

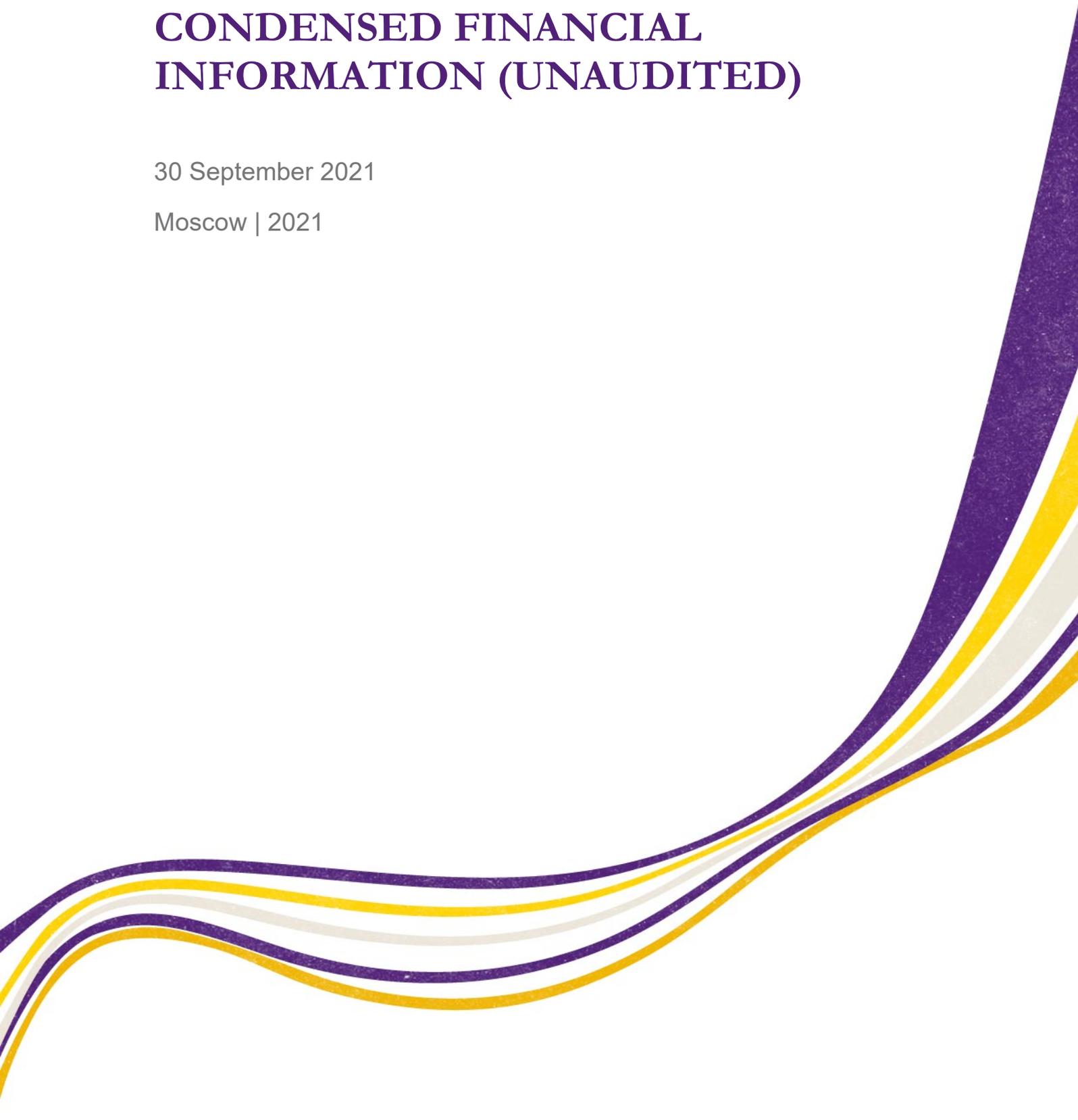
ФБК

PJSC GAZPROM

IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

30 September 2021

Moscow | 2021



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Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders
of Public Joint Stock Company Gazprom

Introduction

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

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

Scope of Review

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

Conclusion

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


Engagement partner



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

Date of the Report on Review
25 November 2021

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.

State registration:

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

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.

State registration:

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

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

Membership in self-regulatory organization of auditors:

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

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

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

| Notes | 30 September 2021 | 31 December 2020 |
|-------------------------------------|-----------------------------|---------------------|
| Assets | | |
| Current assets | | |
| 6 | 1,307,630 | 1,034,919 |
| | Short-term financial assets | 32,995 |
| 7 | 1,544,765 | 1,302,129 |
| 8 | 1,201,364 | 971,789 |
| | VAT recoverable | 79,687 |
| 13 | <u>1,081,373</u> | <u>301,005</u> |
| | 5,247,814 | 3,774,289 |
| Non-current assets | | |
| 9 | 16,552,055 | 16,103,095 |
| 10 | 218,574 | 195,313 |
| | Goodwill | 120,668 |
| 11 | 1,432,799 | 1,327,241 |
| 12 | 1,230,245 | 988,857 |
| 23 | 642,188 | 421,869 |
| 13 | <u>567,935</u> | <u>421,667</u> |
| | 20,764,464 | 19,577,896 |
| Total assets | 26,012,278 | 23,352,185 |
| Liabilities and equity | | |
| Current liabilities | | |
| | 2,503,063 | 1,622,288 |
| | 57,812 | 14,402 |
| | 374,572 | 296,740 |
| | <u>734,041</u> | <u>693,534</u> |
| | 3,669,488 | 2,626,964 |
| Non-current liabilities | | |
| 14 | 4,058,160 | 4,214,080 |
| 22 | 685,451 | 688,333 |
| 15 | 845,358 | 667,724 |
| | 224,891 | 211,488 |
| | <u>188,756</u> | <u>138,864</u> |
| | 6,002,616 | 5,920,489 |
| Total liabilities | 9,672,104 | 8,547,453 |
| Equity | | |
| 16 | 325,194 | 325,194 |
| 16 | (331) | (331) |
| 17 | 309,834 | 195,616 |
| | <u>15,121,009</u> | <u>13,717,464</u> |
| | 15,755,706 | 14,237,943 |
| | 584,468 | 566,789 |
| Total equity | 16,340,174 | 14,804,732 |
| Total liabilities and equity | 26,012,278 | 23,352,185 |

A.B. Miller
Chairman of the Management Committee
25 November 2021

M.N. Rosseev
Chief Accountant
25 November 2021

The accompanying notes on pages 9 to 46 are an integral part of this consolidated interim condensed financial information.

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

| Notes | | Three months ended | | Nine months ended | |
|-------|--|--------------------|------------------|-------------------|------------------|
| | | 30 September | | 30 September | |
| | | 2021 | 2020 | 2021 | 2020 |
| 18 | Sales | 2,373,164 | 1,398,070 | 6,725,132 | 4,301,218 |
| | Net gain (loss) from trading activity | 126,155 | (2,527) | 130,491 | 11,911 |
| 19 | Operating expenses | (1,874,285) | (1,251,075) | (5,202,452) | (3,944,332) |
| | Impairment loss on financial assets | (22,415) | (9,301) | (63,954) | (43,645) |
| | Operating profit | 602,619 | 135,167 | 1,589,217 | 325,152 |
| 20 | Finance income | 93,479 | 67,698 | 421,457 | 527,050 |
| 20 | Finance expenses | (72,119) | (536,968) | (289,834) | (1,277,952) |
| 11 | Share of profit of associates and joint ventures | 81,275 | 23,886 | 225,640 | 98,727 |
| | Profit (loss) before profit tax | 705,254 | (310,217) | 1,946,480 | (327,023) |
| | Current profit tax expenses | (115,800) | (19,588) | (245,891) | (57,376) |
| | Deferred profit tax (expenses) income | (5,037) | 82,138 | (120,651) | 182,192 |
| | Profit tax | (120,837) | 62,550 | (366,542) | 124,816 |
| | Profit (loss) for the period | 584,417 | (247,667) | 1,579,938 | (202,207) |
| | Other comprehensive income: | | | | |
| | Items that will not be reclassified subsequently to profit or loss: | | | | |
| | Gain (loss) arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax | 82,163 | 23,412 | 175,756 | (47,861) |
| 22 | Remeasurement of provision for post-employment benefits | 17,371 | 20,305 | 64,851 | (14,786) |
| | Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss | 99,534 | 43,717 | 240,607 | (62,647) |
| | Items that may be reclassified subsequently to profit or loss: | | | | |
| | Share of other comprehensive income (loss) of associates and joint ventures | 380 | 4,966 | 358 | (29,569) |
| | Translation differences | (15,438) | 228,958 | (76,763) | 401,034 |
| | Loss from hedging operations, net of tax | (31,511) | (2,150) | (27,195) | (14,149) |
| | Total other comprehensive (loss) income that may be reclassified subsequently to profit or loss | (46,569) | 231,774 | (103,600) | 357,316 |
| | Total other comprehensive income for the period, net of tax | 52,965 | 275,491 | 137,007 | 294,669 |
| | Comprehensive income for the period | 637,382 | 27,824 | 1,716,945 | 92,462 |
| | Profit (loss) for the period attributable to: | | | | |
| | Owners of PJSC Gazprom | 581,801 | (251,297) | 1,550,299 | (218,378) |
| | Non-controlling interest | 2,616 | 3,630 | 29,639 | 16,171 |
| | | 584,417 | (247,667) | 1,579,938 | (202,207) |
| | Comprehensive income for the period attributable to: | | | | |
| | Owners of PJSC Gazprom | 637,479 | 8,305 | 1,695,614 | 48,971 |
| | Non-controlling interest | (97) | 19,519 | 21,331 | 43,491 |
| | | 637,382 | 27,824 | 1,716,945 | 92,462 |
| 21 | Basic and diluted earnings (loss) per share attributable to the owners of PJSC Gazprom (in Russian Rubles) | 24.52 | (10.63) | 65.31 | (9.24) |


A.B. Miller
Chairman of the Management Committee
25 November 2021


M.N. Rosseev
Chief Accountant
25 November 2021

The accompanying notes on pages 9 to 46 are an integral part of this consolidated interim condensed financial information.

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

| Notes | Nine months ended 30 September | |
|-------|--|--------------------|
| | 2021 | 2020 |
| | Cash flows from operating activities | |
| | 1,946,480 | (327,023) |
| | Profit (loss) before profit tax | |
| | Adjustments to profit (loss) before profit tax | |
| 19 | 619,993 | 594,635 |
| 20 | (131,623) | 750,902 |
| 11 | (225,640) | (98,727) |
| | 103,451 | 90,073 |
| 19 | 180,011 | 7,497 |
| | 7,817 | 34,980 |
| | <u>554,009</u> | <u>1,379,360</u> |
| | 2,500,489 | 1,052,337 |
| | Cash flows from operating activities before working capital changes | |
| | (51,907) | (2,687) |
| | (14,489) | 41,644 |
| | (449,543) | 252,150 |
| | <u>(202,170)</u> | <u>(95,087)</u> |
| | 1,782,380 | 1,248,357 |
| | Net cash from operating activities | |
| | Cash flows from investing activities | |
| | (1,293,894) | (1,089,456) |
| 20 | (104,382) | (97,429) |
| | (3,924) | (12,325) |
| | (4,958) | (40) |
| | (24,087) | (42,991) |
| | 36,001 | 53,149 |
| | 4,806 | 7,425 |
| | 156,962 | 39,144 |
| | 1,653 | 7,585 |
| | 3,996 | - |
| | (29,204) | (85,739) |
| | 1,162 | 78,143 |
| | <u>(12,337)</u> | <u>(21,121)</u> |
| | (1,268,206) | (1,163,655) |
| | Net cash used in investing activities | |
| | Cash flows from financing activities | |
| | 618,015 | 813,104 |
| | (570,311) | (652,626) |
| | 26,152 | 76,372 |
| | (34,903) | (132,462) |
| | (35,190) | (32,018) |
| | (311,134) | (368,684) |
| 20 | (30,157) | (33,770) |
| | (124) | (124) |
| 17 | 120,000 | - |
| 17 | (4,457) | - |
| 17 | (530) | - |
| | 13,087 | 66 |
| | <u>(3,791)</u> | <u>(36,351)</u> |
| | (213,343) | (366,493) |
| | Net cash used in financing activities | |
| | (28,120) | 84,474 |
| | 272,711 | (197,317) |
| 6 | <u>1,034,919</u> | <u>696,057</u> |
| 6 | 1,307,630 | 498,740 |
| | Cash and cash equivalents at the end of the period | |


A.B. Miller
Chairman of the Management Committee
25 November 2021


M.N. Rosseev
Chief Accountant
25 November 2021

The accompanying notes on pages 9 to 46 are an integral part of this consolidated interim condensed financial information.

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

| Notes | Equity attributable to the owners of PJSC Gazprom | | | | | | |
|--|---|-----------------|-----------------|--------------------------------------|-------------------|--------------------------|-------------------|
| | Share capital | Treasury shares | Perpetual notes | Retained earnings and other reserves | Total | Non-controlling interest | Total equity |
| Nine months ended 30 September 2020 | | | | | | | |
| | 325,194 | (331) | - | 13,779,970 | 14,104,833 | 510,854 | 14,615,687 |
| | - | - | - | (218,378) | (218,378) | 16,171 | (202,207) |
| | - | - | - | (47,861) | (47,861) | - | (47,861) |
| 22 | - | - | - | (14,754) | (14,754) | (32) | (14,786) |
| | - | - | - | (29,569) | (29,569) | - | (29,569) |
| | - | - | - | 373,688 | 373,688 | 27,346 | 401,034 |
| | - | - | - | (14,155) | (14,155) | 6 | (14,149) |
| | - | - | - | 48,971 | 48,971 | 43,491 | 92,462 |
| | - | - | - | 1,297 | 1,297 | 2,207 | 3,504 |
| | - | - | - | (360,343) | (360,343) | (13,764) | (374,107) |
| | 325,194 | (331) | - | 13,469,895 | 13,794,758 | 542,788 | 14,337,546 |
| Nine months ended 30 September 2021 | | | | | | | |
| | 325,194 | (331) | 195,616 | 13,717,464 | 14,237,943 | 566,789 | 14,804,732 |
| | - | - | - | 1,550,299 | 1,550,299 | 29,639 | 1,579,938 |
| | - | - | - | 175,756 | 175,756 | - | 175,756 |
| 22 | - | - | - | 64,821 | 64,821 | 30 | 64,851 |
| | - | - | - | 358 | 358 | - | 358 |
| | - | - | - | (68,420) | (68,420) | (8,343) | (76,763) |
| | - | - | - | (27,200) | (27,200) | 5 | (27,195) |
| | - | - | - | 1,695,614 | 1,695,614 | 21,331 | 1,716,945 |
| | - | - | - | 5,242 | 5,242 | 14,470 | 19,712 |
| | - | - | - | (296,740) | (296,740) | (18,122) | (314,862) |
| 17 | - | - | 114,218 | (571) | 113,647 | - | 113,647 |
| | 325,194 | (331) | 309,834 | 15,121,009 | 15,755,706 | 584,468 | 16,340,174 |


A.B. Miller
Chairman of the Management Committee
25 November 2021


M.N. Rosseev
Chief Accountant
25 November 2021

The accompanying notes on pages 9 to 46 are an integral part of this consolidated interim condensed financial information.

PJSC Gazprom
Notes to the Consolidated Interim Condensed Financial Information
(Unaudited)
30 September 2021
(in millions of Russian Rubles)

1 General Information

Public Joint Stock Company Gazprom (PJSC Gazprom) and its subsidiaries (the “Group” or “Gazprom Group”) operate one of the largest gas pipeline systems in the world, and provide for the major part of natural gas production and its transportation by high-pressure pipelines in the Russian Federation. The Group is also a major natural gas supplier to European countries. The Group is engaged in oil production, oil refining, electric and heat energy generation. The Russian Federation is the ultimate controlling party and has a controlling interest (including both direct and indirect ownership) of over 50 % in PJSC Gazprom.

