sales	2200	1,561,907,033	1,957,774,707
	Income from participation in other entities	2310	785,620,762	414,235,921
	Interest receivable	2320	168,114,191	43,845,142
	Interest payable	2330	(154,414,847)	(122,609,141)

**Statement of Financial Results
for 2022**

Form 0710002 p.2

Notes	Narrative	Line code	For 2022	For 2021
Note 16	Other income	2340	2,943,988,243	2,003,191,990
Note 16	Other expenses	2350	(4,282,787,641)	(1,087,201,134)
	Profit (loss) before taxation	2300	1,022,427,741	3,209,237,485
Note 14	Income tax, including:	2410	(288,574,197)	(522,269,108)
	current income tax	2411	(354,116,674)	(331,702,692)
	deferred income tax	2412	39,008,803	(228,741,978)
	prior year income tax	2413	26,533,674	38,175,562
	Other	2460	1,061,338	(290,797)
	Reallocation of income tax within the CGT	2465	12,331,390	(2,220,954)
	Net profit (loss)	2400	747,246,272	2,684,456,626

Form 0710002 p.3

Notes	Narrative	Line code	For 2022	For 2021
	Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	–	1,199,826,339
	Results of other transactions not included to the net profit (loss) for the period	2520	–	–
	Income tax from other transactions whose results are not included to the net profit (loss) for the period	2530	–	(239,965,256)
	Cumulative financial result for the period	2500	747,246,272	3,644,317,709
Note 17	REFERENCE:			
	Basic earnings (loss) per share (RUB)	2900	31,56	113,39
	Diluted earnings (loss) per share	2910	–	–

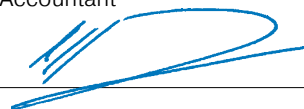
Chief Executive Officer




A.B. Miller

13 March 2023

Chief Accountant



M.N. Rosseev

PJSC Gazprom Financial Report 2022

Statement of Changes in Equity for 2022

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

Form on OKUD
Date (day, month, year)
OKPO
INN
OKVED 2

OKOPF/OKFS
OKEI

Codes

0710004

31/12/2022

00040778

7736050003

46.71

12247/41

384

1. Changes in equity

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (loss)	Social government fund	Total
Equity as at 31 December 2020	3100	118,367,564	–	5,708,805,303	8,636,001	4,381,112,734	–	10,216,921,602
For 2021								
Increase in equity - total, including:	3210	–	–	968,615,140	–	12,801,753,480	–	13,770,368,620
net profit	3211	X	X	X	X	2,684,456,626	X	2,684,456,626
revaluation of assets	3212	X	X	959,861,083	X	X	–	959,861,083
income directly attributable to equity	3213	X	X	–	X	254,837	X	254,837
additional shares issue	3214	–	X	–	X	X	X	–
increase in share par value	3215	–	X	–	X	–	X	–
reorganisation of legal entity	3216	–	–	–	–	–	–	–
placement of buy-backed shares	3217	X	–	X	X	X	X	–
transactions associated with perpetual notes and loans	3218	X	X	8,754,057	X	6,724,232	X	15,478,289
other	3219	–	–	–	–	10,110,317,785	–	10,110,317,785
Decrease in equity - total, including:	3220	–	–	(6,480,638,094)	–	(305,856,675)	–	(6,786,494,769)
loss	3221	X	X	X	X	–	X	–
revaluation of assets	3222	X	X	–	X	X	–	–
expenses directly attributable to equity	3223	X	X	X	X	–	–	–
decrease in share par value	3224	–	X	X	X	–	X	–
decrease in number of shares	3225	–	–	X	X	X	X	–
reorganisation of legal entity	3226	–	–	–	–	–	–	–
dividends	3227	X	X	X	X	(297,102,618)	X	(297,102,618)
transactions associated with perpetual notes and loans	3228	X	X	(11,179,625)	X	(8,754,057)	X	(19,933,682)
other	3229	–	–	(6,469,458,469)	–	–	–	(6,469,458,469)

**Statement of Changes in Equity
for 2022**

Form 0710004 p.2

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (loss)	Social government fund	Total
Additional capital change	3230	X	X	(3,592,120)	X	3,592,120	X	–
Reserve capital change	3240	X	X	X	–	–	X	–
Equity as at 31 December 2021	3200	118,367,564	–	193,190,229	8,636,001	16,880,601,659	–	17,200,795,453
For 2022								
Increase in equity - total, including:	3310	–	–	7,368,420	–	761,809,138	–	769,177,558
net profit	3311	X	X	X	X	747,246,272	X	747,246,272
revaluation of assets	3312	X	X	–	X	X	–	–
income directly attributable to equity	3313	X	X	–	X	523,851	X	523,851
additional shares issue	3314	–	X	–	X	X	X	–
increase in share par value	3315	–	X	–	X	–	X	–
reorganisation of legal entity	3316	–	–	–	–	–	–	–
placement of buy-backed shares	3317	X	–	X	X	X	X	–
transactions associated with perpetual notes and loans	3318	X	X	7,368,420	X	14,039,015	X	21,407,435
other	3319	–	–	–	–	–	–	–
Decrease in equity - total, including:	3320	–	–	(21,734,833)	–	(1,215,427,783)	–	(1,237,162,616)
loss	3321	X	X	X	X	–	X	–
revaluation of assets	3322	X	X	–	X	X	–	–
expenses directly attributable to equity	3323	X	X	X	X	–	–	–
decrease in share par value	3324	–	X	X	X	–	X	–
decrease in number of shares	3325	–	–	X	X	X	X	–
reorganisation of legal entity	3326	–	–	–	–	–	–	–
dividends	3327	X	X	X	X	(1,208,059,363)	X	(1,208,059,363)
transactions associated with perpetual notes and loans	3328	X	X	(21,734,833)	X	(7,368,420)	X	(29,103,253)
other	3329	–	–	–	–	–	X	–
Additional capital change	3330	X	X	–	X	–	X	–
Reserve capital change	3340	X	X	X	–	–	X	–
Equity as at 31 December 2022	3300	118,367,564	–	178,823,816	8,636,001	16,426,983,014	–	16,732,810,395

**Statement of Changes in Equity
for 2022**

Form 0710004 p.3

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

Narrative	Line code	As at 31 December 2020	Change in equity for 2021		As at 31 December 2021
			From net profit (loss)	Due to other factors	
Equity - total before restatement	3400	10,216,921,602	2,684,456,626	658,557,909	13,559,936,137
restatement due to:					
changes in accounting policies	3410	–	–	3,640,859,316	3,640,859,316
correction of accounting errors	3420	–	–	–	–
after restatement	3500	10,216,921,602	2,684,456,626	4,299,417,225	17,200,795,453
including:					
Retained earnings (loss) before restatement	3401	4,381,112,734	2,684,456,626	(295,285,486)	6,770,283,874
restatement due to:					
changes in accounting policies	3411	–	–	10,110,317,785	10,110,317,785
correction of accounting errors	3421	–	–	–	–
after restatement	3501	4,381,112,734	2,684,456,626	9,815,032,299	16,880,601,659
Additional capital before restatement	3402	5,708,805,303	–	953,843,395	6,662,648,698
restatement due to:					
changes in accounting policies	3412	–	–	(6,469,458,469)	(6,469,458,469)
correction of accounting errors	3422	–	–	–	–
after restatement	3502	5,708,805,303	–	(5,515,615,074)	193,190,229
Reserve capital before restatement	3403	8,636,001	–	–	8,636,001
restatement due to:					
changes in accounting policies	3413	–	–	–	–
correction of accounting errors	3423	–	–	–	–
after restatement	3503	8,636,001	–	–	8,636,001
Own shares buy-back before restatement	3404	–	–	–	–
restatement due to:					
changes in accounting policies	3414	–	–	–	–
correction of accounting errors	3424	–	–	–	–
after restatement	3504	–	–	–	–
Social government fund before restatement	3405	–	–	–	–
restatement due to:					
changes in accounting policies	3415	–	–	–	–
correction of accounting errors	3425	–	–	–	–
after restatement	3505	–	–	–	–

Statement of Changes in Equity
for 2022

Form 0710004p.4

3. Net assets

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Net assets	3600	16,732,810,395	17,200,795,453	10,216,921,602

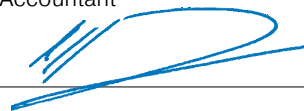
Chief Executive Officer




A.B. Miller

13 March 2023

Chief Accountant



M.N. Rosseev

Cash Flow Statement for 2022

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

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

OKVED 2

OKOPF/OKFS
OKEI

Codes
0710005
31/12/2022
00040778
7736050003
46.71
12247/41
384

Narrative	Line code	For 2022	For 2021
Cash flows from operating activities			
Receipts - total, including:	4110	10,240,306,463	7,567,734,269
sales of products, goods, work and services	4111	8,965,360,186	6,814,363,435
rent payments, licence payments, royalties, commissions and other payments	4112	–	–
resale of financial investments	4113	–	–
other receipts	4119	1,274,946,277	753,370,834
Payments - total, including:	4120	(8,442,902,135)	(5,850,832,066)
to suppliers for raw materials, works, services	4121	(3,877,683,035)	(3,433,248,307)
wages and salaries	4122	(60,769,236)	(51,322,367)
interest on borrowings	4123	(153,189,641)	(112,184,690)
income tax	4124	(474,829,463)	(259,982,801)
other payments	4129	(3,876,430,760)	(1,994,093,901)
Net cash flows from operating activities	4100	1,797,404,328	1,716,902,203

**Cash Flow Statement
for 2022**

Form 0710005 p.2

Narrative	Line code	For 2022	For 2021
Cash flows from investing activities			
Receipts - total, including:	4210	1,943,276,626	382,453,197
from sales of non-current assets (except for financial investments)	4211	2,570,979	1,934,500
from sales of shares of other entities (ownership interest)	4212	–	13,925
from return of loans issued, sales of debt securities (rights of claiming cash from third parties)	4213	1,217,534,784	92,600,595
dividends, interest on debt financial investments and receipts from participation in other entities	4214	710,846,879	272,085,049
from sales of exploration assets	4215	–	–
other receipts	4219	12,323,984	15,819,128
Payments - total, including:	4220	(3,057,479,521)	(1,688,610,980)
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(135,206,758)	(197,931,829)
acquisition of other entities shares (ownership interest)	4222	(91,022,519)	(21,621,436)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(1,416,402,394)	(339,758,796)
borrowing costs included in the cost of the investment asset	4224	–	–
construction/acquisition of exploration assets	4225	(23,746,944)	(51,032,269)
other payments	4229	(1,391,100,906)	(1,078,266,650)
Net cash flows from investing activities	4200	(1,114,202,895)	(1,306,157,783)
Cash flows from financing activities			
Receipts - total, including:	4310	1,000,643,157	1,616,968,166
borrowings and bank loans	4311	1,000,162,838	1,616,734,257
contributions of owners (participants)	4312	–	–
issue of shares, increase in ownership interest	4313	–	–
issue of bonds, promissory notes and other debt securities, etc.	4314	–	–
perpetual notes and loans	4315	–	–
other receipts	4319	480,319	233,909

**Cash Flow Statement
for 2022**

Form 0710005 p.3

Narrative	Line code	For 2022	For 2021
Payments - total, including:	4320	(2,670,635,372)	(1,191,761,455)
to owners (participants) due to the fact of share buy-back or cessation of membership	4321	–	–
dividend payments or other distribution of profit to owners (participants)	4322	(1,103,809,239)	(292,854,172)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(1,553,548,519)	(894,450,218)
payments associated with perpetual notes and loans	4324	–	–
payment of interest on perpetual notes and loans	4325	(7,677,002)	(4,457,065)
other payments	4329	(5,600,612)	–
Net cash flows from financing activities	4300	(1,669,992,215)	425,206,711
Net cash flows for the reporting period	4400	(986,790,782)	835,951,131
Cash and cash equivalents at the beginning of the reporting period	4450	1,473,249,474	648,397,537
Cash and cash equivalents at the end of the reporting period	4500	247,470,110	1,473,249,474
Effect of changes in the Russian rouble exchange rate	4490	(238,988,582)	(11,099,194)

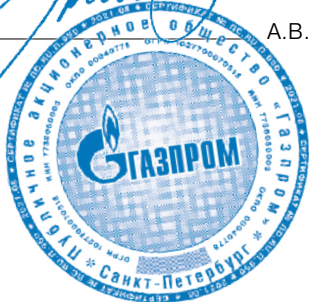
Chief Executive Officer

Chief Accountant

13 March 2023

A.B. Miller

M.N. Rosseev



Explanatory Notes to the Balance Sheet and the Statement of Financial Results

p.1

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

1.1 The presence and movement of intangible assets

Narrative	Line code	Period	At the beginning of the year			Changes for the period				At the end of the period		
			Initial cost	Accumulated amortisation and impairment losses	Additions	Disposals		Anortisation charge	Impairment loss	Revaluation		Accumulated amortisation and impairment losses
						Initial cost	Accumulated amortisation and impairment losses			Initial cost	Accumulated amortisation and impairment losses	
Intangible assets – total	5100	for 2022	26,455,840	(13,688,720)	975,495	(248,891)	248,891	(2,733,394)	–	–	–	(16,173,223)
	5110	for 2021	25,677,588	(11,240,065)	970,879	(192,627)	192,627	(2,641,262)	–	–	–	(13,688,720)
including:												
Intellectual property (exclusive rights to intellectual property)	5101	for 2022	26,455,840	(13,688,720)	975,495	(248,891)	248,891	(2,733,394)	–	–	–	(16,173,223)
	5111	for 2021	25,677,588	(11,240,065)	970,879	(192,627)	192,627	(2,641,262)	–	–	–	(13,688,720)
Goodwill	5102	for 2022	–	–	–	–	–	–	–	–	–	–
	5112	for 2021	–	–	–	–	–	–	–	–	–	–
Other	5104	for 2022	–	–	–	–	–	–	–	–	–	–
	5114	for 2021	–	–	–	–	–	–	–	–	–	–

1.2 The initial cost of intangible assets developed by the company

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Total	5120	27,153,812	26,428,775	25,654,770
including:				
Intellectual property (exclusive rights to intellectual property)	5121	27,153,812	26,428,775	25,654,770
Other	5129	–	–	–

p. 2

1.3 Intangible assets fully amortised

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Total	5130	2,217,148	2,171,076	2,156,623
including:				
Intellectual property (exclusive rights to intellectual property)	5131	2,217,148	2,171,076	2,156,623
Goodwill	5138	–	–	–
Other	5139	–	–	–

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

Narrative	Line code	Period	At the beginning of the year		Changes for the period			At the end of the period	
			Initial cost	Part of the cost recognised in expenses	Additions	Disposals		Initial cost	Part of the cost recognised in expenses
						Initial cost	Part of the cost recognised in expenses		
Research and Development – total	5140	for 2022	34,637,234	(31,124,187)	4,760,854	(3,957,232)	3,957,232	35,440,856	(31,389,626)
	5150	for 2021	31,611,859	(28,686,959)	3,962,984	(937,609)	937,609	34,637,234	(31,124,187)

p. 3

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

Narrative	Line code	Period	At the beginning of the year	Changes for the period		At the end of the period
				Costs for the period	Written off to expenses (without positive results) as intangible assets or R&D	
Costs of R&D in progress – total	5160	for 2022	54,578	4,843,547	(15,752)	121,519
	5170	for 2021	60,839	3,964,721	(7,998)	54,578
Acquisitions of intangible assets in progress – total	5180	for 2022	551,542	1,515,110	(11,699)	953,396
	5190	for 2021	306,611	1,420,204	(93,828)	551,542

2. Fixed assets

2.1 The presence and movement of fixed assets

Narrative	At the beginning of the year			Changes for the period								At the end of the period			
	Line code	Period	Initial cost	Accumulated depreciation	Additions	Disposals		Reclassification		Revaluation		Initial cost	Accumulated depreciation	Initial cost	Accumulated depreciation
						Initial cost	Accumulated depreciation	Depreciation	Initial cost	Accumulated depreciation					
Fixed assets (less income-bearing investments in tangible assets) – total	5200	for 2022	30,695,170,069	(18,471,962,930)	745,553,494	(58,340,888)	52,595,194	(951,839,480)	–	–	–	–	–	31,382,382,675	(19,371,207,216)
	5210	for 2021	24,525,605,534	(17,912,586,871)	553,141,032	(24,240,634)	20,454,069	(679,840,337)	–	–	5,644,752,973	(4,454,358,778)	30,699,258,905	(23,026,331,917)	
including:															
Trunk pipelines	5201	for 2022	17,676,242,555	(11,477,744,745)	64,801,232	(8,319,049)	7,442,081	(404,636,351)	(11,512)	9,605	–	–	–	17,732,713,226	(11,874,929,410)
	5211	for 2021	14,149,574,857	(11,041,799,254)	89,406,580	(2,197,124)	2,121,783	(280,844,704)	(233)	159	3,439,458,562	(2,806,482,592)	17,676,242,642	(14,127,004,608)	
Wells	5202	for 2022	1,626,485,698	(959,556,271)	26,807,950	(13,517,671)	12,343,372	(47,220,053)	–	–	–	–	–	1,639,775,977	(994,432,952)
	5212	for 2021	1,263,903,457	(1,005,546,409)	32,608,362	(5,736,195)	5,509,935	(42,195,350)	–	–	335,710,077	(293,215,998)	1,626,485,701	(1,335,447,822)	
Machinery and equipment	5203	for 2022	4,806,429,536	(3,063,342,966)	283,284,597	(25,915,641)	24,348,198	(267,684,109)	(61,040)	53,142	–	–	–	5,063,737,462	(3,306,625,735)
	5213	for 2021	3,799,297,655	(3,063,443,570)	212,241,613	(9,071,360)	8,615,561	(171,730,933)	(34,624)	38,241	805,271,562	(709,113,340)	4,807,704,846	(3,935,634,041)	
Buildings, roads and other production facilities	5204	for 2022	6,439,393,379	(2,919,426,027)	367,279,295	(10,057,058)	8,028,770	(225,763,622)	69,049	(62,121)	–	–	–	6,796,684,665	(3,137,223,000)
	5214	for 2021	5,189,422,990	(2,772,570,922)	217,856,798	(6,750,378)	3,749,225	(181,127,011)	38,918	(38,415)	1,038,828,746	(637,392,121)	6,439,397,074	(3,587,379,244)	
Other fixed assets	5205	for 2022	146,618,901	(51,892,921)	3,380,420	(531,469)	432,773	(6,535,345)	3,503	(626)	–	–	–	149,471,355	(57,996,119)
	5215	for 2021	123,406,575	(29,226,716)	1,027,679	(485,577)	457,565	(3,942,339)	(4,061)	15	25,484,026	(8,154,727)	149,428,642	(40,866,202)	
including land		for 2022	4,503,546	–	488,028	–	–	–	–	–	–	–	–	4,991,574	–
		for 2021	3,497,718	–	68,072	–	–	–	–	–	937,756	–	–	4,503,546	–
Included within income-bearing investments in tangible assets – total	5220	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5230	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–
including:			–	–	–	–	–	–	–	–	–	–	–	–	–
Trunk pipelines	5221	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5231	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–
Wells	5222	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5232	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–
Machinery and equipment	5223	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5233	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–
Buildings, roads and other production facilities	5224	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5234	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–
Other fixed assets	5225	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5235	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–

2.2 Capital investments in progress

Narrative	Line code	Period	At the beginning of the year	Changes for the period			At the end of the period
				Costs for the period	Written off	Recognised as fixed assets or increased costs	Other changes
Construction and activity in progress on acquisition, modernisation etc. of fixed assets – total	5240	for 2022	1,690,148,367	1,393,947,378	(4,046,834)	(745,251,220)	(104,851,335)
	5250	for 2021	1,389,610,367	984,696,856	(31,410,553)	(553,135,096)	(99,613,227)
including:							
construction in progress	5241	for 2022	1,515,924,963	1,267,610,029	(3,955,128)	(745,251,220)	(11,721,163)
	5251	for 2021	1,197,598,303	905,546,870	(31,293,986)	(553,135,096)	(2,791,128)
equipment for installation	5242	for 2022	174,223,404	126,337,349	(91,706)	–	(93,130,172)
	5252	for 2021	192,012,084	79,149,986	(116,567)	–	(96,822,099)
							174,223,404

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

Narrative	Line code	For 2022	For 2021
Increase in the cost of fixed assets as a result of completion, equipping, reconstruction – total	5260	21,614,310	11,336,903
including:			
Trunk pipelines	5261	1,330,755	2,157,573
Wells	5262	4,408,234	5,194,798
Machinery and equipment	5263	1,815,344	3,221,789
Buildings and roads	5264	6,718,334	649,746
Other fixed assets	5265	7,341,643	112,997
Reducing the cost of fixed assets as a result of partial liquidation – total	5270	(1,461,693)	(180,878)
including:			
Trunk pipelines	5271	(620,314)	(65,312)
Wells	5272	(194,944)	(1,258)
Machinery and equipment	5273	(287,502)	(34,667)
Buildings and roads	5274	(13,819)	(28,186)
Other fixed assets	5275	(145,114)	(61,455)

2.4 Other use of fixed assets

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Leased-out on-balance fixed assets	5280	11,225,940,065	11,268,239,496	5,848,285,223
Leased-out off-balance fixed assets	5281	-	-	-
On-balance fixed assets received in lease	5282	23,562,628	25,934,170	-
Off-balance fixed assets received in lease	5283	36,916,818	42,146,987	135,261,726
Real estate actually used and in the process of state registration	5284	382,772,347	1,049,634,930	1,308,916,526
Fixed assets transferred to conservation	5285	88,165,633	120,785,926	102,512,512
Other use of fixed assets (pledged and others)	5286	-	-	-
including:				
pledged fixed assets	5287	-	-	-

3. Financial investments

3.1 The presence and movement of financial investments

Narrative	Line code	Period	At the beginning of the year		Changes for the period				At the end of the period	
			Initial cost	Accrued adjustment	Disposals				Initial cost	Accrued adjustment
					Initial cost	Accrued adjustment	Other	Current market value (impairment loss)		
Long-term financial investments – total	5301	for 2022	2,640,714,407	1,805,499,823	372,823,601	(425,747)	-	(19,490,914)	2,993,627,347	1,424,038,968
	5311	for 2021	2,689,064,206	794,135,341	178,788,686	-	-	1,011,364,482	2,640,714,407	1,805,499,823
Investments, including:	5302	for 2022	2,349,475,131	1,805,638,487	280,100,060	(2)	-	(381,540,520)	2,628,184,802	1,424,097,967
	5312	for 2021	2,455,268,687	794,274,005	106,459,820	-	-	1,011,364,482	2,349,475,131	1,805,638,487
Investments in subsidiaries	53021	for 2022	2,321,082,484	1,796,422,134	275,723,366	-	-	(378,041,078)	2,595,415,463	1,418,381,056
	53121	for 2021	2,426,876,040	784,351,251	106,459,820	-	-	(212,253,376)	2,321,082,484	1,796,422,134
Investments in associates	53022	for 2022	28,177,704	9,216,506	50	-	-	(3,539,507)	28,177,754	5,676,999
	53122	for 2021	28,177,704	9,922,907	-	-	-	(706,401)	28,177,704	9,216,506
Investments in other entities	53023	for 2022	214,943	(153)	4,376,644	(2)	-	40,065	4,591,585	39,912
	53123	for 2021	214,943	(153)	-	-	-	-	214,943	(153)

Narrative	Line code	Period	At the beginning of the year			Changes for the period				At the end of the period		
			Initial cost	Accrued adjustment	Additions	Disposals			Current market value (impairment loss)	Initial cost	Accrued adjustment	
						Initial cost	Accrued adjustment	Other				
Other long-term financial investments, including:	5303	for 2022	291,239,276	(138,664)	92,729,541	(425,745)	-	(18,100,527)	79,665	365,442,545	(58,999)	(58,999)
	5313	for 2021	233,795,519	(138,664)	72,328,866	-	-	(14,885,109)	-	291,239,276	(138,664)	(138,664)
loans provided to companies for a period over 12 months	53031	for 2022	251,737,444	-	69,742,973	(315,450)	-	(27,277,190)	-	293,887,777	-	-
	53131	for 2021	194,649,026	-	71,973,527	-	-	(14,885,109)	-	251,737,444	-	-
joint activity	53032	for 2022	39,501,832	(138,664)	312,350	(110,295)	-	-	79,665	39,703,887	(58,999)	(58,999)
	53132	for 2021	39,146,493	(138,664)	355,339	-	-	-	-	39,501,832	(138,664)	(138,664)
third party promissory notes	53033	for 2022	-	-	-	-	-	-	-	-	-	-
	53133	for 2021	-	-	-	-	-	-	-	-	-	-
long-term deposits	53034	for 2022	-	-	22,674,218	-	-	9,176,663	-	31,850,881	-	-
	53134	for 2021	-	-	-	-	-	-	-	-	-	-
bonds	53035	for 2022	-	-	-	-	-	-	-	-	-	-
	53135	for 2021	-	-	-	-	-	-	-	-	-	-
other	53036	for 2022	-	-	-	-	-	-	-	-	-	-
	53136	for 2021	-	-	-	-	-	-	-	-	-	-
Short-term financial investments – total	5305	for 2022	486,462,467	(152,000)	1,361,850,440	(1,620,594,750)	-	15,755,892	(46,006,794)	243,274,049	(46,158,794)	(46,158,794)
	5315	for 2021	97,364,060	(22,501,904)	1,066,095,436	(889,071,727)	22,349,904	212,074,698	-	486,462,467	(152,000)	(152,000)
including:												
loans provided to companies for a period less than 12 months	5306	for 2022	88,309,090	(152,000)	52,030,695	(53,126,840)	-	(3,005,552)	-	84,207,393	(152,000)	(152,000)
	5316	for 2021	75,010,643	(152,000)	299,194,492	(285,717,367)	-	(178,678)	-	88,309,090	(152,000)	(152,000)
other short-term financial investments, including:	5307	for 2022	398,153,377	-	1,309,619,745	(1,567,467,910)	-	18,761,444	(46,006,794)	159,066,656	(46,006,794)	(46,006,794)
	5317	for 2021	22,353,417	(22,349,904)	766,900,944	(603,354,360)	22,349,904	212,253,376	-	398,153,377	-	-
short-term deposits	53071	for 2022	185,900,000	-	1,021,800,000	(1,207,700,000)	-	-	-	-	-	-
	53171	for 2021	-	-	763,600,000	(577,700,000)	-	-	-	185,900,000	-	-
third party promissory notes	53072	for 2022	-	-	-	-	-	-	-	-	-	-
	53172	for 2021	-	-	-	-	-	-	-	-	-	-
bonds	53073	for 2022	-	-	284,027,985	(143,722,774)	-	17,371,057	(46,006,794)	157,676,268	(46,006,794)	(46,006,794)
	53173	for 2021	-	-	-	-	-	-	-	-	-	-
other	53074	for 2022	212,253,377	-	3,791,760	(216,045,136)	-	1,390,387	-	1,390,388	-	-
	53174	for 2021	22,353,417	(22,349,904)	3,300,944	(25,654,360)	22,349,904	212,253,376	-	212,253,377	-	-
Financial investments – total	5300	for 2022	3,127,176,874	1,805,347,823	1,734,480,041	(1,621,020,497)	-	(3,735,022)	(427,467,649)	3,236,901,396	1,377,880,174	1,377,880,174
	5310	for 2021	2,786,428,266	771,633,437	1,244,884,122	(889,071,727)	22,349,904	(15,063,787)	1,011,364,482	3,127,176,874	1,805,347,823	1,805,347,823

3.1.1 Current portion of long-term financial investments

Narrative	Line code	Period	At the beginning of the year			At the end of the period		
			Initial cost	Including current portion	Accrued adjustment	Including current portion	Accrued adjustment	Including current portion
Long-term financial investments – total	5301	for 2022	2,640,714,407	6,992,998	1,805,499,823	–	2,993,627,347	2,206,654
	5311	for 2021	2,689,064,206	187,830,070	794,135,341	–	2,640,714,407	6,992,998
Investments, including:	5302	for 2022	2,349,475,131	–	1,805,638,487	–	2,628,184,802	–
	5312	for 2021	2,455,268,687	–	794,274,005	–	2,349,475,131	–
Investments in subsidiaries	53021	for 2022	2,321,082,484	–	1,796,422,134	–	2,595,415,463	–
	53121	for 2021	2,426,876,040	–	784,351,251	–	2,321,082,484	–
Investments in associates	53022	for 2022	28,177,704	–	9,216,506	–	28,177,754	–
	53122	for 2021	28,177,704	–	9,922,907	–	28,177,704	–
Investments in other entities	53023	for 2022	214,943	–	(153)	–	4,591,585	–
	53123	for 2021	214,943	–	(153)	–	214,943	(153)
Other long-term financial investments, including:	5303	for 2022	291,239,276	6,992,998	(138,664)	–	365,442,545	2,206,654
	5313	for 2021	233,795,519	187,830,070	(138,664)	–	291,239,276	6,992,998
loans provided to companies for a period over 12 months	53031	for 2022	251,737,444	6,992,998	–	–	293,887,777	–
	53131	for 2021	194,649,026	187,830,070	–	–	251,737,444	6,992,998
joint activity	53032	for 2022	39,501,832	–	(138,664)	–	39,703,887	–
	53132	for 2021	39,146,493	–	(138,664)	–	39,501,832	(138,664)
third party promissory notes	53033	for 2022	–	–	–	–	–	–
	53133	for 2021	–	–	–	–	–	–
long-term deposits	53034	for 2022	–	–	–	–	31,850,881	–
	53134	for 2021	–	–	–	–	–	–
bonds	53035	for 2022	–	–	–	–	–	–
	53135	for 2021	–	–	–	–	–	–
other	53036	for 2022	–	–	–	–	–	–
	53136	for 2021	–	–	–	–	–	–

3.2 Other use of financial investments

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Long-term financial investments pledged – total	5320	62,867	62,817	62,817
including:				
investments	5321	62,867	62,817	62,817
investments in subsidiaries	53211	–	–	–
investments in associates	53212	62,867	62,817	62,817
investments in other entities	53213	–	–	–
other long-term financial investments	5322	–	–	–
third party promissory notes	53221	–	–	–
bonds	53222	–	–	–
other	53223	–	–	–
Long-term financial investments transferred to third parties (except sales) – total	5325	10,050	10,000	10,000
including:				
investments	5326	10,050	10,000	10,000
investments in subsidiaries	53261	10,000	10,000	10,000
investments in associates	53262	50	–	–
investments in other entities	53263	–	–	–
other long-term financial investments	5327	–	–	–
third party promissory notes	53271	–	–	–
bonds	53272	–	–	–
other	53273	–	–	–
Short-term financial investments pledged – total	5328	–	–	–
including:				
third party promissory notes	53281	–	–	–
bonds	53282	–	–	–
other	53283	–	–	–
Short-term financial investments transferred to third parties (except sales) – total	5329	–	–	–
including:				
third party promissory notes	53291	–	–	–
bonds	53292	–	–	–
other	53293	–	–	–

