Audit | Consulting | Law

PJSC GAZPROM

Consolidated Financial Statements prepared in accordance with IFRS® Accounting Standards with Independent Auditor's Report

31 December 2023

Moscow | 2024

Contents

Independent Auditor’s Report

To the Shareholders
of Public Joint Stock Company Gazprom

Opinion

We have audited the accompanying consolidated financial statements of Public Joint Stock Company Gazprom (“PJSC Gazprom”) and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as at 31 December 2023, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Rules of Independence of Auditors and Audit Organisations and the Code of Professional Ethics of Auditors, as well as with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue estimation and recognition

During the audit we specially focused on revenue recognition as the revenue amount was material and revenue streams were formed in different geographic regions with significantly different terms of revenue recognition including price determination and change, transfer of risks and rewards. In 2023, export revenue continued to be significantly affected by the sanctions imposed since February 2022 by the US, the European Union and a number of other countries.

Our audit procedures in respect of the risk of material misstatement of revenue included, in particular:

- assessment of the consistency in the application of the revenue recognition accounting policy applicable to various types of revenue and geographic regions;

- evaluation of the design of controls;
- assessment of the risk of material misstatement due to fraud or error;
- performance of substantive procedures in respect of the sales transactions.

Information about the approaches to revenue recognition is disclosed in Note 5 “Material Accounting Policy Information” to the consolidated financial statements, information about sales, including information by geographic segments, is disclosed in Note 26 “Revenue from Sales” to the consolidated financial statements.

Impairment of property, plant and equipment

Due to the material carrying amount of property, plant and equipment, continued volatility of macroeconomic parameters, including the key rate of the Bank of Russia and inflation, aggravated by the fluctuating prices for energy resources, political instability, as well as high level of subjectivity of the underlying assumptions, judgments and estimates made by management to conduct the impairment test, we consider this area to be one of the most significant audit areas. Revenue forecasts were also significantly affected by the sanctions and restrictive measures imposed, including those infringing on the interests of PJSC Gazprom and its major subsidiaries.

As at 31 December 2023 the Group’s management identified impairment indicators of property, plant and equipment related to certain cash-generating units and tested such property, plant and equipment for impairment in accordance with the requirements of IAS 36 Impairment of Assets. As a result of this test, an asset impairment loss was recognised for certain cash-generating units and for certain property, plant and equipment assets and capital expenditures with changed expected useful life estimates or with uncertain prospects for use due to the impact of the current political and economic environment.

Our audit procedures in respect of this area included:

- analysis of the methodology used by the Group to test property, plant and equipment for impairment;
- testing of the principles used to forecast future cash flows;
- analysis of significant assumptions underlying the impairment test procedures in respect of various cash-generating units. The significant assumptions, in particular, included determining discount rates, forecasting prices for energy resources and exchange rates, as well as estimating volumes of production and sales;
- a sensitivity analysis to determine whether the models used for testing were sensitive to changes in the significant assumptions;
- analysis and evaluation of the disclosure of information about the assets impairment testing for compliance with the requirements of IAS 36 Impairment of Assets.

Information about the measurement methods and significant assumptions applied to test property, plant and equipment for impairment is disclosed in Note 5 “Material Accounting Policy Information” to the consolidated financial statements, information about property, plant and equipment and their impairment testing is disclosed in Note 13 “Property, Plant and Equipment” to the consolidated financial statements.

Measurement of expected credit losses on trade receivables

Estimating the allowance for expected credit losses on trade receivables was one of most significance in our audit because of the material balances of trade receivables and the material amount of the accumulated provision, and because the existing political and economic situation, which was caused, among other things, by the impact of the sanctions imposed in 2022 and 2023, affected the measurement of expected credit losses of both Russian and foreign customers. We also believe that the evaluation of the sufficiency of the allowance for expected credit losses on trade receivables is a higher risk area as it is based on management's judgments on the possibility to recover that debt.

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

- checking of the methodology used to measure expected credit losses on trade receivables by the Group's management;
- analysis of the assumptions and professional judgments applied by the Group's management, including critical assessment of the information used to forecast the ability of its customers to repay their debts;
- sample checking of the models and calculations used to measure expected credit losses on trade receivables;
- analysis of external information, including legislative requirements and restrictive measures affecting the payment procedure of debts by foreign counterparties;
- sufficiency of the information disclosed as required by IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements.

Information about the measurement procedure and the key assumptions applied to estimate expected credit losses is disclosed in Note 5 "Material Accounting Policy Information" to the consolidated financial statements, information about accounts receivable and allowance for expected credit losses on trade receivables is disclosed in Notes 10 "Accounts Receivable and Prepayments", 17 "Long-Term Accounts Receivable and Prepayments" and 35 "Financial Risk Factors" to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of PJSC Gazprom for 2023 and the Issuer's Report of PJSC Gazprom for the 12 months of 2023 but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report of PJSC Gazprom for 2023 and the Issuer's Report of PJSC Gazprom for the 12 months of 2023 are expected to be made available to us after the date of this auditor's report.

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

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

When we read the Annual Report of PJSC Gazprom for 2023 and the Issuer's Report of PJSC Gazprom for the 12 months of 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to form a basis for our opinion on the Group's consolidated financial statements. We are responsible for directing, supervising and reviewing of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Yuriy Stanislavovich Saprykin
(registration number 21606041981)

Date of Independent Auditor's Report
26 April 2024

Audited entity

Name:

Public Joint Stock Company Gazprom
(PJSC Gazprom).

Address of the legal entity within its location:

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

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

Auditor

Name:

FBK, LLC

Address of the legal entity within its location:

44 Myasnitskaya St, Bldg 2, Moscow, 101000, Russian Federation.

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

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

PJSC Gazprom
Consolidated Balance Sheet
as of 31 December 2023
(in millions of Russian Rubles)

Notes		31 December 2023	31 December 2022
	Assets		
	Current assets		
8	Cash and cash equivalents	1,426,780	1,157,587
9	Short-term financial assets	18,101	22,136
10	Accounts receivable and prepayments	1,261,693	1,946,428
11	Inventories	1,201,910	1,056,523
12	Other current assets	872,385	437,443
		4,780,869	**4,620,117**
	Non-current assets		
13	Property, plant and equipment	18,436,207	17,419,060
14	Right-of-use assets	368,031	260,488
15	Goodwill	147,273	130,585
16	Investments in associates and joint ventures	1,536,851	1,329,416
17	Long-term accounts receivable and prepayments	1,601,889	1,132,881
9	Long-term financial assets	669,991	405,997
22	Deferred tax assets	481,025	335,994
12	Other non-current assets	691,612	494,391
		23,932,879	**21,508,812**
	Total assets	**28,713,748**	**26,128,929**
	Liabilities and equity		
	Current liabilities		
18	Accounts payable, provisions and other liabilities	2,507,794	1,711,639
	Current profit tax payable	21,079	50,614
19	Taxes other than on profit and fees payable	707,750	429,339
20	Short-term borrowings, promissory notes and current portion of long-term borrowings	1,295,363	709,268
		4,531,986	**2,900,860**
	Non-current liabilities		
21	Long-term borrowings, promissory notes	5,362,117	4,356,593
23	Provisions	569,264	622,025
22	Deferred tax liabilities	1,294,799	1,456,300
	Long-term lease liabilities	308,122	219,524
	Other non-current liabilities	194,746	127,782
		7,729,048	**6,782,224**
	Total liabilities	**12,261,034**	**9,683,084**
	Equity		
24	Share capital	325,194	325,194
24	Treasury shares	(331)	(331)
25	Perpetual notes	732,898	298,824
24	Retained earnings and other reserves	14,591,946	15,126,010
		15,649,707	**15,749,697**
	Non-controlling interest	803,007	696,148
	Total equity	**16,452,714**	**16,445,845**
	Total liabilities and equity	**28,713,748**	**26,128,929**

A.B. Miller
Chairman of the Management Committee
26 April 2024

M.N. Rosseev
Chief Accountant
26 April 2024

The accompanying notes on pages 12 to 59 are an integral part of these consolidated financial statements.

PJSC Gazprom
Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2023
(in millions of Russian Rubles)

Notes		Year ended 31 December 2023	2022
26	Revenue from sales	8,541,818	11,673,950
	Net loss from trading activity	-	(12,207)
27	Operating expenses	(8,584,202)	(9,307,030)
	Impairment loss on financial assets	(321,305)	(419,554)
	Operating (loss) profit	**(363,689)**	**1,935,159**
28	Finance income	659,464	2,430,787
28	Finance expenses	(1,309,209)	(2,342,048)
16	Share of profit of associates and joint ventures	354,364	166,660
	(Loss) profit before profit tax	**(659,070)**	**2,190,558**
	Current profit tax expenses	(261,884)	(576,936)
	Deferred profit tax income (expenses)	337,878	(301,977)
22	Profit tax	75,994	(878,913)
	(Loss) profit for the year	**(583,076)**	**1,311,645**
	Other comprehensive income (loss):		
	Items that will not be reclassified subsequently to profit or loss:		
	Gain (loss) arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	93,877	(162,298)
23	Remeasurement of provision for post-employment benefits	49,309	(23,119)
	Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss	**143,186**	**(185,417)**
	Items that may be reclassified subsequently to profit or loss:		
	Share of other comprehensive income (loss) of associates and joint ventures	4,797	(1,044)
	Translation differences	21,109	(178,004)
	Gain (loss) from hedging operations, net of tax	4,662	(16,707)
	Total other comprehensive income (loss) that may be reclassified subsequently to profit or loss	**30,568**	**(195,755)**
	Total other comprehensive income (loss) for the year, net of tax	**173,754**	**(381,172)**
	Comprehensive (loss) income for the year	**(409,322)**	**930,473**
	(Loss) profit for the year attributable to:		
	Owners of PJSC Gazprom	(629,085)	1,225,807
	Non-controlling interest	46,009	85,838
		(583,076)	**1,311,645**
	Comprehensive (loss) income for the year attributable to:		
	Owners of PJSC Gazprom	(492,960)	858,991
	Non-controlling interest	83,638	71,482
		(409,322)	**930,473**
29	**Basic and diluted (loss) earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)**	**(27.58)**	**51.11**

A.B. Miller
Chairman of the Management Committee
26 April 2024

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Chief Accountant
26 April 2024

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PJSC Gazprom
Consolidated Statement of Cash Flows
for the Year Ended 31 December 2023
(in millions of Russian Rubles)

Notes		Year ended 31 December 2023	Year ended 31 December 2022
	Cash flows from operating activities		
30	**Net cash from operating activities**	**2,296,223**	**2,192,682**
	Cash flows from investing activities		
	Capital expenditures	(2,422,017)	(2,191,642)
28, 35	Interest capitalised and paid	(304,827)	(182,669)
	Net change in loans issued	(230,026)	8,542
	Acquisition of subsidiaries, net of cash acquired	(87,492)	(2)
	Investments in associates and joint ventures	(8,427)	(99,962)
	Interest received	163,044	221,687
	Change in long-term financial assets measured at fair value through other comprehensive income	(119,524)	37,661
	Proceeds from associates and joint ventures	101,680	98,274
	Proceeds from sale of associates and joint ventures	1,081	-
	Proceeds from sale of subsidiaries	17,600	14,295
	Placement of long-term bank deposits	(5,001)	(24,682)
	Repayment of long-term bank deposits	3,078	21,447
	Other	(24,239)	(39,919)
	Net cash used in investing activities	**(2,915,070)**	**(2,136,970)**
	Cash flows from financing activities		
35	Proceeds from long-term borrowings	1,295,787	1,201,822
35	Repayment of long-term borrowings (including current portion of long-term borrowings)	(920,948)	(590,270)
35	Proceeds from short-term borrowings	306,047	136,432
35	Repayment of short-term borrowings	(20,083)	(283,857)
35	Repayment of lease liabilities	(76,493)	(45,119)
35	Dividends paid	(30,761)	(1,124,080)
28, 35	Interest paid	(92,057)	(70,459)
	Acquisition of non-controlling interests in subsidiaries	(9,631)	(2,918)
	Proceeds from sale of treasury shares	-	397
25	Proceeds from issuance of perpetual notes	384,155	-
25	Interest paid on perpetual notes	(20,003)	(17,851)
	Proceeds from sale of non-controlling interests in subsidiaries	2,906	2,090
	Other	23,798	(162)
	Net cash from (used in) financing activities	**842,717**	**(793,975)**
	Effect of foreign exchange rate changes on cash and cash equivalents	45,323	(118,073)
	Increase (decrease) in cash and cash equivalents	**269,193**	**(856,336)**
8	Cash and cash equivalents at the beginning of the reporting year	1,157,587	2,013,923
8	**Cash and cash equivalents at the end of the reporting year**	**1,426,780**	**1,157,587**

A.B. Miller
Chairman of the Management Committee
26 April 2024

M.N. Rosseev
Chief Accountant
26 April 2024

The accompanying notes on pages 12 to 59 are an integral part of these consolidated financial statements.