The Group is involved in the following activities:

- exploration and production of gas;
- transportation of gas;
- sales of gas within the Russian Federation and abroad;
- gas storage;
- production of crude oil and gas condensate;
- processing of oil, gas condensate and other hydrocarbons and sales of refined products;
- electric and heat energy generation and sales.

Other activities include production of other goods, execution of other works and provision of other services.

The Group’s activity is subject to seasonal fluctuations with peak demand for gas in the first and fourth quarters of each year. Typically approximately 20 % and 70 % of total annual gas volumes are shipped in the three and nine calendar months ended 30 September, respectively.

2 Economic Environment in the Russian Federation

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

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

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

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

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

- as of 30 September 2021 – 72.7608 (as of 30 September 2020 – 79.6845);
- as of 31 December 2020 – 73.8757 (as of 31 December 2019 – 61.9057).

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

- as of 30 September 2021 – 84.8755 (as of 30 September 2020 – 93.0237);
- as of 31 December 2020 – 90.6824 (as of 31 December 2019 – 69.3406).

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

PJSC Gazprom
Notes to the Consolidated Interim Condensed Financial Information
(Unaudited)
30 September 2021
(in millions of Russian Rubles)

3 Basis of Presentation

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

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

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

Perpetual Notes

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

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

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

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

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

Profit Tax

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

Application of Amendments to Standards

- The amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2 (issued in August 2020 and effective for annual reporting periods beginning on or after 1 January 2021). The amendments provide temporary reliefs, which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate. The amendments include the following:
 - a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

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

- permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- provide temporary relief to entities from having to meet the separately identifiable requirement when a risk-free interest rate instrument is designated at the discretion of the entity as a risk component within the hedging relationship.
- The amendments to IFRS 16 Leases (issued in March 2021 and effective for annual reporting periods beginning on or after 1 April 2021). The amendments extend the previously effective COVID-19 related rent concessions, which were issued in May 2020 and were effective for annual reporting periods beginning on or after 1 June 2020, and permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendments do not affect lessors.

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

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

Certain amendments to standards are mandatory for the annual periods beginning on or after 1 January 2022. In particular, the Group has not early adopted the following amendments to standards:

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

The Group is currently assessing the impact of these amendments on its financial position and performance.

5 Segment Information

The Group operates as a vertically integrated business with substantially all external gas sales generated by the Distribution of gas segment.

The Board of Directors, the Chairman of the Management Committee and the Management Committee of PJSC Gazprom (the “Governing bodies”) make key decisions managing the Group’s activity, assess operating results and allocate resources using different internal financial information.

Based on that information the following reportable segments were determined:

- Production of gas – exploration and production of gas;
- Transportation of gas – transportation of gas within the Russian Federation and abroad;
- Distribution of gas – sales of gas within the Russian Federation and abroad;
- Gas storage – storage of extracted and purchased gas in underground gas storages;
- Production of crude oil and gas condensate – exploration and production of crude oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of crude oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales.

Other activities’ results have been included within All other segments.

The inter-segment sales mainly consist of the following operations:

- Production of gas – sales of gas to the Distribution of gas and Refining segments;
- Transportation of gas – rendering gas transportation services to the Distribution of gas segment;
- Distribution of gas – sales of gas to the Transportation of gas segment for operating needs and to the Electric and heat energy generation and sales segment;
- Gas storage – provision of gas storage services to the Distribution of gas segment;
- Production of crude oil and gas condensate – sales of crude oil and gas condensate to the Refining segment for further processing;
- Refining – sales of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for Production of gas, Transportation of gas and Gas storage segments, are established by the management of the Group with the objective to meet funding requirements of particular subsidiaries within a segment.

The Governing bodies of the Group assess the performance, assets and liabilities of the reportable segments on the basis of the internal financial information. The effects of certain significant transactions and events, such as business acquisitions, and the effects of some adjustments that may be considered necessary to reconcile the internal financial information of the Group to the corresponding data presented in the consolidated interim condensed financial information are reviewed by the Governing bodies on a central basis and not allocated to the reportable segments. Finance income and expenses are not allocated to the reportable segments.

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5 Segment Information (continued)

| | Production of gas | Transportation of gas | Distribution of gas | Gas storage | Production of crude oil and gas condensate | Refining | Electric and heat energy generation and sales | All other segments | Total |
|---|--------------------------|------------------------------|----------------------------|--------------------|---|------------------|--|---------------------------|------------------|
| Three months ended 30 September 2021 | | | | | | | | | |
| Sales of segments | <u>308,529</u> | <u>319,381</u> | <u>1,289,846</u> | <u>16,368</u> | <u>465,643</u> | <u>667,294</u> | <u>116,559</u> | <u>70,636</u> | <u>3,254,256</u> |
| Inter-segment sales | 301,346 | 264,817 | 56,870 | 14,874 | 236,019 | 1,828 | - | - | 875,754 |
| External sales | 7,183 | 54,564 | 1,232,976 | 1,494 | 229,624 | 665,466 | 116,559 | 70,636 | 2,378,502 |
| Financial result of segments | 66,524 | 57,682 | 141,174 | 2,269 | 124,231 | 36,424 | 1,629 | 10,509 | 440,442 |
| Depreciation | 50,846 | 113,939 | 5,828 | 7,020 | 41,634 | 21,604 | 17,330 | 12,904 | 271,105 |
| Share of profit (loss) of associates and joint ventures | 2,126 | 9,842 | (2,844) | - | 37,488 | 2,531 | 3 | 32,129 | 81,275 |
| Three months ended 30 September 2020 | | | | | | | | | |
| Sales of segments | <u>206,260</u> | <u>299,935</u> | <u>615,635</u> | <u>16,517</u> | <u>284,946</u> | <u>485,346</u> | <u>96,227</u> | <u>77,470</u> | <u>2,082,336</u> |
| Inter-segment sales | 200,504 | 245,387 | 48,098 | 14,964 | 153,835 | 4,657 | - | - | 667,445 |
| External sales | 5,756 | 54,548 | 567,537 | 1,553 | 131,111 | 480,689 | 96,227 | 77,470 | 1,414,891 |
| Financial result of segments | 7,741 | 31,801 | (179,014) | 2,284 | 81,717 | (562) | (820) | (2,901) | (59,754) |
| Depreciation | 43,865 | 126,168 | 4,824 | 7,532 | 39,854 | 16,035 | 16,336 | 9,003 | 263,617 |
| Share of profit (loss) of associates and joint ventures | 426 | 8,877 | (176) | - | 16,044 | 1,167 | (20) | (2,432) | 23,886 |
| Nine months ended 30 September 2021 | | | | | | | | | |
| Sales of segments | <u>789,424</u> | <u>940,358</u> | <u>3,666,144</u> | <u>45,968</u> | <u>1,312,825</u> | <u>1,870,188</u> | <u>415,744</u> | <u>211,038</u> | <u>9,251,689</u> |
| Inter-segment sales | 767,596 | 773,621 | 227,256 | 41,695 | 690,143 | 11,957 | - | - | 2,512,268 |
| External sales | 21,828 | 166,737 | 3,438,888 | 4,273 | 622,682 | 1,858,231 | 415,744 | 211,038 | 6,739,421 |
| Financial result of segments | 49,144 | 144,715 | 575,054 | 4,881 | 379,759 | 93,714 | 46,182 | 57,238 | 1,350,687 |
| Depreciation | 154,576 | 348,595 | 16,861 | 21,226 | 125,717 | 61,052 | 51,094 | 36,978 | 816,099 |
| Share of profit (loss) of associates and joint ventures | 6,481 | 29,722 | (1,071) | - | 116,670 | 6,849 | 83 | 66,906 | 225,640 |
| Nine months ended 30 September 2020 | | | | | | | | | |
| Sales of segments | <u>615,628</u> | <u>900,874</u> | <u>2,122,581</u> | <u>45,059</u> | <u>759,278</u> | <u>1,316,594</u> | <u>348,467</u> | <u>209,876</u> | <u>6,318,357</u> |
| Inter-segment sales | 598,447 | 737,036 | 179,880 | 41,088 | 416,117 | 15,052 | - | - | 1,987,620 |
| External sales | 17,181 | 163,838 | 1,942,701 | 3,971 | 343,161 | 1,301,542 | 348,467 | 209,876 | 4,330,737 |
| Financial result of segments | (11,347) | 119,988 | (328,781) | 6,067 | 178,447 | (84,078) | 37,560 | (53,678) | (135,822) |
| Depreciation | 132,232 | 376,279 | 13,881 | 22,831 | 124,901 | 45,688 | 47,892 | 33,520 | 797,224 |
| Share of profit of associates and joint ventures | 1,943 | 24,614 | 473 | - | 51,453 | 1,497 | 81 | 18,666 | 98,727 |

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

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5 Segment Information (continued)

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

| Notes | Three months ended 30 September | | Nine months ended 30 September | |
|-------|------------------------------------|------------------|-----------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | 429,933 | (56,853) | 1,293,449 | (82,144) |
| | 10,509 | (2,901) | 57,238 | (53,678) |
| | 440,442 | (59,754) | 1,350,687 | (135,822) |
| | 64,955 | 65,873 | 196,106 | 202,589 |
| | (2,104) | (6,324) | (15,132) | (11,777) |
| 20 | 21,360 | (469,270) | 131,623 | (750,902) |
| 11 | 81,275 | 23,886 | 225,640 | 98,727 |
| 19 | (156,984) | (9,295) | (179,717) | (7,497) |
| | 256,310 | 144,667 | 237,273 | 277,659 |
| | 705,254 | (310,217) | 1,946,480 | (327,023) |

¹ The difference in depreciation mainly relates to adjustments of property, plant and equipment under Russian statutory accounting to comply with IFRS, such as reversal of revaluation of property, plant and equipment recorded under Russian statutory accounting or adjustments related to operating of the Group in hyperinflation, which are not recorded in accounting reports under Russian statutory accounting.

The reconciliation of reportable segments' external sales to sales in the consolidated interim condensed statement of comprehensive income is provided below.

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| External sales of reportable segments | 2,307,866 | 1,337,421 | 6,528,383 | 4,120,861 |
| External sales of other segments | 70,636 | 77,470 | 211,038 | 209,876 |
| Total external sales of segments | 2,378,502 | 1,414,891 | 6,739,421 | 4,330,737 |
| Differences in external sales ¹ | (5,338) | (16,821) | (14,289) | (29,519) |
| Total sales in the consolidated interim condensed statement of comprehensive income | 2,373,164 | 1,398,070 | 6,725,132 | 4,301,218 |

¹ The differences in external sales relate to adjustments of external sales under Russian statutory accounting to comply with IFRS, such as elimination of sales of materials to contractors and other adjustments.

Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associates and joint ventures and inventories. Cash and cash equivalents, VAT recoverable, goodwill, financial assets and other current and non-current assets are not allocated to the segments and managed on a central basis.

The Group's assets are primarily located in the Russian Federation. Information on non-current assets by geographic regions is not disclosed due to the fact that the carrying value of non-current assets located outside the Russian Federation is insignificant.

| | Production of gas | Transportation of gas | Distribution of gas | Gas storage | Production of crude oil and gas condensate | Refining | Electric and heat energy generation and sales | All other segments | Total |
|---|----------------------|--------------------------|------------------------|----------------|---|-----------|--|-----------------------|------------|
| As of 30 September 2021 | | | | | | | | | |
| Assets of segments | 3,036,073 | 7,375,869 | 2,082,760 | 334,701 | 3,514,125 | 3,013,249 | 1,102,228 | 2,051,928 | 22,510,933 |
| Investments in associates and joint ventures | 21,369 | 222,890 | 38,436 | 2 | 611,567 | 26,992 | 1,406 | 510,137 | 1,432,799 |
| Capital expenditures ¹ | 209,271 | 276,778 | 27,370 | 7,300 | 205,555 | 249,023 | 63,375 | 74,759 | 1,113,431 |
| As of 31 December 2020 | | | | | | | | | |
| Assets of segments | 2,992,642 | 7,233,415 | 1,848,312 | 355,297 | 3,267,110 | 2,823,335 | 892,261 | 1,960,300 | 21,372,672 |
| Investments in associates and joint ventures | 15,628 | 230,553 | 42,274 | 2 | 602,659 | 32,008 | 1,328 | 402,789 | 1,327,241 |
| Capital expenditures ² | 352,986 | 251,591 | 17,873 | 26,391 | 309,793 | 396,637 | 82,229 | 56,685 | 1,494,185 |

¹ Capital expenditures for the nine months ended 30 September 2021.

² Capital expenditures for the year ended 31 December 2020.

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5 Segment Information (continued)

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

| Notes | 30 September 2021 | 31 December 2020 |
|---|----------------------|---------------------|
| Assets of reportable segments | 20,459,005 | 19,412,372 |
| Assets of other segments | <u>2,051,928</u> | <u>1,960,300</u> |
| Total assets of segments | 22,510,933 | 21,372,672 |
| Difference in property, plant and equipment, net ¹ | (763,017) | (996,982) |
| Borrowing costs capitalised | 1,097,657 | 1,021,764 |
| 6 Cash and cash equivalents | 1,307,630 | 1,034,919 |
| Short-term financial assets | 32,995 | 29,892 |
| VAT recoverable | 79,687 | 134,555 |
| 13 Other current assets | 1,081,373 | 301,005 |
| Right-of-use assets | 74,678 | 63,311 |
| Goodwill | 120,668 | 119,854 |
| 23 Long-term financial assets | 642,188 | 421,869 |
| 13 Other non-current assets | 567,935 | 421,667 |
| Inter-segment assets | (984,163) | (948,190) |
| Other | <u>243,714</u> | <u>375,849</u> |
| Total assets in the consolidated interim condensed balance sheet | 26,012,278 | 23,352,185 |

¹ The difference in property, plant and equipment relates to adjustments of property, plant and equipment under Russian statutory accounting to comply with IFRS, such as reversal of revaluation of property, plant and equipment recorded under Russian statutory accounting or adjustments related to operating of the Group in hyperinflation, which are not recorded in accounting reports under Russian statutory accounting.

Liabilities of segments mainly comprise accounts payable arising in the course of operating activities. Current profit tax payable, deferred tax liabilities, long-term provisions (except for provision for decommissioning and site restoration), long-term and short-term borrowings, including current portion of long-term borrowings, long-term and short-term promissory notes payable and other non-current liabilities are not allocated to the reportable segments and managed on a central basis.

| | 30 September 2021 | 31 December 2020 |
|---|----------------------|---------------------|
| Refining | 946,692 | 754,088 |
| Distribution of gas | 909,567 | 791,817 |
| Production of crude oil and gas condensate | 454,331 | 441,058 |
| Production of gas | 336,004 | 334,499 |
| Transportation of gas | 198,441 | 256,853 |
| Electric and heat energy generation and sales | 139,166 | 124,102 |
| Gas storage | 31,294 | 34,093 |
| All other segments | <u>375,329</u> | <u>353,228</u> |
| Total liabilities of segments | 3,390,824 | 3,089,738 |

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5 Segment Information (continued)

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

| Notes | 30 September 2021 | 31 December 2020 |
|---|------------------------------|-----------------------------|
| Liabilities of reportable segments | 3,015,495 | 2,736,510 |
| Liabilities of other segments | <u>375,329</u> | <u>353,228</u> |
| Total liabilities of segments | 3,390,824 | 3,089,738 |
| Short-term lease liabilities | 23,258 | 17,567 |
| Current profit tax payable | 57,812 | 14,402 |
| Short-term borrowings, promissory notes and current portion of long-term borrowings | 734,041 | 693,534 |
| 14 Long-term borrowings, promissory notes | 4,058,160 | 4,214,080 |
| 22 Long-term provisions (except for provision for decommissioning and site restoration) | 331,557 | 348,140 |
| 15 Deferred tax liabilities | 845,358 | 667,724 |
| Long-term lease liabilities | 58,213 | 48,647 |
| Other non-current liabilities | 188,756 | 138,864 |
| Dividends | 4,701 | 5,625 |
| Inter-segment liabilities | (984,163) | (948,190) |
| Other | <u>963,587</u> | <u>257,322</u> |
| Total liabilities in the consolidated interim condensed balance sheet | 9,672,104 | 8,547,453 |

6 Cash and Cash Equivalents

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

| | 30 September 2021 | 31 December 2020 |
|---|------------------------------|-----------------------------|
| Cash on hand and bank balances payable on demand | 1,124,948 | 735,334 |
| Term deposits with original maturity of three months or less and other cash equivalents | <u>182,682</u> | <u>299,585</u> |
| Total cash and cash equivalents | 1,307,630 | 1,034,919 |

7 Accounts Receivable and Prepayments

| | 30 September 2021 | 31 December 2020 |
|--|------------------------------|-----------------------------|
| Financial assets | | |
| Trade accounts receivable | 1,019,327 | 871,814 |
| Other accounts receivable | 173,334 | 192,159 |
| Loans receivable | <u>196,981</u> | <u>158,543</u> |
| | 1,389,642 | 1,222,516 |
| Non-financial assets | | |
| Advances paid and prepayments | <u>155,123</u> | <u>79,613</u> |
| Total accounts receivable and prepayments | 1,544,765 | 1,302,129 |

Accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 1,082,271 million and RUB 1,032,705 million, advances paid and prepayments are presented net of impairment allowance in the amount of RUB 5,629 million and RUB 6,029 million as of 30 September 2021 and 31 December 2020, respectively.