4. Inventories

4.1 The presence and movement of inventories

Narrative	Line code	Period	At the beginning of the year			Changes for the period					At the end of the period		
			Cost	Provision for impairment in value of inventories	Book value	Disposals			Inventory turnover between groups (types)	Provision for impairment in value of inventory	Book value		
						Additions and expenses	Cost	Provision for impairment loss					
Inventories – total	5400	for 2022	549,355,418	–	549,355,418	4,225,443,218	(4,064,187,827)	–	(7,625,208)	(7,534,652)	703,076,157	(7,625,208)	695,450,949
	5420	for 2021	570,823,149	–	570,823,149	3,622,261,430	(3,643,586,785)	–	–	–	549,497,794	–	549,497,794
including:													
raw materials and other inventories	5401	for 2022	12,649,213	–	12,649,213	590,262,508	(580,069,791)	–	–	(9,194,648)	13,647,282	–	13,647,282
	5421	for 2021	5,647,999	–	5,647,999	358,086,780	(350,529,187)	–	–	(414,003)	12,791,589	–	12,791,589
livestock	5402	for 2022	–	–	–	–	–	–	–	–	–	–	–
	5422	for 2021	–	–	–	–	–	–	–	–	–	–	–
work in progress	5403	for 2022	203,070	–	203,070	43,668,380	(43,720,869)	–	–	–	150,581	–	150,581
	5423	for 2021	5,710	–	5,710	15,374,794	(15,177,434)	–	–	–	203,070	–	203,070
finished goods and goods for resale	5404	for 2022	526,030,706	–	526,030,706	3,591,233,143	(1,751,520,095)	–	(7,625,208)	(1,694,566,507)	671,177,247	(7,625,208)	663,552,039
	5424	for 2021	559,934,279	–	559,934,279	3,246,899,154	(1,444,681,195)	–	–	(1,836,121,532)	526,030,706	–	526,030,706
goods dispatched	5405	for 2022	10,472,429	–	10,472,429	279,187	(1,688,877,072)	–	–	1,696,226,503	18,101,047	–	18,101,047
	5425	for 2021	5,235,161	–	5,235,161	1,900,702	(1,833,198,969)	–	–	1,836,535,535	0,472,429	–	10,472,429

5. Accounts receivable and accounts payable

5.1 The presence and movement of accounts receivable

At the beginning of the year			Changes for the period							At the end of the period					
Narrative	Line code	Period	Recognised under the terms of the contract	Provision for doubtful debts	As a result of transactions	Additions		Disposals			Transfer from long-term to short-term (and vice versa)		Recognised under the terms of the contract	Provision for doubtful debts	
						Interest, penalties and other charges due	Provision for doubtful debts	Write off to financial result	Recovery of the provision for doubtful debts	Writing off against provision	Recognised under the terms of the contract	Provision for doubtful debts			
Long-term accounts receivable – total	5501	for 2022	727,020,496	(1,477,111)	19,033,938	7,305,464	–	(27,806,422)	–	78,637	–	(162,515,171)	1,398,474	563,038,305	–
	5521	for 2021	523,868,353	(1,468,822)	33,791,152	5,489,207	(8,289)	(51,834,717)	–	–	–	215,860,284	–	727,174,279	(1,477,111)
including:															
buyers and customers	5502	for 2022	1,477,111	(1,477,111)	11,841,882	–	–	(78,637)	–	78,637	–	(1,398,474)	1,398,474	11,841,882	–
	5522	for 2021	2,525,587	(1,468,822)	8,550	–	–	–	–	–	–	(1,057,026)	–	1,477,111	(1,477,111)
advances issued	5503	for 2022	8,102,670	–	1,183,460	–	–	(256)	–	–	–	(8,102,249)	–	1,183,625	–
	5523	for 2021	1,514,832	–	14,996,728	–	–	–	–	–	–	(8,255,107)	–	8,256,453	–
other debtors	5504	for 2022	717,440,715	–	6,008,596	7,305,464	–	(27,727,529)	–	–	–	(153,014,448)	–	550,012,798	–
	5524	for 2021	519,827,934	–	18,785,874	5,489,207	–	(51,834,717)	–	–	–	225,172,417	–	717,440,715	–
Short-term accounts receivable – total	5510	for 2022	2,749,567,766	(559,489,541)	22,050,297,307	955,799,486	(448,210,278)	(22,612,622,102)	(4,706)	39,731,662	(6,065,313)	162,515,171	(1,398,474)	3,299,487,609	(963,301,318)
	5530	for 2021	1,970,954,486	(551,391,962)	18,418,366,362	461,544,010	(64,761,575)	(17,884,402,166)	(820)	56,126,607	(537,389)	(215,860,284)	–	2,750,064,199	(559,489,541)
including:															
buyers and customers	5511	for 2022	1,558,653,487	(548,509,554)	10,508,806,862	–	(423,919,794)	(9,939,716,484)	(361)	39,714,939	(144)	1,398,474	(1,398,474)	2,129,141,834	(834,112,739)
	5531	for 2021	1,118,631,049	(539,183,341)	8,122,225,808	–	(64,686,721)	(7,683,247,871)	(249)	55,348,232	(12,276)	1,057,026	–	1,558,653,487	(548,509,554)
advances issued	5512	for 2022	37,403,394	(39,948)	309,333,123	–	(3,277,538)	(200,541,175)	(1,659)	–	(1,682)	8,102,249	–	154,294,250	(3,315,804)
	5532	for 2021	15,202,446	(39,227)	162,054,049	–	(1,826)	(147,610,501)	(169)	–	(1,105)	8,255,107	–	37,899,827	(39,948)
outstanding participants' (shareholders') contributions to charter capital	5513	for 2022	–	–	–	–	–	–	–	–	–	–	–	–	–
	5533	for 2021	–	–	–	–	–	–	–	–	–	–	–	–	–
other debtors	5514	for 2022	1,153,510,885	(10,940,039)	11,232,157,322	955,799,486	(21,012,946)	(12,472,364,443)	(2,686)	16,723	(6,063,487)	153,014,448	–	1,016,051,525	(25,872,775)
	5534	for 2021	837,120,991	(12,169,394)	10,134,086,505	461,544,010	(73,028)	(10,053,543,794)	(402)	778,375	(524,008)	(225,172,417)	–	1,153,510,885	(10,940,039)
Accounts receivable – total	5500	for 2022	3,476,588,262	(560,966,652)	22,069,331,245	963,104,950	(448,210,278)	(22,640,428,524)	(4,706)	39,810,299	(6,065,313)	–	–	3,862,525,914	(963,301,318)
	5520	for 2021	2,494,822,839	(552,860,784)	18,452,157,514	467,033,217	(64,769,864)	(17,936,236,883)	(820)	56,126,607	(537,389)	–	–	3,477,238,478	(560,966,652)

5.2 Overdue accounts receivable

Narrative	Line code	As at 31 December 2022			As at 31 December 2021			As at 31 December 2020		
		Under a contract	Book value		Under a contract	Book value		Under a contract	Book value	
Overdue receivables – total	5540	1,387,693,324	428,863,828		651,351,043	99,443,166		597,366,359	46,837,934	
including:										
buyers and customers	5541	1,359,641,752	427,261,716		633,503,840	92,575,210		566,763,274	28,439,126	
advances issued	5542	3,321,426	5,622		658,394	618,446		362,516	323,289	
other debtors	5543	24,730,146	1,596,490		17,188,809	6,249,510		30,240,569	18,075,519	

5.3 The presence and movement of accounts payable

Narrative	Line code	Period	At the beginning of the year	Changes for the period				At the end of the period
				Additions		Disposals		
				As a result of transactions	Interest, penalties and other charges due	Settlement	Write off to financial result (and vice versa)	
Long-term accounts payable – total	5551	for 2022	50,264,611	18,354,695	–	(401,892)	–	64,238,876
	5571	for 2021	2,301,619	4,177,441	–	(115,080)	–	50,264,611
including:								
suppliers and contractors	5552	for 2022	4,397,687	2,329,624	–	(401,892)	–	2,470,794
	5572	for 2021	220,246	4,177,441	–	–	–	4,397,687
promissory notes payable	5553	for 2022	–	–	–	–	–	–
	5573	for 2021	–	–	–	–	–	–
restructured taxes and insurance contributions payable	5554	for 2022	–	–	–	–	–	–
	5574	for 2021	–	–	–	–	–	–
advances from customers	5555	for 2022	44,024,544	–	–	–	–	44,024,544
	5575	for 2021	–	–	–	–	–	44,024,544
other creditors	5556	for 2022	1,842,380	16,025,071	–	–	–	17,743,538
	5576	for 2021	2,081,373	–	–	(115,080)	–	1,842,380

Narrative	Line code	Period	At the beginning of the year	Changes for the period				At the end of the period	
				Additions		Disposals			
				As a result of transactions	Interest, penalties and other charges due	Settlement	Write off to financial result		Transfer from long-term to short-term (and vice versa)
Short-term accounts payable – total	5560	for 2022	1,017,326,985	11,922,412,055	1,208,495,282	(12,887,221,959)	(2,611)	3,978,538	1,264,988,290
	5580	for 2021	852,767,523	8,182,684,698	299,634,026	(8,273,857,750)	(881)	(43,900,631)	1,017,326,985
Including:									
suppliers and contractors	5561	for 2022	708,844,389	6,238,949,717	181,335	(6,054,580,664)	(2,170)	3,854,625	897,247,232
	5581	for 2021	638,553,849	5,043,303,494	2,453,403	(4,975,465,934)	(423)	–	708,844,389
promissory notes payable	5562	for 2022	–	–	–	–	–	–	–
	5582	for 2021	–	–	–	–	–	–	–
salaries payable	5563	for 2022	834,959	77,393,066	–	(77,251,623)	–	–	976,402
	5583	for 2021	801,498	62,912,994	–	(62,879,533)	–	–	834,959
insurance contributions payable	5564	for 2022	497,985	16,646,891	3,043	(16,555,477)	–	–	592,442
	5584	for 2021	502,782	13,879,098	9	(13,883,904)	–	–	497,985
taxes payable	5565	for 2022	124,052,556	2,979,213,876	222,249	(3,018,347,085)	–	–	85,141,596
	5585	for 2021	30,191,699	1,280,656,944	3,938	(1,186,800,025)	–	–	124,052,556
advances from customers	5566	for 2022	122,239,875	1,345,046,897	–	(1,367,679,483)	(79)	–	99,607,210
	5586	for 2021	125,365,023	1,402,106,356	–	(1,361,206,700)	(260)	(44,024,544)	122,239,875
dividends payable to participants (shareholders)	5567	for 2022	1,619,977	–	1,208,059,363	(1,119,870,281)	–	–	89,809,059
	5587	for 2021	1,475,813	–	297,102,618	(296,958,454)	–	–	1,619,977
other creditors	5568	for 2022	59,237,244	1,265,161,608	29,292	(1,232,937,346)	(362)	123,913	91,614,349
	5588	for 2021	55,876,859	379,825,812	74,058	(376,663,200)	(198)	123,913	59,237,244
Accounts payable – total	5550	for 2022	1,067,591,596	11,940,766,750	1,208,495,282	(12,887,623,851)	(2,611)	–	1,329,227,166
	5570	for 2021	855,069,142	8,186,862,139	299,634,026	(8,273,972,830)	(881)	–	1,067,591,596

5.4 Overdue accounts payable

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Overdue payables – total	5590	78,926,847	27,360,355	45,220,182
including:				
suppliers and contractors	5591	65,829,889	22,942,242	43,817,196
promissory notes payable	5592	–	–	–
advances from customers	5593	–	–	–
dividends payable to participants (shareholders)	5594	–	–	–
other creditors	5599	13,096,958	4,418,113	1,402,986

6. Cost of production

Narrative	Line code	For 2022	For 2021	For 2020
Material costs	5610	4,149,441,067		2,321,963,103
Payroll expenses	5620	74,574,682		58,982,356
Social contributions	5630	16,991,097		13,373,721
Depreciation	5640	957,126,781		678,087,391
Other expenses	5650	309,339,640		201,697,088
Total by cost element	5660	5,507,473,267		3,274,103,659
Change in the balances				
Increase [-]:	5670			
finished goods	5671	(716,634,734)		(447,204,036)
other (except intrafirm turnover costs)	5672	(1,009,095,906)		(1,013,352,961)
including capitalised costs		(1,076,496)		(958,459)
Decrease [+]:	5680			
sale of finished products	5681	126,148,428		96,802,768
sale of goods for resale	5682	823,428,145		690,606,017
sale of goods dispatched	5683	1,685,752,226		1,830,454,373
Change in the balance of work in progress (increase [-]/decrease [+])	5690	52,489		(197,360)
Total expenses attributable to ordinary activities	5600	6,417,119,915		4,431,212,460

7. Estimated liabilities

Narrative	Line code	At the beginning of the year	Accrued	Used	Reversed	At the end of the period
Estimated liabilities – total	5700	123,384,346	58,552,881	(137,134,525)	(2,104,843)	42,697,859
onerous contracts	5702	-	-	-	-	-
liabilities related to the future restructuring	5703	-	-	-	-	-
given guarantee commitment	5704	-	-	-	-	-
legal proceedings	5705	-	-	-	-	-
other estimated liabilities, including:	5706	108,691,578	37,738,430	(119,673,427)	(1,988,840)	24,767,741
adjustments to gas prices		85,952,657	34,705,910	(119,203,096)	(1,455,471)	-
estimated asset retirement liability and liability to restore environment disturbed by mineral extraction		21,338,537	2,172,472	(6,822)	(480,640)	23,023,547
liabilities of paying remuneration based on performance results	5707	9,597,380	11,564,538	(9,492,892)	(104,712)	11,564,314
liabilities of vacation payment	5708	5,095,388	9,249,913	(7,968,206)	(11,291)	6,365,804
including repayment period up to 1 year		102,045,809	-	-	-	19,674,312

8. Security

Narrative	Line code	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Received – total	5800	57,968,701	10,228,637	13,882,456
including:				
promissory notes	5801	-	-	-
assets under pledge	5802	48,000,000	-	-
including:				
fixed assets	5803	48,000,000	-	-
securities and other financial investments	5804	-	-	-
other	5805	-	-	-
Issued – total	5810	1,649,144,241	1,161,239,030	995,257,583
including:				
promissory notes	5811	-	-	-
assets under pledge	5812	44,024,579	44,024,544	44,024,544
including:				
fixed assets	5813	-	-	-
securities and other financial investments	5814	44,024,579	44,024,544	44,024,544
other	5815	-	-	-

9. Exploration assets

9.1 The presence and movement of exploration assets

Narrative	Line code	Period	At the beginning of the year				Changes for the period					At the end of the period		
			Initial cost	Accumulated depreciation/ amortisation	Impairment loss	Additions	Disposals		Revaluation		Accumulated depreciation/ amortisation	Impairment loss	Initial cost	Accumulated depreciation/ amortisation
							Initial cost	Accumulated depreciation/ amortisation	Initial cost	Accumulated depreciation/ amortisation				
Intangible exploration assets	6010	for 2022	112,375,228	(15)	-	2,542,302	(309)	2	(76)	-	-	-	114,917,221	(89)
	6020	for 2021	130,741,009	(17)	-	17,460,924	(35,826,705)	15	(13)	-	-	-	112,375,228	(15)
including:														
licences	6011	for 2022	112,375,228	(15)	-	2,542,302	(309)	2	(76)	-	-	-	114,917,221	(89)
	6021	for 2021	130,741,009	(17)	-	17,460,924	(35,826,705)	15	(13)	-	-	-	112,375,228	(15)
other	6019	for 2022	-	-	-	-	-	-	-	-	-	-	-	-
	6029	for 2021	-	-	-	-	-	-	-	-	-	-	-	-
Tangible exploration assets	6030	for 2022	4,308,729	-	-	162	-	-	-	-	-	-	4,308,891	-
	6040	for 2021	6,910,832	-	-	2,197,696	(4,799,799)	-	-	-	-	-	4,308,729	-
including:														
buildings and roads	6031	for 2022	-	-	-	-	-	-	-	-	-	-	-	-
	6041	for 2021	-	-	-	-	-	-	-	-	-	-	-	-
wells	6032	for 2022	4,308,729	-	-	162	-	-	-	-	-	-	4,308,891	-
	6042	for 2021	6,910,832	-	-	2,197,696	(4,799,799)	-	-	-	-	-	4,308,729	-
machinery and equipment	6033	for 2022	-	-	-	-	-	-	-	-	-	-	-	-
	6043	for 2021	-	-	-	-	-	-	-	-	-	-	-	-
other fixed assets	6039	for 2022	-	-	-	-	-	-	-	-	-	-	-	-
	6049	for 2021	-	-	-	-	-	-	-	-	-	-	-	-

9.2 Exploration expenses recognised as non-current assets

Narrative	Line code	Period	At the beginning of the year	Expenses for the period	Changes for the period		At the end of the period
					Recognised as tangible exploration assets or intangible exploration assets	Other changes	
Exploration expenses recognised as intangible exploration assets	6050	for 2022	30,599	2,537,648	–	–	25,945
	6060	for 2021	35,545	17,465,578	(9,600)	–	30,599
Exploration expenses recognised as tangible exploration assets	6070	for 2022	15,120,985	19,086,693	(17,183,421)	–	17,024,095
	6080	for 2021	45,134,743	29,393,594	(33,381,212)	(23,828,444)	15,120,985

Chief Executive Officer



A.B. Miller

Chief Accountant



M.N. Rosseev

13 March 2023



PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022

(in thousand Russian Roubles, unless otherwise stated)

1. General information

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

The Company's registered address is: 2/3 Lakhtinsky Avenue, Bldg. 1, St. Petersburg, 197229, Russian Federation.

As at 31 December 2022, 2021 and 2020 the Company employed 28,187, 27,644 and 25,080 people, respectively.

As at 31 December 2022 members of the Board of Directors of PJSC Gazprom included:

Zubkov, Viktor Alekseevich – Chairman of the Board of Directors

Akimov, Andrey Igorevich
Manturov, Denis Valentinovich
Markelov, Vitaly Anatolievich
Martynov, Viktor Georgievich
Mau, Vladimir Alexandrovich

Miller, Alexey Borisovich
Novak, Alexander Valentinovich
Sereda, Mikhail Leonidovich
Patrushev, Dmitry Nikolaevich
Shulginov, Nikolai Grigorievich

As at 31 December 2022 members of the Management Committee of PJSC Gazprom included:

Miller, Alexey Borisovich – Chairman of the Management Committee

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

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

As at 31 December 2022 members of the Audit Commission of PJSC Gazprom included:

Sorokin, Mikhail Vladimirovich – Chairman of the Audit Commission

Kulagin, Alexey Vladimirovich
Fisenko, Tatiana Vladimirovna

Shumov, Pavel Gennadievich
Yakovlev, Alexey Vyacheslavovich

2. Significant accounting policies and basis of presentation

Basis of presentation

The financial statements have been compiled in accordance with the accounting and reporting rules applicable in the Russian Federation, specifically with Federal Law "On Accounting" dated 6 December 2011 No. 402-FZ, and the Regulations on Accounting and Reporting in the Russian Federation, approved by Order of the Ministry

of Finance of the Russian Federation dated 29 July 1998 No. 34n, other effective regulations that govern financial accounting and reporting by entities in the Russian Federation, as well as the Accounting Policy Regulation approved by order of PJSC Gazprom of 30 December 2021 No. 618.

Assets, liabilities and transactions denominated in foreign currency

Business transactions in foreign currencies have been recorded using the official exchange rate of the Russian Rouble as at the date of the relevant transaction. Cash on currency and deposit accounts with banks, cash in hand, securities (without shares), accounts

receivable and payable, including loans issued and raised but without advances received and issued, prepayments and down payments denominated in foreign currency have been recorded using the official exchange rates of the Russian Rouble as at the reporting date amounting to:

	31 December 2022	31 December 2021	31 December 2020
US dollar	70.3375	74.2926	73.8757
Euro	75.6553	84.0695	90.6824

Exchange differences arising in the reporting year as a result of transactions involving assets and liabilities denominated in foreign currency as well as revaluation of such assets and

liabilities as of the reporting date have been recorded within other income and expenses.

Current and non-current assets and liabilities

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

or short-term based on the anticipated period of their use (circulation, ownership or maturity) after the reporting date.

If assets and liabilities were classified as non-current as at the beginning of the reporting period but during the reporting period it became certain that the assets and liabilities would be settled (repaid) within 12 months after the reporting date, the non-current assets and liabilities are reclassified to current ones as at the end of the reporting period.

Results of research and development

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

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

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

Intangible and tangible exploration assets

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

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

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

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

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

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

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

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

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

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

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

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

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian Federal Accounting Standard "Fixed Assets" (RFAS 6/2020) and were recorded through the established procedure, and whose value is more than RUB 100,000. If a separate set of structurally interconnected objects has elements with different useful lives, these elements are recorded within fixed assets as separate items, irrespective of their value.

Real property assets, vehicles (excluding bicycles, velomobiles) and weapons are recorded within fixed assets, irrespective of their value and useful life.

The value of low-value fixed assets of no more than RUB 100,000 (inclusively) per unit as it is formed and as the assets become ready for operation is fully written off from account 08 "Investments in Non-Current Assets" to expenses of the current reporting period or included in the value of other assets being created with simultaneous recording of their value on an off-balance sheet account (off-balance sheet accounting is maintained until they are written off (disposed)).

Costs of regular scheduled capital repairs, technical inspections and technical maintenance of a fixed asset (except for costs on fixed assets for which an interval between repairs is determined based on the number of hours in service or the output of products and that period cannot be reliably measured in years and months) in the amount that exceeds 10% of the initial cost of the item of fixed assets taking into account the amount of estimated liabilities (provided that the cost of a set of scheduled works completed for one fixed asset is more than RUB 100,000), if they are conducted less frequently than once in 12 months or a normal operating cycle that exceeds 12 months, increase the value of the fixed asset and are treated as a component of the item of fixed assets.

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

The effect of changes in the accounting policies due to the application of the Russian Federal Accounting Standard "Fixed

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

Assets" (RFAS 6/2020) is reported by adjusting the book value of opening balances in the balance sheet in accordance with clause 49 of RFAS 6/2020. The book value of fixed assets with the initial (replacement) cost below RUB 100,000 (inclusively), except for real property assets, vehicles (excluding bicycles, velomobiles), weapons and elements of a set of structurally interconnected objects that are treated as separate items, is written off to retained earnings (loss) at once. The results of the adjustment of the depreciation of fixed assets are written off to retained earnings (loss). Accumulated increase in the value of all fixed assets treated on account 83 "Additional Capital" is written off to retained earnings (loss) at once.

The book value of fixed assets as at the beginning of 2022 is determined as the initial cost (after revaluations) recognised earlier less accumulated depreciation. Accumulated depreciation is determined based on the initial cost indicated, the residual value and the ratio of the past and remaining period of the useful life determined in accordance with RFAS 6/2020 "Fixed Assets".

Subsequent to recognition, fixed assets are measured in the accounting records at initial cost (revaluation is not performed).

Useful lives adopted by the Company for major groups of fixed assets are presented as follows.

Group of fixed assets	Useful lives of assets carried on the balance sheet (number of years)
Trunk pipelines	40
Wells	15-30
Machinery and equipment	1.5-35
Buildings and roads	7-100

Depreciable fixed assets are depreciated on a straight-line basis using their estimated useful lives. Depreciation of a fixed asset starts from the first day of the month following the month of its recognition and stops from the first day of the month following the month of its derecognition.

Fixed assets leased-out, transferred to conservation, put into operation and in the process of state registration are reflected in table 2.4 "Other Use of Fixed Assets" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results at book value.

Fixed assets are tested for impairment at least once a year.

Capital investments in progress

Capital investments in progress are represented by real estate assets under construction, which have not been put into operation, equipment subject to assemblage, equipment not subject to assemblage but stored in warehouses and intended for assets under construction and recorded within investments in non-current assets in a separate line, inventories intended for assets under construction, estimated liabilities on liquidation of the wells transferred to conservation

upon construction completion, other capital investments not included within fixed assets.

Capital investments are tested for impairment at least once a year.

The effect of changes in the accounting policies due to the application of the Russian Federal Accounting Standard "Capital Investments" (RFAS 26/2020) is reported prospectively.

Lease accounting

The Company has chosen a simplified method to transition to RFAS 25/2018 "Lease Accounting" for lease contracts effective as at 31 December 2021 by recognising a right-of-use asset and a lease liability as at that date for each lease contract. Retrospective effect on any other accounting items is not recognised, and comparative data for 2021 are not restated.

As at the date of the initial application of RFAS 25/2018 "Lease Accounting" (from 1 January 2022): under lease contracts a right-of-use asset is measured at the amount equal to the lease liability (i.e. the present value of outstanding

lease payments discounted using the single discount rate in Gazprom Group adjusted for the amount of assets related to the respective lease contract that are recorded in the Company's balance sheet as at 31 December 2021).

When the Company enters into contracts that provide for property receipt (provision) for temporary use for a fee, it assesses whether the contracts meet the requirements for their recognition as lease contracts under RFAS 25/2018 "Lease Accounting".

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

Contracts that provide (directly or indirectly) for the transfer of property for its use by the receiving entity mostly to discharge mutual obligations towards the entity that provided the property are not recognised as lease contracts.

A contract is a lease accounting unit unless another approach to the identification of lease accounting units is more appropriate under the provisions of the contract.

The Company applies an expedient and does not recognise contracts with a monthly lease payment not exceeding RUB 10,000 (inclusively), net of VAT, as lease accounting units.

Accounting as a lessee

The Company recognises a right-of-use asset and a lease liability as at the date on which an underlying asset is made available for use. The Company does not recognise a right-of-use asset and a lease liability for short-term lease contracts that have a lease term of 12 months or less taking into account the probability of the lease contract extension.

Lease payments are discounted using the interest rate implicit in the lease if it can be easily determined, and, if it is not available, using the incremental borrowing rate, i.e. the rate of interest that as of the inception date of the lease the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

When measuring a right-of-use asset, the lessee's initial direct costs incurred in connection with obtaining

an underlying asset are not included in the actual cost of the right-of-use asset.

Depreciation of a right-of-use asset starts from the first day of the month following the month of its recognition and stops from the first day of the month following the month of its derecognition.

In the case of leases of land plots, the right-of-use asset is:

- depreciated if the land plot is to be returned to the lessor when the lease term is over;
- not depreciated if the title to the land plot passes to the lessee when the lease term is over.

Useful lives adopted by the Company for major groups of right-of-use assets are presented as follows.

Group of right-of-use assets	Useful lives of assets carried on the balance sheet (number of years)
Land plots	2-50
Buildings	2-12

Interest on a lease liability is included in other (operating) expenses as it is accrued or included in the value of the asset if the leased property is used to create another asset.

Financial investments

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

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

date and their prior value is recorded within other income and expenses.

Investments for which the current market value is not determinable and significant and constant impairment indicators exist at the reporting date are presented in the quarter-end balance sheet at their carrying (book) value net of the impairment provision. The investment impairment provision is created on a quarterly basis as at the end of the reporting period. For the purposes of determining the provision amount the Company estimated the cost of investments, for which significant and constant impairment indicators exist, on the basis of the available information and created the investment impairment provision in the amount by which the carrying (book) value of investments exceeded their estimated value. Changes in the provision are charged to other expenses and income.

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

<p>Securities for which the market value is not determinable (except for those individually identifiable, including promissory notes) are recorded upon their disposal (by types) under the FIFO method. Other investments (including individually identifiable securities, such as promissory notes) for which</p>	<p>the current market value is not determinable are recorded upon disposal at the initial cost of each unit.</p> <p>Income and expenses attributable to transactions with investments are recorded within other income and expenses.</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Other non-current assets

<p>Other non-current assets in balance sheet line 1190 "Other Non-Current Assets" include:</p> <ul style="list-style-type: none"> – advances issued, prepayments and down payments related to capital investments; – expenses of future periods to be written off during a period over 12 months after the reporting date; 	<ul style="list-style-type: none"> – value-added tax on goods purchased to be claimed for refund beyond 12 months after the reporting date; – subsoil use licences not classified as exploration assets.
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Inventories

<p>The main type of inventories is natural gas pumped into pipelines and underground storage. On the balance sheet gas inventories are measured at average cost. The line "Finished Goods and Goods for Resale" also includes gas transportation and storage costs attributable to outstanding gas balances.</p> <p>Inventories are measured on their disposal using the average cost method. Inventories that cannot replace each other in the usual manner are written off at the cost of each unit.</p> <p>The Company creates inventory impairment provision through the established procedure. Inventories are tested</p>	<p>for impairment at least once a quarter as at the reporting date. The provision is not created for inventories if as at the reporting date their net realisable value is equal to or exceeds their actual cost.</p> <p>Inventory impairment provision is not created for raw materials, materials and other inventories used to produce finished goods, perform works and provide services if the products (works, services) are expected to be sold at a price that is equal to or exceeds cost.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Selling and administrative expenses

<p>Selling expenses, except for the cost of natural gas transportation and storage, are written off in full on a monthly basis to expenses incurred in ordinary activities. Costs of natural gas transportation and storage are allocated in proportion to the volumes of gas sold and to the volumes of</p>	<p>gas pumped into pipelines and underground storage within the reporting period.</p> <p>Administrative expenses are expensed in full on a monthly basis to expenses incurred in ordinary activities.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Accounts receivable and accounts payable

<p>Trade accounts receivable are recorded based on prices contracted between the Company and buyers (customers) taking into account all discounts and mark-ups provided by the Company. Bad debts are written off when recognised as such based on the stock taking results.</p> <p>Doubtful receivables that are very likely to become uncollectible are stated net of provisions for doubtful receivables. Accrued provisions for doubtful receivables are recorded within other expenses. A corresponding amount of provision for doubtful receivables is released and posted to other income when the respective receivables are repaid.</p>	<p>In table form 5.1 "The Presence and Movement of Accounts Receivable" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results the accounts receivable which arise and are repaid (written off) in the same reporting period are disclosed on a gross-up basis. Accounts payable are disclosed in a similar manner in table form 5.3 "The Presence and Movement of Accounts Payable" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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

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

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

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

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the cash flow statement.

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

Any difference arising on translation of foreign currency-denominated cash flows, cash balances and cash equivalents

at the exchange rates as at the date of transaction and reporting dates is included in the line "Effect of Changes in the Russian Rouble Exchange Rate" in the cash flow statement.