PJSC Gazprom
Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2023
(in millions of Russian Rubles)

Notes		Equity attributable to the owners of PJSC Gazprom						
		Share capital	Treasury shares	Perpetual notes	Retained earnings and other reserves	Total	Non-controlling interest	Total equity
	Balance as of 31 December 2021	**325,194**	**(331)**	**313,190**	**15,613,466**	**16,251,519**	**615,060**	**16,866,579**
	Profit for the year	-	-	-	**1,225,807**	**1,225,807**	**85,838**	**1,311,645**
	Other comprehensive loss – total,	-	-	-	**(366,816)**	**(366,816)**	**(14,356)**	**(381,172)**
	including: Loss arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	-	-	-	(162,242)	(162,242)	(56)	(162,298)
23	Remeasurement of provision for post-employment benefits	-	-	-	(23,175)	(23,175)	56	(23,119)
	Share of other comprehensive loss of associates and joint ventures	-	-	-	(1,044)	(1,044)	-	(1,044)
	Translation differences	-	-	-	(163,645)	(163,645)	(14,359)	(178,004)
	(Loss) gain from hedging operations, net of tax	-	-	-	(16,710)	(16,710)	3	(16,707)
	Comprehensive income for the year	-	-	-	**858,991**	**858,991**	**71,482**	**930,473**
	Change in non-controlling interest in subsidiaries	-	-	-	439	439	35,226	35,665
	Changes in the Group	-	-	-	(134,138)	(134,138)	-	(134,138)
	Return of social assets to the balance of governmental authorities	-	-	-	(21)	(21)	-	(21)
	Dividends declared	-	-	-	(1,206,516)	(1,206,516)	(25,620)	(1,232,136)
	Treasury shares transactions	-	-	-	83	83	-	83
25	Perpetual notes transactions	-	-	(14,366)	(6,294)	(20,660)	-	(20,660)
	Balance as of 31 December 2022	**325,194**	**(331)**	**298,824**	**15,126,010**	**15,749,697**	**696,148**	**16,445,845**
	(Loss) profit for the year	-	-	-	**(629,085)**	**(629,085)**	**46,009**	**(583,076)**
	Other comprehensive income – total,	-	-	-	**136,125**	**136,125**	**37,629**	**173,754**
	including: Gain (loss) arising from changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	-	-	-	93,963	93,963	(86)	93,877
23	Remeasurement of provision for post-employment benefits	-	-	-	49,296	49,296	13	49,309
	Share of other comprehensive income of associates and joint ventures	-	-	-	4,797	4,797	-	4,797
	Translation differences	-	-	-	(16,595)	(16,595)	37,704	21,109
	Gain (loss) from hedging operations, net of tax	-	-	-	4,664	4,664	(2)	4,662
	Comprehensive (loss) income for the year	-	-	-	**(492,960)**	**(492,960)**	**83,638**	**(409,322)**
	Change in non-controlling interest in subsidiaries	-	-	-	24,299	24,299	(12,962)	11,337
	Changes in the Group	-	-	-	(1,820)	(1,820)	68,934	67,114
	Return of social assets to the balance of governmental authorities	-	-	-	(7)	(7)	-	(7)
	Dividends declared	-	-	-	-	-	(32,751)	(32,751)
25	Perpetual notes transactions	-	-	434,074	(63,576)	370,498	-	370,498
	Balance as of 31 December 2023	**325,194**	**(331)**	**732,898**	**14,591,946**	**15,649,707**	**803,007**	**16,452,714**

A.B. Miller
Chairman of the Management Committee
26 April 2024

M.N. Rosseev
Chief Accountant
26 April 2024

The accompanying notes on pages 12 to 59 are an integral part of these consolidated financial statements.

1 General Information

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

The Group is involved in the following activities:

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

2 Economic Environment in the Russian Federation

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

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

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

- as of 31 December 2023 – 89.6883;
- as of 31 December 2022 – 70.3375 (as of 31 December 2021 – 74.2926).

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

- as of 31 December 2023 – 99.1919;
- as of 31 December 2022 – 75.6553 (as of 31 December 2021 – 84.0695).

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

In 2022-2023, the United States of America, the European Union (the "EU") and some other countries imposed additional sanctions against the Russian Federation (see Notes 34, 37). These circumstances have led to the volatility of financial markets, as well as significantly increased the level of economic uncertainty in the conditions of activity in the Russian Federation. At the moment, the Group's management is analyzing the current economic conditions and their possible impact on the Group's activities. At the time of signing this consolidated financial information, according to the estimates of the Group's management, the described circumstances do not call into question the continuity of the Group's activities.

3 Basis of Presentation

These consolidated financial statements are prepared in accordance with, and comply with, IFRS® Accounting Standards, including all IFRS Accounting Standards and Interpretations of the International Accounting Standards Committee approved and effective in the reporting period.

The consolidated financial statements of the Group are prepared under the historical cost convention except for certain financial assets and liabilities presented at the fair value (see Note 36). The material accounting

3 Basis of Presentation (continued)

policy information applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented in these consolidated financial statements, unless otherwise stated.

4 Scope of Consolidation

As described in Note 5, the consolidated financial statements include consolidated subsidiaries, associates, joint ventures and operations of the Group. During 2023 the Group acquired several subsidiaries and there were other changes. During 2022 the Group disposed of several subsidiaries and joint operations.

5 Material Accounting Policy Information

5.1 Subsidiaries, Associates and Joint Ventures

Subsidiaries

Subsidiaries are all entities, including structured entities, that the Group controls. Subsidiaries are consolidated from the date on which control is gained and are deconsolidated from the date on which control ceases.

Acquisition of Entities under Common Control

Acquisitions of entities under common control are accounted for in accordance with the requirements of IFRS 3 Business Combinations.

Associates and Joint Ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of investments in associates and joint ventures is increased or decreased by recognising the investor's share in profit or loss and other comprehensive income of the investee after the acquisition date. Furthermore, in case of a change that is recognised directly in equity of an associate or a joint venture, the Group records its share in such change within profit or loss or, when applicable, in equity.

The accrual (reversal) of impairment loss on investments in associates and joint ventures is recognised within “Impairment Loss on Non-Financial Assets” as part of operating expenses in the consolidated statement of comprehensive income.

5.2 Financial Instruments

5.2.1 Classification and Measurement of Financial Assets

The Group classifies financial assets into three measurement categories: those measured subsequently at amortised cost, those measured subsequently at fair value with changes recognised through other comprehensive income, and those measured subsequently at fair value with changes recognised through profit or loss.

Financial Assets Measured Subsequently at Amortised Cost

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

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

Cash and Cash Equivalents and Restricted Cash

Cash comprises cash on hand and bank balances. Cash equivalents comprise short-term financial assets which are readily convertible to cash and have an original maturity of less than three months from the acquisition date. Restricted cash includes cash and cash equivalents which are not to be used for any purposes other than those specified in the terms of the financing and other agreements or under banking regulations. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

5 Material Accounting Policy Information (continued)

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

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

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

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

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

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

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

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

Impairment of Financial Assets

For trade accounts receivable, lease receivables, whether they contain a significant financing component or not, the Group applies measurement based on lifetime expected credit losses.

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

5.2.2 Classification and Measurement of Financial Liabilities

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

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

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

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

Borrowings

Borrowings are recognised initially at fair value of the proceeds which is determined using the prevailing market rate of interest for a similar instrument in case of significant difference from the interest rate of the borrowing, net of transaction costs incurred. In subsequent periods, borrowings are recognised at amortised cost, using the effective interest method; the difference between the fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

5 Material Accounting Policy Information (continued)

Financial Guarantee Contracts

Financial guarantee contracts are initially recognised at fair value. After initial recognition financial guarantee contracts are measured at the higher of the allowance for expected credit losses and the amount initially recognised less total income recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

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

5.2.3 Derivative Financial Instruments

The Group uses a variety of derivative financial instruments, including forward and foreign currency, commodities and securities option contracts. The derivative financial instruments are measured at fair value, a gain or a loss occurred from a change in the fair value of the derivative financial instruments is recognised in profit or loss of the consolidated statement of comprehensive income in the period in which it occurred. The fair value of the derivative financial instruments is determined using market information and valuation techniques based on prevailing market interest rates for similar financial instruments.

5.3 Fair Value

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

The fair value of financial liabilities and other financial instruments (except for publicly quoted) in the consolidated financial statements is measured by discounting the future contractual cash flows at the current market interest rate available to the Group to make borrowings using similar financial instruments.

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

5.4 Taxes

5.4.1 Introduction of a Single Tax Account

On 1 January 2023, amendments to the Tax Code of the Russian Federation came into effect which provide for introduction of a single tax account and payment of taxes, including profit tax, in a single tax payment. The Group recognises single tax account receivable and taxes payable on a gross basis unless it has a right (according to the provisions of the Russian Tax Code) to offset recognised amounts and an intention to settle tax payables on a net basis.

5.4.2 Value Added Tax

In the Russian Federation the value added tax (“VAT”) is payable on the difference between output VAT on sales of goods (works, services) and recoverable input VAT charged by suppliers of goods (works, services). The VAT rate is 20 %.

Export of goods and rendering certain services related to exported goods is subject to a 0 % VAT rate upon the submission of confirmation documents required by the current tax legislation to the tax authorities. Input VAT related to operations that are subject to a 0 % VAT rate is recoverable. Sales of a limited list of goods (works, services) are exempted from VAT. Input VAT related to purchases of goods (works, services), which are non-taxable by VAT, is not recoverable and is included in the value of acquired goods (works, services).

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

5.4.3 Mineral Extraction Tax and Hydrocarbon Extraction Excess Profits Tax

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

MET is recognised within “Taxes Other Than On Profit” as part of operating expenses in the consolidated statement of comprehensive income.

5 Material Accounting Policy Information (continued)

Hydrocarbon extraction excess profits tax is classified in a similar manner as MET and is recognised within “Taxes Other Than On Profit” as part of operating expenses in the consolidated statement of comprehensive income.

5.4.4 Customs Duties

Export of hydrocarbons, including natural gas and oil, outside the Customs Union countries is subject to export customs duties. Export of natural gas outside the boundaries of the Customs Union is subject to a fixed 30 % export customs duty rate levied on the customs value of the exported natural gas.

Pertaining to the sales of oil and oil products to countries outside the Customs Union, the Government of the Russian Federation established the export customs duty calculation methodology for crude oil and certain categories of oil products based on which the Ministry of Economic Development of the Russian Federation determines export customs duty rates for the following calendar month.

Revenue from sales is recognised net of the amount of customs duties in the consolidated statement of comprehensive income.

5.4.5 Excise Tax

Excisable products include gasoline, motor oil, diesel fuel and natural gas. Unless otherwise provided for by international treaties of the Russian Federation, the tax rate on natural gas is 30 %. Excise taxes payable on the basis of the volume of products sold are deducted from revenue from sales.

Within the Group’s activities, excise tax is imposed on the transfers of excisable refined oil products produced at the Group’s refineries from customer-supplied raw materials to the Group companies owning the raw materials. The Group recognises the excise tax on refined oil products produced from customer-supplied raw materials within “Taxes Other Than On Profit” as part of operating expenses in the consolidated statement of comprehensive income. Excise taxes deductions that provide economic benefits to the Group are recognised within other operating expenses in the consolidated statement of comprehensive income.

5.4.6 Profit Tax

Some of the Group's entities, including PJSC Gazprom, have formed the consolidated group of taxpayers as defined by the legislation of the Russian Federation and have been paying profit tax in a consolidated manner. As of 1 January 2023, the corporate profit tax payment within the consolidated group of taxpayers no longer applies. The corporate profit tax rate for Russian companies is 20 %. In some cases, the profit tax rate may be reduced in accordance with local legislation. Subsidiaries operating outside the Russian Federation are subject to the profit tax rates established by the legislation of the respective country.

5.5 Inventories

The cost of inventories is determined based on the weighted average cost method.

5.6 Property, Plant and Equipment

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

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

(in millions of Russian Rubles)

5 Material Accounting Policy Information (continued)

Depreciation of acquired production licenses is calculated using the units-of-production method for each field based upon volumes of proved reserves.

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

	Years
Pipelines	25-40
Wells	15-54
Machinery and equipment	1.5-40
Buildings and roads	6-100
Social assets	10-40

Depreciation of wells is calculated on cost using the straight-line method rather than on the unit-of-production method, as it is the more generally accepted international industry practice. The difference between straight-line and units-of-production methods is not material for these consolidated financial statements.

5.7 Intangible Assets

Intangible assets are recognised at historical cost after deduction of accumulated amortisation and impairment amounts. Intangible assets include software and software media rights, licences (other than exploration and production licences), trademarks and other intellectual property rights.

Intangible assets, other than goodwill, generally have finite useful lives. Intangible assets are amortised on a straight-line basis over their useful lives, except for software media rights, which are amortised based on the expected inflows of economic benefits.

Goodwill is measured at the business combination as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held interest over the fair value of the assets acquired less any liabilities assumed at the acquisition date. A negative amount (bargain purchase gain) is recognised in profit or loss, after the Group's management assesses whether all acquired assets and regular and contingent liabilities assumed are identified and verifies whether their measurement is correct.

5.8 Lease Contracts

The Group does not recognise a right-of-use asset and a lease liability for short-term lease contracts that have a lease term of 12 months or less taking into account the probability of exercising the option to extend the lease contract (if any), and for low-value leased assets.

The Group does not apply the requirements of IFRS 16 Leases to land leases pertaining to the exploration or use of natural gas, oil and similar non-renewable resources. For other land leases, the Group recognises a right-of-use asset and a lease liability.

The Group applies the practical expedient for fixed payment contracts that also include a service component, and accounts for each lease component and any associated non-lease components as a single lease component for all types of underlying assets other than vessels. For vessel leases, the Group recognises the service component within expenses for the period when the share of such payments can be reliably measured.

A right-of-use asset is amortised on a straight-line basis as of the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. A right-of-use asset is reduced by impairment losses and adjusted for certain remeasurements of the lease liability.

5.9 Impairment of Non-Financial Assets

At the end of each reporting period, if there is any indication that assets may be impaired, the Group's management assesses the recoverable value of the assets.

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

5 Material Accounting Policy Information (continued)

The accrual (release) of impairment loss is recognised within "Impairment Loss on Non-Financial Assets" as part of operating expenses in the consolidated statement of comprehensive income.

5.10 Foreign Currency Transactions

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

The results and financial position of a foreign operation are translated into the presentation currency of the consolidated financial statements using the following procedures:

- assets and liabilities are translated at foreign exchange rates at the reporting date;
- income and expenses are translated at average foreign exchange rates for quarter;
- foreign exchange rate differences arising on the translation are recognised within other comprehensive income in the consolidated statement of comprehensive income and within retained earnings and other reserves in the consolidated balance sheet.

5.11 Equity

Treasury Shares

Ordinary shares of PJSC Gazprom owned by the Group at the reporting date are carried at cost, including transaction costs, and are recognised within "Treasury Shares" in the consolidated statement of changes in equity. Subsequent sales of shares are recorded at weighted average cost. Gain or loss arising from treasury shares transactions are recorded, net of profit tax, within retained earnings and other reserves in the consolidated statement of changes in equity.

Dividends

Dividends are recognised as liabilities and deducted from equity in the period when they are recommended by the Board of Directors and approved at the General Shareholders Meeting.

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

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

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

5 Material Accounting Policy Information (continued)

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

5.12 Revenue Recognition

Revenue from sales of gas, refined products, crude oil and gas condensate, electric and heat energy is recognised when products are delivered to customers and the title passes and is stated in the consolidated financial statements net of VAT and, where applicable, customs duties and excise tax. Revenue from sales of gas transportation services is recognised when gas transportation services are provided, as evidenced by delivery of gas in accordance with the contract.

Prices for natural gas and tariffs for gas transportation to final consumers in the Russian Federation are regulated by the Federal Antimonopoly Service ("FAS"). Prices for gas sold to foreign countries are mainly calculated by formulas based on oil product prices, in accordance with the terms of long-term contracts.