Other accounts receivable include rights of claim arising from promissory notes of Gazprombank (Joint Stock Company) in the amount of RUB 29,613 million and RUB 31,639 million as of 30 September 2021 and 31 December 2020, respectively. These rights of claim and promissory notes were pledged to secure the repayment of loan funds provided to JSC Gazstroyprom.

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8 Inventories

For inventories with the cost exceeding the net realisable value, the amount of write-down to net realisable value was RUB 11,029 million and RUB 12,697 million as of 30 September 2021 and 31 December 2020, respectively.

9 Property, Plant and Equipment

| Notes | Operating assets (including production licenses) | Social assets | Assets under construction | Total |
|--|---|------------------|------------------------------|-------------------|
| As of 31 December 2019 | | | | |
| Cost | 17,825,647 | 90,046 | 4,524,775 | 22,440,468 |
| Accumulated depreciation | (7,135,819) | (46,845) | - | (7,182,664) |
| Impairment allowance | <u>(240,847)</u> | <u>-</u> | <u>(160,509)</u> | <u>(401,356)</u> |
| Net book value as of 31 December 2019 | 10,448,981 | 43,201 | 4,364,266 | 14,856,448 |
| Nine months ended 30 September 2020 | | | | |
| Cost | | | | |
| Additions | 41,656 | 180 | 1,049,734 | 1,091,570 |
| Transfers | 824,747 | 2,637 | (827,384) | - |
| Disposals | (82,843) | (236) | (42,020) | (125,099) |
| Translation differences | 434,164 | 792 | 231,154 | 666,110 |
| Accumulated depreciation and impairment allowance | | | | |
| Depreciation | (564,205) | (2,021) | - | (566,226) |
| Disposals | 16,770 | 125 | 829 | 17,724 |
| Translation differences | (147,420) | (246) | (6,444) | (154,110) |
| Change in impairment allowance: | (14,055) | - | (1,355) | (15,410) |
| allowance accrual | (14,055) | - | (1,815) | (15,870) |
| allowance release | - | - | 460 | 460 |
| As of 30 September 2020 | | | | |
| Cost | 19,043,371 | 93,419 | 4,936,259 | 24,073,049 |
| Accumulated depreciation | (7,814,446) | (48,987) | - | (7,863,433) |
| Impairment allowance | <u>(271,130)</u> | <u>-</u> | <u>(167,479)</u> | <u>(438,609)</u> |
| Net book value as of 30 September 2020 | 10,957,795 | 44,432 | 4,768,780 | 15,771,007 |
| Three months ended 31 December 2020 | | | | |
| Cost | | | | |
| Additions | 59,056 | 66 | 650,883 | 710,005 |
| Transfers | 797,930 | 1,245 | (799,175) | - |
| Disposals | (30,581) | (170) | (88,612) | (119,363) |
| Translation differences | (96,818) | (116) | (28,634) | (125,568) |
| Accumulated depreciation and impairment allowance | | | | |
| Depreciation | (194,894) | (707) | - | (195,601) |
| Disposals | 21,728 | 79 | 24,180 | 45,987 |
| Translation differences | 44,895 | 30 | 1,684 | 46,609 |
| Change in impairment allowance: | (11,734) | - | (18,247) | (29,981) |
| allowance accrual | (13,409) | - | (18,247) | (31,656) |
| allowance release | 1,675 | - | - | 1,675 |
| As of 31 December 2020 | | | | |
| Cost | 19,779,166 | 94,444 | 4,664,513 | 24,538,123 |
| Accumulated depreciation | (7,950,157) | (49,585) | - | (7,999,742) |
| Impairment allowance | <u>(281,632)</u> | <u>-</u> | <u>(153,654)</u> | <u>(435,286)</u> |
| Net book value as of 31 December 2020 | 11,547,377 | 44,859 | 4,510,859 | 16,103,095 |

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9 Property, Plant and Equipment (continued)

| Notes | Operating assets (including production licenses) | Social assets | Assets under construction | Total |
|--|---|--------------------------|--------------------------------------|-------------------|
| Nine months ended 30 September 2021 | | | | |
| Cost | | | | |
| Additions | 28,246 | 65 | 1,230,292 | 1,258,603 |
| Transfers | 430,312 | 763 | (431,075) | - |
| Disposals | (75,518) | (219) | (71,143) | (146,880) |
| Translation differences | (86,256) | (189) | (51,186) | (137,631) |
| Accumulated depreciation and impairment allowance | | | | |
| Depreciation | (591,338) | (2,034) | - | (593,372) |
| Disposals | 28,575 | 111 | 20,626 | 49,312 |
| Translation differences | 21,421 | 80 | 147 | 21,648 |
| Change in impairment allowance: | - | - | (2,720) | (2,720) |
| allowance accrual | - | - | (2,833) | (2,833) |
| allowance release | - | - | 113 | 113 |
| As of 30 September 2021 | | | | |
| Cost | 20,078,654 | 94,864 | 5,338,697 | 25,512,215 |
| Accumulated depreciation | (8,492,660) | (51,428) | - | (8,544,088) |
| Impairment allowance | (283,175) | - | (132,897) | (416,072) |
| Net book value as of 30 September 2021 | 11,302,819 | 43,436 | 5,205,800 | 16,552,055 |

The Group recognised an impairment loss in the amount of RUB 2,833 million for assets for the nine months ended 30 September 2021 and RUB 15,870 million for the nine months ended 30 September 2020.

Property, plant and equipment include social assets (rest houses, housing, schools and medical facilities), which the Group received at privatisation, with a net book value of RUB 11 million and RUB 27 million as of 30 September 2021 and 31 December 2020, respectively.

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10 Right-of-Use Assets

Notes

| | <u>Operating assets</u> | <u>Social assets</u> | <u>Total</u> |
|--|-------------------------|----------------------|------------------|
| Nine months ended 30 September 2020 | | | |
| Net book value as of 31 December 2019 | 206,738 | 7,506 | 214,244 |
| Cost | 250,471 | 8,930 | 259,401 |
| Accumulated depreciation and impairment allowance | <u>(43,733)</u> | <u>(1,424)</u> | <u>(45,157)</u> |
| Net book value as of 1 January 2020 | 206,738 | 7,506 | 214,244 |
| Depreciation | (31,203) | (849) | (32,052) |
| Additions as a result of new leases | 5,617 | 389 | 6,006 |
| Effect of modification and changes of estimates in lease contracts | 3,134 | (93) | 3,041 |
| Disposals | (2,570) | (246) | (2,816) |
| Translation differences | <u>11,101</u> | <u>-</u> | <u>11,101</u> |
| Net book value as of 30 September 2020 | 192,817 | 6,707 | 199,524 |
| As of 30 September 2020 | | | |
| Cost | 271,619 | 8,862 | 280,481 |
| Accumulated depreciation and impairment allowance | <u>(78,802)</u> | <u>(2,155)</u> | <u>(80,957)</u> |
| Net book value as of 30 September 2020 | 192,817 | 6,707 | 199,524 |
| Three months ended 31 December 2020 | | | |
| Depreciation | (9,017) | (419) | (9,436) |
| Impairment allowance accrual | (15) | - | (15) |
| Additions as a result of new leases | 4,017 | 792 | 4,809 |
| Effect of modification and changes of estimates in lease contracts | 3,832 | 305 | 4,137 |
| Disposals | (77) | (1,585) | (1,662) |
| Translation differences | <u>(2,044)</u> | <u>-</u> | <u>(2,044)</u> |
| Net book value as of 31 December 2020 | 189,513 | 5,800 | 195,313 |
| As of 31 December 2020 | | | |
| Cost | 272,537 | 7,706 | 280,243 |
| Accumulated depreciation and impairment allowance | <u>(83,024)</u> | <u>(1,906)</u> | <u>(84,930)</u> |
| Net book value as of 31 December 2020 | 189,513 | 5,800 | 195,313 |
| Nine months ended 30 September 2021 | | | |
| Depreciation | (34,476) | (948) | (35,424) |
| Additions as a result of new leases | 59,288 | 510 | 59,798 |
| Effect of modification and changes of estimates in lease contracts | 4,559 | 266 | 4,825 |
| Disposals | (4,894) | (614) | (5,508) |
| Translation differences | <u>(430)</u> | <u>-</u> | <u>(430)</u> |
| Net book value as of 30 September 2021 | 213,560 | 5,014 | 218,574 |
| As of 30 September 2021 | | | |
| Cost | 327,022 | 7,769 | 334,791 |
| Accumulated depreciation and impairment allowance | <u>(113,462)</u> | <u>(2,755)</u> | <u>(116,217)</u> |
| Net book value as of 30 September 2021 | 213,560 | 5,014 | 218,574 |

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 47,686 million and RUB 44,073 million for the nine months ended 30 September 2021 and 30 September 2020, respectively.

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11 Investments in Associates and Joint Ventures

| Notes | | | Carrying value as of | | Share of profit (loss) of associates and joint ventures for the nine months ended | |
|------------|--|------------------|----------------------|---------------------|--|----------------------|
| | | | 30 September 2021 | 31 December 2020 | 30 September 2021 | 30 September 2020 |
| 22, 24, 25 | Gazprombank (Joint Stock Company) and its subsidiaries ¹ | Associate | 288,706 | 227,649 | 54,068 | 6,789 |
| 24, 25 | Sakhalin Energy Investment Company Ltd. | Associate | 236,934 | 216,853 | 42,894 | 27,453 |
| 24 | PJSC NGK Slavneft and its subsidiaries | Joint venture | 165,595 | 156,725 | 8,819 | (3,811) |
| 24 | JSC Arcticgas | Joint venture | 122,050 | 160,312 | 45,112 | 20,739 |
| 24, 25 | Nord Stream AG | Joint venture | 116,793 | 119,666 | 18,913 | 16,187 |
| 24, 25 | JSC Gazstroyprom | Associate | 85,605 | 42,567 | 4,265 | (1,120) |
| 24 | WIGA Transport Beteiligungs- GmbH & Co. KG and its subsidiaries | Joint venture | 65,773 | 68,824 | 9,344 | 7,831 |
| 24 | JSC Messoyakhaneftegas | Joint venture | 42,526 | 44,387 | 10,640 | 6,547 |
| 22, 24 | JSC NPF GAZFOND ² | Associate | 39,126 | 34,863 | 4,263 | 9,161 |
| 24 | JSC Achimgaz | Joint venture | 37,486 | 33,313 | 16,236 | 6,584 |
| 24 | JSC EUROPOL GAZ | Associate | 35,783 | 37,522 | 1,465 | 596 |
| | Wintershall AG | Associate | 19,362 | 19,172 | 1,619 | (454) |
| 24 | KazRosGas LLP | Joint venture | 15,957 | 13,460 | 2,730 | 22 |
| 24 | CJSC Northgas | Joint venture | 14,515 | 12,226 | 2,289 | 1,147 |
| 24 | Wintershall Noordzee B.V. | Joint venture | 5,797 | 4,043 | 1,078 | (1,224) |
| 24 | JSC Latvijas Gaze and its subsidiaries | Associate | - | 4,310 | (3,818) | 450 |
| | Other (net of allowance for investments impairment in the amount of RUB 21,061 million and RUB 21,435 million as of 30 September 2021 and 31 December 2020, respectively) | | <u>140,791</u> | <u>131,349</u> | <u>5,723</u> | <u>1,830</u> |
| | | | 1,432,799 | 1,327,241 | 225,640 | 98,727 |

¹ In March 2020 the Group purchased Gazprombank (Joint Stock Company) ordinary shares from one of its shareholders, as the result of which the Group's share in voting shares increased from 47.87 % to 49.88 %.

² In January 2020 the remaining 25 % of ordinary registered uncertificated shares not allocated at the date of JSC NPF GAZFOND state registration were distributed among its shareholders in proportion to the number of the shares they owned. The Group's voting share in JSC NPF GAZFOND did not change. As of 31 December 2020 the Group's share in voting shares is equal to ownership interest.

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

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

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11 Investments in Associates and Joint Ventures (continued)

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

| | Ownership interest (%) ¹ as of 30 September 2021 | Country of primary operations | As of 30 September 2021 | | Nine months ended 30 September 2021 | |
|--|---|-------------------------------|-------------------------|-------------|-------------------------------------|---------------|
| | | | Assets | Liabilities | Revenues | Profit (loss) |
| Gazprombank (Joint Stock Company) and its subsidiaries ^{2, 7} | 49.88 | Russia | 8,041,251 | 7,279,178 | 212,831 | 128,224 |
| JSC Gazstroyprom | 49 | Russia | 1,064,460 | 930,115 | 289,159 | 8,704 |
| Sakhalin Energy Investment Company Ltd. ³ | 50 | Russia | 965,809 | 491,941 | 279,685 | 85,787 |
| PJSC NGK Slavneft and its subsidiaries | 49.88 | Russia | 653,813 | 315,160 | 216,980 | 18,001 |
| JSC NPF GAZFOND | 42 | Russia | 466,035 | 371,798 | - | 10,448 |
| JSC Arcticgas | 50 | Russia | 454,115 | 234,340 | 212,153 | 90,225 |
| Nord Stream AG ^{4, 5} | 51 | Russia, Germany | 441,784 | 212,776 | 71,274 | 37,084 |
| WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries | 49.98 | Germany | 377,684 | 230,255 | 52,250 | 17,681 |
| JSC Messoyakhaneftegas | 50 | Russia | 237,055 | 152,425 | 126,309 | 21,289 |
| JSC Achimgaz | 50 | Russia | 94,357 | 19,384 | 65,658 | 32,472 |
| JSC EUROPOL GAZ | 48 | Poland | 76,524 | 1,978 | 18,166 | 3,051 |
| Wintershall AG ⁶ | 49 | Libya | 65,923 | 39,386 | 11,252 | 3,304 |
| Wintershall Noordzee B.V. | 50 | Netherlands | 45,888 | 35,855 | 14,863 | 2,157 |
| CJSC Northgas | 50 | Russia | 44,573 | 14,606 | 14,023 | 4,578 |
| JSC Latvijas Gaze and its subsidiaries | 34 | Latvia | 36,602 | 31,579 | 24,809 | (14,493) |
| KazRosGaz LLP | 50 | Kazakhstan | 33,855 | 1,942 | 25,713 | 5,459 |

| | Ownership interest (%) ¹ as of 31 December 2020 | Country of primary operations | As of 31 December 2020 | | Nine months ended 30 September 2020 | |
|--|--|-------------------------------|------------------------|-------------|-------------------------------------|---------------|
| | | | Assets | Liabilities | Revenues | Profit (loss) |
| Gazprombank (Joint Stock Company) and its subsidiaries ^{2, 7} | 49.88 | Russia | 7,430,261 | 6,791,388 | 166,063 | 33,603 |
| Sakhalin Energy Investment Company Ltd. ³ | 50 | Russia | 982,250 | 548,545 | 226,955 | 54,906 |
| JSC Gazstroyprom | 49 | Russia | 879,528 | 753,886 | 103,954 | (2,285) |
| PJSC NGK Slavneft and its subsidiaries | 49.88 | Russia | 599,896 | 280,159 | 135,372 | (7,936) |
| Nord Stream AG ^{4, 5} | 51 | Russia, Germany | 486,764 | 252,122 | 64,548 | 31,740 |
| JSC NPF GAZFOND | 42 | Russia | 462,278 | 378,308 | - | 22,065 |
| JSC Arcticgas | 50 | Russia | 436,689 | 140,391 | 118,512 | 41,476 |
| WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries | 49.98 | Germany | 398,438 | 240,026 | 48,510 | 15,979 |
| JSC Messoyakhaneftegas | 50 | Russia | 228,539 | 140,187 | 68,551 | 13,092 |
| JSC Achimgaz | 50 | Russia | 94,507 | 27,880 | 58,148 | 13,167 |
| JSC EUROPOL GAZ | 48 | Poland | 80,163 | 1,994 | 12,476 | 1,241 |
| Wintershall AG ⁶ | 49 | Libya | 69,861 | 45,455 | - | (926) |
| Wintershall Noordzee B.V. | 50 | Netherlands | 45,480 | 36,901 | 3,480 | (2,449) |
| CJSC Northgas | 50 | Russia | 44,337 | 18,945 | 11,167 | 2,296 |
| JSC Latvijas Gaze and its subsidiaries | 34 | Latvia | 29,562 | 7,228 | 10,356 | 1,323 |
| KazRosGaz LLP | 50 | Kazakhstan | 28,572 | 1,653 | 21,678 | 45 |

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

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

³ Country of incorporation is Bermuda Islands.