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

- receipts and payments arising from foreign exchange transactions;
- commissioner's (agent's) cash flows due to rendering agency services (except for the fees for services rendered);
- transactions with short-term loans issued under cash pooling agreements that are received and settled within the reporting period;
- cash flows characterised by prompt turnover, large volume and short repayment periods;
- indirect taxes within receipts from customers and buyers and payments made to suppliers and contractors;
- other settlements that relate to the operations of company's counterparties rather than its own operations.

Additional capital

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

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

currency perpetual loans is accrued at the official exchange rate as at the date of initial recognition.

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

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

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

Loans and borrowings received

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

Loans and borrowings raised by the Company are mainly intended for corporate purposes. Under the contracts for the implementation of investment projects the Company provides its subsidiaries that act as property developers in these projects with loans. The Company does not calculate a share of interest on loans and borrowings which are not

directly associated with financing the investing activities to be included in the investment asset. This accounting treatment is based on the rationality requirement.

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

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

Estimated liabilities

The Company recognises the following estimated liabilities:

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

Liabilities related to payments of the annual remuneration based on annual performance results are determined on the basis of stock take results and the adopted procedure for calculating remuneration based on annual performance results and recognised as at the end of the reporting year.

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

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

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

In addition, the Company records estimated liabilities with regard to adjustments to gas prices arising out of requirements made by buyers under the contractual

terms. The effect of adjustments to gas prices including the respective impact on income tax is recognised in the financial statements when the probability that the liabilities arise is high and the liabilities can be reliably estimated.

The above estimated liabilities are recognised within expenses incurred in ordinary activities and other expenses.

Estimated liability on asset retirement and restoration of environment disturbed by mineral extraction arising from geological survey, evaluation of mineral resources and their exploration is recognised when commercial viability is confirmed for production on the licensed site with respect to the wells intended for further use/conservation. The estimated liability is included in the initial cost of the exploration asset created.

An increase in the amount of the estimated liability on well retirement and restoration of environment disturbed by mineral extraction as a result of an increase in its present value is included in other expenses. Another change in the amount of the estimated liability on well retirement and restoration of environment disturbed by mineral extraction increases or decreases the initial cost of the wells.

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

Taxation

The consolidated group of taxpayers (the "CGT") was established in Gazprom Group from 1 January 2012. PJSC Gazprom is the responsible member of the CGT. The contract on creation of Gazprom Group CGT was registered with Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2 on 20 April 2012. The number of members amounted to 68 entities in 2022.

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

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

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

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

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

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

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

Revenue recognition

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

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

Segment information

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

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

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

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

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

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

3. Changes in accounting policies

Due to the application from 1 January 2022 of the Russian Federal Accounting Standard "Fixed Assets" (RFAS 6/2020) approved by order of the Russian Ministry of

Finance dated 17 September 2020, No. 204n, the Company's accounting policies for 2022 were supplemented with provisions on accounting for fixed assets.

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

3. Changes in accounting policies (continued)

Due to the application from 1 January 2022 of the Russian Federal Accounting Standard "Capital Investments" (RFAS 26/2020) approved by order of the Russian Ministry of Finance dated 17 September 2020, No. 204n, the Company's accounting policies for 2022 were amended in respect of measurement of assets within investments in non-current assets.

Due to the application from 1 January 2022 of the Russian Federal Accounting Standard "Lease Accounting" (RFAS 25/2018) approved by order of the Russian Ministry of Finance dated 16 October 2018, No. 208n, the Company's accounting policies for 2022 were supplemented with provisions on accounting for leases as a lessor and as a lessee.

Due to the early application of the Russian Federal Accounting Standard "Intangible Assets" (RFAS 14/2022) approved by order of the Russian Ministry of Finance dated 30 May 2022, No. 86n, and amendments to the Russian Federal Accounting Standard "Capital Investments"

(RFAS 26/2020) approved by order of the Russian Ministry of Finance dated 17 September 2020, No. 204n, the accounting policies for 2023 were supplemented with provisions on accounting for intangible assets and capital investments in intangible assets.

Due to the termination of the consolidated group of taxpayers established in Gazprom Group with PJSC Gazprom being the responsible member based on article 3 of Federal Law dated 3 August 2018 No. 302-FZ "On Amendment of Part One and Two of the Tax Code of the Russian Federation", the accounting policies for 2023 were supplemented with provisions on self-assessment of income tax by the Company from 1 January 2023. For the periods when the consolidated group of taxpayers operated, PJSC Gazprom is in charge of settlements with the budget in respect of income tax as the responsible member.

4. Adjustments to prior reporting period data

Certain data of columns "As at 31 December 2021" and "As at 31 December 2020" in the balance sheet and the statement of financial results for 2021 were adjusted due to the following events:

- Balance sheet data as at 31 December 2021 are presented subject to the application from 1 January 2022 of the Russian Federal Accounting Standard "Fixed Assets" (RFAS 6/2020) approved by order of the Russian Ministry of Finance dated 17 September 2020, No. 204n (adjustment 1).
- Balance sheet data as at 31 December 2021 are presented subject to the application from 1 January 2022 of the Russian Federal Accounting Standard "Lease Accounting"

(RFAS 25/2018) approved by order of the Russian Ministry of Finance dated 16 October 2018, No. 208n (adjustment 2).

- Advances issued for capital investments were separated from accounts receivable and included in balance sheet line 1190 "Other Non-Current Assets" as at 31 December 2021 and as at 31 December 2020 (adjustment 3).

Adjustments to the 2020 and 2021 data in the financial statements for 2022:

Balance sheet:

Narrative	Line code	As at 31 December 2021			As at 31 December 2020		
		Unadjusted	Adjustment (1, 2, 3)	Adjusted	Unadjusted	Adjustment (3)	Adjusted
I. Non-current assets							
Fixed assets, including:	1150	9,363,075,355	4,576,214,321	13,939,289,676	8,002,629,050	–	8,002,629,050
Fixed assets items, including:	1151	7,672,926,988	4,550,280,151	12,223,207,139	6,613,018,663	–	6,613,018,663
buildings, facilities, machinery and equipment	1153	7,564,364,548	4,564,116,611	12,128,481,159	6,518,838,804	–	6,518,838,804
Right-of-use assets	1155	–	25,934,170	25,934,170	–	–	–
Deferred tax assets	1180	168,385,912	623,125	169,009,037	245,003,019	–	245,003,019
Other non-current assets	1190	338,929,915	367,317,535	706,247,450	237,273,163	232,098,147	469,371,310
Total Section I	1100	14,458,334,227	4,944,154,981	19,402,489,208	11,980,826,674	232,098,147	12,212,924,821
II. Current assets							
Inventories, including:	1210	549,497,794	(142,376)	549,355,418	570,823,149	–	570,823,149
raw materials and other inventories	1211	12,791,589	(142,376)	12,649,213	5,647,999	–	5,647,999
Accounts receivable, including:	1230	3,283,619,882	(367,998,272)	2,915,621,610	2,174,060,202	(232,098,147)	1,941,962,055

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022 (in thousand Russian Roubles, unless otherwise stated)

4. Adjustments to prior reporting period data (continued)

Narrative	Line code	As at 31 December 2021			As at 31 December 2020		
		Unadjusted	Adjustment (1, 2, 3)	Adjusted	Unadjusted	Adjustment (3)	Adjusted
Accounts receivable (payments expected beyond 12 months after the reporting date), including:	1231	725,697,168	(153,783)	725,543,385	522,399,531	–	522,399,531
advances issued	1233	8,256,453	(153,783)	8,102,670	1,514,832	–	1,514,832
Accounts receivable (payments expected within 12 months after the reporting date), including:	1235	2,557,922,714	(367,844,489)	2,190,078,225	1,651,660,671	(232,098,147)	1,419,562,524
advances issued	1238	405,207,935	(367,844,489)	37,363,446	247,261,366	(232,098,147)	15,163,219
Total Section II	1200	5,878,830,951	(368,140,648)	5,510,690,303	3,734,690,085	(232,098,147)	3,502,591,938
Balance	1600	20,337,165,178	4,576,014,333	24,913,179,511	15,715,516,759	–	15,715,516,759
III. Equity and reserves							
Revaluation of non-current assets	1340	6,469,458,469	(6,469,458,469)	–	5,513,189,506	–	5,513,189,506
Retained earnings (loss)	1370	6,770,283,874	10,110,317,785	16,880,601,659	4,381,112,734	–	4,381,112,734
Total section III	1300	13,559,936,137	3,640,859,316	17,200,795,453	10,216,921,602	–	10,216,921,602
IV. Non-current liabilities							
Deferred tax liabilities	1420	1,327,899,501	909,901,584	2,237,801,085	936,432,484	–	936,432,484
Other liabilities, including:	1450	50,264,611	20,489,076	70,753,687	2,301,619	–	2,301,619
long-term lease liabilities	1455	–	20,489,076	20,489,076	–	–	–
Total section IV	1400	3,715,947,490	930,390,660	4,646,338,150	3,240,395,415	–	3,240,395,415
V. Current liabilities							
Other liabilities, including:	1550	–	4,764,357	4,764,357	–	–	–
short-term lease liabilities	1555	–	4,764,357	4,764,357	–	–	–
Total Section V	1500	3,061,281,551	4,764,357	3,066,045,908	2,258,199,742	–	2,258,199,742
Balance	1700	20,337,165,178	4,576,014,333	24,913,179,511	15,715,516,759	–	15,715,516,759

In the statement of changes in equity for 2022 (Section 1 "Changes in Equity") adjustments for 2021 related to the

application of the new RFAS are reflected in lines 3219 and 3229 "Other".

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (loss)	Social government fund	Total
Increase in equity - total, including: (unadjusted)	3210	–	–	968,615,140	–	2,691,435,695	–	3,660,050,835
Adjustment 1	3210	–	–	–	–	10,110,317,785	–	10,110,317,785
Increase in equity - total, including: (adjusted)	3210	–	–	968,615,140	–	12,801,753,480	–	13,770,368,620
other (unadjusted)	3219	–	–	–	–	–	–	–
Adjustment 1	3219	–	–	–	–	10,110,317,785	–	10,110,317,785
other (adjusted)	3219	–	–	–	–	10,110,317,785	–	10,110,317,785

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

4. Adjustments to prior reporting period data (continued)

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Retained earnings (loss)	Social government fund	Total
Decrease in equity - total, including: (unadjusted)	3220	–	–	(11,179,625)	–	(305,856,675)	–	(317,036,300)
Adjustment 1	3220	–	–	(6,469,458,469)	–	–	–	(6,469,458,469)
Decrease in equity - total, including: (adjusted)	3220	–	–	(6,480,638,094)	–	(305,856,675)	–	(6,786,494,769)
other (unadjusted)	3229	–	–	–	–	–	–	–
Adjustment 1	3229	–	–	(6,469,458,469)	–	–	–	(6,469,458,469)
other (adjusted)	3229	–	–	(6,469,458,469)	–	–	–	(6,469,458,469)
Equity as at 31 December 2021 (unadjusted)	3200	118,367,564	–	6,662,648,698	8,636,001	6,770,283,874	–	13,559,936,137
Adjustment 1	3200	–	–	(6,469,458,469)	–	10,110,317,785	–	3,640,859,316
Equity as at 31 December 2021 (adjusted)	3200	118,367,564	–	193,190,229	8,636,001	16,880,601,659	–	17,200,795,453

The statement of changes in equity for 2022 (section 3 “Net Assets”):

Narrative	Line code	As at 31 December 2021			As at 31 December 2020		
		Unadjusted	Adjustment 1	Adjusted	Unadjusted	Adjustment 1	Adjusted
Net assets	3600	13,559,936,137	3,640,859,316	17,200,795,453	10,216,921,602	–	10,216,921,602

In the Explanatory Notes to the Balance Sheet and the Statement of Financial Results, the indicators for 2021 as at the end of the period are presented before the adjustments due to the application of RFAS 6/2020 “Fixed Assets” and RFAS 25/2020 “Lease Accounting” and are not equal to the indicators for 2022 as at the beginning of the period, which are presented after the adjustments due to the application of RFAS 6/2020 “Fixed Assets” and

RFAS 25/2020 “Lease Accounting” in tables 2.1 “The Presence and Movement of Fixed Assets”, 2.4 “Other Use of Fixed Assets”, 4.1 “The Presence and Movement of Inventories” and 5.1 “The Presence and Movement of Accounts Receivable”:

Table 2.1 “The Presence and Movement of Fixed Assets” the indicators as at the end of 2021 in lines 5210, 5211, 5212, 5213, 5214, 5215, the indicators as at the beginning of 2022 in lines 5200, 5201, 5202, 5203, 5204, 5205:

Narrative	As at the end of 2021 (unadjusted)		Adjustment		As at the beginning of 2022 (adjusted)	
	Initial cost	Accumulated depreciation	Initial cost	Accumulated depreciation	Initial cost	Accumulated depreciation
Fixed assets (less income-bearing investments in tangible assets) - total including:	30,699,258,905	(23,026,331,917)	(4,088,836)	4,554,368,987	30,695,170,069	(18,471,962,930)
Trunk pipelines	17,676,242,642	(14,127,004,608)	(87)	2,649,259,863	17,676,242,555	(11,477,744,745)
Wells	1,626,485,701	(1,335,447,822)	(3)	375,891,551	1,626,485,698	(959,556,271)
Machinery and equipment	4,807,704,846	(3,935,634,041)	(1,275,310)	872,291,075	4,806,429,536	(3,063,342,966)
Buildings, roads and other production facilities	6,439,397,074	(3,587,379,244)	(3,695)	667,953,217	6,439,393,379	(2,919,426,027)
Other fixed assets	149,428,642	(40,866,202)	(2,809,741)	(11,026,719)	146,618,901	(51,892,921)

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

4. Adjustments to prior reporting period data (continued)

Table 2.4. "Other Use of Fixed Assets" in lines 5282, 5283:

Narrative	Line code	As at 31 December 2021 (unadjusted)	Adjustment	As at 31 December 2021 (adjusted)
On-balance fixed assets received in lease	5282	–	25,934,170	25,934,170
Off-balance fixed assets received in lease	5283	146,417,356	(104,270,369)	42,146,987

Table 4.1 "The Presence and Movement of Inventories" the indicators as at the end of 2021 in lines 5420 and 5421, the indicators as at the beginning of 2022 in lines 5400 and 5401:

Narrative	As at the end of 2021 (unadjusted)		Adjustment		As at the beginning of 2022 (adjusted)	
	Cost	Book value	Cost	Book value	Cost	Book value
Inventories - total	549,497,794	549,497,794	(142,376)	(142,376)	549,355,418	549,355,418
raw materials and other inventories	12,791,589	12,791,589	(142,376)	(142,376)	12,649,213	12,649,213

Table 5.1 "The Presence and Movement of Accounts Receivable" the indicators as at the end of 2021 in lines 5521, 5523, 5530, 5532 and 5520, the indicators as at the beginning of 2022 in lines 5501, 5503, 5510, 5512 and 5500:

Narrative	As at the end of 2021 (unadjusted)		Adjustment		As at the beginning of 2022 (adjusted)	
	Recognised under the terms of the contract	Provision for doubtful debts	Recognised under the terms of the contract	Provision for doubtful debts	Recognised under the terms of the contract	Provision for doubtful debts
Long-term accounts receivable - total	727,174,279	(1,477,111)	(153,783)	–	727,020,496	(1,477,111)
advances issued	8,256,453	–	(153,783)	–	8,102,670	–
Short-term accounts receivable - total	2,750,064,199	(559,489,541)	(496,433)	–	2,749,567,766	(559,489,541)
advances issued	37,899,827	(39,948)	(496,433)	–	37,403,394	(39,948)
Accounts receivable - total	3,477,238,478	(560,966,652)	(650,216)	–	3,476,588,262	(560,966,652)

4. In table 8 "Security", the indicators of security issued as at 31 December 2021 and 31 December 2020 were adjusted:

Narrative	Line code	As at 31 December 2021	As at 31 December 2020
Issued - total (unadjusted)	5810	1,038,646,015	872,689,168
Adjustment	5810	122,593,015	122,568,415
Issued - total (adjusted)	5810	1,161,239,030	995,257,583

5. Fixed assets

Information about fixed assets is supplemented with tables 2.1 "The Presence and Movement of Fixed Assets", 2.3 "Change of the Fixed Assets Cost as a Result of Completion, Equipping, Reconstruction or Partial Liquidation" and 2.4 "Other Use of

Fixed Assets" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

Fixed assets constructed, put into operation and in the process of state registration are reflected in table 2.4 "Other

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

5. Fixed assets (continued)

Use of Fixed Assets" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results at book value.

Fixed assets received in lease not related to right-of-use assets

Under a lease contract, the Company received for use fixed assets totalling:	At the amount indicated in the lease contract, the Company returned to the lessor leased fixed assets totalling:
– RUB 35,863,355 thousand in 2022.	– RUB 41,857,039 thousand in 2022.
– RUB 109,165,913 thousand in 2021.	– RUB 96,865,095 thousand in 2021.

Impairment of fixed assets

Fixed assets that belong to the Unified Gas Supply System (the "UGSS") are regarded as a part of a cash-generating unit	("CGU"). As at 31 December 2022 no impairment of assets has been identified for CGUs that include the UGSS.
-------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------

6. Capital investments in progress

Information about capital investments in progress is supplemented with table 2.2 "Capital Investments in Progress" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

Balance sheet line 1154 "Capital Investments in Progress" reflects:

Narrative	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Capital investments in progress	2,016,807,091	1,511,298,591	1,194,861,750
Equipment for installation	207,338,875	174,223,404	192,012,084
Construction materials intended for capital construction	5,661,669	4,626,372	2,736,553
Accrued interest on a lease liability to be capitalised as part of the cost of the respective assets	138,453	–	–
Acquisition (creation) of low-value fixed assets	268	–	–
Impairment of construction facilities	–	–	–
Impairment of equipment for installation	–	–	–
Total	2,229,946,356	1,690,148,367	1,389,610,387

7. Right-of-use assets

Narrative	Land plots	Buildings	Total
As at 31 December 2021	4,227,090	21,707,080	25,934,170
Initial cost	4,227,090	21,707,080	25,934,170
Accumulated depreciation	–	–	–
Impairment loss	–	–	–
For 2022			
Initial cost	694,906	2,949,403	3,644,309
Addition as a result of new lease contracts	964,695	1,161,169	2,125,864

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

7. Right-of-use assets (continued)

Narrative	Land plots	Buildings	Total
Disposal	(135,110)	(39,814)	(174,924)
Effect of modification and changes of estimates in lease contracts	(134,679)	1,828,048	1,693,369
Exchange differences	–	–	–
Accumulated depreciation	(615,917)	(5,399,934)	(6,015,851)
Depreciation	(622,183)	(5,414,843)	(6,037,026)
Disposal	6,266	14,909	21,175
Impairment loss	–	–	–
Recognition	–	–	–
Reversal	–	–	–
As at 31 December 2022	4,306,079	19,256,549	23,562,628
Initial cost	4,921,996	24,656,483	29,578,479
Accumulated depreciation	(615,917)	(5,399,934)	(6,015,851)
Impairment loss	–	–	–

8. Financial investments

Information about financial investments is supplemented with tables 3.1 “The Presence and Movement of Financial Investments” and 3.1.1 “Current Portion of Long-Term Financial Investments” of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

Balance sheet lines 1170 “Financial Investments” and 1240 “Financial Investments (Except for Cash Equivalents)” include (subject to accrued adjustment):

Narrative	Financial investments			Change in the current market value	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020	For 2022	For 2021
1	2	3	4	5	6
Long-term financial investments for which the current market value is not determinable	2,327,128,280	1,970,086,391	1,840,093,517	–	–
Long-term financial investments for which the current market value is determinable including:	2,088,331,381	2,469,134,841	1,455,275,960	(385,180,104)	1,013,858,881
Shares of subsidiaries quoted on an exchange	2,075,190,337	2,456,931,002	1,442,358,220	(381,740,665)	1,014,572,782
Shares of associates quoted on an exchange	8,724,338	12,203,839	12,917,740	(3,479,501)	(713,901)
Shares of other entities quoted on an exchange	4,416,706	–	–	40,062	–
Short-term financial investments for which the current market value is not determinable including:	87,652,435	493,303,465	262,692,226	–	–
Investments in subsidiaries to be disposed within 12 months	1,390,387	212,253,376	–	–	–
Short-term financial investments for which the current market value is determinable including:	111,669,474	–	–	(46,006,794)	–
Bonds	111,669,474	–	–	(46,006,794)	–

Investments in subsidiaries and associates

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

- RUB 89,381,836 thousand as at 31 December 2022.
- RUB 93,081,423 thousand as at 31 December 2021.
- RUB 90,579,524 thousand as at 31 December 2020.

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

8. Financial investments (continued)

“Investments in Associates” (balance sheet line 1172) are presented net of impairment provision of:	– RUB 1,890,761 thousand as at 31 December 2022.
	– RUB 1,830,755 thousand as at 31 December 2021.
	– RUB 1,838,255 thousand as at 31 December 2020.

Investments in other entities

“Investments in Other Entities” (balance sheet line 1173) are presented net of impairment provision of:	– RUB 150 thousand as at 31 December 2022.
	– RUB 153 thousand as at 31 December 2021.
	– RUB 153 thousand as at 31 December 2020.

9. Other non-current assets

Other non-current assets include:	– expenses of future periods totalling:
– advances for capital investments totalling:	• RUB 1,535,196 thousand as at 31 December 2022.
• RUB 684,694,282 thousand as at 31 December 2022.	• RUB 1,712,583 thousand as at 31 December 2021.
• RUB 692,479,559 thousand as at 31 December 2021.	• RUB 2,977,249 thousand as at 31 December 2020.
• RUB 453,337,178 thousand as at 31 December 2020.	– subsoil use licences totalling:
	• RUB 11,041,147 thousand as at 31 December 2022.
	• RUB 12,055,308 thousand as at 31 December 2021.
	• RUB 13,056,883 thousand as at 31 December 2020.

10. Accounts receivable

Information about accounts receivable is supplemented with tables 5.1 “The Presence and Movement of Accounts Receivable” and 5.2 “Overdue Accounts Receivable” of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

In table 5.1 “The Presence and Movement of Accounts Receivable” presented in the Explanatory Notes to

the Balance Sheet and the Statement of Financial Results the data are disclosed without the elimination of the accounts receivable which arose and were repaid (written off) in the same reporting period, except for transactions under loans as part of centralised management of cash flows that are reflected in the table on a net basis.

Other receivables

Other receivables in balance sheet lines 1234 and 1239 include:

Narrative	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Accounts receivable (payments expected beyond 12 months after the reporting date) Other debtors, including:	550,012,798	717,440,715	519,827,934
Interest-free long-term loans	347,862,966	508,071,004	219,032,766
Transfer of rights and obligations under an agreement	165,275,783	183,686,236	224,729,577
Other	36,874,049	25,683,475	76,065,591
Accounts receivable (payments expected within 12 months after the reporting date) Other debtors, including:	990,178,750	1,142,570,846	824,951,597
Interest-free short-term loans	315,411,326	547,372,796	433,600,701
Outstanding dividends	318,609,369	184,320,178	24,737,772
Other	356,158,055	410,877,872	366,613,124

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

11. Cash and cash equivalents

Cash flows from operating activities recognised in the line "Other Receipts" (line 4119) of the cash flow statement include:

Narrative	For 2022	For 2021
Cash received from members of the CGT (established in 2012) for the purpose of the CGT income tax settlements (on a net basis)	100,925,209	50,218,170
Advances received from buyers (customers)	23,543,634	75,314,437
Proceeds from the payment of interest-free loans issued (on a net basis)	637,714,145	140,695,174
Indirect taxes related to operating activities that are presented within payments to suppliers and contractors and proceeds from buyers and customers (on a net basis)	309,540,110	229,499,427

The line "Income Tax" (line 4124) of the cash flow statement includes a net based amount of the income tax attributable to the CGT in the amount of:

- RUB 474,829,463 thousand for 2022.
- RUB 259,982,801 thousand for 2021.

Cash flows from operating activities recognised in the line "Other Payments" (line 4129) of the cash flow statement include:

Narrative	For 2022	For 2021
Contributions to subsidiaries' property	234,036,299	71,044,709
Interest-free loans issued (on a net basis)	242,015,529	543,128,737
Cash used to pay customs duties (on a net basis)	1,632,429,530	1,139,479,107
Advances made to suppliers (contractors)	136,293,846	16,198,575
Cash refunds to gas buyers due to adjusted gas prices	–	1,549,436
For settlements with the budget (other than on income tax)	1,498,935,204	142,062,235

Cash flows from investing activities recognised in the line "Other Receipts" (line 4219) of the cash flow statement include advances received from buyers (customers) in the amount of:

- RUB 82,503 thousand for 2022.
 - RUB 91,485 thousand for 2021.
- Payments in the line "Other Payments" (line 4229) of the cash flow statement include:

Narrative	For 2022	For 2021
Cash used to finance investment (agency) agreements (on a net basis)	1,352,776,530	1,029,626,420
Indirect taxes related to investing activities that are presented within payments to suppliers and contractors and proceeds from buyers and customers (on a net basis)	27,426,365	44,721,170

12. Equity and reserves

Charter capital

The Company's charter capital amounts to RUB 118,367,564 thousand (23,673,513 thousand fully paid common shares with a nominal value of RUB 5 each) and it did not change in 2022.

In accordance with the decision of the general shareholders' meeting, interim dividends on the Company's results for the first six months of 2022 were accrued in the amount of RUB 51.03 per one common share. Dividends paid amounted

to RUB 1,119,256,638 thousand. Final dividends were not accrued on the Company's 2021 results. Final dividends on the Company's 2020 results were accrued in the amount of RUB 12.55 per one common share. Dividends paid amounted to RUB 296,620,951 thousand. Final dividends on the Company's 2019 results were accrued in the amount of RUB 15.24 per one common share. Dividends paid amounted to RUB 360,259,638 thousand.

12. Equity and reserves (continued)

Reserve capital

In 2022, 2021 and 2020 the Company did not make any contributions to the reserve fund from its net profit as

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

Additional capital

Balance sheet line 1351 "Perpetual Notes and Loans" includes two perpetual foreign currency loans of USD 1,400 million and EUR 1,000 million received in October 2020 from Gaz Finance Plc as a result of the issue of loan participation notes. Initial interest rates were set at 4.5985% for the loan in USD and 3.897% for the loan in EUR. Loan interest rates are to be reviewed every five years. The Company has an unconditional right, at any time and on any number of occasions, to postpone interest payment.

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

As at 31 December 2022, the perpetual loans plus accrued interest and an exchange difference reported within additional capital amounted to RUB 100,422,167 thousand (RUB 106,068,937 thousand and RUB 104,284,710 thousand as at 31 December 2021 and 2020, respectively) for the loans received in USD and RUB 78,401,649 thousand

(RUB 87,121,292 thousand and RUB 91,331,087 thousand as at 31 December 2021 and 2020, respectively) for the loans received in EUR.

In 2022, the Company reduced its additional capital by RUB 4,304,586 thousand (2021: RUB 3,577,939 thousand) as a result of the recognition of liabilities to pay interest on the perpetual loans received in USD and by RUB 3,391,232 thousand (2021: RUB 877,454 thousand) on the perpetual loans received in EUR.

In 2022, the Company accrued interest of RUB 7,026,678 thousand (2021: RUB 8,139,621 thousand) on the perpetual loans reported within additional capital by charging retained earnings. Retained earnings were also decreased by an exchange loss of RUB 341,742 thousand (2021: RUB 614,436 thousand) from the translation of the loans and accrued interest. An exchange gain from the translation of the loans and interest accrued on them increased retained earnings and amounted to RUB 14,039,015 thousand (2021: RUB 6,724,232 thousand).

13. Borrowings and loans

The total amount of the movement of long-term and short-term bank loans and other borrowings (without loans as part of centralised management of cash flows) was:

Narrative	Bank loans	Other borrowings
Received in 2022	496,000,000	318,499,974
Repaid in 2022	55,388,974	281,064,073
Interest accrued in 2022	15,971,156	71,771,937
Additional borrowing costs in 2022	2,134,962	4,371,016
Received in 2021	110,166,450	394,830,350
Repaid in 2021	375,811,445	353,362,045
Interest accrued in 2021	13,120,096	83,423,576
Additional borrowing costs in 2021	3,092,929	3,940,408

**PJSC Gazprom Explanatory Notes to the Balance
Sheet and the Statement of Financial Results
in the Statutory Financial Statements for 2022
(in thousand Russian Roubles,
unless otherwise stated)**

13. Borrowings and loans (continued)

Payables on bank loans and other borrowings (without loans as part of centralised management of cash flows) are presented below:

Maturity	Currency	As at 31 December		
		2022	2021	2020
Bank loans due within one year (including current portion of long-term bank loans)	Euro	119,865,566	51,876,633	270,073,572
	US dollars	–	–	1,357,106
	Russian Roubles	77,536,378	–	–
Bank loans due in 1 to 3 years (inclusively)	Euro	249,398,297	228,228,677	454,599,875
	Russian Roubles	142,400,000	–	–
Bank loans due in more than 3 years	Euro	102,897,213	293,542,670	154,325,611
	US dollars	4,636,923	4,498,713	4,109,075
	Russian Roubles	282,400,000	–	–
Total bank loans:	Euro	472,161,076	573,647,980	878,999,058
	US dollars	4,636,923	4,498,713	5,466,181
	Russian Roubles	502,336,378	–	–
Other borrowings due within one year (including current portion of long-term borrowings)	Euro	82,626,034	47,678,056	121,392,528
	US dollars	10,311,596	187,130,112	181,018,231
	Other foreign currencies	58,377,310	1,049,738	760,985
	Russian Roubles	4,863,538	19,359,240	4,197,999
including Russian bonds		1,945,400	1,697,500	1,561,200
Other borrowings due in 1 to 3 years (inclusively)	Euro	351,890,806	313,590,584	131,902,085
	US dollars	–	–	169,914,110
	Other foreign currencies	24,894,817	60,703,200	62,634,825
	Russian Roubles	120,000,000	45,000,000	15,000,000
including Russian bonds		–	–	–
Other borrowings due in more than 3 years	Euro	170,224,425	315,260,625	451,610,594
	US dollars	899,252,699	843,220,267	616,861,356
	Other foreign currencies	72,579,835	82,400,105	46,469,475
	Russian Roubles	89,471,989	130,000,000	175,000,000
including Russian bonds		70,000,000	70,000,000	70,000,000
Total other borrowings:	Euro	604,741,265	676,529,265	704,905,207
	US dollars	909,564,295	1,030,350,379	967,793,697
	Other foreign currencies	155,851,962	144,153,043	109,865,285
	Russian Roubles	214,335,527	194,359,240	194,197,999

13. Borrowings and loans (continued)

Interest rates for borrowings (without loans as part of centralised management of cash flows) varied:

Type of borrowings	For 2022	For 2021
Bank loans in Russian Roubles, long-term	from 9.05 to 9.21	–
Bank loans in foreign currencies, long-term	from 0.98 to 8.868	from 0.98 to 8.868
Other borrowings in Russian Roubles, long-term	from 5.80 to 9.25	from 5.80 to 9.10
Other borrowings in foreign currencies, long-term	from 1.01 to 8.725	from 0.98 to 8.625
Russian bonds	from 8.10 to 17.69	from 4.99 to 8.40

Bank loans and other borrowings not disbursed by the Company due to the lack of need amounted to:

- RUB 400,000,000 thousand as at 31 December 2022.
- RUB 380,000,000 thousand as at 31 December 2021.
- RUB 516,596,169 thousand as at 31 December 2020.