5.13 Research and Development

Research expenditures are recognised as other operating expenses in the consolidated statement of comprehensive income as incurred. Development expenditures are recognised as intangible assets if only future economic benefits are expected to flow from such expenditures. Other development expenditures are recognised as other operating expenses in the consolidated statement of comprehensive income as incurred. Development expenditures initially recognised as expenses are not capitalised in subsequent periods, even if the asset recognition criteria are subsequently met.

5.14 Employee Benefits

Pension and Other Post-Employment Benefits

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

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

Actuarial gains and losses on pension plan assets and liabilities arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur (see Note 23).

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

Plan assets are measured at fair value and subject to certain limitations (see Note 23). Fair value of pension plan assets is based on market quotes. When no pension plan assets' market price is available, the fair value of assets is estimated by different valuation techniques, including the use of discounted expected cash flows calculated using a discount rate that reflects both the risk associated with the pension plan assets and expected maturity or disposal date of these assets.

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

Social Expenses

The Group incurs expenses for the social needs of employees, in particular, related to the provision of medical services and maintenance of social infrastructure facilities. These amounts represent inherent costs associated with the employment of staff and, accordingly, are recognised within staff costs as part of operating expenses in the consolidated statement of comprehensive income.

5 Material Accounting Policy Information (continued)

5.15 New Standards and Amendments to Standards

Application of the New Standard and Amendments to Standards

The following standard and amendments to current standards became effective beginning on or after 1 January 2023:

- IFRS 17 Insurance Contracts (issued in May 2017 and amended in June 2020 and in December 2021, effective for annual reporting periods beginning on or after 1 January 2023) replaces IFRS 4 Insurance Contracts and establishes a single framework for the accounting for insurance contracts and contains requirements for related financial statements disclosures.
- The amendments to IAS 1 Presentation of Financial Statements (issued in February 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify how the concept of materiality could be applied in making decisions about the disclosure of accounting policies.
- The amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (issued in February 2021 and effective for annual reporting periods beginning on or after 1 January 2023). The amendments clarify how to 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 deferred taxes recognition exemption does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition.

The Group reviewed this new standard and amendments to standards while preparing the consolidated financial statements. The new standard and amendments to standards have had no significant impact on the Group's consolidated financial statements.

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 2024. 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 2024). The amendments clarify the criteria for classifying liabilities as current or non-current.
- The amendments to IAS 1 Presentation of Financial Statements (issued in October 2022 and effective for annual reporting periods beginning on or after 1 January 2024). The amendments clarify the criteria for classifying liabilities with covenants as current or non-current and contain requirements for related financial statements disclosures.
- The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (issued in May 2023 and effective for annual reporting periods beginning on or after 1 January 2024). The amendments contain additional requirements for disclosures about supplier finance arrangements.
- The amendments to IFRS 16 Leases (issued in September 2022 and effective for annual reporting periods beginning on or after 1 January 2024). The amendments clarify the procedure for the subsequent valuation of assets and liabilities for sale and leaseback transactions.
- The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (issued in August 2023 and effective for annual reporting periods beginning on or after 1 January 2025). The amendments introduce the concept of an exchangeable currency and establish the procedure for determining the exchange rate to use if the currency cannot be exchanged into another currency, and also contain requirements for related financial statements disclosures.

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

6 Critical Judgements and Estimates in Applying Accounting Policies

The preparation of consolidated financial statements requires management to make estimates and assumptions that may affect the reported amount of assets and liabilities as well as information in notes to the consolidated financial statements. Management also makes certain judgements in the process of applying the accounting policies. These estimates and judgements are continually analysed based on historical experience and other information, including forecasts and expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from specified estimates, and management's estimates can be revised in the future, either negatively or positively, depending on their effect based on the facts associated with each estimate.

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

6.1 Consolidation of Subsidiaries

Management's judgements are involved in the assessment of control and the method of accounting of investments in subsidiaries in the Group's consolidated financial statements taking into account voting rights and contractual arrangements with other owners.

6.2 Tax Legislation

Tax, currency and customs legislation of the Russian Federation is subject to varying interpretations (see Note 34).

Profit tax liabilities are determined by management in accordance with the current legislation. Liabilities for penalties, fines and taxes other than profit tax are recognised based on management's best estimate of the expenditure required to settle tax obligations at the balance sheet date.

6.3 Assumptions to Determine Amount of Allowances

Allowance for Expected Credit Losses of Accounts Receivable

An allowance for expected credit losses of accounts receivable is based on the Group's management's assessment of expected credit losses for the accounts receivable lifetime. Credit losses are the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, i.e. all cash shortfalls, discounted at the original effective interest rate. If there is deterioration in any major customer's creditworthiness or actual losses as a result of defaults by debtors are higher or lower than the Group's estimates, the actual results could differ from these estimates. The change in allowance for expected credit losses of accounts receivable is disclosed in Notes 10, 17.

Impairment of Non-Financial Assets

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

In addition, assumptions are applied in determining the cash-generating units assessed for impairment. For the purposes of goodwill impairment test, management considers gas production, transportation and distribution activities as part of single gas cash-generating unit and assesses associated goodwill at this level. The Group's pipelines constitute a unified gas supply system, providing gas supply to customers in the Russian Federation and abroad. The interaction of production of gas, transportation and distribution of gas activities provides the basis for capturing the benefits from synergies.

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

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

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

6.4 Decommissioning and Site Restoration Costs

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

In respect of these costs, the Group recognises provisions for decommissioning and site restoration costs. Estimating the amounts and timing of those provisions requires significant judgement. Such estimation is based on an analysis of costs and technical solutions based on existing technologies and are made in accordance with current environmental legislation. Changes in the estimation of decommissioning and site restoration provision that result from changes in the estimated timing or amount of cash outflows, or from changes in the discount rate adjust the cost of the related asset in the current period. Provisions for decommissioning and site restoration are subject to change because of change in laws and regulations, and their interpretation.

6.5 Useful Lives of Property, Plant and Equipment

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

Were the estimated useful lives of property, plant and equipment items to decrease by 10 % or increase by 10 % from the Group's management estimates, the impact on depreciation would be an increase by RUB 91,981 million or a decrease for the year ended 31 December 2023 (2022: by RUB 82,832 million).

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

6.6 Estimation of the Fair Value of Financial Instruments

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

Contracts not based on market or observable data belong to Level 3 in accordance with the fair value hierarchy. Management's best estimates based on models internally developed by the Group are used for the valuation of these instruments fair value. Where the valuation technique employed incorporates significant volume of input data for which market information is not available, such as long-term price assumptions, contracts have been categorised as Level 3 in accordance with the fair value hierarchy (see Note 36).

6.7 Measurement of Assets and Liabilities in a Business Combination

In accounting for business combinations, the purchase price paid is allocated to assets acquired and liabilities received based on their estimated fair value as of the date of acquisition. A significant amount of judgement is involved in estimating the individual fair value of property, plant and equipment and identifiable intangible assets acquired.

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

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

6.8 Accounting for Pension Plan Assets and Liabilities

Pension plan liabilities are estimated using actuarial techniques and assumptions (see Note 23). Actual results may differ from the estimates, and the Group's estimates may be adjusted in the future based on changes in economic and financial conditions. In addition, certain pension plan assets related to JSC NPF GAZFOND are recorded at fair value, determined using estimation techniques. Management makes judgements with respect to the selected models, the amount of cash flows and their distribution over time, as well as other indicators including discount rate. The recognition of pension plan assets is limited to the estimated present value of future benefits available to the Group in relation to this plan.

The value of future benefits is determined using actuarial techniques and assumptions. The impact of the limitation of the net pension plan asset in accordance with IAS 19 Employee Benefits is disclosed in Note 23. The value of pension plan assets and the limitations may be adjusted in the future.

6.9 Joint Arrangements

Upon adopting of IFRS 11 Joint Arrangements the Group applies judgement whether its joint arrangements represent a joint operation or a joint venture. The Group determines the type of joint arrangement based on its rights and obligations arising from the arrangement including the assessment of the structure and legal form of the arrangement, the decision making terms agreed by the parties in the contractual arrangement and, when relevant, other factors and circumstances.

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

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

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

6.11 Provisions Under Insurance Contracts

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

The main technique used to estimate the amount of claims is to apply historical trends of claims origination to forecast future trends of claims extinguishment. In accordance with the method used, paid claims development is extrapolated based on historical data about paid claims development in prior periods and the expected loss ratio. Estimates based on historical information about claims development are also used and adjustments are made to eliminate deviations of historical trends from expected future development to obtain the most probable result from a set of claims development scenarios taking into account all inherent uncertainties.

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

7 Segment Information

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

Due to the acquisition of the control over JSC Gazprom-Media Holding in December 2023, the management of the Group decided to allocate the results of JSC Gazprom-Media Holding and its subsidiaries into a separate reportable segment – «Media business». Consequently, the following reportable segments were identified in the Group as of 31 December 2023:

(in millions of Russian Rubles)

7 Segment Information (continued)

- Gas business – a type of the Group's business mainly related to the exploration, production, processing, storage, transportation, distribution and sale of gas, gas and gas condensate processing products in the Russian Federation and abroad, and activities that enable these business processes;
- Oil business – a type of the Group's business mainly related to the exploration, production, refining, storage, transportation and sale of oil and refined oil products in the Russian Federation and abroad;
- Electric power business – a type of the Group's business mainly related to electricity and heat generation and sale in the Russian Federation and abroad;
- Media business - a type of the Group's business mainly related to television and radio broadcasting, advertising, publishing, film production and content distribution primarily in the Russian Federation.

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

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

	Gas business	Oil business	Electric power business	Media business	Total
Year ended 31 December 2023					
Revenue from sales of segments	**4,879,194**	**3,879,198**	**616,914**	**-**	**9,375,306**
Revenue from inter-segment sales	467,523	354,940	11,025	-	833,488
Revenue from external sales	4,411,671	3,524,258	605,889	-	8,541,818
Profit (loss) of segments	**(1,179,402)**	**764,952**	**50,761**	-	**(363,689)**
Depreciation	645,085	276,286	60,687	-	982,058
Share of profit of associates and joint ventures	273,006	81,289	69	-	354,364
Year ended 31 December 2022					
Revenue from sales of segments	**8,146,194**	**3,636,313**	**567,256**	**-**	**12,349,763**
Revenue from inter-segment sales	417,595	247,641	10,577	-	675,813
Revenue from external sales	7,728,599	3,388,672	556,679	-	11,673,950
Profit of segments	**1,165,325**	**691,787**	**78,047**	-	**1,935,159**
Depreciation	573,946	230,996	57,438	-	862,380
Share of profit of associates and joint ventures	99,705	66,940	15	-	166,660

(in millions of Russian Rubles)

7 Segment Information (continued)

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

	Gas business	Oil business	Electric power business	Media business	Total
Year ended 31 December 2023					
Revenue from gas sales	3,078,554	46,222	-	-	**3,124,776**
Revenue from sales of crude oil, gas condensate and refined products	788,676	3,322,905	-	-	**4,111,581**
Revenue from electric and heat energy sales	45,415	12,694	586,535	-	**644,644**
Revenue from other sales	499,026	142,437	19,354	-	**660,817**
Total revenue from external sales of segments	**4,411,671**	**3,524,258**	**605,889**	**-**	**8,541,818**
Year ended 31 December 2022					
Revenue from gas sales	6,475,936	36,931	-	-	**6,512,867**
Revenue from sales of crude oil, gas condensate and refined products	708,442	3,233,912	-	-	**3,942,354**
Revenue from electric and heat energy sales	49,318	7,630	538,036	-	**594,984**
Revenue from other sales	494,903	110,199	18,643	-	**623,745**
Total revenue from external sales of segments	**7,728,599**	**3,388,672**	**556,679**	**-**	**11,673,950**

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

Notes		Year ended 31 December 2023	Year ended 31 December 2022
	(Loss) profit of segments	**(363,689)**	**1,935,159**
28	Finance income	659,464	2,430,787
28	Finance expenses	(1,309,209)	(2,342,048)
16	Share of profit of associates and joint ventures	354,364	166,660
	Total (loss) profit before profit tax in the consolidated statement of comprehensive income	**(659,070)**	**2,190,558**

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

	Gas business	Oil business	Electric power business	Media business	Total
As of 31 December 2023					
Assets of segments	21,767,890	6,415,261	980,508	230,850	**29,394,509**
Investments in associates and joint ventures	1,027,779	492,635	544	15,893	**1,536,851**
Capital expenditures[1]	2,245,495	747,844	125,304	-	**3,118,643**
Liabilities of segments	9,250,742	3,247,585	299,763	143,705	**12,941,795**
As of 31 December 2022					
Assets of segments	20,602,262	5,348,091	883,875	-	**26,834,228**
Investments in associates and joint ventures	865,026	463,915	475	-	**1,329,416**
Capital expenditures[2]	2,107,564	627,039	107,219	-	**2,841,822**
Liabilities of segments	7,608,220	2,525,171	254,992	-	**10,388,383**

[1] Capital expenditures for the year ended 31 December 2023.
[2] Capital expenditures for the year ended 31 December 2022.

(in millions of Russian Rubles)

7 Segment Information (continued)

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

	31 December 2023	31 December 2022
Assets of reportable segments	29,394,509	26,834,228
Inter-segment assets	(680,761)	(705,299)
Total assets in the consolidated balance sheet	**28,713,748**	**26,128,929**

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

	31 December 2023	31 December 2022
Liabilities of reportable segments	12,941,795	10,388,383
Inter-segment liabilities	(680,761)	(705,299)
Total liabilities in the consolidated balance sheet	**12,261,034**	**9,683,084**

8 Cash and Cash Equivalents

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

	31 December 2023	31 December 2022
Cash on hand and bank balances payable on demand	867,649	720,818
Term deposits with original maturity of three months or less and other cash equivalents	559,131	436,769
Total cash and cash equivalents	**1,426,780**	**1,157,587**

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

As of 31 December 2023 and as of 31 December 2022 cash and cash equivalents are mainly held in accounts with Russian banks whose credit rating according to the national scale of JSC Expert RA is ruAA+ or higher.

9 Financial Assets

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

	31 December 2023	31 December 2022
Debt securities measured at fair value with changes recognised through profit or loss	11,951	16,829
Debt securities measured at fair value with changes recognised through other comprehensive income	4,703	2,378
Equity securities measured at fair value with changes recognised through profit or loss	1,288	1,413
Equity securities measured at fair value with changes recognised through other comprehensive income	-	1,390
Debt securities measured at amortised cost	159	126
Total short-term financial assets	**18,101**	**22,136**

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

	31 December 2023	31 December 2022
Equity securities measured at fair value with changes recognised through other comprehensive income[1]	512,130	394,785
Debt securities measured at fair value with changes recognised through other comprehensive income	156,607	9,837
Equity securities measured at fair value with changes recognised through profit or loss	931	942
Debt securities measured at amortised cost	323	433
Total long-term financial assets	**669,991**	**405,997**

[1] Equity securities measured at fair value with changes recognised through other comprehensive income include PJSC NOVATEK shares (see Note 36).