⁴ Country of incorporation is Switzerland.

⁵ Investment in the company is accounted under the equity method of accounting, as the Group did not obtain control due to its corporate governance structure.

⁶ Country of incorporation is Germany.

⁷ Share in voting shares.

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14 Long-Term Borrowings, Promissory Notes

| | Currency | Final maturity | 30 September 2021 | 31 December 2020 |
|--|------------------------|-----------------------|--------------------------|-------------------------|
| Long-term borrowings, promissory notes payable to: | | | | |
| China Construction Bank Corporation, Beijing branch ^{1,2} | Euro | 2034 | 242,829 | 248,384 |
| Loan participation notes issued in January 2021 ³ | US Dollar | 2029 | 145,002 | - |
| Loan participation notes issued in February 2020 ³ | US Dollar | 2030 | 144,996 | 148,344 |
| Loan participation notes issued in November 2013 ⁴ | US Dollar | 2023 | 111,378 | 111,423 |
| Gazprombank (Joint Stock Company) | Russian Ruble | 2027 | 110,401 | 106,342 |
| Loan participation notes issued in September 2012 ⁴ | US Dollar | 2022 | 109,287 | 112,174 |
| Loan participation notes issued in March 2007 ⁵ | US Dollar | 2022 | 95,000 | 98,018 |
| Loan participation notes issued in August 2007 ⁵ | US Dollar | 2037 | 91,780 | 94,868 |
| Loan participation notes issued in February 2019 ⁵ | US Dollar | 2026 | 91,112 | 93,620 |
| Loan participation notes issued in April 2004 ⁵ | US Dollar | 2034 | 90,513 | 89,988 |
| Loan participation notes issued in November 2016 ⁵ | Euro | 2023 | 86,968 | 90,737 |
| Loan participation notes issued in November 2018 ⁵ | Euro | 2024 | 86,265 | 92,759 |
| PJSC Sberbank ^{1,2} | Russian Ruble | 2034 | 85,664 | 71,312 |
| Loan participation notes issued in April 2020 ³ | Euro | 2025 | 85,526 | 91,978 |
| Loan participation notes issued in February 2021 ³ | Euro | 2027 | 84,943 | - |
| Loan participation notes issued in April 2017 ^{5,6} | British Pound Sterling | 2024 | 84,319 | 89,293 |
| Gazprombank (Joint Stock Company) ^{1,2} | Russian Ruble | 2034 | 83,181 | 35,072 |
| Loan participation notes issued in July 2012 ⁵ | US Dollar | 2022 | 73,481 | 75,521 |
| Intesa Sanpaolo Bank Luxembourg S.A. ¹ | Euro | 2023 | 72,983 | 93,130 |
| Loan participation notes issued in June 2020 ³ | US Dollar | 2027 | 72,790 | 73,291 |
| Loan participation notes issued in July 2021 ³ | US Dollar | 2031 | 72,560 | - |
| UniCredit S.p.A. | Euro | 2028 | 67,383 | - |
| J.P. Morgan AG ¹ | Euro | 2023 | 66,915 | 85,421 |
| Loan participation notes issued in February 2013 ⁵ | US Dollar | 2028 | 65,980 | 67,814 |
| Loan participation notes issued in November 2017 ⁵ | Euro | 2024 | 64,619 | 67,851 |
| Loan participation notes issued in March 2018 ⁵ | Euro | 2026 | 64,177 | 68,965 |
| Intesa Sanpaolo S.p.A. ^{1,2} | Euro | 2034 | 61,274 | 31,893 |
| Loan participation notes issued in March 2018 ⁵ | Swiss Franc | 2023 | 59,088 | 63,169 |
| Loan participation notes issued in March 2017 ⁵ | US Dollar | 2027 | 54,322 | 55,801 |
| OMV Gas Marketing Trading & Finance B.V. ⁷ | Euro | 2034 | 43,852 | 46,738 |
| Shell Exploration and Production (LXXI) B.V. ⁷ | Euro | 2034 | 43,852 | 46,738 |
| Wintershall Nederland Transport and Trading B.V. ⁷ | Euro | 2034 | 43,851 | 46,738 |
| Uniper Gas Transportation and Finance B.V. ⁷ | Euro | 2034 | 43,851 | 46,738 |
| Engie Energy Management Holding Switzerland AG ⁷ | Euro | 2034 | 43,851 | 46,737 |
| Loan participation notes issued in March 2013 ⁵ | Euro | 2025 | 43,422 | 46,892 |
| Sumitomo Mitsui Banking Corporation | Euro | 2025 | 42,435 | 45,096 |
| Mizuho Bank Ltd. | Euro | 2025 | 42,409 | 45,047 |
| Loan issued in December 2018 ⁸ | Japanese yen | 2028 | 42,244 | 46,045 |
| Wintershall Nederland Transport and Trading B.V. ⁷ | Euro | 2035 | 41,082 | 39,843 |
| Uniper Gas Transportation and Finance B.V. ⁷ | Euro | 2035 | 41,082 | 39,842 |
| OMV Gas Marketing Trading & Finance B.V. ⁷ | Euro | 2035 | 41,079 | 39,839 |
| Shell Exploration and Production (LXXI) B.V. ⁷ | Euro | 2035 | 41,079 | 39,839 |
| Engie Energy Management Holding Switzerland AG ⁷ | Euro | 2035 | 41,079 | 39,839 |

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14 Long-Term Borrowings, Promissory Notes (continued)

| | Currency | Final maturity | 30 September 2021 | 31 December 2020 |
|---|-----------------|-----------------------|--------------------------|-------------------------|
| Loan participation notes issued in November 2016 ^{5,6} | Swiss Franc | 2021 | 40,448 | 42,324 |
| Loan participation notes issued in June 2021 ³ | Swiss Franc | 2027 | 38,885 | - |
| Loan participation notes issued in July 2017 ^{5,6} | Swiss Franc | 2022 | 38,687 | 41,504 |
| J.P. Morgan AG ¹ | Euro | 2022 | 36,457 | 51,657 |
| Credit Agricole CIB, London branch | Euro | 2023 | 33,793 | 36,182 |
| Natixis ¹ | Euro | 2024 | 30,194 | 45,391 |
| MUFG Bank Ltd. | Euro | 2026 | 30,057 | 38,679 |
| Credit Agricole CIB | Euro | 2023 | 29,169 | 38,780 |
| PJSC VTB Bank | Russian Ruble | 2028 | 28,771 | 14,698 |
| ING Bank N.V. ^{1,2} | Euro | 2036 | 28,414 | 13,331 |
| Russian bonds issued in December 2020 ⁹ | Russian Ruble | 2023 | 27,053 | 27,049 |
| JSC ALFA-BANK | US Dollar | 2023 | 26,564 | 26,971 |
| Russian bonds issued in October 2017 ⁴ | Russian Ruble | 2022 | 25,882 | 25,392 |
| Russian bonds issued in November 2019 ⁴ | Russian Ruble | 2024 | 25,196 | 25,209 |
| Russian bonds issued in March 2018 ⁴ | Russian Ruble | 2024 | 25,104 | 25,552 |
| PJSC Sberbank ^{1,2} | Euro | 2034 | 25,032 | 17,458 |
| PJSC Sberbank | Euro | 2023 | 23,634 | 31,462 |
| UniCredit S.p.A. | Euro | 2025 | 22,740 | 21,800 |
| PJSC Sberbank | Euro | 2025 | 20,747 | 22,168 |
| Russian bonds issued in December 2020 ⁴ | Russian Ruble | 2024 | 20,196 | 20,016 |
| Russian bonds issued in December 2019 ⁴ | Russian Ruble | 2029 | 20,026 | 20,023 |
| Russian bonds issued in April 2017 ⁴ | Russian Ruble | 2022 | 15,627 | 15,300 |
| Russian bonds issued in June 2019 ¹⁰ | Russian Ruble | 2022 | 15,394 | 15,095 |
| Russian bonds issued in November 2013 ¹¹ | Russian Ruble | 2043 | 15,374 | 15,088 |
| Russian bonds issued in November 2013 ¹¹ | Russian Ruble | 2043 | 15,374 | 15,088 |
| VTB Bank (Europe) SE | Euro | 2027 | 15,326 | 17,695 |
| Russian bonds issued in June 2020 ¹⁰ | Russian Ruble | 2027 | 15,295 | 15,075 |
| Russian bonds issued in June 2020 ¹⁰ | Russian Ruble | 2025 | 15,286 | 15,073 |
| Russian bonds issued in July 2019 ¹⁰ | Russian Ruble | 2024 | 15,250 | 15,542 |
| Russian bonds issued in July 2018 ¹¹ | Russian Ruble | 2048 | 15,216 | 15,519 |
| Russian bonds issued in July 2018 ¹¹ | Russian Ruble | 2048 | 15,216 | 15,519 |
| Russian bonds issued in August 2017 ⁴ | Russian Ruble | 2024 | 15,190 | 15,496 |
| Russian bonds issued in February 2017 ¹⁰ | Russian Ruble | 2027 | 15,183 | 15,516 |
| Russian bonds issued in February 2017 ¹⁰ | Russian Ruble | 2027 | 15,183 | 15,516 |
| Gazprombank (Joint Stock Company) | Russian Ruble | 2022 | 15,114 | 15,111 |
| PJSC CREDIT BANK OF MOSCOW | Russian Ruble | 2024 | 14,952 | 14,940 |
| PJSC CREDIT BANK OF MOSCOW | Russian Ruble | 2025 | 14,946 | 14,935 |
| Intesa Sanpaolo S.p.A., London branch ^{1,2} | Euro | 2036 | 14,867 | 1,305 |
| PJSC Sberbank ^{1,2} | Euro | 2034 | 11,374 | 6,235 |
| Gazprombank (Joint Stock Company) | Russian Ruble | 2025 | 10,500 | 12,750 |
| Russian bonds issued in December 2017 ⁴ | Russian Ruble | 2024 | 10,221 | 10,030 |
| Russian bonds issued in July 2018 ¹¹ | Russian Ruble | 2033 | 10,144 | 10,346 |
| Russian bonds issued in February 2018 ¹⁰ | Russian Ruble | 2028 | 10,073 | 10,251 |
| Russian bonds issued in February 2018 ¹⁰ | Russian Ruble | 2028 | 10,073 | 10,251 |
| Russian bonds issued in February 2020 ⁴ | Russian Ruble | 2025 | 10,049 | 10,047 |
| Loan participation notes issued in February 2014 ⁵ | Euro | 2021 | - | 70,086 |
| UniCredit S.p.A. | Euro | 2021 | - | 63,473 |
| Loan participation notes issued in November 2011 ⁵ | US Dollar | 2021 | - | 45,493 |
| UniCredit S.p.A. | Euro | 2021 | - | 38,930 |
| ING Bank, a branch of ING-DiBa AG | Euro | 2021 | - | 36,202 |

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14 Long-Term Borrowings, Promissory Notes (continued)

| | Currency | Final maturity | 30 September 2021 | 31 December 2020 |
|---|-----------------|-----------------------|--------------------------|-------------------------|
| Citibank Europe plc ¹ | Euro | 2021 | - | 32,906 |
| PJSC Sberbank | Russian Ruble | 2021 | - | 32,854 |
| Credit Agricole CIB | Euro | 2021 | - | 27,295 |
| Bank of China Limited, London branch | Euro | 2021 | - | 26,115 |
| PJSC VTB Bank | Euro | 2021 | - | 18,130 |
| JSC BANK "ROSSIYA" | Russian Ruble | 2021 | - | 15,000 |
| Russian bonds issued in August 2016 ⁴ | Russian Ruble | 2021 | - | 10,330 |
| Russian bonds issued in February 2011 ⁴ | Russian Ruble | 2021 | - | 10,325 |
| Other long-term borrowings, promissory notes | Various | Various | 534,567 | 584,381 |
| Total long-term borrowings, promissory notes | | | 4,682,747 | 4,788,028 |
| Less current portion of long-term borrowings | | | (624,587) | (573,948) |
| | | | 4,058,160 | 4,214,080 |

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

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

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

⁴ The issuer of these bonds is PJSC Gazprom Neft.

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

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

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

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

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

¹⁰ The issuer of these bonds is Gazprom capital LLC.

¹¹ The issuer of these bonds is PJSC Gazprom.

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

| Maturity of long-term borrowings, promissory notes | 30 September 2021 | 31 December 2020 |
|---|--------------------------|-------------------------|
| between one and two years | 428,191 | 788,176 |
| between two and five years | 1,738,570 | 1,586,715 |
| after five years | 1,891,399 | 1,839,189 |
| | 4,058,160 | 4,214,080 |

Long-term liabilities include fixed interest rate borrowings with a carrying value of RUB 2,755,035 million and RUB 2,626,491 million and fair value of RUB 3,005,960 million and RUB 3,021,359 million as of 30 September 2021 and 31 December 2020, respectively.

All other long-term borrowings have variable interest rates generally linked to LIBOR and EURIBOR. Their carrying value is RUB 1,927,712 million and RUB 2,161,537 million and fair value is RUB 2,133,144 million and RUB 2,409,733 million as of 30 September 2021 and 31 December 2020, respectively.

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

As of 30 September 2021 and 31 December 2020 according to the agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant, 99.99 % of interest in the charter capital of LLC Gazprom pererabotka Blagoveshchensk (a subsidiary) was pledged until a full settlement of the secured obligations. As of 30 September 2021 and 31 December 2020 the secured obligations to agent banks China Construction Bank Corporation, Beijing branch, ING Bank N.V., Intesa Sanpaolo S.p.A., London branch, Intesa Sanpaolo S.p.A., PJSC Sberbank and Gazprombank (Joint Stock Company) amounted to RUB 597,332 million and RUB 471,558 million, respectively.

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

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom in July 2018 and due in 2048 the issuer can execute the right of early redemption in July 2025.

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14 Long-Term Borrowings, Promissory Notes (continued)

Under the terms of the Russian bonds with the nominal value of RUB 15,000 million issued by PJSC Gazprom in July 2018 and due in 2048 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 10,000 million issued by PJSC Gazprom in July 2018 and due in 2033 the issuer can execute the right of early redemption in July 2025.

Under the terms of the Russian bonds with the nominal value of RUB 30,000 million issued by Gazprom capital LLC in February 2018 and due in 2028 the issuer can execute the right of early redemption in February 2025.