Loans received as part of centralised management of cash flows (cash pooling)

The total amount of the movement of loans received as part of centralised management of cash flows was:

Narrative	For 2022	For 2021
Received	8,423,940,029	5,788,480,744
Repaid	9,606,769,714	4,954,204,705
Interest accrued	64,581,205	26,065,469

Payables on loans received as part of centralised management of cash flows are presented below:

Lenders	Currency	As at 31 December		
		2022	2021	2020
Loans as part of centralised management of Gazprom Group's cash flows	Russian Roubles	602,930,134	1,428,866,839	692,919,915
Loans as part of centralised management of Gazprom Group's cash flows	US dollars	9,935,681	192,507,165	61,636,930
Loans as part of centralised management of Gazprom Group's cash flows	Euro	13,439,895	13,405,177	16,433,465
Loans as part of centralised management of Gazprom Group's cash flows	British Pound	–	35,797	3,254,392
Total		626,305,710	1,634,814,978	774,244,702

In 2022, in order to centralise the management of Gazprom Group's cash flows, the Company raised Russian Rouble and foreign currency interest-bearing and interest-free loans maturing in 2023. The interest rate for the Russian Rouble loans was determined depending on the period of actual use

of loan proceeds at MosPrime Rate increased by the credit risk premium. The interest rate for the foreign currency loans was determined depending on the period of actual use of loan proceeds at LIBOR, EONIA, EURIBOR, SOFR, ESTER increased by the credit risk premium.

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

14. Taxation

Income tax

Pursuant to clause 1 of article 11-11 of Law of St. Petersburg No. 81-11 dated 14 July 1995 "On Tax Concessions" for entities registered in St. Petersburg, in 2022 PJSC Gazprom applied a reduced corporate income tax rate of 12.5% for tax payable to the budget of St. Petersburg (the concession is applicable until 31 December 2023).

In accordance with the Russian Accounting Regulation "Accounting for Corporate Income Tax Payments" (RAR 18/02), the Company recognised the following amounts in the accounting records and the statement of financial results for 2022:

Narrative	For 2022	For 2021
Profit (loss) before taxation – total including:	1,022,427,741	3,209,237,485
taxable at 20%, 15.5%	236,806,979	2,795,001,564
taxable at 13%	7,684,625	7,441,870
taxable at 0%	777,936,137	406,794,051
Provisional income tax expense (benefit) – total including:	(41,804,214)	(518,956,733)
calculated at 20%, 15.5%	(40,805,213)	(517,989,290)
calculated at 13%	(999,001)	(967,443)
Permanent tax expense (benefit)	(246,769,983)	(3,312,375)
Income tax expense (benefit)	(288,574,197)	(522,269,108)
Deferred income tax including due to:	39,008,803	(228,741,978)
occurrence (settlement) of temporary differences in the reporting period	39,008,803	(228,741,978)
changes in taxation rules, changes in applied tax rates	–	–
recognition (write-off) of deferred tax assets due to changes in the probability that the company will receive taxable profit in subsequent reporting periods	–	–
Current income tax – total including:	(354,116,674)	(331,702,692)
due to the application of the reduced rate	56,793,678	25,941,148
Prior year income tax	26,533,674	38,175,562

Other taxes

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

partial payment issued against forthcoming supplies of goods (works, services, property rights) totalled:
– RUB 881,010,911 thousand for 2022.
– RUB 748,528,376 thousand for 2021.

15. Accounts payable

Information about accounts payable is supplemented with tables 5.3 "The Presence and Movement of Accounts Payable"

and 5.4 "Overdue Accounts Payable" of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

15. Accounts payable (continued)

The balance sheet line "Other Liabilities" (line 1450) includes advances received by the Company under a share purchase agreement with payments expected beyond 12 months after the reporting date totalling:

- RUB 44,024,544 thousand as at 31 December 2022.
- RUB 44,024,544 thousand as at 31 December 2021.
- RUB 0 thousand as at 31 December 2020.

The balance sheet line "Advances from Customers" (line 1527) includes advances for gas received by the Company under commission agreements with payments expected within 12 months after the reporting date totalling:

- RUB 89,565,642 thousand as at 31 December 2022.
- RUB 101,551,420 thousand as at 31 December 2021.
- RUB 63,530,207 thousand as at 31 December 2020.

16. Other income and expenses

Types of other income and expenses	For 2022		For 2021	
	Income	Expenses	Income	Expenses
Market value revaluation of investments	40,062	431,226,960	1,014,572,782	713,901
Exchange differences on foreign currency transactions	2,648,677,280	2,838,795,820	589,047,849	539,210,335
Doubtful debt provision accrual/release	39,810,299	448,231,424	56,126,607	64,769,864
Recognition/release of estimated liabilities related to gas price adjustments	1,455,471	34,705,910	37,142,170	86,560,959
Prior year profit (loss)	44,720,882	38,886,388	26,482,522	72,992,539
Investments impairment provision accrual/release	16,084,223	12,364,974	23,966,766	4,111,261
Contributions to subsidiaries' property	12,674,000	234,036,300	185,400,000	71,044,709
Costs of mineral resources development	–	20,708,135	–	68,786,610
Other	180,526,026	223,831,730	70,453,294	179,010,956
Total:	2,943,988,243	4,282,787,641	2,003,191,990	1,087,201,134

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

Income and expenses from accrual and release of estimated liabilities are reported by the Company on a gross basis. Income and expenses resulted from adjusted estimated

liabilities after recalculation of liabilities in foreign currency into Russian Roubles are reported by the Company on a net basis.

The line "Other" includes pension contributions transferred to PJSC Gazprom's joint account in JSC NPF GAZFOND totalling:

- RUB 278,234 thousand for 2022.
- RUB 1,831,912 thousand for 2021.

Non-state pensions shall be paid to employees of the Company when corresponding conditions are met.

17. Earnings per share

Basic earnings (loss) per share have been calculated by dividing the net profit (loss) for the year by the weighted average number of common shares outstanding during the year. The weighted average number of shares outstanding during the reporting period totalled 23,673,513 thousand for the years ended 31 December 2022, 2021 and 2020.

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

Information about perpetual loans is presented in Note 12.

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

18. Related parties¹

Government (Russian Federation)

The government (the Russian Federation), being the ultimate controlling party, has a controlling interest (including both direct and indirect ownership) of over 50% in PJSC Gazprom.

The government directly holds 38.37% of PJSC Gazprom's issued shares as at 31 December 2022. JSC ROSNEFTEGAZ and JSC ROSGAZIFIKATSIYA controlled by the government hold 11.86% of PJSC Gazprom's issued shares.

Information about related parties

Pursuant to clause 16 of RAR 11/2008, information about related parties is disclosed to a limited extent. Amounts of related-party transactions and balances are disclosed

separately for the following groups of related parties that have different relationships with the Company: subsidiaries, associates, other related parties.

2022	Subsidiaries	Associates	Other related parties
1	2	3	4
Sale of goods, works, services, (net of VAT, excise, customs duties and similar payments)	2,876,577,649	180,737,278	480,601,633
Other income, including income from sale of fixed and other assets	23,375,322	334,680,851	38,826,481
Accounts receivable as at the end of the reporting period	1,813,389,399	652,668,550	760,248,203
Acquisition of goods, works, services	3,371,896,734	702,333	1,277,292,439
Other expenses, including expenses from sale of fixed and other assets	294,612,282	100,248,486	27,484,050
Accounts payable as at the end of the reporting period	748,675,033	126,023	165,363,914
Acquisition of equity financial investments, transfer as a contribution to charter (joint) capitals	264,100,010	–	16,000,000
Loans issued	325,802,221	34,990	109,949,404
Loans provided for a period over 12 months (including interest) as at the end of the reporting period	441,235,249	11,022,853	196,429,988
Loans provided for a period less than 12 months (including interest) as at the end of the reporting period	199,507,003	–	203,796,098
Bank loans and other borrowings received	6,288,065,996	–	1,198,584,957
Bank loans and other borrowings (including interest) due beyond 12 months of the reporting date	427,992,864	–	–
Bank loans and other borrowings (including interest) due within 12 months of the reporting date	390,083,540	–	210,915,269
Lease liabilities as at the end of the reporting period	–	–	–
Dividends (income from participation) receivable	776,482,891	5,455,875	333,740
Security issued as at the end of the reporting period	44,024,544	149,704,318	–
Security received as at the end of the reporting period	97	3,121,941	48,000,000
2021	Subsidiaries	Associates	Other related parties
1	2	3	4
Sale of goods, works, services, (net of VAT, excise, customs duties and similar payments)	2,540,898,057	103,380,669	573,772,156
Other income, including income from sale of fixed and other assets	191,971,893	78,140,744	6,180,188
Accounts receivable as at the end of the reporting period	1,354,356,631	562,014,929	1,215,961,134
Acquisition of goods, works, services	2,784,623,444	295,214	929,041,933
Other expenses, including expenses from sale of fixed and other assets	112,003,552	53,943,383	11,050,264
Accounts payable as at the end of the reporting period	589,375,051	2,445,616	141,823,080
Acquisition of equity financial investments, transfer as a contribution to charter (joint) capitals	106,459,810	–	187,538,409
Loans issued	295,107,864	41,000	443,115,369

¹ Note 18 "Related Parties" discloses information about material transactions with major entities.

PJSC Gazprom Explanatory Notes to the Balance Sheet and the Statement of Financial Results in the Statutory Financial Statements for 2022
(in thousand Russian Roubles, unless otherwise stated)

18. Related parties (continued)

2021	Subsidiaries	Associates	Other related parties
1	2	3	4
Loans provided for a period over 12 months (including interest) as at the end of the reporting period	425,838,566	2,478,686	329,480,419
Loans provided for a period less than 12 months (including interest) as at the end of the reporting period	173,493,786	8,024,038	454,458,115
Bank loans and other borrowings received	3,349,367,225	–	887,499,117
Bank loans and other borrowings (including interest) due beyond 12 months of the reporting date	105,000,000	–	–
Bank loans and other borrowings (including interest) due within 12 months of the reporting date	1,211,863,643	–	186,991,908
Lease liabilities as at the end of the reporting period	–	–	–
Dividends (income from participation) receivable	398,065,653	10,117,605	323,832
Security issued as at the end of the reporting period	44,024,544	164,196,350	–
Security received as at the end of the reporting period	436	2,164,557	–

Information on the entity's material cash flows with subsidiaries and associates.

Nº	Line name	For 2022	including subsidiaries and associates*	For 2021	including subsidiaries and associates*
1	2	3	4	5	6
	Cash flows from operating activities				
4110	Receipts – total	10,240,306,463	3,230,715,696	7,567,734,269	2,971,492,790
4120	Payments – total	8,442,902,135	3,730,593,257	5,850,832,066	2,777,855,358
	Cash flows from investing activities				
4210	Receipts – total	1,943,276,626	1,532,556,232	382,453,197	316,077,758
4220	Payments – total	3,057,479,521	2,532,252,674	1,688,610,980	1,444,560,427
	Cash flows from financing activities				
4310	Receipts – total	1,000,643,157	388,687,574	1,616,968,166	838,777,430
4320	Payments – total	2,670,635,372	927,542,973	1,191,761,455	26,246,184

* Columns 4 and 6 show material cash flows between the Company and business entities that are subsidiaries and associates of the Company

Figures for 2021 are adjusted so as to follow the comparability principle of current and prior period accounting information concerning transactions with related parties.

19. Remuneration to key management personnel

Short-term compensation of key management personnel (the members of the Board of Directors and Management Committee of PJSC Gazprom), including salary, bonuses and remuneration for membership in the management bodies of the Company, amounted to:

- RUB 2,866,612 thousand for 2022.
- RUB 1,932,189 thousand for 2021.

Such amounts include personal income tax and insurance contributions.

Government employees, who are members of the Board of Directors, do not receive any remuneration from the Company.

Remuneration of members of the Board of Directors shall be approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) is determined by the terms of employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to the Russian legislation, the Company makes contributions for compulsory pension coverage, compulsory social insurance against temporary disability and maternity, compulsory medical insurance, insurance against accidents at work and occupational diseases calculated on the basis of

19. Remuneration to key management personnel (continued)

salaries and other payments to employees, including the key management personnel.

The Company also provided medical insurance for its key management personnel. Voluntary medical insurance contributions amounted to:

- RUB 12,137 thousand for 2022.
- RUB 10,693 thousand for 2021.

In 2021–2022, the Company did not make contributions under non-state pension agreements with JSC NPF GAZFOND to individual retirement accounts of its key management personnel.

20. Estimated and contingent liabilities

Estimated liabilities

Information about estimated liabilities is supplemented with table 7 “Estimated Liabilities” of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

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

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

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

The fixed assets items were transferred by the user of mineral resources under a commercial field development and use agreement with respect to the Kirinskoye gas and condensate field and under a pilot field development agreement with respect to the Chayandinskoye oil, gas and condensate field, under a pilot field development agreement with respect to the Kovyktinskoye gas and condensate field, under an agreement for production, preparation and transportation of hydrocarbons of the Botuobinsk deposit oil rim at the Chayandinskoye oil, gas and condensate field, as well as under property lease agreements and, consequently, the Company bears responsibility for bringing the land plots and other natural sites disturbed by subsoil use to the condition appropriate

for further use as well as liquidating mine workings and wells that are not subject to further use.

The Company recognised estimated liabilities with respect to the removal of the infrastructure facilities and soil remediation of the Kirinskoye gas and condensate field, the Kovyktinskoye gas and condensate field, the Chayandinskoye oil, gas and condensate field, the Chikanskoye gas and condensate field, as well as estimated liabilities with respect to removal of the infrastructure facilities of the Kirinskoye prospective area. The amount of estimated liabilities was recalculated using the discount rate during 2022.

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

Pension liabilities

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

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

20. Estimated and contingent liabilities (continued)

Contingencies

Legal proceedings

On 15 October 2018 PGNiG S.A., Poland, (from 2 November 2022 – “PKN Orlen S.A.”) 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 LLC Gazprom export within the activity in the EU member countries from Central and Eastern Europe. By its decision dated 2 February 2022 (the “Decision”) the EU General Court dismissed the claim filed by PGNiG S.A. on 15 October 2018. On 8 April 2022 PGNiG S.A. appealed against the Decision to the European Court of Justice. On 29 July 2022 PJSC Gazprom and LLC Gazprom export filed a defence to the appeal made by PGNiG S.A. to the European Court of Justice.

On 14 March 2017 the European Commission received a complaint from PGNiG S.A., Poland, stating that PJSC Gazprom and LLC Gazprom export allegedly violated Article 102 of the Treaty on the Functioning of the European Union. In its 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 certain countries of Central and Eastern Europe, which formal phase was initiated in 2012 and completed in 2018. On 17 April 2019 the complaint was rejected by the European Commission. In June 2019 PGNiG S.A. filed with the EU General Court a petition in respect of the rejection of that complaint by the European Commission. By its decision dated 2 February 2022 the EU General Court accepted the petition filed by PGNiG S.A. and cancelled the decision of the European Commission dated 17 April 2019. The European Commission returned to new proceedings pursuant to the decision of the EU General Court.

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

On 31 July 2020 PJSC Gazprom received an official notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) about the imposition of a fine of about EUR 50 million on PJSC Gazprom for the failure to provide the information requested earlier

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

On 24 August 2020 PJSC Gazprom appealed to the competent court of Poland against the decisions of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to deny PJSC Gazprom access to evidence collected during the investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project. On 17 November 2022 the court of first instance made decisions to dismiss the appeals filed by PJSC Gazprom.

On 6 October 2020 it became known to PJSC Gazprom that Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) had completed its antitrust investigation and decided to impose a fine of about USD 7.6 billion on PJSC Gazprom, as well as obliged PJSC Gazprom and its Nord Stream 2 project partners to terminate the project financing agreement. On 4 November 2020 PJSC Gazprom appealed to the competent court of Poland against that decision. On 21 November 2022 the court of first instance, after considering the appeal filed by PJSC Gazprom, cancelled the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection). Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) appealed to the Court of Appeal in Warsaw against that decision of the court of first instance.

According to the announcement on the official website of NJSC Naftogaz of Ukraine, on 21 December 2021 NJSC Naftogaz of Ukraine filed a complaint with the European Commission against Gazprom Group for abusing its dominant position on the European gas market and a request to implement precautionary measures (the “Complaint”). Based on this Complaint, the European Commission registered case No. AT.40801. On 28 February 2022 PJSC Gazprom sent to the European Commission a response to the Complaint of NJSC Naftogaz of Ukraine.

On 26 January 2022 ENGIE S.A. filed with the Arbitration Institute of the Stockholm Chamber of Commerce a notice of the commencement of arbitration against LLC Gazprom export concerning price revision under natural gas supply contracts. A response of LLC Gazprom export to the notice of the commencement of arbitration and a counter-claim were filed

20. Estimated and contingent liabilities (continued)

with the Arbitration Institute on 1 April 2022. The arbitral tribunal was constituted. Hearings are scheduled for 18-23 March 2024.

On 20 May 2022 ENI S.p.A. sent to LLC Gazprom export a notice of the commencement of arbitration against LLC Gazprom export concerning the non-application of Decree of the President of the Russian Federation No. 172 of 31 March 2022 on Special Procedure for Discharge of Obligations of Foreign Buyers to Russian Suppliers of Natural Gas (the "Decree") to relationships between the parties or provision to ENI S.p.A. of additional contractual guarantees in connection with the application of regulations of the Decree to relationships between the parties. A response of LLC Gazprom export to the notice of the commencement of arbitration was sent on 29 June 2022. Hearings are scheduled for 13-17 May 2024. The Company filed a plea to extend the duration of the proceedings.

On 3 November 2022 RWE Supply & Trading GmbH sent to the International Court of Arbitration of the International Chamber of Commerce notices of the initiation of two arbitration proceedings under a natural gas supply framework contract based on the General Agreement of the European Federation of Energy Traders Concerning the Delivery and Acceptance of Natural Gas concluded on 30 January 2020 and the Natural Gas Sales Framework Agreement concluded on 27 February 2019. On 16 January 2023 LLC Gazprom export sent responses to the notices of the commencement of the arbitration proceedings.

On 31 March 2022 PGNiG S.A. (from 2 November 2022 – "PKN Orlen S.A.") sent to PJSC Gazprom a notice of the initiation of arbitration by the ad hoc arbitral tribunal established under the UNCITRAL Arbitration Rules against PJSC Gazprom and LLC Gazprom export (hereinafter together referred to as the "Respondents") with a claim for interest on the amount of the retroactive payment made by the Respondents to PGNiG S.A. under the arbitration award dated 30 March 2020 and interest on the amount of that interest. On 20 May 2022 PJSC Gazprom sent a response to the notice of arbitration. On 14 July 2022 LLC Gazprom export sent a response to the notice of arbitration. The arbitral tribunal was constituted. A case management conference with the tribunal was held on 16 November 2022. As part of the first phase of the arbitral process (dealing with the issue of the jurisdiction of the arbitral tribunal to consider the dispute), the Respondents presented their cases on 13 February 2023. PKN Orlen S.A. should send a response by 24 April 2023.

On 13 May 2022 Gasum Oy sent to LLC Gazprom export a notice of the commencement of arbitration against LLC Gazprom export concerning the termination of the natural gas supply contract dated 12 March 1994 and revocation of obligations to pay invoices earlier issued to that

company. A response of LLC Gazprom export to the notice of the commencement of arbitration was sent on 15 June 2022. The arbitral tribunal was constituted. On 17 July 2022 a full statement of claim was received from Gasum Oy. An award was rendered on 14 November 2022. The claims of Gasum Oy and the counter-claims of LLC Gazprom export were partially upheld. In its award, the arbitral tribunal, among other things, obliged Gasum Oy to pay the debt of over EUR 300 million to LLC Gazprom export for gas supplies and in connection with the non-fulfilment of the take-or-pay obligation, as well as interest for late payment. In addition, the tribunal recognised the issuance of Decree of the President of the Russian Federation No. 172 of 31 March 2022 on the transition to payment for gas in Russian Roubles as a force majeure event under the contract and confirmed the legality of the suspension of natural gas supplies in case the buyer fails to pay in Russian Roubles in accordance with the Decree of the President of the Russian Federation No. 172 of 31 March 2022. The arbitral tribunal also obliged the parties to continue negotiations on the contract to resolve the situation with further gas supplies.

On 16 September 2022 a request for arbitration filed by NJSC Naftogaz of Ukraine against PJSC Gazprom was received from the Secretariat of the International Court of Arbitration of the International Chamber of Commerce (the "Secretariat of the ICC"). NJSC Naftogaz of Ukraine demands payment for the services not rendered under the Agreement between PJSC Gazprom and NJSC Naftogaz of Ukraine for organising natural gas transportation through the territory of Ukraine dated 30 December 2019. On 27 September 2022 PJSC Gazprom sent letters to NJSC Naftogaz of Ukraine and the Secretariat of the ICC with objections concerning the jurisdiction of the arbitral tribunal to consider the demands of NJSC Naftogaz of Ukraine due to a fundamental change of circumstances. On 12 January 2023 PJSC Gazprom was served with a notification by the Secretariat of the ICC that the objections of PJSC Gazprom had been transferred for consideration by the International Court of Arbitration of the International Chamber of Commerce. On 15 February 2023 PJSC Gazprom was served with a notification by the Secretariat of the ICC about the decision of the International Court of Arbitration of the International Chamber of Commerce to allow hearing on the merits by the arbitral tribunal. PJSC Gazprom currently does not have information about the constitution of the arbitral tribunal.

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

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and frequent change. As of 31 December 2022, the management believes that its

interpretation of the relevant legislation is appropriate and the Company's tax, currency and customs positions will be sustained.

21. Subsequent events

After 31 December 2022, there have been no events in the Company's business operations that have affected or may affect the financial position, cash flows or financial

performance of the Company, other than those disclosed in other sections of the Explanatory Notes to the Balance Sheet and the Statement of Financial Results.

22. Business risks

In 2022, the escalation of the geopolitical tension and the imposition of sanctions by a number of countries on the Russian Federation, Russian banks and entities have ramped up the volatility in the commodity and financial markets, and increased the level of uncertainty of the business environment in the Russian Federation. In addition, certain countries, including the United States, imposed new sanctions directly on PJSC Gazprom and Gazprom Group companies. This economic environment has a significant impact on the Company's operations and financial position. Therefore, it is hard to predict future effects of the present economic situation, and management's current expectations and estimates may differ from actual results.

At the same time, management is taking necessary measures to ensure the Company's sustainable operation and is certain that the Company will continue as a going concern.

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

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

The Company timely identifies business risks, analyses potential events, circumstances, external and internal factors that affect the achievement of goals, develops respective risk management measures and internal control procedures. The measures taken by the Company allow it to make sure that business risks are at the acceptable level.

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

On 20 February 2023, Expert RA assigned the highest corporate governance quality rating of A++.gq to the Company. Expert RA gave recognition to the Company's well-organised risk management system. Key risks are assessed based on very detailed provisions on management of liquidity, operating, currency and credit risks. Risk management regular and annual reporting formats were approved. When analysing risk management effectiveness, Expert RA took into consideration regular certification for compliance with the requirements of the standard to a quality management system 9001:2015.



23. Information on production innovations and upgrade

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

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

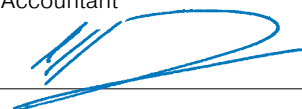
Chief Executive Officer

13 March 2023


A.B. Miller


Chief Accountant

M.N. Rosseev



PJSC Gazprom
IFRS Consolidated Financial Statements
with Independent Auditor's Report
31 December 2022

Independent Auditor's Report
70

Consolidated Balance Sheet
as of 31 December 2022
75

Consolidated Statement
of Comprehensive Income
for the Year Ended 31 December 2022
76

Consolidated Statement of Cash Flows
for the Year Ended 31 December 2022
77

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022
78

Notes to the Consolidated Financial Statements
31 December 2022 (in millions of Russian Rubles)
80

Investors Relations
143

Independent Auditor's Report

To the Shareholders of Public Joint Stock Company Gazprom

Opinion

We have audited the accompanying consolidated financial statements of Public Joint Stock Company Gazprom ("PJSC Gazprom") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

Key Audit Matters

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

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

Revenue recognition

During the audit we specially focused on revenue recognition as the revenue amount was material and revenue streams were formed in different geographic regions with significantly different terms of revenue recognition including price determination and change, transfer of risks and rewards. In 2022, revenue was significantly affected by the sanctions imposed since February 2022 by the US, the European Union ("the EU") and a number of other countries.

We assessed the consistency in the application of the revenue recognition accounting policy applicable to various types of revenue and geographic regions. Our audit

procedures in respect of the risk of material misstatement of revenue included, in particular, evaluation of the design of controls, assessment of the risk of material misstatement due to fraud or error and performance of substantive procedures in respect of the sales transactions.

Information about the approaches to revenue recognition is disclosed in Note 5 "Summary of Significant Accounting Policies" to the consolidated financial statements, information about sales, including information by geographic segments, is disclosed in Note 27 "Sales" to the consolidated financial statements.

Impairment of property, plant and equipment

Due to the material carrying amount of property, plant and equipment, continued volatility of macroeconomic parameters, aggravated by the impact of fluctuating prices for energy resources, political instability, as well as high level of subjectivity of the underlying assumptions, judgments and estimates made by management to conduct the impairment analysis, we consider this area to be one of the most significant audit areas. The significance of the matter was also affected by the sanctions and restrictive measures imposed in 2022 by the US, the EU and other countries, including those infringing on the interests of PJSC Gazprom and its major subsidiaries.

As at the reporting date, the Group's management measured the recoverable amount of property, plant and equipment that belonged to cash-generating units based on the estimated value in use. Our audit procedures in respect of this area included:

- analysis of the methodology used by the Group to test property, plant and equipment for impairment;
- testing of the principles used to forecast future cash flows;
- analysis of significant assumptions underlying the impairment test procedures in respect of various cash-generating

units. The significant assumptions, in particular, included determining discount rates, forecasting prices for energy resources and exchange rates, as well as estimating volumes of production and sales;

- a sensitivity analysis to determine whether the models used for testing were sensitive to changes in the significant assumptions;
- analysis and evaluation of the disclosure of information about the assets impairment testing for compliance with the requirements of IAS 36 Impairment of Assets.

We paid special attention to the impairment of assets with uncertain prospects for use, in particular due to the current political and economic situation.

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

Measurement of expected credit losses on trade receivables

The matter concerning the allowance for expected credit losses on trade receivables was one of most significance in our audit because of the material balances of trade receivables and because the existing political and economic situation, which was caused, among other things, by the impact of the sanctions imposed in 2022, affected the measurement of expected credit losses of both Russian and foreign customers. We also believe that the evaluation of the sufficiency of the allowance for expected credit losses on trade receivables is a higher risk area as it is based on management's judgments on the possibility to recover that debt.

Our audit procedures with respect to the measurement of expected credit losses on trade receivables by management included:

- checking of the methodology used to measure expected credit losses on trade receivables by the Group's management;
- analysis of the assumptions and professional judgments applied by the Group's management, including critical

assessment of the information used by the Group to forecast the ability of its customers to repay their debts;

- sample checking of the models and calculations used to measure expected credit losses on trade receivables;
- analysis of external information, including new legislative requirements on the payment of debts by foreign counterparties;
- sufficiency of the information disclosed as required by IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements.

Information about the measurement procedure and the key assumptions applied to estimate expected credit losses is disclosed in Note 5 "Summary of Significant Accounting Policies" to the consolidated financial statements, information about accounts receivable and allowance for expected credit losses on trade receivables is disclosed in Notes 10 "Accounts Receivable and Prepayments", 17 "Long-Term Accounts Receivable and Prepayments" and 36 "Financial Risk Factors" to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of PJSC Gazprom for 2022 and the Issuer's Report of PJSC Gazprom for the 12 months of 2022 but does not include the consolidated financial statements and our

auditor's report thereon. The Annual Report of PJSC Gazprom for 2022 and the Issuer's Report of PJSC Gazprom for the 12 months of 2022 are expected to be made available to us after the date of this auditor's report.

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

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

consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report of PJSC Gazprom for 2022 and the Issuer's Report of PJSC Gazprom for the 12 months of 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Engagement partner
on the audit resulting
in this independent auditor's report
on behalf of the audit company,
power of attorney No. 75/22 dated 4 March 2022

Date of Independent Auditor's Report
24 April 2023



Y.S. Saprykin
(registration number 21606041981)

Audited entity

Name:

Public Joint Stock Company Gazprom (PJSC Gazprom).

Address of the legal entity within its location:

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

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

Auditor

Name:

FBK, LLC.