(in millions of Russian Rubles)

9 Financial Assets (continued)

As of 31 December 2023 and 31 December 2022 debt securities measured at fair value primarily relate to issuers whose credit rating according to the national scale of JSC Expert RA is ruAA+ and ruAAA, respectively.

As of 31 December 2023 and 31 December 2022 debt securities measured at amortised cost include bonds and promissory notes on the balance sheets of the Group's entities whose credit quality is assessed by management as high.

10 Accounts Receivable and Prepayments

	31 December 2023	31 December 2022
Financial assets		
Trade accounts receivable	933,396	1,256,790
Loans receivable	60,260	195,652
Other accounts receivable	117,398	92,519
	1,111,054	**1,544,961**
Non-financial assets		
Advances paid and prepayments	150,639	401,467
Total accounts receivable and prepayments	**1,261,693**	**1,946,428**

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

Trade accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 2,015,061 million and RUB 1,457,501 million as of 31 December 2023 and 31 December 2022, respectively.

Loans receivable are presented net of allowance for expected credit losses in the amount of RUB 9,955 million and RUB 6,707 million as of 31 December 2023 and 31 December 2022, respectively.

Other accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 64,080 million and RUB 52,674 million as of 31 December 2023 and 31 December 2022, respectively.

Advances paid and prepayments are presented net of impairment allowance in the amount of RUB 9,599 million and RUB 9,650 million as of 31 December 2023 and 31 December 2022, respectively.

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

	Trade accounts receivable		Other accounts receivable and loans receivable	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Short-term accounts receivable neither past due nor credit-impaired	819,074	795,181	139,659	258,106
Short-term accounts receivable past due or credit-impaired	2,129,383	1,919,110	112,034	89,446
Amount of allowance for expected credit losses of accounts receivable	(2,015,061)	(1,457,501)	(74,035)	(59,381)
Total short-term accounts receivable	**933,396**	**1,256,790**	**177,658**	**288,171**

Management's experience indicates customer payment histories in respect of trade accounts receivable neither past due nor credit-impaired vary by geography. Analysis of credit quality of trade and other receivable, loans receivable is provided below.

	31 December 2023	31 December 2022
Outside the Russian Federation countries gas, crude oil, gas condensate and refined products trade accounts receivable	358,900	390,938
The Russian Federation gas, crude oil, gas condensate and refined products trade accounts receivable	322,787	281,596
Electricity and heat trade accounts receivable	42,108	45,813
Other trade accounts receivable	95,279	76,834
Other accounts receivable	79,399	62,454
Loans receivable	60,260	195,652
Total accounts receivable neither past due nor credit-impaired	**958,733**	**1,053,287**

(in millions of Russian Rubles)

10 Accounts Receivable and Prepayments (continued)

As of 31 December 2023 and 31 December 2022 credit-impaired receivables mainly relate to trade receivables. In management's view the accounts receivable will be settled. The ageing analysis of overdue or credit-impaired receivables is presented below:

Ageing from the due date	**Gross book value 31 December**		**Allowance for expected credit losses 31 December**		**Net book value 31 December**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
up to 6 months	195,618	586,777	(150,303)	(217,277)	45,315	369,500
from 6 to 12 months	176,304	390,935	(148,230)	(320,229)	28,074	70,706
from 1 to 3 years	857,455	195,016	(782,543)	(149,470)	74,912	45,546
more than 3 years	1,012,040	835,828	(1,008,020)	(829,906)	4,020	5,922
	2,241,417	**2,008,556**	**(2,089,096)**	**(1,516,882)**	**152,321**	**491,674**

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

	Trade receivables Year ended 31 December		**Other receivables and loans receivable Year ended 31 December**	
	2023	**2022**	**2023**	**2022**
Allowance for expected credit losses of accounts receivable at the beginning of the year	**1,457,501**	**1,024,873**	**59,381**	**50,758**
Changing the perimeter of the Group	1,329	(3,999)	488	(2,790)
Accrual of allowance for expected credit losses of accounts receivable[1]	306,248	413,291	6,257	26,165
Write-off of accounts receivable during the year[2]	(6,695)	(656)	(1,744)	(11,279)
Reversal of previously accrued allowance for expected credit losses of accounts receivable[1]	(11,714)	(37,407)	(3,049)	(6,811)
Reclassification to other lines	(10,647)	8,257	6,609	13
Foreign exchange rate differences	279,039	53,142	6,093	3,325
Allowance for expected credit losses of accounts receivable at the end of the year	**2,015,061**	**1,457,501**	**74,035**	**59,381**

[1] The accrual and release of allowance for expected credit losses of accounts receivable have been included in the line "Impairment loss on financial assets" in the consolidated statement of comprehensive income.
[2] If there is no probability of cash receipt for the credit-impaired accounts receivable which were previously provided for, the amount of respective accounts receivable is written-off by means of that allowance.

11 Inventories

	31 December	
	2023	**2022**
Gas in pipelines and storages	556,050	587,424
Crude oil and refined products	331,637	200,681
Materials and supplies	292,846	233,100
Goods for resale	21,377	35,318
Total inventories	**1,201,910**	**1,056,523**

The amount of inventories write-down to the net realisable value was RUB 7,703 million and RUB 8,685 million for the years ended 31 December 2023 and 31 December 2022, respectively.

(in millions of Russian Rubles)

12 Other Current and Non-Current Assets

Other current assets are provided in the table below.

	31 December 2023	31 December 2022
Financial assets		
Short-term deposits	171,277	28,376
Derivative financial instruments	-	1,570
	171,277	**29,946**
Non-financial assets		
Assets held for sale	271,258	35,009
Prepaid VAT	188,164	166,082
Prepaid other taxes	108,827	72,128
VAT recoverable	63,655	93,761
Prepaid profit tax	54,081	19,090
Other	15,123	21,427
	701,108	**407,497**
Total other current assets	**872,385**	**437,443**

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

Notes		31 December 2023	31 December 2022
	Financial assets		
	Long-term deposits	41,909	32,002
	Derivative financial instruments	-	5,002
		41,909	**37,004**
	Non-financial assets		
	Intangible assets	247,135	99,438
23	Net pension plan assets	57,091	31,817
	VAT related to assets under construction	17,133	17,051
	Other	328,344	309,081
		649,703	**457,387**
	Total other non-current assets	**691,612**	**494,391**

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

(in millions of Russian Rubles)

13 Property, Plant and Equipment

	Pipelines	Wells	Machinery and equipment	Buildings and roads	Production licenses	Social assets	Assets under construction	Total
As of 31 December 2021								
Cost	5,325,185	2,577,491	6,786,924	5,440,438	632,969	94,461	5,235,617	26,093,085
Accumulated depreciation	(1,896,626)	(871,292)	(3,525,199)	(1,981,562)	(303,210)	(51,578)	-	(8,629,467)
Impairment allowance	(445)	(137,883)	(188,762)	(109,504)	(6,938)	-	(346,518)	(790,050)
Net book value as of 31 December 2021	**3,428,114**	**1,568,316**	**3,072,963**	**3,349,372**	**322,821**	**42,883**	**4,889,099**	**16,673,568**
Cost								
Additions[1]	328	50,961	27,087	64,239	4,706	31	2,798,595	2,945,947
Transfers	89,633	234,043	687,925	661,277	311	242	(1,673,431)	-
Disposals[2]	(4,317)	(143,385)	(274,241)	(176,035)	(84,144)	(1,599)	(68,069)	(751,790)
Translation differences	(59,676)	(27,076)	21,491	(28,578)	(19,128)	(562)	(83,386)	(196,915)
Accumulated depreciation and impairment allowance								
Depreciation	(121,242)	(107,431)	(391,477)	(197,351)	(8,617)	(2,202)	-	(828,320)
Disposals[2]	3,596	65,030	164,838	92,959	55,310	1,241	14,226	397,200
Translation differences	6,029	15,674	(3,574)	10,666	14,107	(600)	(198,015)	(155,713)
Change in impairment allowance:	(417)	(95,051)	(47,887)	(82,633)	(300)	(2,089)	(436,540)	(664,917)
allowance accrual	(417)	(95,051)	(55,893)	(91,515)	(300)	(2,089)	(523,598)	(768,863)
allowance release	-	-	8,006	8,882	-	-	87,058	103,946
As of 31 December 2022								
Cost	5,351,153	2,692,034	7,254,778	5,961,577	534,714	92,573	6,203,498	28,090,327
Accumulated depreciation	(2,008,276)	(905,314)	(3,778,916)	(2,077,957)	(242,740)	(52,377)	-	(9,065,580)
Impairment allowance	(829)	(225,639)	(218,737)	(189,704)	(6,908)	(2,851)	(961,019)	(1,605,687)
Net book value as of 31 December 2022	**3,342,048**	**1,561,081**	**3,257,125**	**3,693,916**	**285,066**	**37,345**	**5,242,479**	**17,419,060**
Cost								
Additions[1]	505	2,361	73,393	36,411	4,345	4	3,054,230	3,171,249
Transfers	134,893	355,421	677,987	696,264	411	24	(1,865,000)	-
Disposals[2]	(23,189)	(33,852)	(215,988)	(159,111)	(496)	(511)	(139,504)	(572,651)
Translation differences	173,758	113,557	60,910	46,532	2,363	975	236,844	634,939
Accumulated depreciation and impairment allowance								
Depreciation	(127,119)	(127,141)	(442,939)	(214,186)	(6,300)	(2,125)	-	(919,810)
Disposals[2]	15,521	6,052	67,023	26,044	26	404	6,178	121,248
Translation differences	(24,675)	(74,809)	(37,074)	(12,342)	(2,060)	(910)	(233,593)	(385,463)
Change in impairment allowance:	(994)	(60,702)	(44,667)	(60,703)	(75,690)	-	(789,609)	(1,032,365)
allowance accrual	(1,001)	(60,703)	(48,876)	(61,133)	(75,690)	-	(801,063)	(1,048,466)
allowance release	7	1	4,209	430	-	-	11,454	16,101
As of 31 December 2023								
Cost	5,640,518	3,129,522	7,940,702	6,672,910	541,337	93,065	7,305,810	31,323,864
Accumulated depreciation	(2,144,703)	(1,080,625)	(4,196,452)	(2,278,856)	(249,221)	(54,130)	-	(10,003,987)
Impairment allowance	(5,067)	(306,929)	(348,480)	(341,229)	(84,451)	(3,729)	(1,793,785)	(2,883,670)
Net book value as of 31 December 2023	**3,490,748**	**1,741,968**	**3,395,770**	**4,052,825**	**207,665**	**35,206**	**5,512,025**	**18,436,207**

[1] Including a result of the acquisition of subsidiaries.
[2] Including a result of the disposal of subsidiaries and joint operations.

At each reporting date management assesses whether there is any indication that the recoverable amount of assets has declined below their carrying value. Based on the results of this assessment, the Group tested assets for impairment as at 31 December 2023 and 31 December 2022.

(in millions of Russian Rubles)

13 Property, Plant and Equipment (continued)

The Group applied discount rates ranging from 9.98 % to 19.20 % and from 9.75 % to 19.50 % as of 31 December 2023 and 31 December 2022, respectively. Cash flows were forecasted based on actual operating results, budgets and other corporate documents containing forward-looking data.

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

The most significant CGU is the group of assets that constitute the Unified Gas Supply System and assets for production, transportation and refining of gas in the Eastern Siberia and the Far East (gas business segment). As of 31 December 2023 and 31 December 2022 the test did not reveal impairment of assets in this CGU.

Based on the result of the test for impairment of other CGUs and testing of certain assets for impairment on an individual basis, the Group recognised an asset impairment loss, associated with the following reportable segments:

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

As of 31 December 2023 and 31 December 2022, the impairment loss on assets under construction relates primarily to a certain gas processing assets and a certain gas business projects for which future economic benefits are not probable, respectively.

Included in additions above are capitalised borrowing costs of RUB 435,573 million and RUB 324,126 million for the years ended 31 December 2023 and 31 December 2022, respectively. Capitalisation rates of 7.78 % and 8.57 % were used representing the weighted average borrowing cost including exchange differences on foreign currency borrowings for the years ended 31 December 2023 and 31 December 2022, respectively. Capitalisation rate excluding exchange losses on foreign currency borrowings were 5.62 % and 4.47 % for the years ended 31 December 2023 and 31 December 2022, respectively.

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

	Year ended 31 December	
	2023	**2022**
Exploration and evaluation assets at the beginning of the year	**399,650**	**328,562**
Additions	76,976	96,684
Translation differences	1,353	(164)
Reclassification	(78,972)	(3,894)
Disposals	(23,732)[1]	(21,538)[2]
Exploration and evaluation assets at the end of the year	**375,275**	**399,650**

[1] Including impairment loss in the amount of RUB 555 million.
[2] Including impairment loss in the amount of RUB 8 million.

(in millions of Russian Rubles)

14 Right-of-Use Assets

	Year ended 31 December	
	2023	**2022**
Right-of-Use Assets at the beginning of the year		
Cost	334,230	350,076
Accumulated depreciation and impairment allowance	(73,742)	(123,786)
Net book value	**260,488**	**226,290**
Cost		
Additions as a result of new leases	193,022	132,761
Disposals	(17,535)	(126,463)
Effect of modification and changes of estimates in lease contracts	(19,681)	(28,292)
Translation differences	1,325	6,148
Accumulated depreciation and impairment allowance		
Depreciation	(61,396)	(44,883)
Disposals	8,319	52,042
Impairment allowance accrual	(367)	(319)
Effect of modification and changes of estimates in lease contracts	4,402	43,204
Translation differences	(546)	-
Right-of-Use Assets at the end of the year		
Cost	491,361	334,230
Accumulated depreciation and impairment allowance	(123,330)	(73,742)
Net book value	**368,031**	**260,488**

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 103,802 million and RUB 64,719 million for the years ended 31 December 2023 and 31 December 2022, respectively.