Under the terms of the Russian bonds with the nominal value of RUB 30,000 million issued by Gazprom capital LLC in February 2017 and due in 2027 the issuer can execute the right of early redemption in February 2024.

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

15 Profit Tax

Profit tax is recognised based on the estimated average annual effective profit tax rate applied to the profit before profit tax for the nine months ended 30 September 2021. Differences between the recognition criteria of assets and liabilities reflected in the IFRS consolidated interim condensed financial information and for the purposes of Russian statutory taxation give rise to certain temporary differences. The tax effect of the movement in these temporary differences is 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.

| | 30 September 2021 | Temporary differences and reversals | 31 December 2020 | 30 September 2020 | Temporary differences and reversals | 31 December 2019 |
|---|-----------------------|--|-----------------------|-----------------------|--|-----------------------|
| Tax effects of taxable temporary differences: | | | | | | |
| Property, plant and equipment | (1,029,323) | (41,725) | (987,598) | (973,360) | (19,803) | (953,557) |
| Right-of-use assets | (33,954) | (4,122) | (29,832) | (30,459) | 2,865 | (33,324) |
| Inventories | <u>(6,918)</u> | <u>(4,225)</u> | <u>(2,693)</u> | <u>(10,112)</u> | <u>(4,953)</u> | <u>(5,159)</u> |
| | (1,070,195) | (50,072) | (1,020,123) | (1,013,931) | (21,891) | (992,040) |
| Tax effects of deductible temporary differences: | | | | | | |
| Financial assets | (40,187) | (45,167) | 4,980 | 1,574 | (548) | 2,122 |
| Tax losses carried forward | 41,664 | (73,202) | 114,866 | 188,069 | 162,618 | 25,451 |
| Retroactive gas price adjustments | 12,587 | 4,423 | 8,164 | 8,224 | (11,198) | 19,422 |
| Accounts receivable | 182,381 | 10,194 | 172,187 | 174,373 | 77,241 | 97,132 |
| Lease liabilities | 42,598 | 2,177 | 40,421 | 41,938 | 2,206 | 39,732 |
| Other deductible temporary differences | <u>(14,206)</u> | <u>(25,987)</u> | <u>11,781</u> | <u>12,180</u> | <u>(27,553)</u> | <u>39,733</u> |
| | <u>224,837</u> | <u>(127,562)</u> | <u>352,399</u> | <u>426,358</u> | <u>202,766</u> | <u>223,592</u> |
| Total net deferred tax liabilities | (845,358) | (177,634) | (667,724) | (587,573) | 180,875 | (768,448) |

Taxable temporary differences recognised for the nine months ended 30 September 2021 and 30 September 2020 include the effect of bonus depreciation applied to certain items of property, plant and equipment. The positive tax effect on these differences amounted to RUB 7,061 million and RUB 21,267 million and it was offset by the decrease in the current profit tax by the corresponding amount which did not affect profit for the nine months ended 30 September 2021 and 30 September 2020.

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16 Equity

Share Capital

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

Treasury Shares

As of 30 September 2021 and 31 December 2020 subsidiaries of PJSC Gazprom held 29 million PJSC Gazprom's ordinary shares, which are accounted for as treasury shares.

The shares held by PJSC Gazprom's subsidiaries represented 0.1 % of the total number of PJSC Gazprom's shares as of 30 September 2021 and 31 December 2020.

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

Number of shares outstanding

The number of PJSC Gazprom shares outstanding (the number of issued ordinary shares less treasury shares) amounted to 23,645 million shares as of 30 September 2021 and 31 December 2020.

Perpetual notes

Information about perpetual notes is disclosed in Note 17.

17 Perpetual Notes

In October 2020 the Group issued in the international market perpetual callable loan participation notes with a par value of USD 1,400 million and EUR 1,000 million under the EUR 30,000 million Programme for the Issuance of Loan Participation Notes. Gaz Finance Plc was the issuer of the notes. When the note issues were offered, the interest rate was set at 4.5985 % for the issue in USD and 3.8970 % for the issue in EUR. The interest rate for the perpetual notes in USD and EUR is reviewed every five years. Interest is cumulative.

Under the terms of the foreign currency perpetual loan participation notes, the Group, acting in its sole discretion, may refuse to redeem the notes and may, at any time and on any number of occasions, decide to postpone interest payments. Conditions which give rise to an interest payment liability are under the control of PJSC Gazprom. In particular, an interest payment liability arises when PJSC Gazprom decides to pay or declare dividends.

The Group may decide to redeem the foreign currency perpetual loan participation notes no earlier than five years after their offering and then has the right to call them on each interest payment due date. The Group may also call the notes in case of certain events, including those caused by changes in the regulation of accounting for and taxation of perpetual notes.

In June and September 2021 the Group issued in the Russian market perpetual callable notes with a par value of RUB 60,000 million and RUB 60,000 million, respectively, under the RUB 150,000 million Programme for the Issuance of Series 001B Notes. Gazprom capital LLC, a subsidiary of the Group, was the issuer of the notes. When the note issues were offered, the interest rate was set at 8.4500 % in June 2021 issue and 8.6000 % in September 2021 issue. The interest rate is reviewed every five years. The issuer may, on a unilateral basis, decide to refuse to pay interest. Interest is not cumulative. In case the issuer decides to refuse to pay interest, Resolution of the Government of the Russian Federation No.2337 dated 29 December 2020 provides for the reimbursement for the investors' lost income.

The Group may decide to redeem the ruble perpetual notes no earlier than five years after their offering and then has the right to call them on each interest payment due date. The Group may also call the notes in case of certain events, caused by changes in the regulation of accounting for perpetual notes.

As the notes have no stated maturity and the Group may postpone payment of any interest on any number of occasions or decide to refuse to pay interest, the Group classifies these perpetual callable loan participation notes as an equity instrument within equity.

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17 Perpetual Notes (continued)

Transactions related to perpetual notes for the nine months ended 30 September 2021 are shown in the table below.

| | Ruble perpetual notes | Foreign currency perpetual loan participation notes | Retained earnings and other reserves | Total |
|--|--------------------------|---|---|----------------|
| Balance as of 31 December 2020 | - | 195,616 | (947) | 194,669 |
| Issuance of perpetual notes | 120,000 | - | - | 120,000 |
| Costs related to issuance of perpetual notes | - | - | (530) | (530) |
| Translation differences arising on the translation of the par value of perpetual notes | - | (7,368) | 7,368 | - |
| Accrued interest | - | 6,139 | (6,139) | - |
| Recognition of an interest payment liability ¹ | - | (4,455) | - | (4,455) |
| Translation differences arising on the translation of accrued interest | - | (98) | 98 | - |
| Cumulative tax effect of transactions related to perpetual notes | - | - | (1,368) | (1,368) |
| Balance as of 30 September 2021 | 120,000 | 189,834 | (1,518) | 308,316 |

¹ Interest was paid in the amount of RUB 4,457 million.

As of 30 September 2021 cumulative translation differences arising on the translation of the par value of perpetual notes amounted to RUB 10,727 million, and cumulative interest taking into account translation differences arising on its translation amounted to RUB 3,093 million.

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18 Sales

| | Three months | | Nine months | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| | ended 30 September | 2020 | ended 30 September | 2020 |
| | 2021 | 2020 | 2021 | 2020 |
| Gas sales gross of excise tax and customs duties: | | | | |
| the Russian Federation | 158,426 | 134,179 | 732,584 | 622,882 |
| Former Soviet Union countries (excluding the Russian Federation) | 92,577 | 63,335 | 294,926 | 209,521 |
| Europe and other countries | <u>1,268,841</u> | <u>484,365</u> | <u>3,134,460</u> | <u>1,414,845</u> |
| | 1,519,844 | 681,879 | 4,161,970 | 2,247,248 |
| Customs duties | (257,552) | (101,949) | (647,939) | (270,500) |
| Excise tax | (22,133) | (6,637) | (53,320) | (19,190) |
| Retroactive gas price adjustments ¹ | - | - | <u>5</u> | <u>2,324</u> |
| Total gas sales | <u>1,240,159</u> | <u>573,293</u> | <u>3,460,716</u> | <u>1,959,882</u> |
| Sales of refined products: | | | | |
| the Russian Federation | 443,904 | 342,824 | 1,210,605 | 896,896 |
| Former Soviet Union countries (excluding the Russian Federation) | 40,737 | 26,364 | 110,429 | 79,818 |
| Europe and other countries | <u>180,825</u> | <u>111,501</u> | <u>537,197</u> | <u>324,828</u> |
| Total sales of refined products | <u>665,466</u> | <u>480,689</u> | <u>1,858,231</u> | <u>1,301,542</u> |
| Sales of crude oil and gas condensate: | | | | |
| the Russian Federation | 37,469 | 9,046 | 99,722 | 30,607 |
| Former Soviet Union countries (excluding the Russian Federation) | 11,151 | 8,264 | 28,874 | 11,605 |
| Europe and other countries | <u>181,004</u> | <u>113,801</u> | <u>494,086</u> | <u>300,949</u> |
| Total sales of crude oil and gas condensate | <u>229,624</u> | <u>131,111</u> | <u>622,682</u> | <u>343,161</u> |
| Electric and heat energy sales: | | | | |
| the Russian Federation | 99,910 | 77,974 | 386,587 | 321,715 |
| Former Soviet Union countries (excluding the Russian Federation) | - | 2,424 | 31 | 3,682 |
| Europe and other countries | <u>16,649</u> | <u>15,829</u> | <u>29,126</u> | <u>23,070</u> |
| Total electric and heat energy sales | <u>116,559</u> | <u>96,227</u> | <u>415,744</u> | <u>348,467</u> |
| Gas transportation sales: | | | | |
| the Russian Federation | 52,638 | 53,163 | 161,018 | 159,328 |
| Former Soviet Union countries (excluding the Russian Federation) | 452 | 580 | 1,998 | 2,097 |
| Europe and other countries | <u>1,474</u> | <u>805</u> | <u>3,721</u> | <u>2,413</u> |
| Total gas transportation sales | <u>54,564</u> | <u>54,548</u> | <u>166,737</u> | <u>163,838</u> |
| Other sales: | | | | |
| the Russian Federation | 56,451 | 52,581 | 167,625 | 155,000 |
| Former Soviet Union countries (excluding the Russian Federation) | 2,393 | 1,802 | 6,260 | 4,990 |
| Europe and other countries | <u>7,948</u> | <u>7,819</u> | <u>27,137</u> | <u>24,338</u> |
| Total other sales | <u>66,792</u> | <u>62,202</u> | <u>201,022</u> | <u>184,328</u> |
| Total sales | <u>2,373,164</u> | <u>1,398,070</u> | <u>6,725,132</u> | <u>4,301,218</u> |

¹ The effect of retroactive gas price adjustments relate to gas deliveries in previous years for which a price adjustment has been agreed or is in the process of negotiation. The effect of gas price adjustments, including corresponding impact on profit tax, is recorded in the consolidated interim condensed financial information when they become probable and a reliable estimate of the amounts can be made. The effects of retroactive gas price adjustments for the three months ended 30 September 2021 and 30 September 2020 amounted to RUB nil million. The effects of retroactive gas price adjustments for the nine months ended 30 September 2021 and 30 September 2020 recorded as an increase of sales by RUB 5 million and RUB 2,324 million, respectively. The effects increasing sales were due to recognition of adjustments increasing gas prices for the past periods and due to decrease in previously recognised accruals following agreements reached prior to the issuance of the respective consolidated interim condensed financial information.

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19 Operating Expenses

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|------------------|-----------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Purchased gas and oil | 480,567 | 186,211 | 1,162,705 | 627,733 |
| Taxes other than on profit | 374,121 | 310,796 | 1,133,061 | 928,475 |
| Staff costs | 210,801 | 212,998 | 650,598 | 627,585 |
| Depreciation | 206,150 | 197,744 | 619,993 | 594,635 |
| Transit of gas, oil and refined products | 170,804 | 165,575 | 503,217 | 477,998 |
| Goods for resale, including refined products | 92,446 | 69,930 | 207,012 | 154,976 |
| Materials | 63,612 | 67,101 | 184,051 | 177,451 |
| Loss on derivative financial instruments | 157,278 | 9,295 | 180,011 | 7,497 |
| Repairs and maintenance | 47,502 | 38,981 | 101,801 | 87,997 |
| Electricity and heating | 31,805 | 25,050 | 98,041 | 81,333 |
| Foreign exchange differences on operating items | 12,031 | (103,115) | 56,444 | (166,574) |
| Social expenses | 10,174 | 9,061 | 26,272 | 25,167 |
| Insurance | 7,777 | 8,667 | 24,535 | 25,867 |
| Transportation expenses | 7,555 | 7,659 | 23,219 | 21,683 |
| Processing services | 6,832 | 5,234 | 18,699 | 15,575 |
| Research and development | 2,344 | 5,085 | 14,028 | 14,386 |
| Lease | 1,325 | 4,238 | 10,156 | 12,786 |
| Impairment loss on non-financial assets | 704 | 1,314 | 4,400 | 15,514 |
| Other | 116,472 | 101,644 | 279,488 | 272,107 |
| | 2,000,300 | 1,323,468 | 5,297,731 | 4,002,191 |
| Change in balances of finished goods, work in progress and other effects | (126,015) | (72,393) | (95,279) | (57,859) |
| Total operating expenses | 1,874,285 | 1,251,075 | 5,202,452 | 3,944,332 |

Staff costs include RUB 11,638 million and RUB 35,098 million of expenses for provision for post-employment benefits for the three and nine months ended 30 September 2021, respectively, and RUB 10,335 million and RUB 30,914 million for the three and nine months ended 30 September 2020, respectively (see Note 22).

20 Finance Income and Expenses

| | Three months ended 30 September | | Nine months ended 30 September | |
|-------------------------------|------------------------------------|----------------|-----------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Foreign exchange gain | 74,126 | 57,312 | 372,561 | 479,111 |
| Interest income | 19,353 | 10,386 | 48,896 | 47,939 |
| Total finance income | 93,479 | 67,698 | 421,457 | 527,050 |
| Foreign exchange loss | 53,820 | 521,656 | 236,925 | 1,228,563 |
| Interest expense | 18,299 | 15,312 | 52,909 | 49,389 |
| Total finance expenses | 72,119 | 536,968 | 289,834 | 1,277,952 |

Total interest paid amounted to RUB 43,201 million and RUB 134,539 million for the three and nine months ended 30 September 2021, respectively, and RUB 44,548 million and RUB 131,199 million for the three and nine months ended 30 September 2020, respectively.

Interest expense includes interest expense on lease liabilities under IFRS 16 Leases in the amount of RUB 4,661 million and RUB 12,496 million for the three and nine months ended 30 September 2021, respectively, and RUB 3,722 million and RUB 12,055 million for the three and nine months ended 30 September 2020, respectively.

Foreign exchange gain and loss for the nine month ended 30 September 2021 and 30 September 2020 were mainly caused by a change in the Euro and US Dollar exchange rates against the Russian Ruble. Gain and loss primarily relate to revaluation of borrowings denominated in foreign currencies.

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

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

| Notes | Three months ended 30 September | | Nine months ended 30 September | |
|-------|--|------------------|-----------------------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | Profit (loss) for the period attributable to the owners of PJSC Gazprom | | | |
| | 581,801 | (251,297) | 1,550,299 | (218,378) |
| 17 | Interest accrued on perpetual notes | (2,029) | - | (6,139) |
| 17 | Translation differences arising on the translation of interest accrued on perpetual notes | (10) | - | 98 |
| | Profit (loss) for the period attributable to the ordinary shareholders of PJSC Gazprom | | | |
| | 579,762 | (251,297) | 1,544,258 | (218,378) |
| 16 | Weighted average number of ordinary shares outstanding, excluding the weighted average number of treasury shares (in millions of shares) | 23,645 | 23,645 | 23,645 |
| | Basic and diluted earnings (loss) per share attributable to the owners of PJSC Gazprom (in Russian Rubles) | | | |
| | 24.52 | (10.63) | 65.31 | (9.24) |

The Group has no dilutive financial instruments.