Address of the legal entity within its location:

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

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

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

PJSC Gazprom

Consolidated Balance Sheet

as of 31 December 2022

(in millions of Russian Rubles)

Notes	31 December		
	2022	2021	
Assets			
Current assets			
8	Cash and cash equivalents	1,157,587	2,013,923
9	Short-term financial assets	22,136	26,237
10	Accounts receivable and prepayments	1,946,428	2,009,951
11	Inventories	1,056,523	1,009,323
12	Other current assets	437,443	1,154,849
	4,620,117	6,214,283	
Non-current assets			
13	Property, plant and equipment	17,419,060	16,673,568
14	Right-of-use assets	260,488	226,290
15	Goodwill	130,585	120,768
16	Investments in associates and joint ventures	1,329,416	1,422,308
17	Long-term accounts receivable and prepayments	1,132,881	1,228,979
9	Long-term financial assets	405,997	599,747
22	Deferred tax assets	335,994	–
12	Other non-current assets	494,391	561,287
	21,508,812	20,832,947	
Total assets	26,128,929	27,047,230	
Liabilities and equity			
Current liabilities			
18	Accounts payable, provisions and other liabilities	1,711,639	2,799,800
	Current profit tax payable	50,614	112,705
19	Taxes other than on profit and fees payable	429,339	413,394
20	Short-term borrowings, promissory notes and current portion of long-term borrowings	709,268	697,046
	2,900,860	4,022,945	
Non-current liabilities			
21	Long-term borrowings, promissory notes	4,356,593	4,186,656
24	Provisions	622,025	577,863
22	Deferred tax liabilities	1,456,300	875,099
36	Long-term lease liabilities	219,524	230,630
	Other non-current liabilities	127,782	287,458
	6,782,224	6,157,706	
Total liabilities	9,683,084	10,180,651	
Equity			
25	Share capital	325,194	325,194
25	Treasury shares	(331)	(331)
26	Perpetual notes	298,824	313,190
25	Retained earnings and other reserves	15,126,010	15,613,466
	15,749,697	16,251,519	
	Non-controlling interest	696,148	615,060
Total equity	16,445,845	16,866,579	
Total liabilities and equity	26,128,929	27,047,230	

Chairman of the Management Committee _____ A.B. Miller

Chief Accountant _____ M.N. Rosseev

24 April 2023

PJSC Gazprom

Consolidated Statement of Comprehensive Income

for the Year Ended 31 December 2022

(in millions of Russian Rubles)

Notes	Year ended 31 December	
	2022	2021
27 Sales	11,673,950	10,241,353
Net loss from trading activity	(12,207)	(92,397)
28 Operating expenses	(9,307,030)	(7,681,410)
Impairment loss on financial assets	(419,554)	(56,285)
Operating profit	1,935,159	2,411,261
29 Finance income	2,430,787	615,167
29 Finance expenses	(2,342,048)	(499,110)
16 Share of profit of associates and joint ventures	166,660	242,196
Profit before profit tax	2,190,558	2,769,514
Current profit tax expenses	(576,936)	(452,817)
Deferred profit tax expenses	(301,977)	(157,611)
22 Profit tax	(878,913)	(610,428)
Profit for the year	1,311,645	2,159,086
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
(Loss) gain arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	(162,298)	121,551
24 Remeasurement of provision for post-employment benefits	(23,119)	68,426
Total other comprehensive (loss) income that will not be reclassified subsequently to profit or loss	(185,417)	189,977
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive (loss) income of associates and joint ventures	(1,044)	2,989
Translation differences	(178,004)	(58,645)
Loss from hedging operations, net of tax	(16,707)	(42,304)
Total other comprehensive loss that may be reclassified subsequently to profit or loss	(195,755)	(97,960)
Total other comprehensive (loss) income for the year, net of tax	(381,172)	92,017
Comprehensive income for the year	930,473	2,251,103
Profit for the year attributable to:		
Owners of PJSC Gazprom	1,225,807	2,093,071
Non-controlling interest	85,838	66,015
	1,311,645	2,159,086
Comprehensive income for the year attributable to:		
Owners of PJSC Gazprom	858,991	2,193,020
Non-controlling interest	71,482	58,083
	930,473	2,251,103
30 Basic and diluted earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	51.11	88.07

Chairman of the Management Committee

A.B. Miller

Chief Accountant

M.N. Rosseev

24 April 2023

PJSC Gazprom

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2022

(in millions of Russian Rubles)

Notes	Year ended 31 December		
	2022	2021	
	Cash flows from operating activities		
31	Net cash from operating activities	2,192,682	3,015,390
	Cash flows from investing activities		
	Capital expenditures	(2,191,642)	(1,933,766)
29, 36	Interest capitalised and paid	(182,669)	(151,615)
	Net change in loans issued	8,542	4,247
	Acquisition of subsidiaries, net of cash acquired	(2)	(4,958)
	Investments in associates and joint ventures	(99,962)	(89,663)
	Interest received	221,687	70,364
	Change in long-term financial assets measured at fair value through other comprehensive income	37,661	42,527
	Proceeds from associates and joint ventures	98,274	259,604
	Proceeds from sale of associates and joint ventures	–	1,654
	Proceeds from sale of subsidiaries	14,295	5,487
	Placement of long-term bank deposits	(24,682)	(29,966)
	Repayment of long-term bank deposits	21,447	10,211
	Other	(39,919)	(14,563)
	Net cash used in investing activities	(2,136,970)	(1,830,437)
	Cash flows from financing activities		
36	Proceeds from long-term borrowings	1,201,822	843,807
36	Repayment of long-term borrowings (including current portion of long-term borrowings)	(590,270)	(742,607)
36	Proceeds from short-term borrowings	136,432	109,089
36	Repayment of short-term borrowings	(283,857)	(103,304)
36	Repayment of lease liabilities	(45,119)	(47,934)
36	Dividends paid	(1,124,080)	(313,396)
29, 36	Interest paid	(70,459)	(44,071)
	Acquisition of non-controlling interests in subsidiaries	(2,918)	(124)
	Proceeds from sale of treasury shares	397	–
26	Proceeds from issuance of perpetual notes	–	120,000
26	Interest paid on perpetual notes	(17,851)	(6,985)
26	Payments related to issuance of perpetual notes	–	(922)
	Proceeds from sale of non-controlling interests in subsidiaries	2,090	13,087
	Other	(162)	(5,571)
	Net cash used in financing activities	(793,975)	(178,931)
	Effect of foreign exchange rate changes on cash and cash equivalents	(118,073)	(27,018)
	(Decrease) increase in cash and cash equivalents	(856,336)	979,004
8	Cash and cash equivalents at the beginning of the reporting year	2,013,923	1,034,919
8	Cash and cash equivalents at the end of the reporting year	1,157,587	2,013,923

Chairman of the Management Committee _____ A.B. Miller

Chief Accountant _____ M.N. Rosseev

24 April 2023

PJSC Gazprom

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022 (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
	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 year	–	–	–	2,093,071	2,093,071	66,015	2,159,086
	Other comprehensive income (loss) – total,	–	–	–	99,949	99,949	(7,932)	92,017
	including: Profit arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	–	–	–	121,551	121,551	–	121,551
24	Remeasurement of provision for post-employment benefits	–	–	–	68,226	68,226	200	68,426
	Share of other comprehensive income of associates and joint ventures	–	–	–	2,989	2,989	–	2,989
	Translation differences	–	–	–	(50,503)	(50,503)	(8,142)	(58,645)
	(Loss) gain from hedging operations, net of tax	–	–	–	(42,314)	(42,314)	10	(42,304)
	Comprehensive income for the year	–	–	–	2,193,020	2,193,020	58,083	2,251,103
	Change in non-controlling interest in subsidiaries	–	–	–	6,258	6,258	16,879	23,137
	Return of social assets to the balance of governmental authorities	–	–	–	(13)	(13)	–	(13)
	Dividends declared	–	–	–	(296,740)	(296,740)	(26,691)	(323,431)
26	Perpetual notes transactions	–	–	117,574	(6,523)	111,051	–	111,051
	Balance as of 31 December 2021	325,194	(331)	313,190	15,613,466	16,251,519	615,060	16,866,579
	Profit for the year	–	–	–	1,225,807	1,225,807	85,838	1,311,645
	Other comprehensive loss – total,	–	–	–	(366,816)	(366,816)	(14,356)	(381,172)
	including: Loss arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	–	–	–	(162,242)	(162,242)	(56)	(162,298)
24	Remeasurement of provision for post-employment benefits	–	–	–	(23,175)	(23,175)	56	(23,119)
	Share of other comprehensive loss of associates and joint ventures	–	–	–	(1,044)	(1,044)	–	(1,044)
	Translation differences	–	–	–	(163,645)	(163,645)	(14,359)	(178,004)
	(Loss) gain from hedging operations, net of tax	–	–	–	(16,710)	(16,710)	3	(16,707)

PJSC Gazprom
Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022
(in millions of Russian Rubles)

Notes	Equity attributable to the owners of PJSC Gazprom					Non-controlling interest	Total equity
	Share capital	Treasury shares	Perpetual notes	Retained earnings and other reserves	Total		
Comprehensive income for the year	–	–	–	858,991	858,991	71,482	930,473
Change in non-controlling interest in subsidiaries	–	–	–	439	439	35,226	35,665
Disposal of subsidiaries and joint operations	–	–	–	(134,138)	(134,138)	–	(134,138)
Return of social assets to the balance of governmental authorities	–	–	–	(21)	(21)	–	(21)
Dividends declared	–	–	–	(1,206,516)	(1,206,516)	(25,620)	(1,232,136)
Treasury shares transactions	–	–	–	83	83	–	83
26 Perpetual notes transactions	–	–	(14,366)	(6,294)	(20,660)	–	(20,660)
Balance as of 31 December 2022	325,194	(331)	298,824	15,126,010	15,749,697	696,148	16,445,845

Chairman of the Management Committee _____

A.B. Miller

Chief Accountant _____

M.N. Rosseev

24 April 2023

PJSC Gazprom

Notes to the Consolidated Financial Statements

31 December 2022 (in millions of Russian Rubles)

1. General Information

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

2. Economic Environment in the Russian Federation

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

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

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

- as of 31 December 2022 – 70.3375;
- as of 31 December 2021 – 74.2926
(as of 31 December 2020 – 73.8757).

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

- as of 31 December 2022 – 75.6553;
- as of 31 December 2021 – 84.0695
(as of 31 December 2020 – 90.6824).

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.

In 2022, the United States of America, the European Union and some other countries imposed additional sanctions against the Russian Federation (see Note 35). These circumstances have led to the volatility of financial markets, as well as significantly increased the level of economic uncertainty in the conditions of activity in the Russian Federation. At the moment, the Group's management is analyzing the current economic conditions and their possible impact on the Group's activities. At the time of signing this consolidated financial information, according to the estimates of the Group's management, the described circumstances do not call into question the continuity of the Group's activities.

3. Basis of Presentation

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

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

certain financial assets and liabilities presented at the fair value (see Note 37). The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented in these consolidated financial statements, unless otherwise stated.

4. Scope of Consolidation

As described in Note 5, the consolidated financial statements include consolidated subsidiaries, associates, joint ventures and operations of the Group.

During 2022 the Group disposed of several subsidiaries and joint operations that had impact on the dynamics of indicators

of the consolidated financial statements. There were no significant changes in the Group's structure in 2021.

5. Summary of Significant Accounting Policies

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

5.1 Consolidation of Subsidiaries, Associates and Joint Arrangements

Subsidiaries

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

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

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

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

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

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

Goodwill and Non-Controlling Interest

The excess of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share in the identifiable net assets acquired is recorded as goodwill. If actual cost of acquisition is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive

income. Goodwill is tested annually for impairment as well as when there are indications of impairment. For the purpose of impairment testing goodwill is allocated to a cash-generating unit or a group of cash-generating units.

A non-controlling interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly, through subsidiaries, by the parent. The Group treats

5. Summary of Significant Accounting Policies (continued)

transactions with non-controlling interest as transactions with equity owners of the Group. In accordance with IFRS 3 Business Combinations, the acquirer recognises the acquiree's identifiable assets, liabilities and contingent

liabilities that satisfy the recognition criteria at their fair value at the acquisition date, and any non-controlling interest in the acquiree is stated at the non-controlling interest in the net fair value of those items.

Joint Arrangements

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

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

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

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

Associates

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

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

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

5.2 Financial Instruments

5.2.1 Classification and Measurement of Financial Assets

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

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

5. Summary of Significant Accounting Policies (continued)

Financial Assets Measured Subsequently at Amortised Cost

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of difference between that initial amount and the maturity amount and, for financial assets, adjusted for any allowance for expected credit losses.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period.

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

Cash and Cash Equivalents and Restricted Cash

Cash comprises cash on hand and bank balances. Cash equivalents comprise short-term financial assets which are readily convertible to cash and have an original maturity of three months or less. Restricted cash includes cash and cash equivalents which

are not to be used for any purposes other than those specified in the terms of the financing and other agreements or under banking regulations. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

Accounts Receivable

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

are carried at amortised cost using the effective interest method.

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

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

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

The Group's management can make an irrevocable decision to recognise changes in the fair value of equity

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

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

5. Summary of Significant Accounting Policies (continued)

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

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

Such financial assets of the Group mainly include derivative financial instruments and financial instruments held for trading,

as well as some equity instruments for which the Group has not made a decision to recognise changes in their fair value in other comprehensive income.

Impairment of Financial Assets

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

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

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

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

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

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

5.2.2 Classification and Measurement of Financial Liabilities

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

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

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

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

Borrowings

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

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

5. Summary of Significant Accounting Policies (continued)

Financial Guarantee Contracts

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

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

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

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

5.2.3 Derivative Financial Instruments

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

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

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

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

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

5.2.4 Hedge Accounting

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

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

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

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

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

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

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

5. Summary of Significant Accounting Policies (continued)

5.3 Fair Value

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

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

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

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

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

5.4 Value Added Tax

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

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

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

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

5.5 Mineral Extraction Tax

Mineral extraction tax ("MET") applied to the extraction of hydrocarbons, including natural fuel gas, gas condensate

and oil, is accrued in proportion to the volume of extracted minerals.

MET is included in operating expenses.

5.6 Customs Duties

The export of hydrocarbons, including natural gas and crude oil, outside of the Customs union countries, which includes the Russian Federation, the Republic of Belarus and the Republic of Kazakhstan, is subject to export customs duties. According to Resolution of the Government of the Russian Federation dated 27 November 2021 No.2068 "On the rates of export customs duties on goods exported from the Russian Federation outside the customs territory of the Eurasian Economic Union" export of natural gas outside the boundaries of the Customs union is subject to a fixed 30% export customs

duty rate levied on the customs value of the exported natural gas.

Pertaining to the sales of oil and oil products to countries outside the Customs union according to Federal Law dated 3 December 2012 No.239-FZ "On amendments to the Law of the Russian Federation «On Customs Tariff», starting from 1 April 2013 under Resolution of the Government of the Russian Federation dated 29 March 2013 No.276 "On the calculation of export customs duty rates for crude oil and certain categories of goods produced from oil, and the invalidation of certain

5. Summary of Significant Accounting Policies (continued)

decisions of the Government of the Russian Federation" the export customs duty calculation methodology for crude oil and oil products was established based on which the Ministry of

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

5.7 Excise Tax

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

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

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

5.8 Inventories

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

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

5.9 Property, Plant and Equipment

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

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

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

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

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

5. Summary of Significant Accounting Policies (continued)

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

	Years
Pipelines	25-40
Wells	15-54
Machinery and equipment	1.5-40
Buildings and roads	7-100
Social assets	10-40

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

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

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

5.10 Impairment of Non-Financial Assets

At each balance sheet date, management assesses whether there is any indication that the recoverable value of the assets has declined below the carrying value. When such a decline is identified, the carrying amount is reduced to the estimated recoverable amount which is the higher of fair value less costs to sell and value in use.

For the impairment test the Group's assets are grouped into cash-generating units ("CGU") and their recoverable amount has been determined as value in use. Value in use of assets in each unit has been calculated by the Group as the present value of forecasted cash flows discounted using the rate derived from the weighted average cost of capital of the Group, as adjusted, where applicable, to take into account any specific risks of business operations associated with the respective assets.

Goodwill acquired in a business combination is assessed for the recoverability of its carrying value annually irrespective of

whether there are any indications that impairment exists at the balance sheet date. Goodwill is allocated to cash-generating unit. In assessing whether goodwill has been impaired, the carrying amount of the cash-generating unit, including goodwill, is compared with its recoverable amount.

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

5.11 Deferred Tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet method. Deferred tax assets and liabilities are recorded in the

consolidated financial statements for all temporary differences arising between the tax basis of assets and liabilities and their carrying value included in the consolidated financial

5. Summary of Significant Accounting Policies (continued)

statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised or to the extent that the assets can be set off against existing deferred tax liabilities. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or enactment of which in the foreseeable future was reliably known as of the reporting date.

Deferred tax liabilities are recognised for all temporary differences associated with investments in subsidiaries and

associates, as well as joint arrangements, except when it is possible to control the timing of the decrease in the temporary differences and when it is probable that the temporary differences will not decrease in the foreseeable future.

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

5.12 Foreign Currency Transactions

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

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

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

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

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

5.13 Provisions

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

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

5.14 Equity

Treasury Shares

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

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

5. Summary of Significant Accounting Policies (continued)

Dividends

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

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

Perpetual Notes

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

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

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

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

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

5.15 Revenue Recognition

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

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

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

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

5. Summary of Significant Accounting Policies (continued)

Net Gain (Loss) From Trading Activity

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

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

5.16 Interest

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

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

5.17 Research and Development

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

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

5.18 Employee Benefits

Pension and Other Post-Employment Benefits

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

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

Actuarial gains and losses on pension plan assets and liabilities arising from experience adjustments and changes in

actuarial assumptions are recognised in other comprehensive income in the period in which they occur (see Note 24).

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

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

Plan assets are measured at fair value and subject to certain limitations (see Note 24). Fair value of pension plan assets is based on market quotes. When no pension plan assets' market price is available, the fair value of assets is estimated by different valuation techniques, including the use of discounted expected cash flows calculated using a discount rate that reflects both the risk associated with the pension plan assets and maturity or expected disposal date of these assets.

5. Summary of Significant Accounting Policies (continued)

In the normal course of business the Group pays contributions to the Pension Fund of the Russian Federation on behalf of its employees. Mandatory contributions to the state pension fund, which are recorded as a defined contribution plan, are recognised within staff costs in operating expenses in the consolidated statement of comprehensive income as

incurred. The costs of providing other discretionary pension benefits (including constructive obligations) are accrued and recognised in profit or loss in the consolidated statement of comprehensive income to allocate regular expenses over the average remaining service lives of employees.

Social Expenses

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

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

5.19 Lease Contracts

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

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

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

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

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

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

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

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

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

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

5. Summary of Significant Accounting Policies (continued)

5.20 Insurance Contracts

Insurance Contracts

Insurance contracts are defined as contracts that transfer to the Group (the insurer) significant insurance risk from another party (the policyholder) with the insurer agreeing to compensate the policyholder if an uncertain future event (the insured event) adversely affects the policyholder. As a rule, the Group assesses the significance of insurance risk by comparing

monetary amounts payable if the insured event occurs and if it does not occur. Insurance contracts are accounted for under IFRS 4 Insurance Contracts. If a contract has been classified as an insurance contract, it remains classified as such until it expires, even if insurance risk decreases significantly during that period.

Deferred Acquisition Costs

All direct acquisition costs incurred during the financial period associated with the origination of new insurance contracts, other than life insurance contracts, and the renewal of existing contracts but related to subsequent financial periods are capitalised at the amount recoverable out of future income. All other acquisition costs are recognised as expenses when incurred.

Deferred acquisition costs are amortised on a straight-line basis over the contract term. Amortisation is recognised as

an expense in the consolidated statement of comprehensive income.

As a result of an impairment test conducted as of each reporting date, the carrying value of deferred acquisition costs is written down to their recoverable value. Deferred acquisition costs are also accounted for when liabilities are tested for completeness as of each reporting date.

Deferred acquisition costs are derecognised when the related insurance contract is settled or terminated.

Provisions Under Insurance Contracts

Provisions under insurance contracts are based on the estimated total amount of all claims incurred but not handled as of the reporting date irrespective of whether they have been reported, as well as claims handling costs less the estimated cost of selling the insured property and other proceeds.

A significant period of time may pass between the dates of a notification of claim and the date of extinguishment, so the total amount of claims cannot be determined reliably as of the reporting date.

Application of Amendments to Standards

The following amendments to current standards became effective beginning on 1 January 2022:

- 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 Group reviewed these amendments to standards while preparing the consolidated financial information. The amendments to standards have had no significant impact on the Group's consolidated financial information.

5. Summary of Significant Accounting Policies (continued)

The Standard and Amendments to Existing Standards that are not yet Effective and have not been Early Adopted by the Group

New standard and certain amendments to standards are mandatory for the annual periods beginning on or after 1 January 2023. In particular, the Group has not early adopted the following standard and amendments to standards:

- IFRS 17 Insurance contracts (issued in May 2017 and amended in June 2020 and in December 2021, effective for annual reporting periods beginning on or after 1 January 2023) replaces IFRS 4 Insurance Contracts and establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures.
- The amendments to IAS 1 Presentation of Financial Statements (issued in 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 amendments to IAS 1 Presentation of Financial Statements (issued in January 2020 and effective for annual reporting periods beginning on or after 1 January 2024). The amendments clarify the criteria for classifying obligations as short-term or long-term.
 - The amendments to IAS 1 Presentation of Financial Statements (issued in October 2022 and effective for annual reporting periods beginning on or after 1 January 2024). The amendments clarify the criteria for classifying obligations with covenants as short-term or long-term and contain requirements for related disclosures.
 - The amendments to IFRS 16 Lease (issued in September 2022 and effective for annual reporting periods beginning on or after 1 January 2024). The amendments clarify the procedure for the subsequent valuation of assets and liabilities for sale and leaseback transactions.
- The Group is currently assessing the impact of these amendments on its financial position and performance.

6. Critical Judgements and Estimates in Applying Accounting Policies

The preparation of consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities as well as information in notes to the consolidated financial statements. Management also makes certain judgements in the process of applying the accounting policies. These estimates and judgements are continually analysed based on historical experience and other information, including forecasts and expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ

from specified estimates, and management's estimates can be revised in the future, either negatively or positively, depending upon the outcome of changes in expectations based on the facts surrounding each estimate.

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

6.1 Consolidation of Subsidiaries

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

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

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

6.2 Tax Legislation

Tax, currency and customs legislation of the Russian Federation is subject to varying interpretations (see Note 35).

Profit tax liabilities are determined by management in accordance with the current tax legislation. Liabilities for

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

6.3 Assumptions to Determine Amount of Allowances

Loss Allowance for Expected Credit Losses of Accounts Receivable

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

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

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

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

In addition, assumptions are applied in determining the cash-generating units assessed for impairment. For the purposes of goodwill impairment test, management considers gas production, transportation and distribution activities as part of single gas cash-generating unit and assesses associated goodwill at this level. The Group's pipelines constitute a unified

gas supply system, providing gas supply to customers in the Russian Federation, Former Soviet Union countries and Europe. The interaction of production of gas, transportation and distribution of gas activities provides the basis for capturing the benefits from synergies.

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

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

Accounting for Impairment

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

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

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

6.4 Decommissioning and Site Restoration Costs

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

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

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

6.5 Useful Lives of Property, Plant and Equipment

The estimation of the useful life of an item of property, plant and equipment is a matter of management judgement based upon experience with similar assets. In determining the useful life of an asset, management considers such factors as production and reserve estimates, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates.

Were the estimated useful lives to decrease by 10% or increase by 10% from Group's management estimates,

the impact on depreciation would be an increase by RUB 82,832 million or a decrease for the year ended 31 December 2022 (2021: by RUB 79,268 million).

Based on the terms included in the licenses and past experience, management believes that hydrocarbon production licenses, which are expected to be productive after their current expiration dates, will be extended at insignificant additional costs. Because of the anticipated license extensions, the assets are depreciated over their useful lives beyond the end of the current license term.

6.6 Fair Value Estimation of Financial Instruments

Determination of the fair value of contracts for the purchase (sale) of energy carriers, commodity futures and swaps is based on market data received on measurement date (Level 1 in accordance with the fair value hierarchy). Customary valuation models are used to value financial instruments which are not traded in active market. The fair value is calculated based on inputs that are observable either directly or indirectly (Level 2 in accordance with the fair value hierarchy).

Contracts not based on observable market data belong to Level 3 in accordance with the fair value hierarchy.

Management's best estimates based on models internally developed by the Group are used for the valuation of fair value these instruments. Where the valuation technique employed incorporates significant volume of input data for which market information is not available, such as long-term price assumptions, contracts have been categorised as Level 3 in accordance with the fair value hierarchy (see Note 37).

6.7 Fair Value Estimation for Acquisitions

In accounting for business combinations, the purchase price paid to acquire a business is allocated to its assets and liabilities based on the estimated fair value of the assets acquired and liabilities received as of the date of acquisition. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired is recorded as goodwill. A significant amount of judgement is involved

in estimating the individual fair value of property, plant and equipment and identifiable intangible assets.

The estimates used in determining fair value are based on assumptions believed to be reasonable but which are inherently uncertain. Accordingly, actual results may differ from the projected results used to determine fair value.

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

6.8 Accounting for Pension Plan Assets and Liabilities

Pension plan liabilities are estimated using actuarial techniques and assumptions (see Note 24). Actual results may differ from the estimates, and the Group's estimates may be adjusted in the future based on changes in economic and financial conditions. In addition, certain pension plan assets related to JSC NPF GAZFOND are recorded at fair value, determined using estimation techniques. Management makes judgements with respect to the selected models, the amount of cash flows and their distribution over time, as well as other indicators

including discount rate. The recognition of pension plan assets is limited to the estimated present value of future benefits available to the Group in relation to this plan. The value of future benefits is determined using actuarial techniques and assumptions. The impact of the limitation of the net pension plan asset in accordance with IAS 19 Employee Benefits is disclosed in Note 24. The value of pension plan assets and the limitations may be adjusted in the future.

6.9 Joint Arrangements

Upon adopting of IFRS 11 Joint Arrangements the Group applied judgement whether its joint arrangements represent a joint operation or a joint venture. The Group determined the type of joint arrangement based on its rights and obligations arising from the arrangement including the assessment of

the structure and legal form of the arrangement, the decision making terms agreed by the parties in the contractual arrangement and, when relevant, other factors and circumstances.

6.10 Accounting for Lease Liabilities and Right-of-use Assets

When measuring the present value of lease payments, the Group applies professional judgement to determine the incremental borrowing rate if the discount rate is not implicit in the lease. When determining the incremental borrowing rate, the Group management analyses borrowings over a similar term in a similar period. If there are no borrowings with similar characteristics the discount rate is determined on the basis of the risk-free rate, adjusted for the credit risk of the Group determined on the basis of its quoted bonds.

Assessment of the non-cancellable period is subject to management judgement, which takes into account all relevant facts and circumstances that create an economic incentive for the Group to exercise or not to exercise an option to extend the lease. These facts and circumstances include the need to extend the lease to continue operations, the period of construction and exploitation of assets on leased lands, useful lives of leased assets, potential dismantling and relocation costs.

6.11 Provisions Under Insurance Contracts

Estimation of the amount of provisions under insurance contracts requires the application of a series of significant assumptions regarding such indicators as the estimated amount of claims reported as of the reporting date and the amount of claims incurred but not reported as of the reporting date.

The main technique used to estimate the amount of claims is to apply historical trends of claims origination to forecast future trends of claims extinguishment. In accordance with the method used, paid claims development is extrapolated based on historical data about paid claims development in

prior periods and the expected loss ratio. Estimates based on historical information about claims development are also used and adjustments are made to eliminate deviations of historical trends from expected future development to obtain the most probable result from a set of claims development scenarios taking into account all inherent uncertainties.

As of each reporting date, the estimate of claims made in prior years is re-estimated and the amounts of provisions are adjusted. General insurance provisions are not discounted to reflect the time value of money.

7. Segment Information

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.

Due to changes in the economic environment in which the Group operates, the Group's management revised the principles of segmentation and measurement of key indicators of operating segments in 2022 as compared to the Group's latest annual consolidated financial statements. As a result, the following reportable segments were identified:

- Gas business – a type of the Group's business mainly related to the exploration, production, processing, storage, transportation, distribution and sale of gas, gas and gas condensate processing products in the Russian Federation and abroad, and activities that enable these business processes;
- Oil business – a type of the Group's business mainly related to the exploration, production, refining, storage, transportation and sale of oil and refined oil products in the Russian Federation and abroad;

- Electric power business – a type of the Group's business mainly related to electricity and heat generation and sale in the Russian Federation and abroad.

The Governing bodies of the Group assess the performance, assets and liabilities of the reportable segments on the basis of the data generated following measurement principles that correspond to the principles used to measure indicators in the consolidated financial statements. Inter-segment sales are calculated based on market prices.

Due to changes in the structure of the reportable segments and the principles used to measure their indicators, comparative segment information items for the year ended 31 December 2021 and as of 31 December 2021 were restated.

Sales and profit of the reportable segments, as well as depreciation and share in profit of associates and joint ventures are presented below. Finance income and expenses, profit tax expenses are considered by the Governing bodies of the Group for the Group as a whole without distribution by reportable segments.

	Gas business	Oil business	Electric power business	Total
Year ended 31 December 2022				
Sales of segments	8,146,194	3,636,313	567,256	12,349,763
Inter-segment sales	417,595	247,641	10,577	675,813
External sales	7,728,599	3,388,672	556,679	11,673,950
Profit of segments	1,165,325	691,787	78,047	1,935,159
Depreciation	573,946	230,996	57,438	862,380
Share of profit of associates and joint ventures	99,705	66,940	15	166,660
Year ended 31 December 2021				
Sales of segments	7,187,475	3,043,198	558,562	10,789,235
Inter-segment sales	334,005	205,050	8,827	547,882
External sales	6,853,470	2,838,148	549,735	10,241,353
Profit (loss) of segments	1,901,452	522,756	(12,947)	2,411,261
Depreciation	554,031	206,693	67,303	828,027
Share of profit of associates and joint ventures	146,072	96,100	24	242,196

The revenue from external sales of segments by type of revenue is provided below.

	Gas business	Oil business	Electric power business	Total
Year ended 31 December 2022				
Gas sales	6,475,936	36,931	–	6,512,867
Sales of crude oil, gas condensate and refined products	708,442	3,233,912	–	3,942,354
Electric and heat energy sales	49,318	7,630	538,036	594,984

7. Segment Information (continued)

	Gas business	Oil business	Electric power business	Total
Other sales	494,903	110,199	18,643	623,745
Total external sales of segments	7,728,599	3,388,672	556,679	11,673,950
Year ended 31 December 2021				
Gas sales	5,640,023	16,010	–	5,656,033
Sales of crude oil, gas condensate and refined products	738,637	2,738,695	–	3,477,332
Electric and heat energy sales	60,286	3,338	531,854	595,478
Other sales	414,524	80,105	17,881	512,510
Total external sales of segments	6,853,470	2,838,148	549,735	10,241,353

The reconciliation of segments profit to profit before profit tax in the consolidated statement of comprehensive income is provided below.

Notes		Year ended 31 December	
		2022	2021
	Profit of segments	1,935,159	2,411,261
29	Finance income	2,430,787	615,167
29	Finance expenses	(2,342,048)	(499,110)
16	Share of profit of associates and joint ventures	166,660	242,196
	Total profit before profit tax in the consolidated statement of comprehensive income	2,190,558	2,769,514

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.

	Gas business	Oil business	Electric power business	Total
As of 31 December 2022				
Assets of segments	20,602,262	5,348,091	883,875	26,834,228
Investments in associates and joint ventures	865,026	463,915	475	1,329,416
Capital expenditures ¹	2,107,564	627,039	107,219	2,841,822
Liabilities of segments	7,608,220	2,525,171	254,992	10,388,383
As of 31 December 2021				
Assets of segments	21,918,013	5,172,668	894,758	27,985,439
Investments in associates and joint ventures	977,280	444,568	460	1,422,308
Capital expenditures ²	1,511,868	562,551	90,302	2,164,721
Liabilities of segments	8,426,334	2,446,375	246,151	11,118,860

¹ Capital expenditures for the year ended 31 December 2022.