15 Goodwill

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

	Year ended 31 December	
	2023	**2022**
Goodwill at the beginning of the year	**130,585**	**120,768**
Additions	16,680	8,370
Translation differences	17	1,559
Disposals	(9)	(112)
Goodwill at the end of the year	**147,273**	**130,585**

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

	31 December	
	2023	**2022**
Gas business	62,230	62,239
Oil business	40,037	40,020
Electric power business	28,326	28,326
Media business	16,680	-
Total goodwill	**147,273**	**130,585**

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

As a result of this assessment no impairment loss on goodwill were recognized by the Group for the years ended 31 December 2023 and 31 December 2022.

(in millions of Russian Rubles)

16 Investments in Associates and Joint Ventures

Notes		Carrying amount as of 31 December 2023	Carrying amount as of 31 December 2022	Share of profit (loss) for the year ended 31 December 2023	Share of profit (loss) for the year ended 31 December 2022
	LLC Sakhalin Energy	397,366	278,285	161,536	141,944
23, 32, 34	Gazprombank (Joint Stock Company) and its subsidiaries	213,517	203,261	83,404	(17,956)
	Other associates	333,642	295,891	15,214	(35,371)
	Joint ventures	592,326	551,979	94,210	78,043
	Total investments in associates and joint ventures	**1,536,851**	**1,329,416**	**354,364**	**166,660**

Investments in associates and joint ventures are accounted net of allowance for investments impairment in the amount of RUB 284,936 million and RUB 180,409 million as of 31 December 2023 and 31 December 2022, respectively.

The Group recognised the impairment loss on investments in associates and joint venture ventures in the amount of RUB 113,631 million and RUB 146,486 million for the years ended 31 December 2023 and 31 December 2022, respectively.

Material Associates

	Nature of relationship	Country of primary operations	Nature of operations	Ownership interest (%)[1] as of 31 December 2023	Ownership interest (%)[1] as of 31 December 2022
Gazprombank (Joint Stock Company)[2]	Associate	Russia	Banking	49.88	49.88
LLC Sakhalin Energy	Associate	Russia	Production of oil, LNG	50	50

[1] Cumulative share of the Group in share capital of investees.
[2] Share in voting shares.

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

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

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

This financial information may differ from the financial statements of an associate prepared and presented in accordance with IFRS Accounting Standards 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.

	Gazprombank (Joint Stock Company) and its subsidiaries[1]	LLC Sakhalin Energy
As of 31 December 2023 and for the year ended 31 December 2023		
Current assets	5,043,492	661,918
Non-current assets	10,624,858	628,596
Total assets	**15,668,350**	**1,290,514**
Current liabilities	11,021,141	100,947
Non-current liabilities	3,704,341	371,485
Total liabilities	**14,725,482**	**472,432**
Net assets	942,868	818,082
Net assets (excluding non-controlling interests)	926,806	818,082
Ownership interest	49.88 %	50 %
Group's share of net assets (excluding non-controlling interests)	462,333	409,041
Impairment and other effects	(248,816)	(11,675)
Carrying amount of investment	**213,517**	**397,366**

(in millions of Russian Rubles)

16 Investments in Associates and Joint Ventures (continued)

	Gazprombank (Joint Stock Company) and its subsidiaries[1]	LLC Sakhalin Energy
Revenue from sales	124,208	629,349
Profit for the year	**182,757**	**315,285**
Profit for the year (excluding non-controlling interests)	**180,364**	**315,285**
Other comprehensive income for the year	**14,794**	**-**
Comprehensive income for the year	**197,551**	**315,285**
Comprehensive income for the year (excluding non-controlling interests)	**195,158**	**315,285**
Dividends received from associates	**-**	**(42,456)**
As of 31 December 2022 and for the year ended 31 December 2022		
Current assets	4,413,032	380,238
Non-current assets	8,032,596	693,415
Total assets	**12,445,628**	**1,073,653**
Current liabilities	8,992,146	113,899
Non-current liabilities	2,690,708	395,395
Total liabilities	**11,682,854**	**509,294**
Net assets	762,774	564,359
Net assets (excluding non-controlling interests)	750,527	564,359
Ownership interest	49.88 %	50 %
Group's share of net assets (excluding non-controlling interests)	374,397	282,180
Impairment and other effects	(171,136)	(3,895)
Carrying amount of investment	**203,261**	**278,285**
Revenue from sales	188,050	682,817
(Loss) profit for the year	**(16,150)**	**283,887**
(Loss) profit for the year (excluding non-controlling interests)	**(15,635)**	**283,887**
Other comprehensive loss for the year	**(7,815)**	**-**
Comprehensive (loss) income for the year	**(23,965)**	**283,887**
Comprehensive (loss) income for the year (excluding non-controlling interests)	**(23,457)**	**283,887**
Dividends received from associates	**(6,519)**	**(22,500)**

[1] The amount of revenue of Gazprombank (Joint Stock Company) and its subsidiaries includes revenue of media business (for the year ended 31 December 2023 less the discontinued operations), machinery business and other non-banking entities.

17 Long-Term Accounts Receivable and Prepayments

	31 December 2023	31 December 2022
Financial assets		
Long-term trade accounts receivable	78,617	87,316
Long-term loans receivable	487,142	155,609
Long-term other accounts receivable	84,352	65,225
	650,111	**308,150**
Non-financial assets		
Long-term prepayments	15,987	9,089
Advances for assets under construction	935,791	815,642
	951,778	**824,731**
Total long-term accounts receivable and prepayments	**1,601,889**	**1,132,881**

Long-term accounts receivable are presented net of allowance for expected credit losses in the amount of RUB 45,872 million and RUB 55,840 million as of 31 December 2023 and 31 December 2022, respectively. Prepayments and advances paid for assets under construction are presented net of impairment allowance in the amount of RUB 12,799 million and RUB 8,808 million as of 31 December 2023 and 31 December 2022, respectively.

As of 31 December 2023 and 31 December 2022 long-term accounts receivable with carrying value RUB 650,111 million and RUB 308,150 million have an estimated fair value RUB 650,111 million and RUB 308,150 million, respectively.

(in millions of Russian Rubles)

17 Long-Term Accounts Receivable and Prepayments (continued)

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2023	**2022**	**2023**	**2022**
Long-term accounts receivable neither past due nor credit-impaired	78,606	87,302	571,494	220,834
Long-term accounts receivable past due or credit-impaired	11,286	479	34,597	55,375
Allowance for expected credit losses of long-term accounts receivable	(11,275)	(465)	(34,597)	(55,375)
Total long-term accounts receivable	**78,617**	**87,316**	**571,494**	**220,834**

Management experience indicates that long-term loans to other entities granted mainly for capital construction purposes are of strong credit quality.

Movement of the Group's allowance for expected credit losses of long-term accounts receivable is presented in the table below.

	Trade accounts receivable 31 December		Other accounts receivable and loans receivable 31 December	
	2023	**2022**	**2023**	**2022**
Allowance for expected credit losses of accounts receivable at the beginning of the year	**465**	**8,772**	**55,375**	**14,246**
Changing the perimeter of the Group	-	-	(37,793)	(3,433)
Accrual of allowance for expected credit losses of accounts receivable[1]	243	868	24,680	24,478
Adjustment of an investment using the equity method	-	-	-	20,882
Write-off of accounts receivable	-	-	-	(670)
Reversal of previously accrued allowance for expected credit losses of accounts receivable[1]	(582)	(664)	(778)	(366)
Reclassification to other line of assets	11,151	(8,257)	(7,113)	(13)
Foreign exchange rate differences	(2)	(254)	226	251
Allowance for expected credit losses of accounts receivable at the end of the year	**11,275**	**465**	**34,597**	**55,375**

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

18 Accounts Payable, Provisions and Other Liabilities

	31 December	
	2023	**2022**
Financial liabilities		
Trade accounts payable	777,387	602,589
Accounts payable for acquisition of property, plant and equipment	520,223	412,231
Provisions	316,841	134,858
Liabilities towards employees	85,555	81,376
Lease liabilities	84,146	51,587
Derivative financial instruments	13,654	1,604
Other accounts payable	240,082	206,928
	2,037,888	**1,491,173**
Non-financial liabilities		
Advances received	465,232	217,365
Accruals and deferred income	4,674	3,101
	469,906	**220,466**
Total accounts payable, provisions and other liabilities	**2,507,794**	**1,711,639**

The fair value of these liabilities approximates their carrying value.

(in millions of Russian Rubles)

19 Taxes Other than on Profit and Fees Payable

	31 December 2023	31 December 2022
MET	250,410	110,621
VAT	234,609	172,090
Excise tax	103,968	43,814
Property tax	56,144	59,021
Other taxes	62,619	43,793
Total taxes other than on profit and fees payable	**707,750**	**429,339**

20 Short-Term Borrowings, Promissory Notes and Current Portion of Long-Term Borrowings

	31 December 2023	31 December 2022
Short-term borrowings and promissory notes:		
Borrowings and promissory notes denominated in Russian Rubles	339,312	128,771
Foreign currency denominated borrowings	30,702	313
	370,014	129,084
Current portion of long-term borrowings (see Note 21)	925,349	580,184
Total short-term borrowings, promissory notes and current portion of long-term borrowings	**1,295,363**	**709,268**

The weighted average effective interest rates at the balance sheet date were as follows:

	31 December 2023	31 December 2022
Fixed rate short-term borrowings denominated in Russian Rubles	0.00 %	7.17 %
Fixed rate foreign currency denominated short-term borrowings	6.29 %	2.05 %
Variable rate short-term borrowings denominated in Russian Rubles	15.00 %	5.81 %
Variable rate foreign currency denominated short-term borrowings	5.60 %	-

The fair value of these liabilities approximates their carrying value.

21 Long-Term Borrowings, Promissory Notes

	31 December 2023	31 December 2022
Long-term borrowings, promissory notes:		
Bank borrowings	3,145,477	2,497,273
Loan participation notes	1,733,009	1,468,874
Russian bonds	826,244	514,840
Loans	533,950	414,323
Other bonds	40,905	34,171
Promissory notes	7,881	7,296
Total long-term borrowings, promissory notes	**6,287,466**	**4,936,777**
Less current portion of long-term borrowings	(925,349)	(580,184)
	5,362,117	**4,356,593**

	31 December 2023	31 December 2022
Long-term borrowings and promissory notes		
denominated in Russian Rubles (including current portion of RUB 441,744 million and RUB 270,554 million as of 31 December 2023 and 31 December 2022, respectively)	2,737,239	1,953,308
denominated in foreign currency (including current portion of RUB 483,605 million and RUB 309,630 million as of 31 December 2023 and 31 December 2022, respectively)	3,550,227	2,983,469
	6,287,466	**4,936,777**

(in millions of Russian Rubles)

21 Long-Term Borrowings, Promissory Notes (continued)

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

	31 December	
Maturity of long-term borrowings, promissory notes	**2023**	**2022**
between one and two years	992,598	614,870
between two and five years	2,540,109	2,037,569
after five years	1,829,410	1,704,154
	5,362,117	**4,356,593**

Long-term liabilities include fixed interest rate borrowings with a carrying value of RUB 2,945,351 million and RUB 2,214,796 million and fair value of RUB 2,863,282 million and RUB 2,045,396 million as of 31 December 2023 and 31 December 2022, respectively.

All other long-term borrowings have variable interest rates generally linked EURIBOR and the key rate of the Bank of Russia. Their carrying value is RUB 3,342,115 million and RUB 2,721,981 million and fair value is RUB 3,602,384 million and RUB 2,704,076 million as of 31 December 2023 and 31 December 2022, respectively.

The weighted average effective interest rates at the balance sheet date were as follows:

	31 December	
	2023	**2022**
Fixed interest rate long-term borrowings denominated in Russian Rubles	16.92 %	10.87 %
Fixed interest rate foreign currency denominated long-term borrowings	3.11 %	3.99 %
Variable interest rate long-term borrowings denominated in Russian Rubles	16.76 %	9.27 %
Variable interest rate foreign currency denominated long-term borrowings	6.49 %	4.88 %

As of 31 December 2023 and 31 December 2022 according to the agreements signed within the framework of financing the Nord Stream 2 project, 100 % of shares of Nord Stream 2 AG were pledged until a full settlement of the secured obligations.

As of 31 December 2023 and 31 December 2022 according to the agreements signed in December 2019 within the framework of financing the construction of the Amur gas processing plant, 99.99 % of interest in the charter capital of LLC Gazprom pererabotka Blagoveshchensk (a subsidiary) was pledged until a full settlement of the secured obligations. As of 31 December 2023 and 31 December 2022 the secured obligations to agent banks amounted to RUB 777,672 million and RUB 650,773 million, respectively.

The Group has no subordinated borrowings and no debt obligations that may be converted into shares of the Group (see Note 29).

22 Profit Tax

Profit before profit tax for financial reporting purposes is reconciled to profit tax expense as follows:

		For the year ended 31 December	
Notes		**2023**	**2022**
	(Loss) profit before profit tax	(659,070)	2,190,558
	Theoretical tax charge calculated at applicable tax rates	131,814	(438,112)
	Tax effect of items which are not deductible or assessable for taxation purposes:		
	Non-deductible expenses	(180,354)	(742,179)
16	Non-taxable share of profit of associates and joint ventures	70,873	33,332
	Income on exchange and sum differences	-	90,429
	The effect of applying different income tax rates	(2,767)	114,463
	Other non-taxable income	56,428	63,154
	Profit tax income (expenses)	**75,994**	**(878,913)**

Expenses that are not taken into account in the calculation of income tax include MET expenses (see Note 27).

Differences between the recognition criteria of assets and liabilities reflected in the consolidated financial statements and for the purposes of taxation give rise to certain temporary differences. The tax effect of the movement in these temporary differences is reported at the rates set forth by the applicable legislation of the Russian Federation. Certain entities of the Gazprom Group enjoy preferential tax treatment, which allows them to pay income tax at a reduced rate.

(in millions of Russian Rubles)

22 Profit Tax (continued)

Recognised deferred tax assets and liabilities in the consolidated financial statements are attributable to the following:

	Deferred tax assets	Deferred tax liabilities	Net
As of 31 December 2023			
Property, plant and equipment	297,456	(1,469,418)	(1,171,962)
Right-of-use assets	-	(76,696)	(76,696)
Financial assets	17,774	(29,982)	(12,208)
Account receivables	233,586	(23,133)	210,453
Inventories	41,097	(57,227)	(16,130)
Tax losses carry forward	111,404	-	111,404
Lease liabilities	78,336	-	78,336
Other temporary differences	532,481	(469,452)	63,029
Netting	(831,109)	831,109	-
Total deferred income tax assets (liabilities)	**481,025**	**(1,294,799)**	**(813,774)**
As of 31 December 2022			
Property, plant and equipment	285,192	(1,509,941)	(1,224,749)
Right-of-use assets	-	(49,676)	(49,676)
Financial assets	22,204	(3,396)	18,808
Account receivables	162,097	(29,208)	132,889
Inventories	33,161	(64,646)	(31,485)
Tax losses carry forward	63,199	-	63,199
Lease liabilities	36,902	-	36,902
Other temporary differences	326,819	(393,013)	(66,194)
Netting	(593,580)	593,580	-
Total deferred income tax assets (liabilities)	**335,994**	**(1,456,300)**	**(1,120,306)**

Due to changes in the law from 1 January 2022 foreign exchange gains are not taxable until assets and liabilities are paid. Due to changes in the law from 1 January 2023 foreign exchange losses are not deductible until assets and liabilities are paid.