22 Provisions

| | 30 September 2021 | 31 December 2020 |
|--|----------------------|---------------------|
| Provision for decommissioning and site restoration | 353,894 | 340,193 |
| Provision for post-employment benefits | 307,527 | 329,404 |
| Other | 24,030 | 18,736 |
| Total provisions | 685,451 | 688,333 |

The Group applies pension and other post-employment benefits system, which is recorded as defined benefit plan in the consolidated interim condensed financial information under IAS 19 Employee Benefits. Pension benefits are provided to the majority of the Group's employees. These benefits include pension benefits provided by the non-governmental pension fund, JSC NPF GAZFOND, and lump-sum payments provided by the Group upon retirement.

The net pension plan assets related to benefits provided through JSC NPF GAZFOND in the amount of RUB 29,261 million as of 30 September 2021 are included within other non-current assets in the consolidated interim condensed balance sheet (see Note 13). The net pension plan liabilities related to benefits provided through JSC NPF GAZFOND in the amount of RUB 1,294 million as of 31 December 2020 are included within provisions in the consolidated interim condensed balance sheet.

In accordance with IAS 19 Employee Benefits, pension plan assets are recorded at estimated fair value and are subject to certain limitations. As of 30 September 2021 and 31 December 2020 management estimates the fair value of these assets in the amount of RUB 430,447 million and RUB 434,534 million, respectively. The pension plan assets comprise shares of various companies, including shares of PJSC Gazprom, an equity stake in Gazprombank (Joint Stock Company), corporate, state and municipal bonds, investments in mutual funds, deposits and other assets held by JSC NPF GAZFOND.

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

| | 30 September 2021 | | 31 December 2020 | |
|---------------------------------------|--|---------------------------------------|--|---------------------------------------|
| | Pension plan provided through JSC NPF GAZFOND | Other post- employment benefits | Pension plan provided through JSC NPF GAZFOND | Other post- employment benefits |
| Present value of obligations | (401,186) | (307,527) | (435,828) | (328,110) |
| Fair value of plan assets | 430,447 | - | 434,534 | - |
| Total net assets (liabilities) | 29,261 | (307,527) | (1,294) | (328,110) |

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22 Provisions (continued)

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

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|---------------|-----------------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current service cost | 6,610 | 5,972 | 19,829 | 17,917 |
| Net interest expense | <u>5,028</u> | <u>4,363</u> | <u>15,269</u> | <u>12,997</u> |
| Total included in the line "Staff costs" within operating expenses | 11,638 | 10,335 | 35,098 | 30,914 |

The principal assumptions used for the measurement of provision for post-employment benefits for the three and nine months ended 30 September 2021 were the same as those applied for the year ended 31 December 2020 with the exception of the discount rate determined by reference to market yields on government securities. The increase in the discount rate from 7.2 % to 7.5 % resulted in recognition of an actuarial gain in the amount of RUB 20,881 million in other comprehensive income for the three months ended 30 September 2021. The increase in the discount rate from 6.2 % to 7.5 % resulted in recognition of an actuarial gain in the amount of RUB 86,942 million in other comprehensive income for the nine months ended 30 September 2021. The increase in the discount rate from 6.2 % to 6.5 % resulted in recognition of an actuarial gain in the amount of RUB 21,511 million in other comprehensive income for the three months ended 30 September 2020. The principal assumptions used for the measurement of provision for post-employment benefits for the nine months ended 30 September 2020 were the same as those applied for the year ended 31 December 2019 and there was no actuarial gain (loss).

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

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|----------------|-----------------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Actuarial gain | 20,881 | 21,511 | 86,942 | - |
| (Expense) return on plan assets excluding amounts included in net interest expense | (3,628) | 17 | (22,606) | (12,788) |
| Translation differences | <u>118</u> | <u>(1,223)</u> | <u>515</u> | <u>(1,998)</u> |
| Total | 17,371 | 20,305 | 64,851 | (14,786) |

23 Fair Value of Financial Instruments

The fair value of financial assets and liabilities is determined as follows:

a) Financial instruments included in Level 1

The fair value of financial instruments traded in active markets is based on quoted market closing prices at the date nearest to the reporting date.

b) Financial instruments included in Level 2

The fair value of financial instruments that are not traded in active markets is determined according to various valuation techniques, primarily based on the market or income approach, particularly the discounted cash flows valuation method. These valuation techniques maximise the use of observable inputs where they are available and rely as little as possible on the Group's specific assumptions. If all significant inputs required to measure a financial instrument at fair value are based on observable data, such an instrument is included in Level 2.

c) Financial instruments included in Level 3

If one or more of the significant inputs used to measure the fair value of an instrument are not based on observable data, such an instrument is included in Level 3.

The fair value of long-term accounts receivable is classified as Level 3 (see Note 12), long-term borrowings – Level 2 (see Note 14).

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

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23 Fair Value of Financial Instruments (continued)

| Notes | 30 September 2021 | | | | |
|-------|---|----------------|----------------|---------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total | |
| | Financial assets measured at fair value with changes recognised through profit or loss: | | | | |
| 13 | Derivative financial instruments | 96,146 | 311,936 | 10,446 | 418,528 |
| | Bonds | 27,153 | - | - | 27,153 |
| | Equity securities | 283 | - | - | 283 |
| | Financial assets measured at fair value with changes recognised through other comprehensive income: | | | | |
| 13 | Derivative financial instruments | - | 161,218 | - | 161,218 |
| | Bonds | 4,543 | - | - | 4,543 |
| | Equity securities | - | - | 884 | 884 |
| | Promissory notes | - | 1 | - | 1 |
| | Total short-term financial assets measured at fair value | 128,125 | 473,155 | 11,330 | 612,610 |
| | Financial assets measured at fair value with changes recognised through profit or loss: | | | | |
| 13 | Derivative financial instruments | 55,823 | 12,884 | 2,055 | 70,762 |
| | Equity securities | - | - | 2,979 | 2,979 |
| | Financial assets measured at fair value with changes recognised through other comprehensive income: | | | | |
| 13 | Derivative financial instruments | - | 41,396 | - | 41,396 |
| | Equity securities | 589,083 | 40,578 | 9,217 | 638,878 |
| | Promissory notes | - | 330 | - | 330 |
| | Total long-term financial assets measured at fair value | 644,906 | 95,188 | 14,251 | 754,345 |
| | Total financial assets measured at fair value | 773,031 | 568,343 | 25,581 | 1,366,955 |
| | Financial liabilities measured at fair value with changes recognised through profit or loss: | | | | |
| | Short-term derivative financial instruments | 100,344 | 661,477 | 46 | 761,867 |
| | Long-term derivative financial instruments | 10,092 | 87,005 | - | 97,097 |
| | Financial liabilities measured at fair value with changes recognised through other comprehensive income: | | | | |
| | Short-term derivative financial instruments | - | 46,027 | - | 46,027 |
| | Long-term derivative financial instruments | - | 2,709 | - | 2,709 |
| | Total financial liabilities measured at fair value | 110,436 | 797,218 | 46 | 907,700 |
| | 31 December 2020 | | | | |
| Notes | Level 1 | Level 2 | Level 3 | Total | |
| | Financial assets measured at fair value with changes recognised through profit or loss: | | | | |
| 13 | Derivative financial instruments | 14,400 | 85,797 | 379 | 100,576 |
| | Bonds | 29,517 | - | - | 29,517 |
| | Equity securities | 241 | - | - | 241 |
| | Financial assets measured at fair value with changes recognised through other comprehensive income: | | | | |
| 13 | Derivative financial instruments | - | 6,586 | - | 6,586 |
| | Promissory notes | - | 1 | - | 1 |
| | Total short-term financial assets measured at fair value | 44,158 | 92,384 | 379 | 136,921 |
| | Financial assets measured at fair value with changes recognised through profit or loss: | | | | |
| 13 | Derivative financial instruments | 4,835 | 12,187 | - | 17,022 |
| | Equity securities | - | - | 3,056 | 3,056 |
| | Financial assets measured at fair value with changes recognised through other comprehensive income: | | | | |
| 13 | Derivative financial instruments | - | 2,264 | - | 2,264 |
| | Equity securities | 369,388 | 40,578 | 8,538 | 418,504 |
| | Promissory notes | - | 309 | - | 309 |
| | Total long-term financial assets measured at fair value | 374,223 | 55,338 | 11,594 | 441,155 |
| | Total financial assets measured at fair value | 418,381 | 147,722 | 11,973 | 578,076 |

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23 Fair Value of Financial Instruments (continued)

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

There were no transfers of financial instruments between Levels 1, 2 and 3 and changes in valuation techniques during the reporting period.

Financial assets measured at fair value with changes recognised through profit or loss include derivative financial instruments, equity and debt securities intended to generate short-term profit through trading.

As of 30 September 2021 and 31 December 2020 long-term financial assets measured at fair value with changes recognised through other comprehensive income include shares of PJSC NOVATEK in the amount of RUB 583,980 million and RUB 362,681 million, respectively.

24 Related Parties

In the consolidated interim condensed financial information parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making operational and financial decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions, which unrelated parties would not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of relationships with those related parties with whom the Group entered into significant transactions or had significant balances outstanding is detailed below.

Government (the Russian Federation)

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

As of 30 September 2021 the Government directly owns 38.373 % of PJSC Gazprom's issued shares. JSC ROSNEFTEGAZ and JSC Rosgazifikatsiya controlled by the Government own 11.859 % of PJSC Gazprom's issued shares.

The Government does not prepare consolidated financial statements for public use. The Governmental economic and social policies affect the Group's financial position, performance and cash flows.

As a condition of privatisation in 1992, the Government of the Russian Federation imposed an obligation on the Group to provide an uninterrupted supply of gas to customers in the Russian Federation at government-controlled prices.

Parties Under the Government Control

In the normal course of business the Group enters into transactions with other entities under the Government control.

As of 30 September 2021 wholesale prices of natural gas produced by PJSC Gazprom and its affiliates, gas transportation tariffs for independent producers and electricity tariffs in the Russian Federation are regulated by the Federal Antimonopoly Service (the "FAS").

Bank borrowings are provided on the basis of market interest rates. Taxes are accrued and settled in accordance with the applicable current legislation.

As of 30 September 2021 and 31 December 2020 for the three and nine months ended 30 September 2021 and for the three and nine months ended 30 September 2020 the Group's significant transactions and balances with the Government and entities under the Government control are presented below.

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24 Related Parties (continued)

| | As of 30 September 2021 | | Three months ended 30 September 2021 | | Nine months ended 30 September 2021 | |
|---|-------------------------|-------------|--------------------------------------|----------|-------------------------------------|----------|
| | Assets | Liabilities | Income | Expenses | Income | Expenses |
| Transactions and balances with the Government | | | | | | |
| Current profit tax | 11,263 | 49,430 | - | 114,274 | - | 234,486 |
| Insurance contributions | 1,700 | 13,375 | - | 40,913 | - | 133,994 |
| VAT | 287,622 | 140,807 | - | - | - | - |
| Customs duties | 35,378 | - | - | - | - | - |
| MET | 27 | 107,755 | - | 339,756 | - | 960,343 |
| Other taxes | 67,455 | 85,281 | 3,505 | - | - | 72,019 |
| Other | - | - | 21,020 | - | 60,331 | - |
| Transactions and balances with entities under the Government control | | | | | | |
| Gas sales | - | - | 24,667 | - | 114,933 | - |
| Electric and heat energy sales | - | - | 36,718 | - | 146,873 | - |
| Gas transportation sales | - | - | 12,662 | - | 34,154 | - |
| Other sales | - | - | 2,074 | - | 4,326 | - |
| Transit of oil and refined products expenses | - | - | - | 35,097 | - | 102,166 |
| Interest expense | - | - | - | 7,115 | - | 19,530 |
| Cash and cash equivalents | 601,115 | - | - | - | - | - |
| Short-term deposits | 6,202 | - | - | - | - | - |
| Accounts receivable | 47,492 | - | - | - | - | - |
| Short-term financial assets | 30,371 | - | - | - | - | - |
| Long-term financial assets | 5,079 | - | - | - | - | - |
| Accounts payable | - | 35,466 | - | - | - | - |
| Borrowings | - | 266,158 | - | - | - | - |
| Short-term lease liabilities | - | 10,178 | - | - | - | - |
| Long-term lease liabilities | - | 88,523 | - | - | - | - |
| <hr/> | | | | | | |
| | As of 31 December 2020 | | Three months ended 30 September 2020 | | Nine months ended 30 September 2020 | |
| | Assets | Liabilities | Income | Expenses | Income | Expenses |
| Transactions and balances with the Government | | | | | | |
| Current profit tax | 14,384 | 6,230 | - | 15,082 | - | 47,838 |
| Insurance contributions | 2,908 | 15,474 | - | 34,616 | - | 123,466 |
| VAT | 269,914 | 115,404 | - | - | - | - |
| Customs duties | 15,567 | - | - | - | - | - |
| MET | 18 | 72,930 | - | 190,154 | - | 578,945 |
| Other taxes | 30,624 | 61,288 | - | 89,702 | - | 273,106 |
| Other | - | - | - | 3,135 | - | 9,322 |
| Transactions and balances with entities under the Government control | | | | | | |
| Gas sales | - | - | 21,169 | - | 91,684 | - |
| Electric and heat energy sales | - | - | 21,237 | - | 114,844 | - |
| Gas transportation sales | - | - | 9,385 | - | 28,196 | - |
| Other sales | - | - | 1,231 | - | 3,380 | - |
| Transit of oil and refined products expenses | - | - | - | 29,192 | - | 100,505 |
| Interest expense | - | - | - | 5,175 | - | 16,546 |
| Cash and cash equivalents | 336,213 | - | - | - | - | - |
| Short-term deposits | 2,190 | - | - | - | - | - |
| Long-term deposits | 1,156 | - | - | - | - | - |
| Accounts receivable | 50,450 | - | - | - | - | - |
| Short-term financial assets | 27,462 | - | - | - | - | - |
| Long-term financial assets | 6,683 | - | - | - | - | - |
| Accounts payable | - | 29,374 | - | - | - | - |
| Borrowings | - | 291,888 | - | - | - | - |
| Short-term lease liabilities | - | 8,420 | - | - | - | - |
| Long-term lease liabilities | - | 90,912 | - | - | - | - |

See the consolidated interim condensed statement of changes in equity for returns of social assets to governmental authorities during the nine months ended 30 September 2021 and 30 September 2020. See Note 9 for the net book values as of 30 September 2021 and 31 December 2020 of social assets vested to the Group at privatisation.

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24 Related Parties (continued)

Transactions with JSC FSC

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with JSC FSC. The current financial settling system of JSC FSC does not provide the ultimate counterparties with automatically generated information about transactions and outstanding balances with the participants of the wholesale electricity and capacity market.

The Group's significant transactions and balances with JSC FSC are presented below.

| | As of 30 September 2021 | | Three months ended 30 September 2021 | | Nine months ended 30 September 2021 | |
|---|-------------------------|-------------|---|----------|--|----------|
| | Assets | Liabilities | Income | Expenses | Income | Expenses |
| Transactions and balances with JSC FSC | | | | | | |
| Electric and heat energy sales | - | - | 50,420 | - | 140,422 | - |
| Electricity and heating expenses | - | - | - | 7,902 | - | 22,940 |
| Accounts receivable | 6,613 | - | - | - | - | - |
| Accounts payable | - | 2,037 | - | - | - | - |

| | As of 31 December 2020 | | Three months ended 30 September 2020 | | Nine months ended 30 September 2020 | |
|---|------------------------|-------------|---|----------|--|----------|
| | Assets | Liabilities | Income | Expenses | Income | Expenses |
| Transactions and balances with JSC FSC | | | | | | |
| Electric and heat energy sales | - | - | 32,727 | - | 101,386 | - |
| Electricity and heating expenses | - | - | - | 4,887 | - | 14,981 |
| Accounts receivable | 6,478 | - | - | - | - | - |
| Accounts payable | - | 1,917 | - | - | - | - |

Compensation for Key Management Personnel

Key management personnel (the members of the Board of Directors and the Management Committee of PJSC Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of the Group's entities.