² Capital expenditures for the year ended 31 December 2021.

7. Segment Information (continued)

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

	31 December	
	2022	2021
Assets of reportable segments	26,834,228	27,985,439
Inter-segment assets	(705,299)	(938,209)
Total assets in the consolidated balance sheet	26,128,929	27,047,230

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

	31 December	
	2022	2021
Liabilities of reportable segments	10,388,383	11,118,860
Inter-segment liabilities	(705,299)	(938,209)
Total liabilities in the consolidated balance sheet	9,683,084	10,180,651

8. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks, term deposits with the original maturity of three months or less and other cash equivalents.

	31 December	
	2022	2021
Cash on hand and bank balances payable on demand	720,818	1,642,711
Term deposits with original maturity of three months or less and other cash equivalents	436,769	371,212
Total cash and cash equivalents	1,157,587	2,013,923

The fair value of cash and cash equivalents approximates their carrying value.

As of 31 December 2022 cash and cash equivalents are mainly held in accounts with Russian banks whose credit rating according to the national scale of JSC Expert RA is ruAA+ or

higher. As of 31 December 2021 cash and cash equivalents are mainly held in accounts with Russian banks whose international credit rating is BBB- or higher (the rating is provisionally brought to the classification applied by Standard & Poor's).

9. Financial Assets

Short-term financial assets are provided in the table below.

Notes	31 December	
	2022	2021
37 Debt securities measured at fair value with changes recognised through profit or loss	16,829	23,706
37 Equity securities measured at fair value with changes recognised through profit or loss	1,413	1,305
37 Debt securities measured at fair value with changes recognised through other comprehensive income	2,378	1,092
37 Equity securities measured at fair value with changes recognised through other comprehensive income	1,390	–
Debt securities measured at amortised cost	126	134
Total short-term financial assets	22,136	26,237

Long-term financial assets are provided in the table below.

Notes	31 December	
	2022	2021
37 Equity securities measured at fair value with changes recognised through profit or loss	942	2,343
37 Debt securities measured at fair value with changes recognised through other comprehensive income	9,837	338
37 Equity securities measured at fair value with changes recognised through other comprehensive income ¹	394,785	597,066
Debt securities measured at amortised cost	433	–
Total long-term financial assets	405,997	599,747

¹ Equity securities measured at fair value with changes recognised through other comprehensive income include PJSC NOVATEK shares in the amount of RUB 327,108 million and RUB 527,769 million as of 31 December 2022 and 31 December 2021, respectively.

As of 31 December 2022 and 31 December 2021 debt securities measured at fair value with changes recognised through other comprehensive income primarily relate to issuers whose credit rating according to the national scale of JSC Expert RA is ruAAA. As of 31 December 2022 and

31 December 2021 debt securities measured at amortised cost include bonds and promissory notes on the balance sheets of the Group's entities whose credit quality is assessed by management as high.

10. Accounts Receivable and Prepayments

	31 December	
	2022	2021
Financial assets		
Trade accounts receivable	1,256,790	1,609,728
Loans receivable	195,652	98,925
Other accounts receivable	92,519	109,970
	1,544,961	1,818,623
Non-financial assets		
Advances paid and prepayments	401,467	191,328
Total accounts receivable and prepayments	1,946,428	2,009,951

10. Accounts Receivable and Prepayments (continued)

The estimated fair value of short-term accounts receivable approximates their carrying value.

Trade accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 1,457,501 million and RUB 1,024,873 million as of 31 December 2022 and 31 December 2021, respectively.

Loans receivable are presented net of allowance for expected credit losses in the amount of RUB 6,707 million and RUB 15,748 million as of 31 December 2022 and 31 December 2021, respectively.

Other accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 52,674 million and RUB 35,010 million as of 31 December 2022 and 31 December 2021, respectively.

Advances paid and prepayments are presented net of impairment allowance in the amount of RUB 9,650 million and RUB 6,749 million as of 31 December 2022 and 31 December 2021, respectively.

Other accounts receivable are mainly represented by accounts receivable from Russian customers for various types of goods, works and services.

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2022	2021	2022	2021
Short-term accounts receivable neither past due nor credit-impaired	795,181	1,486,883	258,106	144,342
Short-term accounts receivable past due or credit-impaired	1,919,110	1,147,718	89,446	115,311
Amount of allowance for expected credit losses of accounts receivable	(1,457,501)	(1,024,873)	(59,381)	(50,758)
Total short-term accounts receivable	1,256,790	1,609,728	288,171	208,895

Management's experience indicates customer payment histories in respect of trade accounts receivable neither past due nor credit-impaired vary by geography. Analysis of credit

quality of trade and other receivable, loans receivable is provided below.

	31 December	
	2022	2021
Outside the Russian Federation countries gas, crude oil, gas condensate and refined products trade accounts receivable	390,938	1,093,094
The Russian Federation gas, crude oil, gas condensate and refined products trade accounts receivable	281,596	211,273
Electricity and heat trade accounts receivable	45,813	76,033
Other trade accounts receivable	76,834	106,483
Other accounts receivable	62,454	45,417
Loans receivable	195,652	98,925
Total accounts receivable neither past due nor credit-impaired	1,053,287	1,631,225

As of 31 December 2022 and 31 December 2021 credit-impaired receivables mainly relate to trade receivables. In management's view the accounts receivable will be settled.

The ageing analysis of overdue or credit-impaired receivables is presented below:

Ageing from the due date	Gross book value 31 December		Allowance for expected credit losses 31 December		Net book value 31 December	
	2022	2021	2022	2021	2022	2021
up to 6 months	586,777	256,607	(217,277)	(99,368)	369,500	157,239
from 6 to 12 months	390,935	54,936	(320,229)	(35,791)	70,706	19,145
from 1 to 3 years	195,016	168,072	(149,470)	(159,573)	45,546	8,499
more than 3 years	835,828	783,414	(829,906)	(780,899)	5,922	2,515
	2,008,556	1,263,029	(1,516,882)	(1,075,631)	491,674	187,398

10. Accounts Receivable and Prepayments (continued)

Change in the Group's allowance for expected credit losses of trade and other accounts receivable is provided in the table below.

	Trade receivables Year ended 31 December		Other receivables and loans receivable Year ended 31 December	
	2022	2021	2022	2021
Allowance for expected credit losses of accounts receivable at the beginning of the year	1,024,873	975,910	50,758	56,795
Changing the perimeter of the group	(3,999)	–	(2,790)	(1,705)
Accrual of allowance for expected credit losses of accounts receivable ¹	413,291	125,819	26,165	10,126
Write-off of accounts receivable during the year ²	(656)	(3,824)	(11,279)	(3,033)
Reversal of previously accrued allowance for expected credit losses of accounts receivable ¹	(37,407)	(75,552)	(6,811)	(10,996)
Reclassification to other lines	8,257	(236)	13	(105)
Foreign exchange rate differences	53,142	2,756	3,325	(324)
Allowance for expected credit losses of accounts receivable at the end of the year	1,457,501	1,024,873	59,381	50,758

¹ The accrual and release of allowance for expected credit losses of accounts receivable have been included in the line "Impairment loss on financial assets" in the consolidated statement of comprehensive income.

² If there is no probability of cash receipt for the credit-impaired accounts receivable which were previously provided for, the amount of respective accounts receivable is written-off by means of that allowance.

11. Inventories

	31 December	
	2022	2021
Gas in pipelines and storages	587,424	491,829
Materials and supplies	233,100	202,094
Goods for resale	35,318	151,933
Crude oil and refined products	200,681	163,467
Total inventories	1,056,523	1,009,323

The amount of inventories write-down to the net realisable value was RUB 8,685 million and RUB 77 million for the

years ended 31 December 2022 and 31 December 2021, respectively.

12. Other Current and Non-Current Assets

Other current assets are provided in the table below.

Notes	31 December	
	2022	2021
Financial assets		
Short-term deposits	28,376	200,758
37 Derivative financial instruments	1,570	537,949
	29,946	738,707

12. Other Current and Non-Current Assets (continued)

Notes	31 December	
	2022	2021
Non-financial assets		
Prepaid VAT	166,082	174,491
VAT recoverable	93,761	105,425
Prepaid profit tax	19,090	11,177
Other	128,564	125,049
	407,497	416,142
Total other current assets	437,443	1,154,849

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

Notes	31 December	
	2022	2021
Financial assets		
Long-term deposits	32,002	18,903
37 Derivative financial instruments	5,002	140,635
	37,004	159,538
Non-financial assets		
Intangible assets	99,438	92,505
24 Net pension plan assets	31,817	40,802
VAT related to assets under construction	17,051	15,907
Other	309,081	252,535
	457,387	401,749
Total other non-current assets	494,391	561,287

The estimated fair value of short-term and long-term deposits approximates their carrying value.

13. Property, Plant and Equipment

	Pipelines	Wells	Machinery and equipment	Buildings and roads	Production licenses	Social assets	Assets under construction	Total
As of 31 December 2020								
Cost	5,252,293	2,533,183	6,235,303	5,089,889	668,498	94,444	4,664,513	24,538,123
Accumulated depreciation	(1,789,768)	(809,051)	(3,203,330)	(1,844,776)	(303,232)	(49,585)	–	(7,999,742)
Impairment allowance	(445)	(128,528)	(102,880)	(42,879)	(6,900)	–	(153,654)	(435,286)
Net book value as of 31 December 2020	3,462,080	1,595,604	2,929,093	3,202,234	358,366	44,859	4,510,859	16,103,095
Cost								
Additions	2,280	10,051	20,551	3,020	17,988	1,620	2,190,934	2,246,444
Transfers	114,431	220,895	624,098	452,349	1,253	214	(1,413,240)	–

13. Property, Plant and Equipment (continued)

	Pipelines	Wells	Machinery and equipment	Buildings and roads	Production licenses	Social assets	Assets under construction	Total
Disposals	(2,341)	(176,896)	(79,194)	(95,345)	(55,211)	(1,619)	(144,715)	(555,321)
Translation differences	(41,478)	(9,742)	(17,570)	(9,625)	441	(198)	(57,989)	(136,161)
Accumulated depreciation and impairment allowance								
Depreciation	(108,230)	(108,610)	(390,134)	(174,014)	(8,998)	(2,696)	–	(792,682)
Disposals	1,498	43,937	61,392	34,709	9,408	610	38,693	190,247
Translation differences	(126)	1,941	7,871	2,528	(426)	93	32	11,913
Change in impairment allowance:	–	(8,864)	(83,144)	(66,484)	–	–	(235,475)	(393,967)
allowance accrual	–	(8,864)	(83,144)	(66,484)	–	–	(235,475)	(393,967)
allowance release	–	–	–	–	–	–	–	–
As of 31 December 2021								
Cost	5,325,185	2,577,491	6,786,924	5,440,438	632,969	94,461	5,235,617	26,093,085
Accumulated depreciation	(1,896,626)	(871,292)	(3,525,199)	(1,981,562)	(303,210)	(51,578)	–	(8,629,467)
Impairment allowance	(445)	(137,883)	(188,762)	(109,504)	(6,938)	–	(346,518)	(790,050)
Net book value as of 31 December 2021	3,428,114	1,568,316	3,072,963	3,349,372	322,821	42,883	4,889,099	16,673,568
Cost								
Additions ¹	328	50,961	27,087	64,239	4,706	31	2,798,595	2,945,947
Transfers	89,633	234,043	687,925	661,277	311	242	(1,673,431)	–
Disposals ²	(4,317)	(143,385)	(274,241)	(176,035)	(84,144)	(1,599)	(68,069)	(751,790)
Translation differences	(59,676)	(27,076)	21,491	(28,578)	(19,128)	(562)	(83,386)	(196,915)
Accumulated depreciation and impairment allowance								
Depreciation	(121,242)	(107,431)	(391,477)	(197,351)	(8,617)	(2,202)	–	(828,320)
Disposals ²	3,596	65,030	164,838	92,959	55,310	1,241	14,226	397,200
Translation differences	6,029	15,674	(3,574)	10,666	14,107	(600)	(198,015)	(155,713)
Change in impairment allowance:	(417)	(95,051)	(47,887)	(82,633)	(300)	(2,089)	(436,540)	(664,917)
allowance accrual	(417)	(95,051)	(55,893)	(91,515)	(300)	(2,089)	(523,598)	(768,863)
allowance release	–	–	8,006	8,882	–	–	87,058	103,946
As of 31 December 2022								
Cost	5,351,153	2,692,034	7,254,778	5,961,577	534,714	92,573	6,203,498	28,090,327
Accumulated depreciation	(2,008,276)	(905,314)	(3,778,916)	(2,077,957)	(242,740)	(52,377)	–	(9,065,580)
Impairment allowance	(829)	(225,639)	(218,737)	(189,704)	(6,908)	(2,851)	(961,019)	(1,605,687)
Net book value as of 31 December 2022	3,342,048	1,561,081	3,257,125	3,693,916	285,066	37,345	5,242,479	17,419,060

¹ Including a result of the acquisition of subsidiaries.

² Including a result of the disposal of subsidiaries and joint operations.

At each consolidated balance sheet date management assesses whether there is any indication that the recoverable amount of assets, including goodwill, has declined below their carrying value.
As of 31 December 2022 and 31 December 2021 the Group conducted a test of assets for the purposes of making a

decision on the possible accrual or release of previously recognised impairment.

13. Property, Plant and Equipment (continued)

The Group applied discount rates ranging from 9.75% to 19.50% and from 5.76% to 14.80% as of 31 December 2022 and 31 December 2021, respectively. Cash flows were forecasted based on actual operating results, budgets and other corporate documents containing forward-looking data.

The cash flow forecast covered the period commensurate with the expected useful life of the respective assets. To extrapolate cash flows beyond the periods which are not included in the corporate documents containing forecast data, estimated growth rates were used.

The most significant CGU is the group of assets that constitute the Unified Gas Supply System and assets for production, transportation and refining of gas in the Eastern Siberia and the Far East (gas business segment). As of 31 December 2022 and 31 December 2021 the test did not reveal impairment of assets in this CGU.

Based on the result of the test for impairment of other CGUs and testing of certain assets for impairment on an individual basis, the Group recognised an asset impairment loss in the amount of RUB 245,265 million and RUB 158,492 million as of 31 December 2022 and 31 December 2021, respectively, associated with the following reportable segments:

- Gas business;
- Oil business;
- Electric power business.

Impairment allowance for assets under construction primarily relates to projects for which it is unlikely that there will be future economic benefits.

Included in additions above are capitalised borrowing costs of RUB 324,126 million and RUB 206,129 million for the years ended 31 December 2022 and 31 December 2021, respectively. Capitalisation rates of 8.57% and 5.16% were used representing the weighted average borrowing cost including exchange differences on foreign currency borrowings for the years ended 31 December 2022 and 31 December 2021, respectively. Capitalisation rate excluding exchange losses on foreign currency borrowings were 4.47% and 4.87% for the years ended 31 December 2022 and 31 December 2021, respectively.

The information regarding the Group's exploration and evaluation assets (included within production licenses and assets under construction) is presented below:

	Year ended 31 December	
	2022	2021
Exploration and evaluation assets at the beginning of the year	328,562	371,815
Additions	96,684	77,060
Translation differences	(164)	(814)
Reclassification	(3,894)	(18,489)
Disposals	(21,538) ¹	(101,010) ²
Exploration and evaluation assets at the end of the year	399,650	328,562

¹ Including impairment loss in the amount of RUB 8 million.

² Including impairment loss in the amount of RUB nil million.

14. Right-of-Use Assets

	Year ended 31 December	
	2022	2021
Right-of-Use Assets at the beginning of the year		
Cost	350,076	280,243
Accumulated depreciation and impairment allowance	(123,786)	(84,930)
Net book value	226,290	195,313
Cost		
Additions as a result of new leases	132,761	71,466
Disposals	(126,463)	(14,591)
Effect of modification and changes of estimates in lease contracts	(28,292)	13,428
Translation differences	6,148	(470)

14. Right-of-Use Assets (continued)

	Year ended 31 December	
	2022	2021
Accumulated depreciation and impairment allowance		
Depreciation	(44,883)	(46,019)
Disposals	52,042	7,893
Impairment allowance accrual	(319)	(1,373)
Effect of modification and changes of estimates in lease contracts	43,204	–
Translation differences	–	643
Right-of-Use Assets at the end of the year		
Cost	334,230	350,076
Accumulated depreciation and impairment allowance	(73,742)	(123,786)
Net book value	260,488	226,290

Right-of-use assets are mainly represented by leases of ships, used for transportation of liquefied natural gas and refined products, and leases of properties and land occupied by operating assets.

The total cash outflow under lease agreements amounted to RUB 64,719 million and RUB 64,858 million for the years ended 31 December 2022 and 31 December 2021, respectively.

15. Goodwill

Change in goodwill occurred as a result of subsidiaries acquisition is presented in the table below.

	Year ended 31 December	
	2022	2021
Goodwill at the beginning of the year	120,768	119,854
Additions	8,370	415
Translation differences	1,559	499
Disposals	(112)	–
Goodwill at the end of the year	130,585	120,768

Goodwill acquired through business combinations has been allocated to the related cash-generating units and segments within the following operations:

	31 December	
	2022	2021
Gas business	62,239	53,981
Oil business	40,020	38,461
Electric power business	28,326	28,326
Total goodwill	130,585	120,768

15. Goodwill (continued)

Management has assessed the existence of indications of goodwill impairment. The procedure of calculating of the recoverable amount of a group of cash-generating units is described in Note 13.

As a result of this assessment no impairment loss on goodwill were recognized by the Group for the years ended 31 December 2022 and 31 December 2021.

16. Investments in Associates and Joint Ventures

Notes	Carrying amount as of 31 December		Share of profit (loss) for the year ended 31 December	
	2022	2021	2022	2021
LLC Sakhalin Energy ¹	278,285	209,384	141,944	73,829
24, 33, Gazprombank (Joint Stock Company) and 35 its subsidiaries	203,261	227,503	(17,956)	37,812
Other associates	295,891	274,214	(35,371)	(30,991)
Joint ventures	551,979	711,207	78,043	161,546
Total investments in associates and joint ventures	1,329,416	1,422,308	166,660	242,196

¹ In August 2022, LLC Sakhalin Energy was established to which all rights and obligations of Sakhalin Energy Investment Company Ltd. were transferred with the Group retaining its ownership interest.

Investments in associates and joint ventures are accounted net of allowance for investments impairment in the amount of RUB 180,409 million and RUB 71,047 million as of 31 December 2022 and 31 December 2021, respectively.

For the years ended 31 December 2022 and 31 December 2021 the Group recognised the impairment loss in the amount of RUB 146,486 million and RUB 52,207 million respectively.

Material Associates

	Nature of relationship	Country of primary operations	Nature of operations	Ownership interest (%) ¹ as of 31 December	
				2022	2021
Gazprombank (Joint Stock Company) ²	Associate	Russia	Banking	49.88	49.88
LLC Sakhalin Energy	Associate	Russia	Production of oil, LNG	50	50

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

² Share in voting shares.

Investments in the Group's material associates and joint ventures are accounted for using the equity method.

Summarised financial information on the Group's material associates and its reconciliation to the carrying amount of its ownership interests is presented below.

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

This financial information may differ from the financial statements of an associate prepared and presented in accordance with IFRS due to adjustments required in application of the equity method, such as fair value adjustments to identifiable assets and liabilities at the date of acquisition and adjustments for differences in accounting policies.

16. Investments in Associates and Joint Ventures (continued)

	Gazprombank (Joint Stock Company) and its subsidiaries ¹	LLC Sakhalin Energy
As of 31 December 2022 and for the year ended 31 December 2022		
Current assets	4,413,032	380,238
Non-current assets	8,032,596	693,415
Total assets	12,445,628	1,073,653
Current liabilities	8,992,146	113,899
Non-current liabilities	2,690,708	395,395
Total liabilities	11,682,854	509,294
Net assets	762,774	564,359
Ownership interest	49.88%	50%
Group's share of net assets	380,506	282,180
Impairment, goodwill and other effects	(177,245)	(3,895)
Carrying amount of investment	203,261	278,285
Revenue	188,050	682,817
(Loss) profit for the year	(16,150)	283,887
Other comprehensive loss for the year	(7,815)	–
Comprehensive (loss) income for the year	(23,965)	283,887
Dividends received from associates	(6,519)	(22,500)
As of 31 December 2021 and for the year ended 31 December 2021		
Current assets	3,064,971	133,019
Non-current assets	5,556,528	824,369
Total assets	8,621,499	957,388
Current liabilities	6,276,002	157,355
Non-current liabilities	1,613,675	381,266
Total liabilities	7,889,677	538,621
Net assets	731,822	418,767
Ownership interest	49.88%	50%
Group's share of net assets	365,066	209,384
Impairment, goodwill and other effects	(137,563)	–
Carrying amount of investment	227,503	209,384
Revenue	281,903	422,629
Profit for the year	95,768	147,658
Other comprehensive (loss) income for the year	(3,107)	381
Comprehensive income for the year	92,661	148,039
Dividends received from associates	(2,625)	(81,965)

¹ The amount of revenue of Gazprombank (Joint Stock Company) and its subsidiaries includes revenue of media business, machinery business and other non-banking entities.

17. Long-Term Accounts Receivable and Prepayments

	31 December	
	2022	2021
Financial assets		
Long-term trade accounts receivable	87,316	82,123
Long-term loans receivable	155,609	253,895
Long-term other accounts receivable	65,225	82,417
	308,150	418,435
Non-financial assets		
Long-term prepayments	9,089	24,451
Advances for assets under construction	815,642	786,093
	824,731	810,544
Total long-term accounts receivable and prepayments	1,132,881	1,228,979

Long-term accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 55,840 million and RUB 23,018 million as of 31 December 2022 and 31 December 2021, respectively. Prepayments and advances paid for assets under construction are presented net of impairment allowance in the amount of RUB 8,808 million and RUB 8,324 million as of 31 December 2022 and 31 December 2021, respectively.

As of 31 December 2022 and 31 December 2021 long-term accounts receivable and prepayments with carrying value RUB 308,150 million and RUB 418,435 million have an estimated fair value RUB 308,150 million and RUB 418,435 million, respectively.

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2022	2021	2022	2021
Long-term accounts receivable neither past due nor credit-impaired	87,302	82,123	220,834	335,145
Long-term accounts receivable past due or credit-impaired	479	8,772	55,375	15,413
Allowance for expected credit losses of long-term accounts receivable	(465)	(8,772)	(55,375)	(14,246)
Total long-term accounts receivable	87,316	82,123	220,834	336,312

Management experience indicates that long-term loans to other entities granted mainly for capital construction purposes are of strong credit quality.

Movement of the Group's allowance for expected credit losses of long-term accounts receivable is presented in the table below.

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2022	2021	2022	2021
Allowance for expected credit losses of accounts receivable at the beginning of the year	8,772	5,927	14,246	10,156
Changing the perimeter of the group	–	–	(3,433)	–
Accrual of allowance for expected credit losses of accounts receivable ¹	868	3,491	24,478	5,317
Adjustment of an investment using the equity method	–	–	20,882	–
Write-off of accounts receivable	–	–	(670)	–
Reversal of previously accrued allowance for expected credit losses of accounts receivable ¹	(664)	(909)	(366)	(1,011)

17. Long-Term Accounts Receivable and Prepayments (continued)

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2022	2021	2022	2021
Reclassification to other line of assets	(8,257)	236	(13)	105
Foreign exchange rate differences	(254)	27	251	(321)
Allowance for expected credit losses of accounts receivable at the end of the year	465	8,772	55,375	14,246

¹ The accrual and release of allowance for expected credit losses of long-term accounts receivable have been included in the line "Impairment loss on financial assets" in the consolidated statement of comprehensive income

18. Accounts Payable, Provisions and Other Liabilities

Notes	31 December	
	2022	2021
Financial liabilities		
Trade accounts payable	602,589	1,113,471
Accounts payable for acquisition of property, plant and equipment	412,231	396,856
Provisions	134,858	99,506
Liabilities towards employees	81,376	70,034
Lease liabilities	51,587	53,079
37 Derivative financial instruments	1,604	555,753
Other accounts payable	206,928	190,193
	1,491,173	2,478,892
Non-financial liabilities		
Advances received	217,365	318,768
Accruals and deferred income	3,101	2,140
	220,466	320,908
Total accounts payable, provisions and other liabilities	1,711,639	2,799,800

The fair value of these liabilities approximately equal to their carrying value.

19. Taxes Other than on Profit and Fees Payable

	31 December	
	2022	2021
VAT	172,090	183,678
MET	110,621	121,450
Property tax	59,021	34,067
Excise tax	43,814	31,215
Other taxes	43,793	42,984
Total taxes other than on profit and fees payable	429,339	413,394

20. Short-Term Borrowings, Promissory Notes and Current Portion of Long-Term Borrowings

	31 December	
	2022	2021
Short-term borrowings and promissory notes:		
Borrowings and promissory notes denominated in Russian Rubles	128,771	115,900
Foreign currency denominated borrowings	313	11,343
	129,084	127,243
Current portion of long-term borrowings (see Note 21)	580,184	569,803
Total short-term borrowings, promissory notes and current portion of long-term borrowings	709,268	697,046

The weighted average effective interest rates at the balance sheet date were as follows:

	31 December	
	2022	2021
Fixed rate short-term borrowings denominated in Russian Rubles	7.17%	8.67%
Fixed rate foreign currency denominated short-term borrowings	2.05%	0.50%
Variable rate short-term borrowings denominated in Russian Rubles	5.81%	9.32%
Variable rate foreign currency denominated short-term borrowings	–	0.15%

The fair value of these liabilities approximates their carrying value.

21. Long-Term Borrowings, Promissory Notes

	31 December	
	2022	2021
Long-term borrowings, promissory notes:		
Bank borrowings	2,497,273	1,809,661
Loan participation notes	1,468,874	2,026,399
Russian bonds	514,840	420,626
Loans	414,323	451,494
Other bonds	34,171	41,560
Promissory notes	7,296	6,719
Total long-term borrowings, promissory notes	4,936,777	4,756,459
Less current portion of long-term borrowings	(580,184)	(569,803)
	4,356,593	4,186,656

21. Long-Term Borrowings, Promissory Notes (continued)

	31 December	
	2022	2021
Long-term borrowings and promissory notes		
denominated in Russian Rubles (including current portion of RUB 270,554 million and RUB 123,665 million as of 31 December 2022 and 31 December 2021, respectively)	1,953,308	1,045,927
denominated in foreign currency (including current portion of RUB 309,630 million and RUB 446,138 million as of 31 December 2022 and 31 December 2021, respectively)	2,983,469	3,710,532
	4,936,777	4,756,459

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

Maturity of long-term borrowings, promissory notes	31 December	
	2022	2021
between one and two years	614,870	591,465
between two and five years	2,037,569	1,643,345
after five years	1,704,154	1,951,846
	4,356,593	4,186,656

Long-term liabilities include fixed interest rate borrowings with a carrying value of RUB 2,214,796 million and RUB 2,786,826 million and fair value of RUB 2,045,396 million and RUB 3,003,568 million as of 31 December 2022 and 31 December 2021, respectively.

All other long-term borrowings have variable interest rates generally linked to LIBOR and EURIBOR. Their carrying value

is RUB 2,721,981 million and RUB 1,969,633 million and fair value is RUB 2,704,076 million and RUB 2,146,438 million as of 31 December 2022 and 31 December 2021, respectively.

The weighted average effective interest rates at the balance sheet date were as follows:

	31 December	
	2022	2021
Fixed interest rate long-term borrowings denominated in Russian Rubles	10.87%	7.49%
Fixed interest rate foreign currency denominated long-term borrowings	3.99%	4.69%
Variable interest rate long-term borrowings denominated in Russian Rubles	9.27%	9.21%
Variable interest rate foreign currency denominated long-term borrowings	4.88%	2.80%

As of 31 December 2022 and 31 December 2021 according to the agreements signed within the framework of financing the Nord Stream 2 project, 100% of shares of Nord Stream 2 AG were pledged until a full settlement of the secured obligations.

As of 31 December 2022 and 31 December 2021 according to the agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant, 99.99% of interest in the charter capital of

LLC Gazprom pererabotka Blagoveshchensk (a subsidiary) was pledged until a full settlement of the secured obligations. As of 31 December 2022 and 31 December 2021 the secured obligations to agent banks amounted to RUB 650,773 million and RUB 636,701 million, respectively.

The Group has no subordinated borrowings and no debt obligations that may be converted into shares of the Group (see Note 30).

22. Profit Tax

Profit before profit tax for financial reporting purposes is reconciled to profit tax expense as follows:

Notes	For the year ended 31 December	
	2022	2021
Profit before profit tax	2,190,558	2,769,514
Theoretical tax charge calculated at applicable tax rates	(438,112)	(553,903)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-deductible expenses	(742,179)	(158,709)
16 Non-taxable share of profit of associates and joint ventures	33,332	48,439
Income on exchange and sum differences	90,429	12,228
The effect of applying different income tax rates	114,463	178
Other non-taxable income	63,154	41,339
Profit tax expenses	(878,913)	(610,428)

The change in non-deductible expenses was mainly caused by MET expenses for the year ended 31 December 2022 due to amendments made to the Tax Code of the Russian Federation (see Note 28).

Differences between the recognition criteria of assets and liabilities reflected in the consolidated financial statements and for the purposes of taxation give rise to certain temporary differences. The tax effect of the movement in these temporary

differences is reported at the rates set forth by the applicable legislation of the Russian Federation. Certain entities of the Gazprom Group enjoy preferential tax treatment, which allows them to pay income tax at a reduced rate.