Other temporary differences related to deferred tax assets include amounts of RUB 385,153 million and RUB 238,167 million of foreign exchange losses non-deductible until assets and liabilities are paid as of 31 December 2023 and as of 31 December 2022, respectively.

Other temporary differences related to deferred tax liabilities include amounts of RUB 407,654 million and RUB 321,393 million of foreign exchange gains non-taxable until assets and liabilities are paid as of 31 December 2023 and as of 31 December 2022, respectively.

The taxable effect of taxable and deductible temporary differences for the twelve months ended 31 December 2023 and 31 December 2022 is presented in the table below:

		Temporary differences recognition and reversals			**Temporary differences recognition and reversals**		
	31 December 2021	**in profit or loss**	**in other comprehensive income**	**31 December 2022**	**in profit or loss**	**in other comprehensive income**	**31 December 2023**
Property, plant and equipment	(1,021,188)	(212,048)	8,487	(1,224,749)	56,046	(3,259)	(1,171,962)
Right-of-use assets	(35,744)	(13,932)	-	(49,676)	(27,020)	-	(76,696)
Financial assets	(36,534)	14,775	40,567	18,808	(7,431)	(23,585)	(12,208)
Account receivables	156,064	(23,175)	-	132,889	77,564	-	210,453
Inventories	(12,208)	(19,277)	-	(31,485)	15,355	-	(16,130)
Tax losses carry forward	48,884	15,295	(980)	63,199	48,205	-	111,404
Changes in transaction price, related to previous the periods	17,063	(17,063)	-	-	-	-	-
Lease liabilities	43,152	(6,250)	-	36,902	41,434	-	78,336
Other deductible temporary differences	(34,588)	(40,302)	8,696	(66,194)	133,725	(4,502)	63,029
Total net deferred tax liabilities	**(875,099)**	**(301,977)**	**56,770**	**(1,120,306)**	**337,878**	**(31,346)**	**(813,774)**

(in millions of Russian Rubles)

23 Provisions

	31 December 2023	31 December 2022
Provision for post-employment benefits	304,949	314,870
Provision for decommissioning and site restoration costs	258,081	267,878
Other	6,234	39,277
Total provisions	**569,264**	**622,025**

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

The amount of benefits provided depends on the time of service rendered by employees (length of service), salary in the last years preceding retirement, a predetermined fixed amount or a combination of these factors.

The principal actuarial assumptions used:

	31 December 2023	31 December 2022
Discount rate (nominal)	11.9 %	10.3 %
Future salary and pension increase (nominal)	6.0 %	6.0 %
Average expected retirement age, years	women 58, men 62	
Employee turnover ratio	age-related probability of resignation curve, 3.8 % on average	

The weighted average term of obligations to maturity is 10.0 years.

The assumptions related to the remaining life expectancy of employees at expected retirement age were 16.3 years for 62 year old men and 25.8 years for 58 year old women in 2023 and 2022.

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

	31 December 2023		31 December 2022	
	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	(418,753)	(304,949)	(411,978)	(314,870)
Fair value of plan assets	475,844	-	443,795	-
Total net assets (liabilities)	**57,091**	**(304,949)**	**31,817**	**(314,870)**

The net pension plan assets related to benefits provided through JSC NPF GAZFOND in the amount of RUB 57,091 million and RUB 31,817 million as of 31 December 2023 and 31 December 2022, respectively, are included within other non-current assets in the consolidated balance sheet (see Note 12).

(in millions of Russian Rubles)

23 Provisions (continued)

Changes in the present value of the defined benefit plan obligations and in the fair value of pension plan assets for the years ended 31 December 2023 and 31 December 2022 are presented below.

	Provision for pension plan provided through JSC NPF GAZFOND	Fair value of plan assets	Net (assets) liabilities	Provision for other post-employment benefits
As of 31 December 2022	**411,978**	**(443,795)**	**(31,817)**	**314,870**
Current service cost	10,633	-	10,633	12,090
Past service cost	38	-	38	(541)
Interest expense (income)	42,408	(45,416)	(3,008)	32,339
Changing the perimeter of the Group	-	-	-	606
Total included in profit or loss (see Note 28)	**53,079**	**(45,416)**	**7,663**	**44,494**
Remeasurement of provision for post-employment benefits:				
Actuarial gains – changes in financial assumptions	(38,932)	-	(38,932)	(41,861)
Actuarial gains – changes in demographic assumptions	-	-	-	(40)
Actuarial losses – experience adjustments	13,729	-	13,729	10,171
Expense on plan assets excluding amounts included in interest expense	-	7,632	7,632	-
Translation differences	-	-	-	(8)
Total included in other comprehensive income	**(25,203)**	**7,632**	**(17,571)**	**(31,738)**
Benefits paid	(21,101)	21,101	-	(22,677)
Employer's contributions	-	(15,366)	(15,366)	-
As of 31 December 2023	**418,753**	**(475,844)**	**(57,091)**	**304,949**
As of 31 December 2021	**401,560**	**(442,362)**	**(40,802)**	**298,822**
Current service cost	10,836	-	10,836	13,370
Past service cost	134	-	134	617
Interest expense (income)	33,727	(36,907)	(3,180)	24,642
Other[1]	-	-	-	(7,214)
Total included in profit or loss (see Note 28)	**44,697**	**(36,907)**	**7,790**	**31,415**
Remeasurement of provision for post-employment benefits:				
Actuarial gains – changes in financial assumptions	(29,012)	-	(29,012)	(31,044)
Actuarial gains – changes in demographic assumptions	(143)	-	(143)	(51)
Actuarial losses – experience adjustments	15,174	-	15,174	37,918
Expense on plan assets excluding amounts included in interest expense	-	29,489	29,489	-
Translation differences	-	-	-	788
Total included in other comprehensive income	**(13,981)**	**29,489**	**15,508**	**7,611**
Benefits paid	(20,298)	20,298	-	(22,978)
Employer's contributions	-	(14,313)	(14,313)	-
As of 31 December 2022	**411,978**	**(443,795)**	**(31,817)**	**314,870**

[1] Including as a result of subsidiaries disposals.

The major categories of plan assets allocation broken down by fair value and percentage of total plan assets are presented below.

	31 December 2023		31 December 2022	
	Fair value	Percentage of plan assets	Fair value	Percentage of plan assets
Quoted plan assets, including:	**350,749**	**73.7 %**	**286,869**	**64.7 %**
Bonds	215,042	45.2 %	204,011	46.0 %
Mutual funds	88,466	18.6 %	55,477	12.5 %
Shares	47,241	9.9 %	27,381	6.2 %
Unquoted plan assets, including:	**125,095**	**26.3 %**	**156,926**	**35.3 %**
Equities	83,507	17.6 %	79,496	17.9 %
Mutual funds	24,491	5.1 %	46,607	10.5 %
Deposits	-	0.0 %	9,925	2.2 %
Other assets	17,097	3.6 %	20,898	4.7 %
Total plan assets	**475,844**	**100 %**	**443,795**	**100 %**

(in millions of Russian Rubles)

23 Provisions (continued)

Unquoted equities within the pension plan assets are represented by equity stake in Gazprombank (Joint Stock Company), which is measured at fair value (Level 2 in accordance with the fair value hierarchy) using market approach valuation techniques based on available market data.

For the years ended 31 December 2023 and 31 December 2022 the actual return on pension plan assets was a gain in the amount of RUB 37,784 million and in the amount of RUB 7,418 million, respectively, primarily caused by the change in the fair value of assets.

The sensitivity analysis of the present value of defined benefit pension plan obligations to changes in the principal actuarial assumptions as of 31 December 2023 is presented in the table below.

	Increase (decrease) of obligation	Increase (decrease) of obligation, %
Mortality rate lower by 20 %	21,287	3.0 %
Mortality rate higher by 20 %	(18,267)	(2.6) %
Discount rate lower by 1 pp	49,276	7.0 %
Discount rate higher by 1 pp	(42,775)	(6.0) %
Pension and other benefits growth rate lower by 1 pp	(45,387)	(6.4) %
Pension and other benefits growth rate higher by 1 pp	51,710	7.3 %
Staff turnover lower by 1 pp for all ages	33,241	4.7 %
Staff turnover higher by 1 pp for all ages	(29,197)	(4.1) %
Retirement age lower by 1 year	33,289	4.7 %
Retirement age higher by 1 year	(33,034)	(4.7) %

The Group expects to contribute in the amount of RUB 38,900 million to the defined benefit pension plan in 2024.

Pension Plan Parameters and Related Risks

As a rule, the above benefits are indexed in line with inflation or salary growth for salary-dependent benefits and are exposed to inflation risk.

In addition to the inflation risk, the pension plans of the Group are exposed to mortality risks and longevity risks.

24 Equity

Share Capital

The share capital authorised, issued and paid totals RUB 325,194 million as of 31 December 2023 and 31 December 2022 and consists of 23,674 million ordinary shares, each with a par value of 5 Russian Rubles.

Dividends

In 2022 PJSC Gazprom declared and paid interim dividends in the nominal amount of 51.03 Russian Rubles per share based on the results for the half-year 2022.

Treasury Shares

As of 31 December 2023 and 31 December 2022 subsidiaries of PJSC Gazprom held 29 million PJSC Gazprom's ordinary shares, which are accounted for as treasury shares.

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

Retained Earnings and Other Reserves

Retained earnings and other reserves include the effect of the consolidated financial statements restatement to the Russian Ruble purchasing power equivalent as of 31 December 2002, when the economy of the Russian Federation ceased to be hyperinflationary under IAS 29 Financial Reporting in Hyperinflationary Economies. Also, retained earnings and other reserves include translation differences arising on the translation of the net assets of foreign subsidiaries, associates and joint arrangements in the amount of RUB 508,643 million and RUB 526,972 million as of 31 December 2023 and 31 December 2022, respectively.

Retained earnings and other reserves include a statutory fund for social assets, created in accordance with Russian legislation at the time of privatisation. From time to time, the Group negotiates to return certain of social assets to the balance of local governmental authorities and this process may be continued in the future.

(in millions of Russian Rubles)

24 Equity(continued)

Number of shares outstanding

The number of PJSC Gazprom shares outstanding (the number of issued ordinary shares less treasury shares) amounted to 23,645 million shares as of 31 December 2023 and 31 December 2022.

Perpetual notes

Information about perpetual notes is disclosed in Note 25.

25 Perpetual Notes

Perpetual notes of the Group are represented by:

- issued in 2020 in the international market perpetual callable loan participation notes with a par value of USD 1,400 million and EUR 1,000 million, which were partly replaced by issued in 2023 Russian perpetual callable notes as a replacement for foreign currency perpetual loan participation notes the rights to which were recorded in Russian depositories for the total amount of USD 1,069 million and EUR 716 million with conditions similar to the replaced foreign currency perpetual loan participation notes, except for the change of the settlement currency to Russian rubles;
- issued in 2021-2023 in the Russian market perpetual callable notes with a par value of RUB 504,200 million.

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. Interest of the foreign currency perpetual loan participation notes is cumulative.

Under the terms of the ruble perpetual notes, the Group may, on a unilateral basis, decide to refuse to pay interest. Interest of the ruble perpetual notes is not cumulative. In case the Group 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.

Transactions related to perpetual notes for the years ended 31 December 2023 and 31 December 2022 are presented below.

	Ruble perpetual notes	Foreign currency perpetual loan participation notes[1]	Retained earnings and other reserves	Total
Balance as of 31 December 2022	**120,000**	**178,824**	**(13,764)**	**285,060**
Issuance of perpetual notes	384,200	-	-	384,200
Costs related to issuance of perpetual notes	-	-	(184)	(184)
Translation differences arising on the translation of the par value of perpetual notes	-	50,627	(50,627)	-
Accrued interest	-	12,429	(12,429)	-
Recognition of an interest payment liability[2]	-	(13,478)	(10,202)	(23,680)
Translation differences arising on the translation of accrued interest	-	296	(296)	-
Cumulative tax effect of transactions related to perpetual notes	-	-	10,162	10,162
Balance as of 31 December 2023	**504,200**	**228,698**	**(77,340)**	**655,558**

[1] Including replacement perpetual notes issued to replace foreign currency perpetual loan participation notes.
[2] Interest was paid in the amount of RUB 20,003 million.

(in millions of Russian Rubles)

25 Perpetual Notes (continued)

As of 31 December 2023 cumulative translation loss arising on the translation of the par value of perpetual notes amounted to RUB 27,287 million, and cumulative interest taking into account translation differences arising on its translation amounted to RUB 3,943 million.

	Ruble perpetual notes	Foreign currency perpetual loan participation notes	Retained earnings and other reserves	Total
Balance as of 31 December 2021	**120,000**	**193,190**	**(7,470)**	**305,720**
Translation differences arising on the translation of the par value of perpetual notes	-	(13,951)	13,951	-
Accrued interest	-	7,027	(7,027)	-
Recognition of an interest payment liability[1]	-	(7,696)	(10,174)	(17,870)
Translation differences arising on the translation of accrued interest	-	254	(254)	-
Cumulative tax effect of transactions related to perpetual notes	-	-	(2,790)	(2,790)
Balance as of 31 December 2022	**120,000**	**178,824**	**(13,764)**	**285,060**

[1] Interest was paid in the amount of RUB 17,851 million.

As of 31 December 2022 cumulative translation gain arising on the translation of the par value of perpetual notes amounted to RUB 23,340 million, and cumulative interest taking into account translation differences arising on its translation amounted to RUB 4,696 million.