The members of the Board of Directors, who are government officials, do not receive compensation from the Group.

The compensation of the members of the Board of Directors is approved by the annual general meetings of shareholders of the Group's entities. The compensation of key management personnel (other than compensation of the members of the Board of Directors) is determined by the terms of the employment contracts. Short-term compensation of key management personnel also includes benefits related to healthcare.

According to the Russian legislation, the Group makes contributions to the Pension Fund of the Russian Federation for all of its employees including key management personnel.

Key management personnel are also entitled to long-term post-employment benefits. These benefits include non-governmental pension benefits provided by JSC NPF GAZFOND and lump-sum payments provided by the Group's entities upon retirement (see Note 22).

Employees of the majority of the Group's entities are eligible for such post-employment benefits.

The Group also provides key management personnel with medical insurance and liability insurance.

Associates and Joint Ventures

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

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24 Related Parties (continued)

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|--|-------------|---------------------------------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | Income | | Income | |
| Gas sales | | | | |
| Panrusgaz Co. | 30,532 | 6,304 | 59,596 | 15,066 |
| JSV Moldovagaz | 13,223 | 4,285 | 28,926 | 17,729 |
| JSC Latvijas Gaze | 8,850 | 2,301 | 18,632 | 3,743 |
| JSC Gazprom YRGM Trading ¹ | 3,782 | 2,954 | 11,435 | 11,732 |
| JSC Gazprom YRGM Development ¹ | 2,701 | 2,110 | 8,168 | 8,380 |
| Prometheus Gas S.A. | 3,987 | 782 | 6,780 | 2,475 |
| JSC EUROPOL GAZ | 481 | 694 | 1,948 | 1,520 |
| Gas transportation sales | | | | |
| JSC Gazprom YRGM Trading ¹ | 5,722 | 5,510 | 17,566 | 17,983 |
| JSC Gazprom YRGM Development ¹ | 4,087 | 3,936 | 12,547 | 12,845 |
| KazRosGas LLP | 452 | 580 | 1,998 | 2,096 |
| Crude oil, gas condensate and refined products sales | | | | |
| PJSC NGK Slavneft and its subsidiaries | 10,639 | 7,867 | 27,584 | 11,336 |
| LLC NPP Neftekhimia | 2,703 | 998 | 7,120 | 2,860 |
| LLC Poliom | 1,883 | 933 | 5,435 | 2,518 |
| Sakhalin Energy Investment Company Ltd. | 736 | - | 5,106 | 1,147 |
| JSC SOVEX | 2,009 | 969 | 4,277 | 1,983 |
| Field operator services and other services sales | | | | |
| JSC Messoynakhaneftegaz | 779 | 789 | 2,882 | 3,021 |
| PJSC NGK Slavneft and its subsidiaries | 911 | 717 | 2,678 | 2,393 |
| Sakhalin Energy Investment Company Ltd. | 438 | 425 | 1,332 | 1,256 |
| Gas refining services sales | | | | |
| KazRosGas LLP | 1,862 | 2,183 | 7,800 | 8,051 |
| Interest income | | | | |
| Gazprombank (Joint Stock Company) and its subsidiaries | 5,865 | 3,201 | 14,661 | 21,063 |
| JSC Gazstroyprom | 1,796 | 1,677 | 4,501 | 6,010 |
| | Expenses | | Expenses | |
| Purchased gas | | | | |
| JSC Gazprom YRGM Trading ¹ | 15,178 | 10,050 | 39,911 | 35,206 |
| JSC Gazprom YRGM Development ¹ | 10,847 | 7,196 | 28,532 | 25,172 |
| JSC Arcticgas | 12,093 | 12,632 | 26,419 | 29,187 |
| Sakhalin Energy Investment Company Ltd. | 6,651 | 1,767 | 20,672 | 5,748 |
| KazRosGas LLP | 1,425 | 29 | 6,309 | 9,402 |
| CJSC Northgas | 1,143 | 1,273 | 3,488 | 3,972 |
| Transit of gas | | | | |
| Nord Stream AG | 23,125 | 24,057 | 71,204 | 66,006 |
| WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries | 13,138 | 9,800 | 39,007 | 34,582 |
| JSC EUROPOL GAZ | - | - | - | 4,838 |
| Purchased crude oil and refined products | | | | |
| PJSC NGK Slavneft and its subsidiaries | 40,439 | 20,339 | 102,218 | 64,790 |
| JSC Messoynakhaneftegaz | 22,786 | 13,374 | 63,086 | 34,211 |
| JSC Arcticgas | 1,570 | 1,160 | 4,605 | 3,169 |
| KazRosGas LLP | 1,433 | 412 | 4,258 | 1,515 |
| LLC NPP Neftekhimia | 336 | 184 | 1,013 | 492 |

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24 Related Parties (continued)

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|-------|-----------------------------------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | Expenses | | Expenses | |
| Gas and gas condensate production | | | | |
| JSC Achimgaz | 14,694 | 4,958 | 48,275 | 24,233 |
| Processing services | | | | |
| PJSC NGK Slavneft and its subsidiaries | 3,837 | 3,660 | 11,401 | 10,918 |
| Transit of crude oil and oil refinery products | | | | |
| PJSC NGK Slavneft and its subsidiaries | 2,393 | 1,683 | 6,789 | 4,705 |
| JSC Messoyakhaneftegaz | 1,857 | 1,990 | 5,638 | 5,637 |
| Interest expense | | | | |
| Gazprombank (Joint Stock Company) and its subsidiaries | 3,965 | 2,308 | 9,592 | 8,881 |

¹ JSC Gazprom YRGM Trading and JSC Gazprom YRGM Development are not associates and joint ventures.

Under the agreement of subordinated debt the Group provided cash to Gazprombank (Joint Stock Company) in the amount of RUB nil million and RUB 40,000 million for the nine months ended 30 September 2021 and 30 September 2020, respectively.

Gas is sold to and purchased from the Group's associates and joint ventures in the Russian Federation mainly at the rates established by the FAS. Gas is sold and purchased outside the Russian Federation generally on a long-term basis at prices based on world prices of oil products.

Crude oil is sold to and purchased from the Group's associates and joint ventures in the ordinary course of business at prices not significantly different from average market prices.

| | As of 30 September 2021 | | As of 31 December 2020 | |
|--|-------------------------|-------------|------------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Short-term accounts receivable and prepayments | | | | |
| Gazprombank (Joint Stock Company) | 33,774 | - | 33,851 | - |
| JSC Gazstroyprom | 29,693 | - | 58,569 | - |
| Panrusgas Co. | 13,596 | - | 4,504 | - |
| PJSC NGK Slavneft and its subsidiaries | 5,141 | - | 3,450 | - |
| JSC Messoyakhaneftegaz | 3,664 | - | 747 | - |
| Sakhalin Energy Investment Company Ltd. | 3,217 | - | 4,403 | - |
| JSC Gazprom YRGM Trading | 2,941 | - | 1,924 | - |
| JSC Gazprom YRGM Development | 2,101 | - | 1,374 | - |
| Prometheus Gas S.A. | 1,579 | - | 563 | - |
| TurkAkim Gaz Tasima A.S. | 1,503 | - | 1,993 | - |
| KazRosGas LLP | 612 | - | 1,579 | - |
| Overgas Inc. AD | - | - | 8,286 | - |
| LLC National Petroleum Consortium | - | - | 1,487 | - |
| Cash and cash equivalents | | | | |
| Gazprombank (Joint Stock Company) and its subsidiaries | 301,514 | - | 453,859 | - |
| OJSC Belgazprombank | 1,508 | - | 29 | - |
| Other current assets | | | | |
| Gazprombank (Joint Stock Company) | 194,096 | - | 2,290 | - |

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24 Related Parties (continued)

| | As of 30 September 2021 | | As of 31 December 2020 | |
|--|-------------------------|-------------|------------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Long-term accounts receivable and prepayments | | | | |
| JSC Gazstroyprom | 444,578 | - | 318,674 | - |
| TurkAkim Gaz Tasima A.S. | 27,557 | - | 28,763 | - |
| WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries | 16,968 | - | 18,129 | - |
| Sakhalin Energy Investment Company Ltd. | 12,597 | - | 14,187 | - |
| JSC Evroteck-Yugra | 5,101 | - | 4,515 | - |
| OJSC Belgazprombank | - | - | 2,479 | - |
| Short-term accounts payable | | | | |
| PJSC NGK Slavneft and its subsidiaries | - | 98,196 | - | 53,286 |
| JSC Messoyakhaneftegaz | - | 52,927 | - | 33,670 |
| JSC Gazstroyprom | - | 32,352 | - | 57,618 |
| JSC Achimgaz | - | 10,661 | - | 5,476 |
| Nord Stream AG | - | 7,588 | - | 8,139 |
| JSC Gazprom YRGM Trading | - | 5,908 | - | 6,509 |
| JSC Arcticgas | - | 5,566 | - | 3,367 |
| JSC Gazprom YRGM Development | - | 4,219 | - | 4,655 |
| Sakhalin Energy Investment Company Ltd. | - | 2,581 | - | 864 |
| WIGA Transport Beteiligungs-GmbH & Co. KG and its subsidiaries | - | 1,116 | - | 1,487 |
| Short-term borrowings (including current portion of long-term borrowings) | | | | |
| WIGA Transport Beteiligungs-GmbH & Co. KG | - | 32,108 | - | 27,918 |
| Gazprombank (Joint Stock Company) | - | 13,595 | - | 7,109 |
| JSC Gazstroyprom | - | 84 | - | 5,549 |
| Long-term borrowings | | | | |
| Gazprombank (Joint Stock Company) | - | 217,152 | - | 182,216 |

Accounts receivable due from JSV Moldovagaz before allowance for expected credit losses were RUB 531,025 million and RUB 508,624 million as of 30 September 2021 and 31 December 2020, respectively. The accounts receivable net of allowance for expected credit losses amounted to RUB nil million as of 30 September 2021 and 31 December 2020.

Accounts receivable for gas due from Overgas Inc. AD were RUB 7,770 million net of allowance for expected credit losses in the amount of RUB nil million as of 31 December 2020.

Borrowings from Gazprombank (Joint Stock Company) were obtained on terms not substantially different from those on financial instruments with similar characteristics and equally exposed to influence of changes in economic or other factors.

Under the loan facility agreements concluded in 2019-2020 the Group has commitments to provide loans to JSC Gazstroyprom to repay its loan liabilities towards the bank in case of late payment. As of 30 September 2021 and 31 December 2020 the limit of loan facilities according to the concluded agreements amounted to RUB 297,002 million (RUB 60,000 million with the loan facilities valid until 29 November 2022, RUB 40,000 million – until 15 December 2022, RUB 197,002 million – until 31 December 2027). As of 30 September 2021 and 31 December 2020 the Group did not provide loans. The loan commitments of the Group are limited by the loan liabilities of JSC Gazstroyprom to the bank.

In June 2021 the Group acquired 100% of ordinary shares of Centrex Europe Energy & Gas AG. Compensation payments amounted to RUB 16,868 million. Payment was made by the cash. The shares were acquired from Gazprombank Group.

Information on investments in associates and joint ventures is disclosed in Note 11.

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

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24 Related Parties (continued)

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

25 Commitments and Contingencies

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 30 September 2021 is appropriate and the Group's position in terms of tax, currency and customs legislation will remain stable.

Legal Proceedings

On 15 October 2018 PGNiG S.A., Poland, filed a claim with the General Court of the European Union ("the EU") for cancellation of the decision of the European Commission on the pro-competition commitments which completed the antitrust investigation against alleged breach of the EU antitrust law by PJSC Gazprom and its subsidiary LLC Gazprom export within the activity in the EU member countries from Central and Eastern Europe. On 18–19 May 2021 hearings in the case were held in the General Court of the EU. A court decision is expected by the end of 2021.

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

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

These claims relate to issues covered by the European Commission investigation of PJSC Gazprom's and LLC Gazprom export's operation in the countries from Central and Eastern Europe, which formal phase was initiated in 2012 and finalised in 2018. On 17 April 2019 that complaint was rejected by the European Commission. In June 2019 PGNiG S.A. filed with the General Court of the EU a petition in respect of the rejection of that complaint by the European Commission. On 20 May 2021 hearings in the case were held in the General Court of the EU. A court decision is expected by the end of 2021.

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

On 31 July 2020 PJSC Gazprom received an official notice from Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) about the imposition of a fine of about EUR 50 million on PJSC Gazprom for the failure to provide the information requested earlier by Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) as part of the antitrust investigation. On 28 August 2020 PJSC Gazprom appealed to Poland's competent court against the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to impose the fine on PJSC Gazprom. As the fine was appealed, it will not be subject to recovery until a respective court decision becomes effective. On 19 May 2021 PJSC Gazprom filed a motion to the competent court of Poland to suspend the legal proceedings in the case concerning the imposition of the said fine on PJSC Gazprom until the court made a decision in the case concerning the appeal against the decision of Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) on alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project.

On 24 August 2020 PJSC Gazprom filed appeals to Poland's competent court against the decisions made by Poland's antimonopoly authority (the Polish Office of Competition and Consumer Protection) to restrict PJSC Gazprom's access to the evidence gathered in the course of the investigation over alleged concentration exercised by PJSC Gazprom and foreign investors when implementing the Nord Stream 2 project.

25 Commitments and Contingencies (continued)

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

The Group is also a party to certain other legal proceedings arising in the ordinary course of business and subject to various regulations of environmental protection issued by various governmental authorities regarding handling, storage and disposal of certain products. Management believes that there are no such current legal proceedings or other claims outstanding, which could have a material adverse effect on the operation or the financial position of the Group.

On 25 July 2019 Nord Stream 2 AG, a subsidiary of the Group, filed with the General Court of the EU a petition to declare the amendments to the EU Third Gas Directive entered into force on 23 May 2019 concerning the regulation of gas transmission from third countries, including the Russian Federation, invalid and to annul them because of their discriminatory nature, an infringement of the principles of equal treatment and proportionality, misuse of powers, as well as breach of procedural requirements. On 20 May 2020 the General Court of the EU declared that the claim of Nord Stream 2 AG was inadmissible on procedural grounds. On 28 July 2020 Nord Stream 2 AG filed an appeal against the decision of the General Court of the EU dated 20 May 2020 to the Court of Justice. On 25 January 2021 Nord Stream 2 AG filed its response to the objections made earlier by the EU Council and the European Parliament to its appeal dated 28 July 2020. On 18 May 2021 Nord Stream 2 AG filed its response to the objections from Poland, Latvia and Estonia (that had earlier announced their intervention in the proceedings) to the appeal dated 28 July 2020.

On 26 September 2019 Nord Stream 2 AG sent a notification to the European Commission about the initiation of arbitration proceedings by the ad hoc arbitration tribunal established under the UNCITRAL Arbitration Rules against the EU under the Energy Charter Treaty. Nord Stream 2 AG believes that by making discriminatory amendments to the EU Third Gas Directive, the EU has breached its obligations under Articles 10 and 13 of the Energy Charter Treaty. In February 2020 the arbitration tribunal was formed to resolve the dispute (the seat of arbitration shall be Toronto, Canada).

On 3 July 2020 Nord Stream 2 AG filed a memorial on the merits of the case to the arbitration tribunal. The EU responded with its own memorial concerning objections to the jurisdiction of the arbitration tribunal to consider the dispute and a request for bifurcation dated 15 September 2020. On 16 October 2020 Nord Stream 2 AG responded to the EU memorial dated 15 September 2020. Hearings on the bifurcation issue were held on 8 December 2020 – the EU request for bifurcation was rejected by a decision of the arbitration tribunal dated 31 December 2020. On 3 May 2021 the EU presented a memorial on the merits of the case. On 25 October 2021 Nord Stream 2 AG responded to the arbitration tribunal with a memorial on the merits of the case and a counter-memorial to the EU objections to the jurisdiction of the arbitration tribunal to consider the dispute.