Recognised deferred tax assets and liabilities in the Consolidated Financial Statements are attributable to the following:

	Deferred tax assets	Deferred tax liabilities	Net
As of 31 December 2022			
Property, plant and equipment	285,192	(1,509,941)	(1,224,749)
Right-of-use assets	–	(49,676)	(49,676)
Financial assets	22,204	(3,396)	18,808
Account receivables	162,097	(29,208)	132,889
Inventories	33,161	(64,646)	(31,485)
Tax losses carry forward	63,199	–	63,199
Retroactive gas price adjustments	–	–	–
Lease liabilities	36,902	–	36,902
Other deductible temporary differences	326,819	(393,013)	(66,194)
Netting	(593,580)	593,580	–
Total deferred income tax assets / (liabilities)	335,994	(1,456,300)	(1,120,306)
As of 31 December 2021			
Property, plant and equipment	270,300	(1,291,488)	(1,021,188)
Right-of-use assets	–	(35,744)	(35,744)

22. Profit Tax (continued)

	Deferred tax assets	Deferred tax liabilities	Net
Financial assets	5,413	(41,947)	(36,534)
Account receivables	156,436	(372)	156,064
Inventories	15,928	(28,136)	(12,208)
Tax losses carry forward	48,886	(2)	48,884
Retroactive gas price adjustments	17,063	–	17,063
Lease liabilities	43,152	–	43,152
Other deductible temporary differences	64,035	(98,623)	(34,588)
Netting	(621,213)	621,213	–
Total deferred income tax liabilities	–	(875,099)	(875,099)

	Temporary differences recognition and reversals			Temporary differences recognition and reversals			
	31 December 2020	in profit or loss	in other comprehensive income	31 December 2021	in profit or loss	in other comprehensive income	31 December 2022
Property, plant and equipment	(987,598)	(41,964)	8,374	(1,021,188)	(212,048)	8,487	(1,224,749)
Right-of-use assets	(29,832)	(5,912)	–	(35,744)	(13,932)	–	(49,676)
Financial assets	4,980	(215)	(41,299)	(36,534)	14,775	40,567	18,808
Account receivables	172,187	(16,123)	–	156,064	(23,175)	–	132,889
Inventories	(2,693)	(9,515)	–	(12,208)	(19,277)	–	(31,485)
Tax losses carry forward	114,866	(65,982)	–	48,884	15,295	(980)	63,199
Retroactive gas price adjustments	8,164	8,899	–	17,063	(17,063)	–	–
Lease liabilities	40,421	2,731	–	43,152	(6,250)	–	36,902
Other deductible temporary differences	11,781	(29,530)	(16,839)	(34,588)	(40,302)	8,696	(66,194)
Total net deferred tax liabilities	(667,724)	(157,611)	(49,764)	(875,099)	(301,977)	56,770	(1,120,306)

Other taxable temporary differences as of 31 December 2022 include temporary differences of RUB 321,393 million caused

by the fact that from 1 January 2022 foreign exchange gains are not taxable until claims and liabilities are paid.

23. Derivative Financial Instruments

The Group has outstanding commodity contracts measured at fair value. The fair value of derivative financial instruments is based on market quotes on measurement date or calculation using an agreed price formula.

Where appropriate, in order to manage currency risk the Group uses foreign currency derivatives.

23. Derivative Financial Instruments (continued)

The following table provides an analysis of the Group's position and fair value of derivative financial instruments outstanding as of the end of the reporting year. Fair values of assets and

liabilities classified as derivative financial instruments are reflected in the consolidated balance sheet on a gross basis within other assets and other liabilities.

Fair value	31 December	
	2022	2021
Assets		
Commodity contracts	6,459	665,262
Foreign currency derivatives and currency and interest rate swaps	–	10,095
Other derivative financial instruments	113	3,227
	6,572	678,584
Liabilities		
Commodity contracts	6,455	661,486
Foreign currency derivatives and currency and interest rate swaps	–	3,857
Other derivative financial instruments	2,172	655
	8,627	665,998

Derivative financial instruments are mainly denominated in US dollars and Euros.

The decrease in derivative financial instruments is due to the disposal of subsidiaries.

24. Provisions

	31 December	
	2022	2021
Provision for post-employment benefits	314,870	298,822
Provision for decommissioning and site restoration costs	267,878	249,306
Other	39,277	29,735
Total provisions	622,025	577,863

The Group applies pension and other post-employment benefits system, which is recorded as defined benefit plan in the consolidated financial statements under IAS 19 Employee Benefits. Pension benefits are provided to the majority of the Group's employees. These benefits include pension benefits provided by the non-governmental pension fund, JSC NPF GAZFOND, and lump-sum payments provided by the Group upon retirement.

The amount of benefits provided depends on the time of service rendered by employees (length of service), salary in the last years preceding retirement, a predetermined fixed amount or a combination of these factors.

The principal actuarial assumptions used:

	31 December	
	2022	2021
Discount rate (nominal)	10.3%	8.4%
Future salary and pension increase (nominal)	6.0%	5.0%
Average expected retirement age, years	women 58, men 62	
Employee turnover ratio	age-related probability of resignation curve, 3.8% on average	

24. Provisions (continued)

The weighted average term of obligations to maturity is 10.1 years.

The assumptions related to the remaining life expectancy of employees at expected retirement age were 16.3 years for

62 year old men and 25.8 years for 58 year old women in 2022 and 2021.

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

	31 December 2022		31 December 2021	
	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	(411,978)	(314,870)	(401,560)	(298,822)
Fair value of plan assets	443,795	—	442,362	—
Total net assets (liabilities)	31,817	(314,870)	40,802	(298,822)

The net pension plan assets related to benefits provided through JSC NPF GAZFOND in the amount of RUB 31,817 million and RUB 40,802 million as of 31 December 2022 and 31 December 2021, respectively, are included within other non-current assets in the consolidated balance sheet (see Note 12).

Changes in the present value of the defined benefit plan obligations and in the fair value of pension plan assets for the years ended 31 December 2022 and 31 December 2021 are presented below.

	Provision for pension plan provided through JSC NPF GAZFOND	Fair value of plan assets	Net (assets) liabilities	Provision for other post-employment benefits
As of 31 December 2021	401,560	(442,362)	(40,802)	298,822
Current service cost	10,836	—	10,836	13,370
Past service cost	134	—	134	617
Interest expense (income)	33,727	(36,907)	(3,180)	24,642
Other ¹	—	—	—	(7,214)
Total included in profit or loss (see Note 29)	44,697	(36,907)	7,790	31,415
Remeasurement of provision for post-employment benefits:				
Actuarial gains – changes in financial assumptions	(29,012)	—	(29,012)	(31,044)
Actuarial gains – changes in demographic assumptions	(143)	—	(143)	(51)
Actuarial losses – experience adjustments	15,174	—	15,174	37,918
Expense on plan assets excluding amounts included in interest expense	—	29,489	29,489	—
Translation differences	—	—	—	788
Total included in other comprehensive income	(13,981)	29,489	15,508	7,611
Benefits paid	(20,298)	20,298	—	(22,978)
Employer's contributions	—	(14,313)	(14,313)	—
As of 31 December 2022	411,978	(443,795)	(31,817)	314,870

¹ Including as a result of subsidiaries disposals.

	Provision for pension plan provided through JSC NPF GAZFOND	Fair value of plan assets	Net (assets) liabilities	Provision for other post-employment benefits
As of 31 December 2020	435,828	(434,534)	1,294	328,110
Current service cost	10,216	—	10,216	12,706
Past service cost	(6,878)	—	(6,878)	(2,722)
Interest expense (income)	27,022	(26,862)	160	19,823

24. Provisions (continued)

	Provision for pension plan provided through JSC NPF GAZFOND	Fair value of plan assets	Net (assets) liabilities	Provision for other post-employment benefits
Effect of business combinations	—	—	—	241
Total included in profit or loss (see Note 29)	30,360	(26,862)	3,498	30,048
Remeasurement of provision for post-employment benefits:				
Actuarial gains – changes in financial assumptions	(36,053)	—	(36,053)	(38,680)
Actuarial losses – changes in demographic assumptions	81	—	81	61
Actuarial gains – experience adjustments	(8,789)	—	(8,789)	(1,001)
Expense on plan assets excluding amounts included in interest expense	—	16,488	16,488	—
Translation differences	—	—	—	(533)
Total included in other comprehensive income	(44,761)	16,488	(28,273)	(40,153)
Benefits paid	(19,867)	19,867	—	(19,183)
Employer's contributions	—	(17,321)	(17,321)	—
As of 31 December 2021	401,560	(442,362)	(40,802)	298,822

The major categories of plan assets allocation broken down by fair value and percentage of total plan assets are presented below.

	31 December 2022		31 December 2021	
	Fair value	Percentage of plan assets	Fair value	Percentage of plan assets
Quoted plan assets, including:	286,869	64.7%	315,495	71.3%
Bonds	204,011	46.0%	207,607	46.9%
Mutual funds	55,477	12.5%	75,398	17.0%
Shares	27,381	6.2%	32,490	7.4%
Unquoted plan assets, including:	156,926	35.3%	126,867	28.7%
Equities	79,496	17.9%	88,977	20.1%
Mutual funds	46,607	10.5%	21,748	4.9%
Deposits	9,925	2.2%	9,800	2.2%
Other assets	20,898	4.7%	6,342	1.5%
Total plan assets	443,795	100%	442,362	100%

The amount of investment in ordinary shares of PJSC Gazprom included in the fair value of plan assets comprises RUB 609 million and RUB 1,948 million as of 31 December 2022 and 31 December 2021, respectively.

Unquoted equities within the pension plan assets are represented by equity stake in Gazprombank (Joint Stock Company), which is measured at fair value (Level 2 in accordance with the fair value hierarchy) using market approach valuation techniques based on available market data.

For the years ended 31 December 2022 and 31 December 2021 the actual return on pension plan assets was a gain in the amount of RUB 7,418 million and in the amount of RUB 10,374 million, respectively, primarily caused by the change in the fair value of assets.

The sensitivity analysis of the present value of defined benefit pension plan obligations to changes in the principal actuarial assumptions as of 31 December 2022 is presented in the table below.

	Increase (decrease) of obligation	Increase (decrease) of obligation, %
Mortality rate lower by 20%	24,662	3.5%
Mortality rate higher by 20%	(20,964)	(2.9)%
Discount rate lower by 1 pp	57,980	8.1%

24. Provisions (continued)

	Increase (decrease) of obligation	Increase (decrease) of obligation, %
Discount rate higher by 1 pp	(49,692)	(7.0)%
Pension and other benefits growth rate lower by 1 pp	(52,010)	(7.3)%
Pension and other benefits growth rate higher by 1 pp	59,919	8.4%
Staff turnover lower by 1 pp for all ages	36,946	5.2%
Staff turnover higher by 1 pp for all ages	(32,145)	(4.5)%
Retirement age lower by 1 year	30,020	4.2%
Retirement age higher by 1 year	(29,998)	(4.2)%

The Group expects to contribute in the amount of RUB 39,113 million to the defined benefit pension plan in 2023.

Pension Plan Parameters and Related Risks

<p>As a rule, the above benefits are indexed in line with inflation or salary growth for salary-dependent benefits and are exposed to inflation risk.</p>	<p>In addition to the inflation risk, the pension plans of the Group are exposed to mortality risks and longevity risks.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------

25. Equity

Share Capital

<p>The share capital authorised, issued and paid totals RUB 325,194 million as of 31 December 2022 and</p>	<p>31 December 2021 and consists of 23,674 million ordinary shares, each with a par value of 5 Russian Rubles.</p>
------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------

Dividends

<p>In 2022 PJSC Gazprom declared and paid interim dividends in the nominal amount of 51.03 Russian Rubles per share based on the results for the half-year 2022. In 2021 PJSC Gazprom</p>	<p>declared and paid dividends in the nominal amount of 12.55 Russian Rubles per share based on the results for the year ended 31 December 2020.</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------

Treasury Shares

<p>As of 31 December 2022 and 31 December 2021 subsidiaries of PJSC Gazprom held 29 million PJSC Gazprom's ordinary shares, which are accounted for as treasury shares.</p>	<p>The management of the Group controls the voting rights of treasury shares.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------

Retained Earnings and Other Reserves

<p>Retained earnings and other reserves include the effect of the consolidated financial statements restatement to the Russian Ruble purchasing power equivalent as of 31 December 2002, when the economy of the Russian Federation ceased to</p>	<p>be hyperinflationary under IAS 29 Financial Reporting in Hyperinflationary Economies. Also, retained earnings and other reserves include translation differences arising on the translation of the net assets of foreign subsidiaries, associates</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

25. Equity (continued)

and joint arrangements in the amount of RUB 750,511 million and RUB 914,156 million as of 31 December 2022 and 31 December 2021, respectively.

Retained earnings and other reserves include a statutory fund for social assets, created in accordance with Russian

legislation at the time of privatisation. From time to time, the Group negotiates to return certain of social assets to the balance of local governmental authorities and this process may be continued in the future.

Number of Shares Outstanding

The number of PJSC Gazprom shares outstanding (the number of issued ordinary shares less treasury shares) amounted

to 23,645 million shares as of 31 December 2022 and 31 December 2021.

Perpetual Notes

Information about perpetual notes is disclosed in Note 26.

26. 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. When the note issues were offered, the interest rate was set at 4.5985% for the issue in USD and 3.8970% for the issue in EUR. The interest rate for the perpetual notes in USD and EUR is reviewed every five years. Interest is cumulative.

Under the terms of the foreign currency perpetual loan participation notes, the Group, acting in its sole discretion, may refuse to redeem the notes and may, at any time and on any number of occasions, decide to postpone interest payments. Conditions which give rise to an interest payment liability are under the control of PJSC Gazprom. In particular, an interest payment liability arises when PJSC Gazprom decides to pay or declare dividends.

The Group may decide to redeem the foreign currency perpetual loan participation notes no earlier than five years after their offering and then has the right to call them on each interest payment due date. The Group may also call the notes in case of certain events, including those caused by changes in the regulation of accounting for and taxation of perpetual notes.

In June and September 2021 the Group issued in the Russian market perpetual callable notes with a par value of

RUB 60,000 million and RUB 60,000 million, respectively, under the RUB 150,000 million Programme for the Issuance of Series 001B Notes. When the note issues were offered, the interest rate was set at 8.4500% in June 2021 issue and 8.6000% in September 2021 issue. The interest rate is reviewed every five years. The issuer may, on a unilateral basis, decide to refuse to pay interest. Interest is not cumulative. In case the issuer decides to refuse to pay interest, Resolution of the Government of the Russian Federation No.2337 dated 29 December 2020 provides for the reimbursement for the investors' lost income.

The Group may decide to redeem the ruble perpetual notes no earlier than five years after their offering and then has the right to call them on each interest payment due date. The Group may also call the notes in case of certain events, caused by changes in the regulation of accounting for perpetual notes.

As the notes have no stated maturity and the Group may postpone payment of any interest on any number of occasions or decide to refuse to pay interest, the Group classifies these perpetual callable loan participation notes as an equity instrument within equity.

Transactions related to perpetual notes for the years ended 31 December 2022 and 31 December 2021 are presented below.

	Ruble perpetual notes	Foreign currency perpetual loan participation notes	Retained earnings and other reserves	Total
Balance as of 31 December 2021	120,000	193,190	(7,470)	305,720
Translation differences arising on the translation of the par value of perpetual notes	–	(13,951)	13,951	–
Accrued interest	–	7,027	(7,027)	–
Recognition of an interest payment liability ¹	–	(7,696)	(10,174)	(17,870)

26. Perpetual Notes (continued)

	Ruble perpetual notes	Foreign currency perpetual loan participation notes	Retained earnings and other reserves	Total
Translation differences arising on the translation of accrued interest	–	254	(254)	–
Cumulative tax effect of transactions related to perpetual notes	–	–	(2,790)	(2,790)
Balance as of 31 December 2022	120,000	178,824	(13,764)	285,060

¹ Interest was paid in the amount of RUB 17,851 million.

As of 31 December 2022 cumulative translation differences arising on the translation of the par value of perpetual notes amounted to RUB 23,340 million, and cumulative interest

taking into account translation differences arising on its translation amounted to RUB 4,696 million.

	Ruble perpetual notes	Foreign currency perpetual loan participation notes	Retained earnings and other reserves	Total
Balance as of 31 December 2020	–	195,616	(947)	194,669
Issuance of perpetual notes	120,000	–	–	120,000
Costs related to issuance of perpetual notes ¹	–	–	(950)	(950)
Translation differences arising on the translation of the par value of perpetual notes	–	(6,030)	6,030	–
Accrued interest	–	8,140	(8,140)	–
Recognition of an interest payment liability ²	–	(4,455)	(2,528)	(6,983)
Translation differences arising on the translation of accrued interest	–	(81)	81	–
Cumulative tax effect of transactions related to perpetual notes	–	–	(1,016)	(1,016)
Balance as of 31 December 2021	120,000	193,190	(7,470)	305,720

¹ Including payment in cash amounted to RUB 922 million.

² Interest was paid in the amount of RUB 6,985 million.

As of 31 December 2021 cumulative translation differences arising on the translation of the par value of perpetual notes amounted to RUB 9,389 million, and cumulative interest taking

into account translation differences arising on its translation amounted to RUB 5,111 million.

27. Sales

	Year ended 31 December	
	2022	2021
Gas sales gross of excise tax and customs duties:		
the Russian Federation	1,086,002	1,080,256
Outside the Russian Federation	7,333,223	5,724,662
	8,419,225	6,804,918
Customs duties	(1,645,111)	(1,084,761)
Excise tax	(270,170)	(73,661)
Retroactive gas price adjustments	8,923	9,537
Total gas sales	6,512,867	5,656,032
Sales of crude oil, gas condensate and refined products:		
the Russian Federation	1,991,390	1,803,496
Outside the Russian Federation	1,950,964	1,673,836
Total sales of crude oil, gas condensate and refined products	3,942,354	3,477,332

27. Sales (continued)

	Year ended 31 December	
	2022	2021
Electric and heat energy sales:		
the Russian Federation	565,733	554,111
Outside the Russian Federation	29,251	41,367
Total electric and heat energy sales	594,984	595,478
Other sales:		
the Russian Federation	577,206	456,933
Outside the Russian Federation	46,539	55,577
Total other sales	623,745	512,510
Total sales	11,673,950	10,241,353

Prepayments received from customers as of the beginning of the corresponding period were recognised within sales in the amount of RUB 149,366 million and RUB 101,113 million for

the years ended 31 December 2022 and 31 December 2021, respectively.

28. Operating Expenses

	Year ended 31 December	
	2022	2021
Taxes other than on profit	2,875,097	1,539,507
Purchased gas and oil	1,590,674	1,924,908
Staff costs	953,671	840,153
Depreciation	862,380	828,027
Impairment loss on non-financial assets	843,985	448,229
Transit of gas, oil and refined products	593,734	680,216
Materials	355,564	261,921
Goods for resale, including refined products	334,428	290,799
Foreign exchange differences on operating items	219,175	69,171
Repairs and maintenance	211,025	177,979
Other	753,572	708,778
	9,593,305	7,769,688
Change in balances of finished goods, work in progress and other effects	(286,275)	(88,278)
Total operating expenses	9,307,030	7,681,410

Gas purchase expenses included within purchased gas and oil amounted to RUB 865,214 million and RUB 1,275,668 million for the years ended 31 December 2022 and 31 December 2021, respectively.

Line item «Other» for the year ended 31 December 2022 includes loss on disposal of subsidiaries.

Taxes other than on profit consist of:

	Year ended 31 December	
	2022	2021
MET	2,894,745	1,357,679
Property tax	245,650	140,753
Excise tax	(354,640)	(39,425)

28. Operating Expenses (continued)

	Year ended 31 December	
	2022	2021
Other	89,342	80,500
Total taxes other than on profit	2,875,097	1,539,507

Mineral extraction tax (MET) expenses included in the line "Taxes other than on profit" increased by RUB 1,537,066 million, or 113%, for the year ended 31 December 2022 compared to the prior year. The MET expenses increase is mainly due to changes in the Tax Code of the Russian Federation.

The impairment loss on assets is mainly comprises of impairment loss on property, plant and equipment and assets under construction and impairment loss on investments in associates and joint ventures (see Note 13 and Note 16 respectively).

29. Finance Income and Expenses

	Year ended 31 December	
	2022	2021
Foreign exchange gain	2,220,920	544,183
Interest income	209,867	70,984
Total finance income	2,430,787	615,167
Foreign exchange loss	2,218,442	404,239
Interest expense	123,606	94,871
Total finance expenses	2,342,048	499,110

Total interest paid amounted to RUB 253,128 million and RUB 195,686 million for the years ended 31 December 2022 and 31 December 2021, respectively.

Interest expense includes interest expense on provision for post-employment benefits and interest expense on lease liabilities under IFRS 16 Leases (see Note 24 and Note 36 respectively).

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

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

Notes	Year ended 31 December	
	2022	2021
Profit for the year attributable to the owners of PJSC Gazprom	1,225,807	2,093,071
26 Interest accrued on perpetual notes	(17,201)	(10,668)
26 Translation differences arising on the translation of interest accrued on perpetual notes	(254)	81
Profit for the year attributable to the ordinary shareholders of PJSC Gazprom	1,208,352	2,082,484
Weighted average number of ordinary shares outstanding (millions of shares)	23,644	23,645
Basic and diluted earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	51.11	88.07

The Group has no dilutive financial instruments.

31. Net Cash from Operating Activities

Notes	Year ended 31 December	
	2022	2021
Profit before profit tax	2,190,558	2,769,514
Adjustments to profit before profit tax		
28 Depreciation	862,380	828,027
29 Net finance income	(88,739)	(116,057)
16 Share of profit of associates and joint ventures	(166,660)	(242,196)
Impairment loss on assets and change in provision for post-employment benefits	1,281,282	518,077
Derivative financial instruments loss (gain)	28,621	(53,905)
Other	(25,052)	22,088
Total effect of adjustments	1,891,832	956,034
Cash flows from operating activities before working capital changes	4,082,390	3,725,548
Decrease (increase) in non-current assets	22,171	(32,369)
Increase in non-current liabilities	19,027	1,664
	4,123,588	3,694,843
Changes in working capital:		
Increase in accounts receivable and prepayments	(794,577)	(754,004)
Increase in inventories	(116,210)	(113,518)
Decrease (increase) in other current assets	259,368	(254,968)
(Decrease) increase in accounts payable, excluding interest, dividends and capital construction	(724,726)	664,795
Settlements on taxes and fees payable (other than profit tax)	31,864	119,467
Decrease in financial assets	24,194	3,619
Total effect of working capital changes	(1,320,087)	(334,609)
Profit tax paid	(610,819)	(344,844)
Net cash from operating activities	2,192,682	3,015,390

32. Subsidiaries

More than 300 subsidiaries are included in the scope of consolidation of the Group in these consolidated financial statements. The Group's business is divided into three operating segments – Gas business, (includes all entities of the Group excluding entities from Oil business and Electric power business), Oil business (mainly includes PJSC Gazprom Neft and its subsidiaries) and Electric power business (mainly includes PJSC MIPC, PJSC Mosenergo, PJSC OGK-2, PJSC TGC-1). Financial information by segment is presented in Note 7.

The Group's Gas and Oil business subsidiaries are engaged in the exploration and development of oil and gas deposits mostly located in the Russian Federation. In addition, the Group's subsidiaries implement gas and oil production projects in countries of the Middle East and other countries. The majority of the Group's oil and gas refining capacities are located in Moscow, Salavat, Omsk, Tomsk and Yaroslavl.

The Group sells products in the Russian Federation, as well as to neighbouring and other countries. Petroleum products are sold in the Russian Federation in particular via a network of over two thousand filling stations.

The Group also owns large electric power assets in the Russian Federation.

The Group's subsidiaries are mainly registered in the Russian Federation.

The Group's ownership interest in the majority of subsidiaries that are significant for the Group is 100%. The Group does not have material non-controlling interests.

As of 31 December 2022 and 31 December 2021 the Group does not have significant restrictions on its ability to access or use the Group's assets and settle the Group's liabilities, including restrictions to transfer cash and other assets between entities within the Group, to pay dividends.

33. Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making operational and financial decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions, which unrelated parties would not, and transactions between related parties may not be effected

on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of relationships with those related parties with whom the Group entered into significant transactions or had significant balances outstanding is detailed below.

Government (the Russian Federation)

The Russian Federation is the ultimate controlling party of PJSC Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in PJSC Gazprom.

As of 31 December 2022 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.

Government-Related Entities

The Group applied an exception from IAS 24 Related Party Disclosures permitting not to disclose all transactions with government-related entities due to the fact that the Russian Federation, as the ultimate controlling party, has a controlling interest (including both direct and indirect ownership) of over 50% in PJSC Gazprom.

In the normal course of business the Group enters into transactions with other entities under the Government control.

As of 31 December 2022 prices of natural gas and gas transportation, electricity tariffs in the Russian Federation are regulated by the FAS.

Bank borrowings are provided on the basis of market interest rates. As of 31 December 2022 and 31 December 2021 borrowings in banks influenced by the Government accounted for about 27% and 7%, respectively (see Note 21).

Taxes are accrued and paid in accordance with the applicable current legislation. Balances and transactions are presented in Notes 12, 19, 27 and 28.

As of 31 December 2022 and 31 December 2021 balances of cash and cash equivalents on accounts in banks influenced by the Government accounted for about 46% and 44% respectively (see Note 8).

The share of the Group's operations with state-controlled entities in revenue from the sale of electric and heat energy amounted to about 37% and 36% for the years ended 31 December 2022 and 31 December 2021, respectively (see Note 27).

The other transactions and balances are insignificant individually and in aggregate and mainly performed using market or regulated prices.

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.

Revenue from the sale of electric and heat energy through JSC FSC accounted for about 32% of total sales revenue from the sale of electric and heat energy for the years ended 31 December 2022 and 31 December 2021.

33. Related Parties (continued)

Compensation for Key Management Personnel

Key management personnel (the members of the Board of Directors and the Management Committee of PJSC Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of the Group's entities, amounted to approximately RUB 3,723 million and RUB 2,625 million for the years ended 31 December 2022 and 31 December 2021, respectively.

The members of the Board of Directors, who are government officials, do not receive compensation from the Group.

The compensation of the members of the Board of Directors is approved by the annual general meetings of shareholders of the Group's entities. The compensation of key management personnel (other than compensation of the

members of the Board of Directors) is determined by the terms of the employment contracts. Short-term compensation of key management personnel also includes benefits related to healthcare.

According to the Russian legislation, the Group makes contributions to the Pension Fund of the Russian Federation for all of its employees including key management personnel.

Key management personnel are also entitled to long-term post-employment benefits. These benefits include non-governmental pension benefits provided by JSC NPF GAZFOND and lump-sum payments provided by the Group's entities upon retirement (see Note 24).

The Group also provides key management personnel with medical insurance and liability insurance.

Associates and Joint Ventures

For the years ended 31 December 2022 and 31 December 2021 and also as of 31 December 2022 and 31 December 2021 the Group's significant transactions and

balances with associates and joint ventures are presented below.

	Year ended 31 December	
	2022	2021
	Income	
Gas sales		
Associates	16,697	26,503
Joint ventures	121,556	128,762
Crude oil, gas condensate and refined products sales		
Joint ventures	43,551	67,650
Interest income		
Associates	61,408	28,829
	Expenses	
Purchased gas		
Associates	22,651	39,989
Joint ventures	43,296	47,381
Transit of gas		
Joint ventures	70,531	142,631
Purchased crude oil and refined products		
Joint ventures	403,642	253,819
Gas and gas condensate production		
Joint ventures	26,463	84,437

33. Related Parties (continued)

Gas is sold to and purchased from the Group's associates and joint ventures in the Russian Federation mainly at the rates established by the FAS. Gas is sold and purchased outside the Russian Federation generally on a long-term basis at prices based on world prices of oil products.

Crude oil is sold to and purchased from the Group's associates and joint ventures in the ordinary course of business at prices not significantly different from average market prices.

	As of 31 December 2022		As of 31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
Associates	76,566	–	45,015	–
Joint ventures	187,636	–	23,065	–
Cash and cash equivalents				
Associates	452,745	–	554,861	–
Other current assets				
Associates	3,020	–	197,419	–
Other non-current assets				
Associates	31,851	–	–	–
Long-term accounts receivable and prepayments				
Associates	291,545	–	449,232	–
Joint ventures	63,184	–	40,032	–
Short-term accounts payable				
Associates	–	99,533	–	91,081
Joint ventures	–	157,953	–	209,770
Short-term borrowings (including current portion of long-term borrowings)				
Associates	–	10,149	–	11,891
Joint ventures	–	14,075	–	9,671
Long-term borrowings				
Associates	–	210,816	–	195,624

Allowance for expected credit losses for accounts receivable due from associates and joint ventures were RUB 651,868 million and RUB 564,237 million as of 31 December 2022 and 31 December 2021, respectively.

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 the Group's associate to repay its loan liabilities towards the bank in case of late payment. As of 31 December 2022 the limit of loan facilities according to the concluded agreements amounted to RUB 237,002 million (RUB 40,000 million with the loan

facilities valid until 31 December 2023, RUB 197,002 million – until 31 December 2027), as of 31 December 2021 – RUB 297,002 million (RUB 60,000 million with the loan facilities valid until 29 November 2022, RUB 40,000 million – until 15 December 2022, RUB 197,002 million – until 31 December 2027). As of 31 December 2022 and 31 December 2021 the Group did not provide loans. The loan commitments of the Group are limited by the loan liabilities of the associate to the bank.

Information on investments in associates and joint ventures is disclosed in Note 16.

Information on transactions performed by the Group with JSC NPF GAZFOND is disclosed in Note 24.

Information on financial guarantees issued by the Group for associates and joint ventures is disclosed in Note 36.

34. Commitments and Contingencies

Capital Commitments

<p>The total investment utilisation in accordance with the investment programme of the Group for 2023 (for gas, oil,</p>	<p>electricity, heat generating and other assets) and current similar intentions of the Group is RUB 3,056,208 million.</p>
--------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------

Supply Commitments

<p>The Group has entered into long-term supply contracts with various entities operating outside Russian Federation. The volumes and prices in these contracts are subject to</p>	<p>change due to various contractually defined factors. As of 31 December 2022 and 31 December 2021 no loss is expected to result from these long-term commitments.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Gas Transportation Commitments

<p>The Group is a party to a number of long-term agreements on booking capacity for gas transportation. As of</p>	<p>31 December 2022 these agreements are not expected to be onerous for the Group.</p>
-------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------

Other

The Group has transportation agreements with certain associates and joint ventures (see Note 33).

35. Operating Risks

Taxation

<p>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</p>	<p>that its interpretation of the relevant legislation as of 31 December 2022 is appropriate and the Group's position in terms of tax, currency and customs legislation will remain stable.</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Legal Proceedings

<p>The Group is involved in a number of legal and arbitration proceedings concerning price revision under natural gas supply contracts, and concerning the termination of such contracts. The Group continues to assess the effect of these legal and arbitration proceedings and claims on its operations, and at the moment the Group's management does not expect that they can have a material adverse effect on the Group's financial position.</p> <p>The Group is also a party to certain other legal and arbitration proceedings arising in the ordinary course of</p>	<p>business and subject to various regulations of environmental protection issued by various governmental authorities regarding handling, storage and disposal of certain products. The Group continues to assess the effect of these legal and arbitration proceedings and claims on its operations, and at the moment the Group's management does not expect that they can have a material adverse effect on the Group's financial position.</p> <p>On 10 May 2022 the Swiss court rendered a decision to grant a provisional bankruptcy moratorium to Nord Stream 2 AG for four months from the adoption of the</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

35. Operating Risks (continued)

decision with Transliq AG (Switzerland) being appointed as an administrative receiver. On 8 September 2022 the moratorium on bankruptcy proceedings was extended until 10 January 2023. On 27 December 2022 the Swiss court rendered a decision to introduce a definitive moratorium for six months

from the expiration date of the provisional moratorium, i.e. until 10 July 2023 (with an option to extend). The maximum duration of the definitive moratorium is 24 months (excluding the duration of the provisional moratorium).