26 Revenue From Sales

	Year ended 31 December 2023	2022
Revenue from gas sales gross of excise tax and customs duties:		
the Russian Federation	1,242,052	1,086,002
Outside the Russian Federation	2,860,577	7,333,223
	4,102,629	8,419,225
Customs duties	(593,997)	(1,645,111)
Excise tax	(131,350)	(270,170)
Changes in transaction price, related to the previous periods[1]	(252,506)	8,923
Total revenue from gas sales	3,124,776	6,512,867
Revenue from sales of crude oil, gas condensate and refined products:		
the Russian Federation	2,139,430	1,991,390
Outside the Russian Federation	1,972,151	1,950,964
Total revenue from sales of crude oil, gas condensate and refined products	4,111,581	3,942,354
Revenue from electric and heat energy sales:		
the Russian Federation	628,549	565,733
Outside the Russian Federation	16,095	29,251
Total revenue from electric and heat energy sales	644,644	594,984
Revenue from other sales:		
the Russian Federation	602,095	577,206
Outside the Russian Federation	58,722	46,539
Total revenue from other sales	660,817	623,745
Total revenue from sales	**8,541,818**	**11,673,950**

[1]Changes in transaction price, related to the previous periods, mainly consists of effect of changes in gas price related to the deliveries in the previous years, which have been agreed or are in the process of negotiation. Changes in transaction price, including relevant impact on profit tax, are recorded in the consolidated financial statements when they become highly probable and a sufficiently reliable estimate of the amounts can be made.

Prepayments received from customers as of the beginning of the corresponding period were recognised within revenue from sales in the amount of RUB 95,298 million and RUB 149,366 million for the years ended 31 December 2023 and 31 December 2022, respectively.

(in millions of Russian Rubles)

27 Operating Expenses

	Year ended 31 December	
	2023	**2022**
Taxes other than on profit	3,072,606	3,485,909
Impairment loss on non-financial assets	1,145,993	843,985
Staff costs	1,096,702	953,671
Depreciation	982,058	862,380
Purchased gas and oil	747,903	1,534,903
Transit of gas, oil and refined products	528,958	593,734
Materials	524,851	419,171
Goods for resale, including refined products	260,894	275,949
Repairs and maintenance	219,040	211,025
Foreign exchange differences on operating items	(191,441)	219,175
Other	374,432	142,760
	8,761,996	**9,542,662**
Change in balances of finished goods, work in progress and other effects	(177,794)	(235,632)
Total operating expenses	**8,584,202**	**9,307,030**

Gas purchase expenses included within purchased gas and oil amounted to RUB 253,363 million and RUB 865,214 million for the years ended 31 December 2023 and 31 December 2022, respectively.

Line item «Other» includes RUB 716,712 million and RUB 839,948 million of income received in the form of deductions for excise taxes for the years ended 31 December 2023 and 31 December 2022, respectively.

Line item «Other» for the year ended 31 December 2022 includes loss on disposal of subsidiaries.

Taxes other than on profit consist of:

	Year ended 31 December	
	2023	**2022**
MET	2,457,465	2,894,745
Excise tax	265,999	256,172
Property tax	242,909	245,650
Other	106,233	89,342
Total taxes other than on profit	**3,072,606**	**3,485,909**

The impairment loss on non-financial assets is mainly comprises of impairment loss on property, plant and equipment and assets under construction and impairment loss on investments in associates and joint ventures (see Note 13 and Note 16, respectively).

28 Finance Income and Expenses

	Year ended 31 December	
	2023	**2022**
Foreign exchange gain	479,570	2,220,920
Interest income	179,894	209,867
Total finance income	**659,464**	**2,430,787**
Foreign exchange loss	1,131,186	2,218,442
Interest expense	178,023	123,606
Total finance expenses	**1,309,209**	**2,342,048**

Total interest paid amounted to RUB 396,884 million and RUB 253,128 million for the years ended 31 December 2023 and 31 December 2022, respectively.

Interest expense includes interest expense on provision for post-employment benefits and interest expense on lease liabilities under IFRS 16 Leases (see Note 23 and Note 35, respectively).

(in millions of Russian Rubles)

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

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

Notes		Year ended 31 December 2023	2022
	(Loss) profit for the year attributable to the owners of PJSC Gazprom	**(629,085)**	**1,225,807**
25	Interest accrued on perpetual notes	(22,631)	(17,201)
25	Translation differences arising on the translation of interest accrued on perpetual notes	(296)	(254)
	(Loss) profit for the year attributable to the ordinary shareholders of PJSC Gazprom	**(652,012)**	**1,208,352**
	Weighted average number of ordinary shares outstanding (millions of shares)	23,645	23,644
	Basic and diluted (loss) earnings per share attributable to the owners of PJSC Gazprom (in Russian Rubles)	**(27.58)**	**51.11**

The Group has no dilutive financial instruments.

30 Net Cash from Operating Activities

Notes		Year ended 31 December 2023	2022
	(Loss) profit before profit tax	**(659,070)**	**2,190,558**
	Adjustments to (loss) profit before profit tax		
27	Depreciation	982,058	862,380
28	Net finance expense (income)	649,745	(88,739)
16	Share of profit of associates and joint ventures	(354,364)	(166,660)
	Impairment loss on assets and change in provision for post-employment benefits	1,490,124	1,281,282
	Derivative financial instruments loss	30,330	28,621
	Other	61,783	(25,052)
	Total effect of adjustments	2,859,676	1,891,832
	Cash flows from operating activities before working capital changes	2,200,606	4,082,390
	(Increase) decrease in non-current assets	(44,331)	22,171
	Increase in non-current liabilities	37,168	19,027
		2,193,443	4,123,588
	Changes in working capital:		
	Decrease (increase) in accounts receivable and prepayments	302,888	(794,577)
	Increase in inventories	(151,941)	(116,210)
	(Increase) decrease in other current assets	(150,062)	259,368
	Increase (decrease) in accounts payable, excluding interest, dividends and capital construction	145,496	(724,726)
	Settlements on taxes and fees payable (other than profit tax)	277,490	31,864
	Decrease in financial assets	5,003	24,194
	Total effect of working capital changes	428,874	(1,320,087)
	Profit tax paid	(326,094)	(610,819)
	Net cash from operating activities	**2,296,223**	**2,192,682**

31 Subsidiaries

About 400 subsidiaries are included in the scope of consolidation of the Group in these consolidated financial statements. The Group’s business is divided into four operating segments:

– Gas business, (includes all entities of the Group excluding entities from Oil business, Electric power business and Media business),

– Oil business (mainly includes PJSC Gazprom Neft and its subsidiaries),

– Electric power business (includes PJSC MIPC, PJSC Mosenergo, PJSC OGK-2, PJSC TGC-1 and their subsidiaries),

– Media business (includes JSC Gazprom-Media Holding and its subsidiaries).

Financial information by segment is presented in Note 7.

31 Subsidiaries (continued)

The Group's Gas and Oil business subsidiaries are engaged in the exploration and development of oil and gas deposits mostly located in the Russian Federation. In addition, the Group's subsidiaries implement gas and oil production projects in countries of the Middle East and other countries. The majority of the Group's oil and gas refining capacities are located in Moscow, Salavat, Omsk, Tomsk and Yaroslavl.

The Group sells products in the Russian Federation, as well as to neighbouring and other countries. Petroleum products are sold in the Russian Federation in particular via a network of over two thousand filling stations.

The Group also owns large electric power assets in the Russian Federation.

In 2023 the Group became the owner of JSC Gazprom-Media Holding assets.

The Group's subsidiaries are mainly registered in the Russian Federation.

The Group's ownership interest in the majority of subsidiaries that are significant for the Group is 100 %. The Group does not have material non-controlling interests.

As of 31 December 2023 and 31 December 2022 the Group does not have significant restrictions on its ability to access or use the Group's assets and settle the Group's liabilities, including restrictions to transfer cash and other assets between entities within the Group, to pay dividends.

32 Related Parties

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

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

Government (the Russian Federation)

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

As of 31 December 2023 the Government directly owns 38.373 % of PJSC Gazprom's issued shares. JSC ROSNEFTEGAZ and JSC Rosgazifikatsiya controlled by the Government own 11.859 % of PJSC Gazprom's issued shares.

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

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

Government-Related Entities

The Group applied an exception from IAS 24 Related Party Disclosures permitting not to disclose all transactions with government-related entities due to the fact that the Russian Federation, as the ultimate controlling party, has a controlling interest (including both direct and indirect ownership) of over 50 % in PJSC Gazprom.

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

As of 31 December 2023 prices of natural gas and gas transportation, electricity tariffs in the Russian Federation are regulated by the FAS.

Bank borrowings are provided on the basis of market interest rates. As of 31 December 2023 and 31 December 2022 borrowings in banks influenced by the Government accounted for about 25 % and 27 %, respectively (see Note 21).

32 Related Parties (continued)

Taxes are accrued and paid in accordance with the applicable current legislation. Balances and transactions are presented in Notes 12, 19, 26 and 27.

As of 31 December 2023 and 31 December 2022 balances of cash and cash equivalents on accounts in banks influenced by the Government accounted for about 35 % and 46 %, respectively (see Note 8).

The share of the Group's operations with state-controlled entities in revenue from sale of electric and heat energy amounted to about 36 % and 37 % for the years ended 31 December 2023 and 31 December 2022, respectively (see Note 26).

The share of the Group's operations with state-controlled entities in expenses of transit of oil and refined products amounted to about 45 % and 29 % for the years ended 31 December 2023 and 31 December 2022, respectively (see Note 27).

The other transactions and balances are insignificant individually and in aggregate and mainly performed using market or regulated prices.

Transactions with JSC FSC

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

Revenue from sale of electric and heat energy through JSC FSC accounted for about 34 % and 32 % of total revenue from sale of electric and heat energy for the years ended 31 December 2023 and 31 December 2022.

Compensation for Key Management Personnel

Key management personnel (the members of the Board of Directors and the Management Committee of PJSC Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of the Group’s entities, amounted to approximately RUB 3,945 million and RUB 3,723 million for the years ended 31 December 2023 and 31 December 2022, respectively.

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

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

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

(in millions of Russian Rubles)

32 Related Parties (continued)

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 23).

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

Associates and Joint Ventures

For the years ended 31 December 2023 and 31 December 2022 and also as of 31 December 2023 and 31 December 2022 the Group's significant transactions and balances with associates and joint ventures are presented below.

	Year ended 31 December	
	2023	**2022**
	Income	
Revenue from gas sales		
Joint ventures	89,914	121,780
Revenue from crude oil, gas condensate and refined products sales		
Joint ventures	37,728	53,587
Revenue from sales of field operator services and other services		
Joint ventures	27,974	20,127
Interest income		
Associates	17,215	61,408
	Expenses	
Purchased gas		
Associates	3,961	22,651
Joint ventures	48,684	43,296
Transit of gas		
Joint ventures	-	70,531
Purchased crude oil and refined products		
Joint ventures	412,433	403,642
Gas and gas condensate production		
Joint ventures	11,771	26,463
Refining services		
Joint ventures	20,699	16,926
Interest expense		
Associates	35,772	19,629

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

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

	As of 31 December 2023		As of 31 December 2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Short-term accounts receivable and prepayments				
Associates	112,524	-	76,685	-
Joint ventures	34,630	-	191,406	-
Cash and cash equivalents				
Associates	691,488	-	452,745	-
Other current assets				
Associates	12,756	-	3,020	-

(in millions of Russian Rubles)

32 Related Parties (continued)

	As of 31 December 2023		As of 31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Other non-current assets				
Associates	41,760	-	31,851	-
Long-term accounts receivable and prepayments				
Associates	259,204	-	291,545	-
Joint ventures	378,622	-	76,511	-
Long-term financial assets				
Associates	150,128	-	-	-
Short-term accounts payable				
Associates	-	154,005	-	100,106
Joint ventures	-	484,173	-	158,004
Short-term borrowings (including current portion of long-term borrowings)				
Associates	-	92,166	-	10,149
Joint ventures	-	52,972	-	14,075
Long-term borrowings				
Associates	-	288,744	-	210,816

Allowance for expected credit losses for accounts receivable due from associates and joint ventures were RUB 958,825 million and RUB 651,868 million as of 31 December 2023 and 31 December 2022, respectively.

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

Under the loan facility agreements concluded in 2019-2023 the Group has commitments to provide loans to the Group's associate and joint venture to repay its loan liabilities towards the bank in case of late payment. As of 31 December 2023 the limit of loan facilities according to the concluded agreements amounted to RUB 199,602 million (RUB 197,002 million with the loan facilities valid until 31 December 2027, RUB 2,600 million – until 31 December 2043), as of 31 December 2022 – RUB 237,002 million (RUB 40,000 million with the loan facilities valid until 31 December 2023, RUB 197,002 million – until 31 December 2027). As of 31 December 2023 and 31 December 2022 the Group did not provide loans. The loan commitments of the Group are limited by the loan liabilities of the associate and joint venture to the bank.

Information on investments in associates and joint ventures is disclosed in Note 16.

Information on transactions performed by the Group with JSC NPF GAZFOND is disclosed in Note 23.

Information on financial guarantees issued by the Group for associates and joint ventures is disclosed in Note 35.

33 Commitments and Contingencies

Capital Commitments

The total investment utilisation in accordance with the investment programme of the Group for 2024 (for gas, oil, electricity, heat generating and other assets) is RUB 2,572,823 million.

Supply Commitments

The Group has entered into long-term supply contracts with various entities operating outside Russian Federation. The volumes and prices in these contracts are subject to change due to various contractually defined factors. As of 31 December 2023 and 31 December 2022 these agreements are not expected to be onerous for the Group.

Gas Transportation Commitments

The Group is a party to a number of long-term agreements on booking capacity for gas transportation. As of 31 December 2023 these agreements are not expected to be onerous for the Group.

34 Operating Risks

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 31 December 2023 is appropriate and the Group's position in terms of tax, currency and customs legislation will remain stable.

Legal Proceedings

The Group is involved in a number of legal and arbitration proceedings concerning terms and conditions of long-term natural gas supply contracts and long-term gas transportation capacity booking agreements, and concerning their termination. As at 31 December 2023 the Group established a provision for these proceedings. The Group continues to assess the effect of these legal and arbitration proceedings on its operations, and at the moment the Group's management does not expect that they can have a material adverse effect on the Group's financial position.

The Group is also a party to certain other legal and arbitration 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. The Group continues to assess the effect of these legal and arbitration proceedings and claims on its operations, and at the moment the Group's management does not expect that they can have a material adverse effect on the Group's financial position.

On 10 May 2022 the Swiss court rendered a decision to grant a provisional bankruptcy moratorium to Nord Stream 2 AG with Transliq AG (Switzerland) being appointed as an administrative receiver. Later, the provisional bankruptcy moratorium was extended several times (until 10 January 2023). On 27 December 2022 the Swiss court rendered a decision to introduce a definitive moratorium for six months from the expiration date of the provisional moratorium. On 19 June 2023 the Swiss court rendered a decision to extend a definitive moratorium until 10 January 2024. On 15 December 2023 the Swiss court extended the definitive moratorium for another six months until 10 July 2024. The maximum duration of the definitive moratorium is 24 months (excluding the duration of the provisional moratorium).