On 15 June 2020 Nord Stream 2 AG appealed to the Higher Regional Court of Dusseldorf against the decision of the Federal Network Agency of the Federal Republic of Germany dated 15 May 2020 that had denied derogations from key provisions of the EU Third Gas Directive to the Nord Stream 2 project. Hearings in the case were held on 30 June 2021. On 25 August 2021 the Higher Regional Court of Dusseldorf made a decision to reject the appeal. On 21 September 2021 Nord Stream 2 AG appealed against the decision of the Higher Regional Court of Dusseldorf to the Federal Court of Justice of the Federal Republic of Germany.

Sanctions

Since 2014 the EU, the United States ("U.S.") and some other countries have introduced a series of sanctions against the Russian Federation and some Russian legal entities. Some of these sanctions are aimed directly against PJSC Gazprom, PJSC Gazprom Neft and their subsidiaries and other companies, including Gazprombank (Joint Stock Company), and some of them include general restrictions of economic activity in certain sectors of the Russian Federation economy.

25 Commitments and Contingencies (continued)

The U.S. sanctions prohibit any U.S. citizen and legal entities incorporated in the U.S. (including their foreign branches) and any person or entity in the U.S. or related to the territory of the U.S. from:

1) transacting in, providing financing for, or otherwise dealing with new debt of longer than 90 days maturity (since 28 November 2017 – 60 days) or new equity, property, or interests in property in respect of a number of energy companies, including PJSC Gazprom Neft;

2) transacting in, providing financing for, or otherwise dealing with new debt of longer than 30 days maturity (since 28 November 2017 – 14 days) or new equity, property, or interests in property in respect of a number of Russian companies of the banking sector, including Gazprombank (Joint Stock Company) (PJSC Gazprom is not on the list of restricted entities in this respect);

3) providing, exporting, or reexporting, directly or indirectly, goods, services (except for financial services), or technology in support of potential exploration and production of oil in deep water, Arctic offshore, or shale formations in the Russian Federation, inland or in territorial waters claimed by the Russian Federation with participation of Russian companies, including PJSC Gazprom and PJSC Gazprom Neft. Since 7 August 2015 the restriction has included the Yuzhno-Kirinskoye field located in the Sea of Okhotsk. According to the changes of 31 October 2017 the scope of the stated restriction was extended for projects that meet three criteria at the same time:

- the start date of projects – after 29 January 2018;
- projects relate to oil production around the world;
- Russian companies included in the Sectoral Sanctions Identifications List, including PJSC Gazprom and PJSC Gazprom Neft and their subsidiaries, own a share of 33 % and more in such project or control the majority of voting rights.

On 2 August 2017 the U.S. President signed the Countering America's Adversaries Through Sanctions Act (the "Act of 2 August 2017"), which expanded the U.S. sanctions regime against the Russian Federation. The Act of 2 August 2017, inter alia, gives the U.S. President the right to impose certain sanctions in interaction (coordination) with the U.S. allies against any person who after the adoption of the Act of 2 August 2017 consciously made investments or sold goods, supplied technologies or provided services to the Russian Federation (for the amount exceeding USD 1 million, or during the year – totally exceeding USD 5 million) in the construction and maintenance of Russian energy export pipelines (Section 232 of the Act of 2 August 2017). The implementation of these sanctions can create risks for the development of prospective gas transportation projects of PJSC Gazprom.

The Act of 2 August 2017 creates the risk of extraterritorial application of certain U.S. sanctions and may adversely affect the participation of foreigners in certain new projects of PJSC Gazprom. At the same time, the provisions of the Act of 2 August 2017 should be applied along with the explanations of the U.S. Department of the Treasury and the U.S. Department of State.

On 15 July 2020 the U.S. Department of State issued new guidance (the "New Guidance") for Section 232 of the Act of 2 August 2017, which cancelled the earlier effective exception that stated that investments in projects commenced prior to 2 August 2017 would not be subject to sanctions. Under the New Guidance, Section 232 of the Act of 2 August 2017 explicitly applies to the Nord Stream 2 gas pipeline and the second line of the TurkStream gas pipeline. At the same time, the U.S. Department of State mentioned in the New Guidance that sanctions would not target gas pipelines in existence on, and capable of transporting commercial quantities of gas, as of the enactment date of the Act of 2 August 2017. In addition, the U.S. Department of State deleted the portion of the guidance in effect earlier that stated that investments and loans related to the construction of export pipelines made prior to 2 August 2017 would not be subject to sanctions and indicated that any actions with investments (except for reasonable steps to wind down effective contracts) made on or after 15 July 2020 might become a reason for the imposition of sanctions under Section 232 of the Act of 2 August 2017.

The National Defense Authorization Act, which was enacted on 20 December 2019, (the "Act of 20 December 2019") envisages sanctions against persons that provide vessels for the construction of the Nord Stream 2 and the TurkStream gas pipelines.

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25 Commitments and Contingencies (continued)

The Act of 20 December 2019 envisages that not later than 60 days after the date of the enactment of this Act, and every 90 days thereafter, the U.S. Secretary of State (in consultation with the U.S. Secretary of the Treasury) shall submit reports that identify:

- 1) vessels that are engaged in pipe-laying at depths of 100 feet or more below sea level for the construction of the Nord Stream 2 and the TurkStream export pipelines (or any project that is a successor to either such project); and
- 2) foreign persons (both individuals and legal entities) that the U.S. Secretary of State (in consultation with the U.S. Secretary of the Treasury) believes to have knowingly sold, leased, or provided those vessels for the construction of such pipelines; or facilitated deceptive or structured transactions to provide those vessels for the construction of such gas pipelines.

Persons indicated in the report submitted by the U.S. Secretary of State under paragraph 2 above and their corporate officers or principal shareholders with a controlling interest shall be excluded from the U.S. and the U.S. Secretary of State shall deny a U.S. visa to such persons and revoke all visas earlier issued to them. Assets of the persons indicated in the report submitted by the U.S. Secretary of State under paragraph 2 above that are located in the U.S. would be frozen (including in case of their transfer to third parties) and U.S. persons would be prohibited from entering into transactions with such persons.

The Act of 20 December 2019 envisages an exception for repair and maintenance of the gas pipelines indicated in the Act of 20 December 2019.

The Act of 20 December 2019 states that authorisations to impose those sanctions shall terminate on the date that is five years after the date of the enactment of the Act of 20 December 2019. Imposed sanctions may terminate earlier if the U.S. President provides to the Congress satisfactory evidence that the respective gas pipeline projects would not result in a decrease of more than 25 percent in the volume of Russian energy exports transiting through existing pipelines in other countries (particularly Ukraine) relative to the average monthly volume of Russian energy exports transiting through such pipelines in 2018.

As a result of the enactment of the Act of 20 December 2019, the contractor (Allseas, a Swiss company) of Nord Stream 2 AG suspended pipe-laying under the Nord Stream 2 project. In addition, the Act of 20 December 2019 is not expected to affect the TurkStream project as the construction of the offshore section of the TurkStream gas pipeline has been fully completed and the Act of 20 December 2019 envisages an exception for maintenance of constructed pipelines.

The National Defense Authorization Act for Fiscal Year 2021 was enacted on 1 January 2021 (the “Act of 1 January 2021”). This act amended the Act of 20 December 2019 by adding the provision of services as a reason for the imposition of sanctions, including the provision of insurance services (including underwriting services) for the vessels, services for upgrades of the vessels, as well as services for the testing, inspection and certification necessary for the completion of the Nord Stream 2 project. In addition, amendments introduced by the Act of 1 January 2021 provide for an opportunity to impose sanctions on persons that provide or facilitate providing the vessels for pipe-laying or pipe-laying activities.

Among other things, the Act of 1 January 2021 also introduced a new provision under which sanctions under the Act of 20 December 2019 shall not apply with respect to the EU, the governments of Norway, Switzerland, the United Kingdom, or any member country of the EU, and entities of these countries that are not operating as business enterprises.

On 20 October 2020 and 9 April 2021 the U.S. Department of State issued guidance documents for the Act of 20 December 2019 (including with regard to the amendments of 1 January 2021) that expanded the sanctions to include persons who provide services or goods that are necessary to the operation of vessels engaged in the process of pipe-laying for the construction of the Nord Stream 2 and the TurkStream projects (including services for installation of equipment or upgrades for those vessels, or funding for those services), financing of the vessels and providing other forms of support to them.

Pursuant to the Act of 20 December 2019 and based on the reports submitted by the U.S. Department of State on 21 May 2021, 20 August 2021 and 23 November 2021 the U.S. Department of the Treasury imposed sanctions against a number of legal entities and vessels that are owned by them and involved in the construction of the Nord Stream 2 pipeline.

25 Commitments and Contingencies (continued)

On 21 July 2021 the U.S. and the Federal Republic of Germany published a joint statement, whereby the parties agree that should Russia use energy supplies as a weapon, the Federal Republic of Germany will take retaliatory action at the national level and at the EU level, including sanctions. This statement is declaratory and is not, in its legal nature, a legally binding document.

On 15 April 2021 the U.S. President signed Executive Order No. 14024 on Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation that provides for an opportunity to impose new sanctions on Russia on a wide range of grounds, in particular against Russian persons that are responsible for, directly or indirectly engaged in or attempted to engage in, cutting or disrupting gas or energy supplies to Europe, the Caucasus, or Asia.

U.S. sanctions apply to any entity, in the capital of which the companies from the sanctions list directly or indirectly, individually or in the aggregate, own 50 or more percent equity interest.

PJSC Gazprom is not expressly stated among the entities against whom the EU sanctions are imposed. However, PJSC Gazprom Neft and Gazprombank (Joint Stock Company), as well as their subsidiaries in which they own more than 50 percent equity interest are subject to certain financial restrictions imposed by the EU.

The sanctions imposed by the EU prohibit all citizens of the EU member countries, as well as all legal persons, entities and bodies incorporated or established under the laws of an EU member country (both within the EU and abroad), as well as all legal persons, entities and bodies in connection with any economic activities carried out in whole or in part within the EU:

1) provision of drilling, well testing, logging and completion services, supply of specialised floating vessels necessary for deep water oil exploration and production, and (or) Arctic oil exploration and production, and shale oil projects in Russia, as well as the direct or indirect financing, financial assistance, technical and brokerage services in relation to these activities;

2) purchasing, selling and providing investment services for or assisting in the issuance of, or other dealings with transferable securities and money market instruments with a maturity of more than 90 days issued from 1 August 2014 to 12 September 2014 or more than 30 days, issued after 12 September 2014 by certain Russian companies in the banking sector, including Gazprombank (Joint Stock Company), but excluding PJSC Gazprom;

3) purchasing, selling and providing investment services for or assisting in the issuance of, or other dealings with transferable securities and money market instruments issued by some Russian energy companies, including PJSC Gazprom Neft but excluding PJSC Gazprom, after 12 September 2014 with a maturity of more than 30 days;

4) after 12 September 2014 directly or indirectly making or being part of any arrangement to make new borrowings with a maturity exceeding 30 days to some Russian companies (including PJSC Gazprom Neft and Gazprombank (Joint Stock Company) but excluding PJSC Gazprom), except for borrowings that have a specific and documented objective to provide financing for non-prohibited imports or exports of goods and non-financial services between the EU and the Russian Federation or for borrowings that have a specific and documented objective to provide emergency funding to meet solvency and liquidity criteria for bodies established in the EU, whose proprietary rights are owned for more than 50 percent by any entity referred to above.

These EU sanctions also apply to any entity if 50 percent or more in its capital is owned, directly or indirectly, by entities that are subject to sanctions.

Canada and some other countries also imposed sanctions on some Russian individuals and legal entities, including PJSC Gazprom, PJSC Gazprom Neft and other oil and gas companies of the Russian Federation. Sanctions imposed by Canada prohibit any person in Canada and any Canadian citizen outside Canada to transact in, provide financing for, or otherwise deal in new debt of longer than 90 days' maturity for a number of Russian energy companies, including PJSC Gazprom and PJSC Gazprom Neft. Furthermore, there is an ongoing restriction imposed by Canada on the export, sale and delivery by persons in Canada and Canadian citizens outside Canada of certain goods to the Russian Federation or any person in the Russian Federation, if such goods are used for deep-water oil exploration (at a depth of more than 500 metres), for oil exploration or production in the Arctic, as well as shale oil exploration or production.

PJSC Gazprom
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(in millions of Russian Rubles)

25 Commitments and Contingencies (continued)

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

Financial Guarantee Contracts

| | 30 September 2021 | 31 December 2020 |
|--|------------------------------|-----------------------------|
| Guarantees issued for: | | |
| Nord Stream AG | 100,796 | 118,510 |
| JSC Gazstroyprom | 29,613 | 31,639 |
| Sakhalin Energy Investment Company Ltd. | 10,719 | 23,227 |
| Other | <u>104,606</u> | <u>87,786</u> |
| Total financial guarantee contracts | 245,734 | 261,162 |

For the nine months ended 30 September 2021 and in 2020 the counterparties fulfilled their contractual obligations.

Financial guarantee contracts include financial guarantees denominated in US Dollars of USD 147 million and USD 314 million as of 30 September 2021 and 31 December 2020, respectively, as well as amounts denominated in Euros of EUR 2,089 million and EUR 2,103 million as of 30 September 2021 and 31 December 2020, respectively.

In June 2008 the Group pledged the shares of Sakhalin Energy Investment Company Ltd. to the agent bank Mizuho Bank Ltd. under the loan obligations of Sakhalin Energy Investment Company Ltd. As of 30 September 2021 and 31 December 2020 the amount of Sakhalin Energy Investment Company Ltd. obligations up to the amount of the Group's share (50 %) amounted to RUB 10,719 million (USD 147 million) and RUB 23,227 million (USD 314 million), respectively.

In March 2010 the Group pledged the shares of Nord Stream AG to the agent bank Societe Generale under the obligations of Nord Stream AG under the project financing agreement. As of 30 September 2021 and 31 December 2020 the amount of Nord Stream AG obligations up to the amount of the Group's share (51 %) amounted to RUB 100,796 million (EUR 1,188 million) and RUB 118,510 million (EUR 1,307 million), respectively.

In March 2019 the Group pledged promissory notes to Gazprombank (Joint Stock Company) for a period up to November 2020, without the right to alienate or otherwise manage of them without the written consent of the pledgee, to secure the obligations of JSC Gazstroyprom under the loan agreement. In October 2020, the pledge was extended until January 2022, the subject of the pledge is all the rights of the claim for repayment of the debt arising from the promissory notes. The collateral value of debt repayment rights as of 30 September 2021 and 31 December 2020 was RUB 29,613 million and RUB 31,639 million, respectively.

Capital Commitments

The total investment utilisation in accordance with the investment programme of the Group for 2021 (for gas, oil, electricity, heat generating and other assets) and current similar intentions of the Group is RUB 2,004,325 million.

26 Events After the Reporting Period

Borrowings

In October 2021 the Group obtained a long-term loan from Sumitomo Mitsui Banking Corporation in the amount of EUR 500 million at an interest rate of EURIBOR + 1.55 % due in 2028.

In October 2021 the Group obtained a long-term loan from Gazprombank (Joint Stock Company) in the amount of RUB 18,000 million at an interest rate of the current key rate of the Central Bank of the Russian Federation + 1.00 % due in 2026.

In October-November 2021 the Group's subsidiary LLC Gazprom pererabotka Blagoveshchensk obtained long-term loans in the total amount of EUR 231 million at an interest rate from EURIBOR + 1.00 % to EURIBOR + 3.20 % due in 2034-2036. The loans were obtained under the terms of long-term financing agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant. ING Bank N.V., Intesa Sanpaolo S.p.A. and Intesa Sanpaolo S.p.A., London branch were appointed as agent banks.

PJSC Gazprom
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26 Events After the Reporting Period (continued)

In November 2021 the Group issued loan participation notes in the amount of EUR 500 million at an interest rate of 1.85 % due in 2028 under the EUR 30,000 million Programme for the Issuance of Loan Participation Notes.

In November 2021 the Group signed agreement to obtain long-term loans from Gazprombank (Joint Stock Company) in the amount of RUB 15,000 million at an interest rate of current key rate of the Central Bank of the Russian Federation + 1.4 % due in 2025.

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