Sanctions

Starting from 2014 the EU, the United States ("U.S.") and some other countries introduced, for the first time, a series of sanctions against the Russian Federation and some Russian legal entities. Starting from February 2022, western countries significantly expanded existing sanctions and started to impose new packages of sanctions against Russian entities and various sectors of the Russian economy.

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) transactions in new debt and new equity of PJSC Gazprom issued after 26 March 2022 of longer than 14 days maturity. The respective restrictions also apply to entities owned 50% or more, directly or indirectly, by PJSC Gazprom. Any transactions that have the purpose of evading those restrictions are also prohibited. Apart from PJSC Gazprom, those restrictions were imposed on PJSC Gazprom Neft, a subsidiary of the Gazprom Group, and Gazprombank (Joint Stock Company), an associate of the Gazprom Group. The ability of PJSC Gazprom and the Gazprom Group's entities to raise debt financing from U.S. persons is thus restricted.
- 2) 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 23 February 2022, the U.S. imposed blocking sanctions on Nord Stream 2 AG and its CEO Matthias Warnig. The blocking sanctions mean that assets located in the U.S. are frozen (including when they are transferred to third parties) and U.S. persons are prohibited from dealings with such sanctioned persons. In addition, there is a risk of secondary sanctions being imposed on any foreign person for significant transactions and dealings with a person subject to the U.S. blocking sanctions.

On 8 March 2022 the U.S. President signed Executive Order No. 14066, which prohibited the importation into the U.S. from the Russian Federation of crude oil and refined oil products, liquefied natural gas, coal and coal products, and prohibited new investment in the energy sector in the Russian Federation by U.S. persons and any approval, financing, facilitation or guarantee by U.S. persons of the respective prohibited transactions by foreign persons. At the same time, the U.S. Department of the Treasury's Office of Foreign Assets Control issued Licence No. 16 of 8 March 2022 providing for an exception from the restrictive measures introduced by the U.S. President's Executive Order No. 14066 to execute until 22 April 2022 contracts and agreements entered into prior to 8 March 2022.

The U.S. Ending Importation of Russian Oil Act became effective on 8 April 2022 and prohibited the importation into the U.S. of Russian energy products, including oil and gas, in a manner consistent with actions issued under the U.S. President's Executive Order No. 14066 of 8 March 2022. However, the U.S. President is authorized to terminate that prohibition on importation of energy products from the Russian Federation in certain circumstances.

On 22 November 2022 the U.S. Department of the Treasury's Office of Foreign Assets Control published a determination that imposed from 5 December 2022 the prohibition on the following services related to the maritime transport of crude oil of Russian origin sold at a price above the certain price cap: trading brokering, financing, shipping, insurance, flagging and customs brokering.

U.S. sanctions apply to any entity, in the capital of which the persons from the sanctions list directly or indirectly, individually or in the aggregate, own 50% or more equity interest.

The sanctions imposed by the EU, with amendments made on 15 March 2022 to EU Council Regulation No. 833/2014 of 31 July 2014 ("EU Council Regulation No. 833/2014"), 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

35. Operating Risks (continued)

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 to:

- 1) provide drilling, well testing, logging and completion services, supply specialised floating vessels necessary for deep water oil exploration and production, and (or) Arctic oil exploration and production, and shale oil projects in the Russian Federation, as well as provide direct or indirect financing, financial assistance, technical and brokerage services in relation to these activities;
- 2) acquire any new or extend any existing participation in any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation;
- 3) grant or be part of any arrangement to grant any new loan or credit or otherwise provide financing (including equity capital) to any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation or for the documented purpose of financing such a legal person, entity or body;
- 4) create any new joint venture with any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation.
- 5) provide investment services related to the activities referred to points 1)-3) above.

On 3 June 2022 the EU adopted another package of sanctions against the Russian Federation, including but not limited to the following measures:

- a) The prohibition on the purchase, import or transfer of crude oil and petroleum products, as listed in Annex XXV to EU Council Regulation 833/2014 of 31 July 2014, originating in, or being exported from, the Russian Federation, as well as the provision, directly or indirectly, of technical or financial assistance or other services related to that prohibition. That prohibition has a number of exceptions:
 - until 5 December 2022 for one-off near-term transactions and the execution of contracts concluded before 4 June 2022 for crude petroleum oils and oils obtained from bituminous minerals;
 - until 5 December 2023 for one-off near-term transactions and the execution of contracts concluded before 4 June 2022 for petroleum oils and oils obtained from bituminous minerals, other than crude;
 - import of oil and petroleum products as listed in Annex XXV that are seaborne, originate in third countries and are exported through the Russian Federation, provided that the seller is non-Russian;
 - import of crude oil which is delivered by pipelines from the Russian Federation, until the date when the EU Council makes a respective decision on the application of the prohibition.

- b) It is prohibited to provide, directly or indirectly, technical assistance, brokering services, financing and financial assistance, related to the transport, including through ship-to-ship transfers, to third countries of crude oil or petroleum products as listed in Annex XXV which originate in, or which have been exported from, the Russian Federation.

An exception is provided for the execution until 5 December 2022 of contracts concluded before 4 June 2022, as well as for the export of oil and petroleum products originating in third countries and being exported through the Russian Federation, provided that the seller is non-Russian.

On 6 October 2022 the EU Council approved another package of sanctions against the Russian Federation, in particular changing the earlier introduced prohibition on crude oil transport services, including by vessels, to third countries. Thus, the prohibition on transport and services related to transport of crude oil from 5 December 2022 and petroleum products from 5 February 2023 is applied if the price per barrel of transported crude oil or petroleum products exceeds the price set by a separate decision of the EU Council. On 3 December 2022 the EU Council published a decision to set a Russian oil price cap at USD 60 per barrel from 5 December 2022. The prohibition is not applied to transport of crude oil and petroleum products originating outside the Russian Federation and only transiting through the Russian Federation, and not applied to crude oil supplied to Japan from the Sakhalin-2 project. In addition, it is prohibited to provide architectural and engineering services, legal advisory services and IT consultancy services, as well as prohibited as from 22 October 2022 for European persons to hold posts in the governing bodies of the Russian companies listed in Annex XIX to EU Council Regulation No. 833/2014 of 31 July 2014, including PJSC Gazprom Neft.

On 16 December 2022 the EU Council adopted another package of sanctions against the Russian Federation by adding a number of restrictions to the existing sanctions regime of the EU, including the prohibition from 16 January 2023 for persons from the EU to hold any posts in the governing bodies of Russian majority state-owned entities, their Russian subsidiaries (with an interest of over 50%) and any Russian entities acting on their behalf or at their direction.

On 22 December 2022 the EU Council decided to introduce a temporary mechanism to limit the gas price in excess of certain caps. The resolution enters into force from 1 February 2023, while the gas price limiting mechanism enters into force from 15 February 2023.

The EU sanctions apply to any person in which sanctioned entities, directly or indirectly, hold more than 50%.

A number of other countries have recently imposed sanctions on the Russian Federation. Those sanctions are generally similar to the U.S. and EU sanctions. At the same time, certain countries have imposed extended sanction restrictions.

35. Operating Risks (continued)

Blocking sanctions against PJSC Gazprom were imposed by Canada (24 February 2022), Australia (13 April 2022) and New Zealand (7 June 2022). On 29 September 2022 Poland imposed blocking sanctions against LLC Gazprom export.

A number of foreign states imposed sanctions on Alexey Miller, the Chairman of the Management Committee

of PJSC Gazprom, and individual members of the governing bodies of PJSC Gazprom, but those sanctions do not apply to PJSC Gazprom.

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

36. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme considers the low level of predictability of financial markets

and seeks to reduce potential adverse effects on the financial performance of the Group.

Risks are managed centrally and to some extent at the level of subsidiaries in accordance with adopted local acts of PJSC Gazprom and its subsidiaries.

Market Risk

Market risk is a risk that changes in market prices, such as foreign currency exchange rates, interest rates, commodity prices and prices of marketable securities, will affect the

Group's financial results or the value of its holdings of financial instruments.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from financial assets and liabilities

denominated in foreign currencies other than the functional currency of a Group entity.

The carrying amounts of the Group's financial instruments are denominated in the following currencies.

	Russian Ruble	US dollar	Euro	Other	Total
As of 31 December 2022					
Financial assets					
Current	1,557,057	593,281	506,710	93,209	2,750,257
Non-current	288,070	2,369	59,679	304	350,422
Total financial assets	1,845,127	595,650	566,389	93,513	3,100,679
Financial liabilities					
Current	1,509,110	120,559	276,925	76,009	1,982,603
Non-current	1,919,460	884,331	1,648,839	230,206	4,682,836
Total financial liabilities	3,428,570	1,004,890	1,925,764	306,215	6,665,439

36. Financial Risk Factors (continued)

	Russian Ruble	US dollar	Euro	Other	Total
As of 31 December 2021					
Financial assets					
Current	1,359,496	1,459,228	1,152,704	86,808	4,058,236
Non-current	366,563	4,418	64,216	2,479	437,676
Total financial assets	1,726,059	1,463,646	1,216,920	89,287	4,495,912
Financial liabilities					
Current	1,092,821	476,453	700,201	181,170	2,450,645
Non-current	1,084,561	1,116,622	2,072,579	228,117	4,501,879
Total financial liabilities	2,177,382	1,593,075	2,772,780	409,287	6,952,524

Information on derivative financial instruments is presented in Note 23.

The Group manages its net exposure to foreign exchange risk by balancing both financial assets and financial liabilities comparable in selected foreign currencies.

As of 31 December 2022, if the Russian Ruble had weakened by 30% against the US dollar with all other variables held constant, profit before profit tax would have been lower by RUB 125,615 million, mainly as a result of foreign exchange loss on translation of US dollar-denominated borrowings partially offset by foreign exchange gain on translation of US dollar-denominated trade receivables. As of 31 December 2021, if the Russian Ruble had weakened by 30% against the US dollar with all other variables held constant, profit before profit tax would have been lower by RUB 49,966 million, mainly as a result of foreign exchange loss on translation of US dollar-denominated borrowings partially offset by foreign exchange gain on translation of

US dollar-denominated trade receivables. The effect of related Russian Ruble strengthening against the US dollar would have been approximately the same amount with opposite impact.

As of 31 December 2022, if the Russian Ruble had weakened by 30% against the Euro with all other variables held constant, profit before profit tax would have been lower by RUB 284,524 million, mainly as a result of foreign exchange loss on translation of Euro-denominated borrowings partially offset by foreign exchange gain on translation of Euro-denominated trade receivables. As of 31 December 2021, if the Russian Ruble had weakened by 30% against the Euro with all other variables held constant, profit before profit tax would have been lower by RUB 370,919 million, mainly as a result of foreign exchange loss on translation of Euro-denominated borrowings partially offset by foreign exchange gain on translation of Euro-denominated trade receivables. The effect of related Russian Ruble strengthening against the Euro would have been approximately the same amount with opposite impact.

(b) Cash flow and fair value interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest rate risk arises from loans issued, borrowings, lease liabilities and other interest-bearing financial instruments. The Group's interest rate risk primarily arises from

long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The table below summarises the balance between long-term borrowings at fixed and variable interest rates.

36. Financial Risk Factors (continued)

Notes	Long-term borrowings and promissory notes	31 December	
		2022	2021
21	At fixed rate	2,214,796	2,786,826
21	At variable rate	2,721,981	1,969,633
		4,936,777	4,756,459

The Group performs analysis of the current interest rate environment and depending on that analysis at the time of raising new debts management makes decisions whether obtaining financing on fixed-rate or variable-rate basis would be more beneficial to the Group over the expected period until maturity.

In 2021-2022 the Group's borrowings at variable rates were mainly denominated in Russian Rubles and Euro.

As of 31 December 2022, if benchmark interest rates on borrowings had been 100 basis points higher with all other variables held constant, profit before profit tax would have

been lower by RUB 23,458 million for 2022, mainly as a result of higher interest expense on variable interest rate long-term borrowings. As of 31 December 2021, if benchmark interest rates on borrowings had been 100 basis points higher with all other variables held constant, profit before profit tax would have been lower by RUB 20,656 million for 2021, mainly as a result of higher interest expense on variable interest rate long-term borrowings.

The effect of a corresponding decrease in benchmark interest rates is approximately equal and opposite.

(c) Commodity price risk

Commodity price risk - possible change in prices for natural gas, crude oil and their refined products, and its impact on the Group's future performance and results of the Group's operations. A decline in the prices could result in a decrease in net profit and cash flows.

The Group's overall strategy in production and sales of natural gas, crude oil and their refined products is centrally managed. Natural gas export prices to Europe and other countries are generally based on a formula linked to refined products prices, which in turn are linked to crude oil prices.

The Group's exposure to the commodity price risk is related essentially to the export market. As of 31 December 2022, if the average gas export prices had decreased by 30% with all other variables held constant, profit before profit

tax would have been lower by RUB 1,628,060 million for 2022. As of 31 December 2021, if the average gas export prices had decreased by 30% with all other variables held constant, profit before profit tax would have been lower by RUB 1,372,733 million for 2021.

Gas prices in the Russian Federation are regulated by the FAS and are as such less subject to significant fluctuations.

The Group assesses on regular basis the potential scenarios of future fluctuation in commodity prices and their impact on operational and investment decisions. However, in the current economic environment management estimates may significantly differ from actual impact of change in commodity prices on the Group's financial position.

(d) Securities price risk

The Group is exposed to movements in the value of equity securities included in financial assets held by the Group and classified in the consolidated balance sheet either as financial assets measured at fair value with changes recognised through profit or loss or other comprehensive income (see Note 9).

As of 31 December 2022 and 31 December 2021, if Moscow Exchange equity index, which primarily affects the major part of the Group's equity securities, had decreased by 20% with

all other variables held constant, assuming high correlation of the value of these securities with the index, the Group's comprehensive income for the period would have been RUB 79,706 million and RUB 120,142 million lower, respectively.

The Group is also exposed to movements in the value of securities held by JSC NPF GAZFOND and used for fair value estimation of the Group's pension plan assets (see Note 24).

36. Financial Risk Factors (continued)

Credit Risk

Credit risk refers to the risk exposure that a potential financial loss to the Group may occur if a counterparty defaults on its contractual obligations. The maximum exposure to credit risk is the value of the assets which might be lost.

Credit risk arises from cash and cash equivalents, deposits, debt financial instruments, derivative financial instruments, accounts receivable, loan commitments and financial guarantee contracts.

Financial instruments, which potentially subject the Group to concentrations of credit risk, primarily consist of accounts receivable. Credit risks related to accounts receivable are systematically monitored, taking into account customer's financial position, past experience and other factors.

Management systematically reviews ageing analysis of receivables and uses this information for calculation of allowance

for expected credit losses (see Notes 10 and 17). Credit risk exposure mainly depends on the individual characteristics of customers, more particularly customers default risk and country risk. Group operates with various customers and substantial part of sales relates to major customers.

Although collection of accounts receivable could be influenced by economic factors affecting these customers, management believes there is no significant risk of loss to the Group beyond the allowance for expected credit losses already recorded.

Cash and cash equivalents are deposited only with banks that are considered by the Group to have a minimal risk of default.

The Group's maximum exposure to credit risk is presented in the table below.

Notes	31 December	
	2022	2021
8 Cash and cash equivalents	1,157,587	2,013,923
12 Deposits	60,378	219,661
9 Debt securities	29,603	25,270
10, 17 Accounts receivable	1,853,111	2,237,058
36 Financial guarantee contracts	244,787	239,309
33 Loan commitments	237,002	297,002
Total maximum exposure to credit risk	3,582,468	5,032,223

Financial Guarantee Contracts

In accordance with the agreements, the Group provided financial guarantees in the total amount of RUB 244,787 million and RUB 239,309 million as of 31 December 2022 and 31 December 2021, respectively.

The total amount of financial guarantee contracts issued to the Group's associates and joint ventures as of 31 December 2022 and 31 December 2021 was RUB 170,735 million and RUB 129,516 million, respectively.

In 2022 and 2021 the counterparties fulfilled their contractual obligations.

Financial guarantee contracts include financial guarantees denominated in Euros of EUR 1,110 million and EUR 1,553 million as of 31 December 2022 and 31 December 2021, respectively.

36. Financial Risk Factors (continued)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group liquidity is managed centrally. The management of the Group monitors the planned cash inflow and outflow.

Important factor in the Group's liquidity risk management is an access to a wide range of funding through capital markets and banks. Due to the dynamic nature of the Group's activities,

management maintains flexibility in financing sources by having committed credit facilities available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Financial liabilities due within 12 months (except lease liabilities) equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As of 31 December 2022					
Short-term and long-term loans and borrowings and promissory notes	325,615	613,118	868,051	2,547,577	2,660,270
Accounts payable	1,056,556	165,192	–	–	–
Lease liabilities	39,098	42,785	71,226	143,342	222,289
Other non-current liabilities (excluding derivative financial instruments)	–	–	31,671	79,679	5,330
Financial guarantee contracts	7,676	2,178	2,018	172,723	60,192
Derivative financial instruments	1,604	–	6,574	449	–
Loan commitments	–	40,000	–	197,002	–
As of 31 December 2021					
Short-term and long-term loans and borrowings and promissory notes	310,320	536,036	760,435	2,041,774	2,707,882
Accounts payable	1,522,341	178,179	–	–	–
Lease liabilities	38,727	34,881	65,355	130,583	119,649
Other non-current liabilities (excluding derivative financial instruments)	–	–	72,733	4,465	7,537
Financial guarantee contracts	6,850	4,799	31,726	46,574	149,360
Derivative financial instruments	393,329	162,424	95,307	14,842	96
Loan commitments	–	100,000	–	–	197,002

The Group's borrowing facilities do not usually include financial covenants which could trigger accelerated reimbursement of financing facilities. For those borrowing facilities where the

Group has financial covenants, the Group is in compliance. If the financial covenants are not met, the Group reclassifies long-term borrowing facilities into short-term.

36. Financial Risk Factors (continued)

Reconciliation of liabilities arising from financing activities

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
As of 31 December 2021	4,883,702	12,493	283,709	149	5,180,053
Cash flows, including:					
Proceeds from borrowings (net of costs directly related to the receipt)	1,338,254	–	–	–	1,338,254
Additions as a result of new leases and modifications to existing leases	–	–	138,090	–	138,090
Repayment of borrowings	(875,755)	–	(45,119)	1,628	(919,246)
Interest capitalised and paid	(182,669)	–	–	–	(182,669)
Interest paid (in financing activities)	(50,614)	–	(19,600)	(245)	(70,459)
Dividends paid	–	(1,124,080)	–	–	(1,124,080)
Finance expense	45,581	–	19,600	245	65,426
Interest capitalised	191,265	–	–	–	191,265
Dividends declared	–	1,232,136	–	–	1,232,136
Change in fair value of hedging operations	–	–	–	4,670	4,670
Translation differences	(169,913)	–	2,339	–	(167,574)
Other movements	(113,990)	(12,812)	(107,908)	(4,275)	(238,985)
As of 31 December 2022	5,065,861	107,737	271,111	2,172	5,446,881

Information about perpetual notes is disclosed in Note 26.

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
As of 31 December 2020	4,907,614	5,625	252,940	4,124	5,170,303
Cash flows, including:					
Proceeds from borrowings (net of costs directly related to the receipt)	952,896	–	–	–	952,896
Additions as a result of new leases and modifications to existing leases	–	–	85,202	–	85,202
Repayment of borrowings	(845,839)	–	(47,934)	(72)	(893,845)
Interest capitalised and paid	(151,615)	–	–	–	(151,615)

36. Financial Risk Factors (continued)

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
Interest paid (in financing activities)	(27,085)	–	(16,924)	(62)	(44,071)
Dividends paid	–	(313,396)	–	–	(313,396)
Finance expense	27,553	–	16,924	62	44,539
Interest capitalised	184,985	–	–	–	184,985
Dividends declared	–	323,431	–	–	323,431
Change in fair value of hedging operations	–	–	–	(7,555)	(7,555)
Translation differences	(188,156)	–	(1,376)	–	(189,532)
Other movements	23,349	(3,167)	(5,123)	3,652	18,711
As of 31 December 2021	4,883,702	12,493	283,709	149	5,180,053

Capital Risk Management

The Group considers equity and debt to be the principal elements of capital management. The Group's objectives when managing capital risk are to safeguard the Group's position as a leading global energy company by further increasing the reliability of natural gas supplies and diversifying activities in the energy sector, both in the domestic and foreign markets.

In order to maintain and to adjust the capital structure, the Group may revise its investment programme, attract new or repay existing loans and borrowings or sell certain non-core assets.

The Group considers its target debt to equity ratio at the level of not more than 40%.

On the Group level capital is monitored on the basis of the net debt to adjusted EBITDA ratio. This ratio is calculated as

net debt divided by adjusted EBITDA. Net debt is calculated as total debt (short-term borrowings and current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable) less cash and cash equivalents.

Adjusted EBITDA is calculated as the sum of operating profit, depreciation, impairment loss or reversal of impairment loss on financial assets and non-financial assets, less changes of allowance for expected credit losses on accounts receivable and impairment allowance on advances paid and prepayments.

The net debt to adjusted EBITDA ratio as of 31 December 2022 and 31 December 2021 is presented in the table below.

	31 December	
	2022	2021
Total debt	5,065,861	4,883,702
Less: cash and cash equivalents	(1,157,587)	(2,013,923)
Net debt	3,908,274	2,869,779
Adjusted EBITDA	3,637,555	3,686,890
Net debt / Adjusted EBITDA	1.07	0.78

37. 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 use at most the

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 17), long-term borrowings – Level 2 (see Note 21).

As of 31 December 2022 and 31 December 2021 the Group had the following assets and liabilities that are measured at fair value.

Notes	31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:				
12, 23 Derivative financial instruments	–	1,527	–	1,527
9 Bonds	16,829	–	–	16,829
9 Equity securities	192	–	1,221	1,413
Financial assets measured at fair value with changes recognised through other comprehensive income:				
12, 23 Derivative financial instruments	–	43	–	43
9 Equity securities	–	–	1,390	1,390
9 Bonds	2,378	–	–	2,378
Total short-term financial assets measured at fair value	19,399	1,570	2,611	23,580

37. Fair Value of Financial Instruments (continued)

		31 December 2022			
Notes		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:					
12, 23	Derivative financial instruments	–	4,932	–	4,932
9	Equity securities	–	–	942	942
Financial assets measured at fair value with changes recognised through other comprehensive income:					
12, 23	Derivative financial instruments	–	70	–	70
9	Equity securities	329,390	55,578	9,817	394,785
9	Bonds	9,837	–	–	9,837
Total long-term financial assets measured at fair value		339,227	60,580	10,759	410,566
Total financial assets measured at fair value		358,626	62,150	13,370	434,146
Financial liabilities measured at fair value with changes recognised through profit or loss:					
18, 23	Short-term derivative financial instruments	–	1,523	–	1,523
23	Long-term derivative financial instruments	–	4,932	–	4,932
Financial liabilities measured at fair value with changes recognised through other comprehensive income:					
18, 23	Short-term derivative financial instruments	–	81	–	81
23	Long-term derivative financial instruments	–	2,091	–	2,091
Total financial liabilities measured at fair value		–	8,627	–	8,627
		31 December 2021			
Notes		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:					
12, 23	Derivative financial instruments	140,853	283,095	10,449	434,397
9	Bonds	23,706	–	–	23,706
9	Equity securities	230	–	1,075	1,305
Financial assets measured at fair value with changes recognised through other comprehensive income:					
12, 23	Derivative financial instruments	–	103,552	–	103,552
9	Bonds	1,092	–	–	1,092
Total short-term financial assets measured at fair value		165,881	386,647	11,524	564,052

37. Fair Value of Financial Instruments (continued)

Notes	31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value with changes recognised through profit or loss:				
12, 23 Derivative financial instruments	72,366	26,807	–	99,173
9 Equity securities	–	–	2,343	2,343
Financial assets measured at fair value with changes recognised through other comprehensive income:				
12, 23 Derivative financial instruments	–	41,462	–	41,462
9 Equity securities	532,263	55,578	9,225	597,066
9 Promissory notes	–	338	–	338
Total long-term financial assets measured at fair value	604,629	124,185	11,568	740,382
Total financial assets measured at fair value	770,510	510,832	23,092	1,304,434
Financial liabilities measured at fair value with changes recognised through profit or loss:				
18, 23 Short-term derivative financial instruments	40,213	474,096	971	515,280
23 Long-term derivative financial instruments	8,060	98,867	–	106,927
Financial liabilities measured at fair value with changes recognised through other comprehensive income:				
18, 23 Short-term derivative financial instruments	–	40,473	–	40,473
23 Long-term derivative financial instruments	–	3,318	–	3,318
Total financial liabilities measured at fair value	48,273	616,754	971	665,998

The decrease in derivative financial instruments is due to the disposal of subsidiaries.

The derivative financial instruments include natural gas purchase and sale contracts and are categorised in Levels 1, 2 and 3 of the classification of derivative financial instruments. The contracts in Level 1 are valued using active market prices of identical assets and liabilities. Due to absence of quoted prices or other observable, market-corroborated data the contracts in Level 2 are valued using models internally developed by the Group. These models include inputs such as: quoted forward prices, time value of money, volatility factors, current market prices, contractual prices and expected volumes of the underlying instruments. If necessary, the price curves are extrapolated to the expiry of the contracts using all available external pricing information, statistical and long-term

pricing relationships. These instruments are categorised in Level 3.

Foreign currency hedge contracts are categorised in Level 2. For fair value estimation the Group uses valuation prepared by independent financial institutes. Valuation results are regularly analysed by the Group's management. For the reporting period all foreign currency hedge contracts were effective.

During 2022 and 2021 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.

38. Offsetting Financial Assets and Liabilities

In connection with derivative financial instruments activities, the Group generally enters into standard offsetting agreements and collateral agreements with its counterparties. These agreements provide the Group with the right to offset, in the event of a default by the counterparty (such as bankruptcy), counterparty's rights and obligations under the agreement or

to liquidate and set off collateral against any net amount owed by the counterparty.

The following financial assets and liabilities are subject to standard offsetting agreements, including set-off agreements using collateral for obligations and similar agreements.

	Gross amounts before offsetting	Amounts offset	Net amounts after offsetting in the consolidated balance sheet	Amounts subject to netting agreements
As of 31 December 2022				
Financial assets				
Long-term and short-term trade and other accounts receivable	1,853,111	–	1,853,111	–
Derivative financial instruments	6,572	–	6,572	–
Financial liabilities				
Accounts payable (excluding derivative financial instruments)	1,489,569	–	1,489,569	–
Derivative financial instruments	8,627	–	8,627	–
As of 31 December 2021				
Financial assets				
Long-term and short-term trade and other accounts receivable	2,786,056	548,998	2,237,058	86,088
Derivative financial instruments	3,365,299	2,686,715	678,584	352,547
Financial liabilities				
Accounts payable (excluding derivative financial instruments)	2,472,137	548,998	1,923,139	86,088
Derivative financial instruments	3,352,713	2,686,715	665,998	352,547

The lack of offset of financial assets and liabilities in 2022 is due to the disposal of subsidiaries.

39. Events after the Reporting Period

Borrowings

In January-April 2023 the Group obtained long-term loans in the total amount of RUB 152,860 million.

In January-April 2023 the Group issued Russian bonds as a replacement for Eurobonds, the rights to which are recorded in Russian depositories, for the total amount of

USD 3,560 million, EUR 1,619 million, 168 million Swiss franc and 118 million British pounds sterling with coupon rates and maturities similar to the replaced Eurobonds.

In January-April 2023 the Group issued Russian bonds in the amount of RUB 77,743 million.

39. Events after the Reporting Period (continued)

Other events

In January 2023 the Group issued Russian perpetual callable loan participation notes as a replacement for perpetual Eurobonds, the rights to which are recorded in Russian depositories, for the total amount of USD 994 million and EUR 551 million with coupon rates and maturities similar to the replaced perpetual Eurobonds.

On 3 February 2023 the U.S. Department of the Treasury's Office of Foreign Assets Control published a determination pursuant to the U.S. President's Executive Order of 6 April 2022 No. 14071 (Executive Order No. 14071) that set from 5 February 2023 a price cap for Russian petroleum products at USD 45 per barrel of petroleum products traded at a discount to crude oil and at USD 100 per barrel of petroleum products traded at a premium to crude oil.

In addition, on 3 February 2023 the U.S. Department of the Treasury's Office of Foreign Assets Control published a determination pursuant to Executive Order No. 14071 that introduced the prohibition for U.S. persons to provide to Russian persons certain services related to the maritime transport of petroleum products of Russian origin, such as trading brokering, financing, shipping, insurance, flagging and customs brokering if the price of the petroleum products exceeds the above price cap.

On 5 February 2023 the prohibition of the EU entered into force on the transport and provision of services related to

the transport of Russian petroleum products to third parties from 5 February 2023 if the price per barrel of transported petroleum products exceeds the cap set by a separate decision of the EU Council. On 4 February 2023 the European Commission published information about the EU Council's decision to set two price caps for petroleum products falling under CN code 2710 originating in or exported from Russia. The first price cap for petroleum products traded at a discount to crude oil is set at USD 45 per barrel, while the second price cap for petroleum products traded at a premium to crude is set at USD 100 per barrel.

On 25 February 2023 the EU Council adopted another package of sanctions against the Russian Federation with a number of new restrictions, including:

- (1) it is prohibited from 27 March 2023 to allow Russian nationals (and persons permanently residing in the Russian Federation) to hold any posts in the governing bodies of the owners or operators of critical infrastructures and critical entities of the EU;
- (2) it is prohibited to provide gas storage capacities/facilities (except for LNG storage capacities) to Russian nationals and entities, as well as persons that are owned for more than 50% by them and persons acting on their behalf or at their direction.

PJSC Gazprom Investors Relations

Contact Details

PJSC Gazprom
2/3, Lakhtinsky Avenue, Bldg. 1,
St. Petersburg, 197229,
Russian Federation
Telephone: +7 (812) 609-41-29
Facsimile: +7 (812) 609-43-34
www.gazprom.ru (in Russian)
www.gazprom.com (in English)