Sanctions

Starting from 2014 the EU, the United States (the "U.S.") and some other countries introduced, for the first time, a series of sanctions against the Russian Federation and some Russian legal entities. Starting from February 2022, western countries significantly expanded existing sanctions and started to impose new packages of sanctions against Russian entities and various sectors of the Russian economy.

Some of these sanctions are aimed directly against PJSC Gazprom, PJSC Gazprom Neft and their subsidiaries and other companies, including Gazprombank (Joint Stock Company), and some of them include general restrictions of economic activity in certain sectors of the Russian Federation economy.

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

1) transactions in new debt and new equity of PJSC Gazprom issued after 26 March 2022 of longer than 14 days maturity. The respective restrictions also apply to entities owned 50 % or more, directly or indirectly, by PJSC Gazprom. Any transactions that have the purpose of evading those restrictions are also prohibited. Apart from PJSC Gazprom, those restrictions were imposed on PJSC Gazprom Neft, a subsidiary of the Gazprom Group, and Gazprombank (Joint Stock Company), an associate of the Gazprom Group. The ability of PJSC Gazprom and the Gazprom Group's entities to raise debt financing from U.S. persons is thus restricted.

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

- the start date of projects – after 29 January 2018;
- projects relate to oil production around the world;

34 Operating Risks (continued)

- Russian companies included in the Sectoral Sanctions Identifications List, including PJSC Gazprom and PJSC Gazprom Neft and their subsidiaries, own a share of 33 % and more in such project or control the majority of voting rights.

On 23 February 2022, the U.S. imposed blocking sanctions on Nord Stream 2 AG. The blocking sanctions mean that assets located in the U.S. are frozen (including when they are transferred to third parties) and U.S. persons are prohibited from dealings with such sanctioned persons. In addition, there is a risk of secondary sanctions being imposed on any foreign person for significant transactions and dealings with a person subject to the U.S. blocking sanctions.

On 8 March 2022 the U.S. President signed Executive Order No. 14066, which prohibited the importation into the U.S. from the Russian Federation of crude oil and refined oil products, liquefied natural gas, coal and coal products, and prohibited new investment in the energy sector in the Russian Federation by U.S. persons and any approval, financing, facilitation or guarantee by U.S. persons of the respective prohibited transactions by foreign persons.

The U.S. Ending Importation of Russian Oil Act became effective on 8 April 2022 and prohibited the importation into the U.S. of Russian energy products, including oil and gas, in a manner consistent with actions issued under the U.S. President’s Executive Order No. 14066 of 8 March 2022. However, the U.S. President is authorised to terminate that prohibition on importation of energy products from the Russian Federation in certain circumstances.

On 22 November 2022 the U.S. Department of the Treasury’s Office of Foreign Assets Control published a determination that imposed from 5 December 2022 the prohibition on the following services related to the maritime transport of crude oil of Russian origin sold at a price above the certain price cap: trading brokering, financing, shipping, insurance, flagging and customs brokering. On 5 December 2022 the U.S. Department of the Treasury’s Office of Foreign Assets Control published a determination that set a price cap for Russian oil at USD 60 per barrel from 5 December 2022.

On 3 February 2023 the U.S. Department of the Treasury’s Office of Foreign Assets Control published a determination pursuant to the U.S. President’s Executive Order of 6 April 2022 No. 14071 (“Executive Order No. 14071”) that set from 5 February 2023 a price cap for Russian petroleum products at USD 45 per barrel of petroleum products traded at a discount to crude oil and at USD 100 per barrel of petroleum products traded at a premium to crude oil.

In addition, on 3 February 2023 the U.S. Department of the Treasury’s Office of Foreign Assets Control published a determination pursuant to Executive Order No. 14071 that introduced the prohibition for U.S. persons to provide to Russian persons certain services related to the maritime transport of petroleum products of Russian origin, such as trading brokering, financing, shipping, insurance, flagging and customs brokering if the price of the petroleum products exceeded the above price cap.

On 19 May 2023 the U.S. Department of the Treasury’s Office of Foreign Assets Control pursuant to the U.S. President’s Executive Order of 15 April 2021 No. 14024 included in the list of blocked persons over 20 entities specialised in services and research for oil and gas and chemical entities of the Russian Federation, including LLC Gazprom VNIIGAZ and LLC Gazpromneft-NNGGF, on 20 July 2023 – LLC CHOO Gazpromneft okhrana, on 14 September 2023 – LLC Gazprom Nedra, and on 2 November 2023 – Gazpromneft CS LLC and Gazpromneft STC LLC.

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

The sanctions imposed by the EU, with amendments made on 15 March 2022 to EU Council Regulation No. 833/2014 of 31 July 2014 (“EU Council Regulation No. 833/2014”), prohibit all citizens of the EU member countries, as well as all legal persons, entities and bodies incorporated or established under the laws of an EU member country (both within the EU and abroad), as well as all legal persons, entities and bodies in connection with any economic activities carried out in whole or in part within the EU to:

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

2) acquire any new or extend any existing participation in any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation;

34 Operating Risks (continued)

3) grant or be part of any arrangement to grant any new loan or credit or otherwise provide financing (including equity capital) to any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation or for the documented purpose of financing such a legal person, entity or body;

4) create any new joint venture with any legal person, entity or body incorporated or constituted under the law of the Russian Federation or any other third country and operating in the energy sector in the Russian Federation;

5) provide investment services related to the activities referred to points 1)-3) above.

On 3 June 2022 the EU adopted another package of sanctions against the Russian Federation, including but not limited to the following measures:

a) The prohibition on the purchase, import or transfer of crude oil and petroleum products, as listed in Annex XXV to EU Council Regulation 833/2014, originating in, or being exported from, the Russian Federation, as well as the provision, directly or indirectly, of technical or financial assistance or other services related to that prohibition. That prohibition has some exemptions, including on import of oil and petroleum products from Annex XXV that are seaborne, originate in third countries and are exported through the Russian Federation, provided that the seller is non-Russian, and on import of crude oil which is delivered by pipelines from the Russian Federation, except for oil supplies through the northern section of the Druzhba oil pipeline to Germany and Poland, which are prohibited from 23 June 2022.

b) It is prohibited to provide, directly or indirectly, technical assistance, brokering services, financing and financial assistance, related to the transport, including through ship-to-ship transfers, to third countries of crude oil or petroleum products as listed in Annex XXV which originate in, or which have been exported from the Russian Federation.

On 18 December 2023 the EU Council extended the lists of goods from the Russian Federation (or of Russian origin) prohibited for import to the EU. The updated lists include, among other things, certain LPGs (in particular, liquefied propane and butane).

On 6 October 2022 the EU Council approved another package of sanctions against the Russian Federation changing the earlier introduced prohibition on crude oil transport services, including by vessels, to third countries. Thus, the prohibition on transport and services related to transport of crude oil from 5 December 2022 and petroleum products from 5 February 2023 is applied if the price per barrel of transported crude oil or petroleum products exceeds the price set by a separate decision of the EU Council. In December 2022 and February 2023 the following price caps were set: for Russian oil at USD 60 per barrel, from 5 December 2022; for petroleum products traded at a discount to crude oil at USD 45 per barrel; for petroleum products traded at a premium to crude oil at USD 100 per barrel, from 5 February 2023. The prohibition is not applied to transport of crude oil and petroleum products originating outside the Russian Federation and only transiting through the Russian Federation, and not applied to crude oil supplied to Japan from the Sakhalin-2 project. In addition, the EU Council prohibited the provision of architectural and engineering services, legal advisory services and IT consultancy services.

On 18 December 2023 the EU Council introduced new measures to more closely monitor compliance with the previously introduced price cap on the seaborne transportation of Russian crude oil and petroleum products within the Russian oil supply chain. In particular, service providers that do not have access to the purchase price per barrel for such products must gather detailed information about the price of ancillary services provided by operators further down the supply chain of Russian crude oil or petroleum products. Such detailed price information should be made available to counterparties and competent authorities upon request in order to verify compliance with the price cap imposed by the EU.

In addition, on 18 December 2023 a ban on all EU persons was imposed prohibiting the sale or transfer of ownership, directly or indirectly, of tankers for the transport of crude oil or petroleum products listed in Annex XXV to EU Council Regulation No 833/2014, to Russian person or entity, organisation or institution or for use in Russia. Also on 18 December 2023, the EU Council extended the previously introduced crude oil price cap exemption for the supplies of crude oil mixed with condensate from the Sakhalin-2 project until 28 June 2024.

The EU sanctions prohibit from 16 January 2023 persons from the EU from holding any posts in the governing bodies of Russian majority state-owned entities, their Russian subsidiaries (with an interest of over 50 %) and any Russian entities acting on their behalf or at their direction.

34 Operating Risks (continued)

On 22 December 2022 the EU Council decided to introduce a temporary mechanism to limit the gas price in excess of certain caps. The resolution entered into force from 1 February 2023, while the gas price limiting mechanism entered into force from 15 February 2023.

Under the EU sanctions it is prohibited from 27 March 2023 to allow nationals of the Russian Federation (and persons permanently residing in the Russian Federation) to hold any posts in the governing bodies of the owners or operators of critical infrastructures and critical entities of the EU.

From 25 February 2023 under the EU sanctions it is prohibited to provide gas storage capacities / facilities (except for liquefied natural gas storage capacities) to nationals and entities from the Russian Federation, as well as persons that are owned for more than 50 % by them and persons acting on their behalf or at their direction.

The EU sanctions apply to any person in which sanctioned entities, directly or indirectly, hold more than 50 %.

A number of other countries have recently imposed sanctions on the Russian Federation. Those sanctions are generally similar to the U.S. and EU sanctions. At the same time, certain countries have imposed extended sanction restrictions.

Blocking sanctions against PJSC Gazprom were imposed by Canada (24 February 2022), Australia (13 April 2022) and New Zealand (7 June 2022). On 29 September 2022 Poland imposed blocking sanctions against LLC Gazprom export.

A number of foreign states imposed sanctions on Alexey Miller, the Chairman of the Management Committee of PJSC Gazprom, and individual members of the governing bodies of PJSC Gazprom, but those sanctions do not apply to PJSC Gazprom.

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

35 Financial Risk Factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management programme considers the low level of predictability of financial markets and seeks to reduce potential adverse effects on the financial performance of the Group.

Risks are managed centrally and to some extent at the level of subsidiaries in accordance with adopted local acts of PJSC Gazprom and its subsidiaries.

Market Risk

Market risk is a risk that changes in market prices, such as foreign currency exchange rates, interest rates, commodity prices and prices of marketable securities, will affect the Group’s financial results or the value of its holdings of financial instruments.

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from financial assets and liabilities denominated in foreign currencies other than the functional currency of a Group entity.

(in millions of Russian Rubles)

35 Financial Risk Factors (continued)

The carrying amounts of the Group's financial instruments are denominated in the following currencies.

	Russian Ruble	US dollar	Euro	Other	Total
As of 31 December 2023					
Financial assets					
Current	1,865,534	351,339	397,904	111,147	2,725,924
Non-current	787,716	1,594	58,339	1,301	848,950
Total financial assets	**2,653,250**	**352,933**	**456,243**	**112,448**	**3,574,874**
Financial liabilities					
Current	2,280,066	105,108	326,580	219,101	2,930,855
Non-current	2,602,193	1,164,013	1,620,841	429,962	5,817,009
Total financial liabilities	**4,882,259**	**1,269,121**	**1,947,421**	**649,063**	**8,747,864**
As of 31 December 2022					
Financial assets					
Current	1,557,057	593,281	506,710	93,209	2,750,257
Non-current	288,070	2,369	59,679	304	350,422
Total financial assets	**1,845,127**	**595,650**	**566,389**	**93,513**	**3,100,679**
Financial liabilities					
Current	1,509,110	120,559	276,925	76,009	1,982,603
Non-current	1,919,460	884,331	1,648,839	230,206	4,682,836
Total financial liabilities	**3,428,570**	**1,004,890**	**1,925,764**	**306,215**	**6,665,439**

The Group manages its net exposure to foreign exchange risk by balancing both financial assets and financial liabilities comparable in selected foreign currencies.

As of 31 December 2023, if the Russian Ruble had weakened by 30 % against the US dollar with all other variables held constant, profit before profit tax would have been lower by RUB 279,576 million, mainly as a result of foreign exchange loss on translation of US dollar-denominated borrowings partially offset by foreign exchange gain on translation of US dollar-denominated trade receivables. As of 31 December 2022, if the Russian Ruble had weakened by 30 % against the US dollar with all other variables held constant, profit before profit tax would have been lower by RUB 125,615 million, mainly as a result of foreign exchange loss on translation of US dollar-denominated borrowings partially offset by foreign exchange gain on translation of US dollar-denominated trade receivables. The effect of related Russian Ruble strengthening against the US dollar would have been approximately the same amount with opposite impact.

As of 31 December 2023, if the Russian Ruble had weakened by 30 % against the Euro with all other variables held constant, profit before profit tax would have been lower by RUB 294,509 million, mainly as a result of foreign exchange loss on translation of Euro-denominated borrowings partially offset by foreign exchange gain on translation of Euro-denominated trade receivables. As of 31 December 2022, if the Russian Ruble had weakened by 30 % against the Euro with all other variables held constant, profit before profit tax would have been lower by RUB 284,524 million, mainly as a result of foreign exchange loss on translation of Euro-denominated borrowings partially offset by foreign exchange gain on translation of Euro-denominated trade receivables. The effect of related Russian Ruble strengthening against the Euro would have been approximately the same amount with opposite impact.

(in millions of Russian Rubles)

35 Financial Risk Factors (continued)

(b) Cash flow and fair value interest rate risk

The Group is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest rate risk arises from loans issued, borrowings, lease liabilities and other interest-bearing financial instruments. The Group's interest rate risk primarily arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The table below summarises the balance between long-term borrowings at fixed and variable interest rates.

Notes	Long-term borrowings and promissory notes	31 December 2023	31 December 2022
21	At fixed rate	2,945,351	2,214,796
21	At variable rate	3,342,115	2,721,981
		6,287,466	**4,936,777**

The Group performs analysis of the current interest rate environment and depending on that analysis at the time of raising new debts management makes decisions whether obtaining financing on fixed-rate or variable-rate basis would be more beneficial to the Group over the expected period until maturity.

In 2022-2023 the Group's borrowings at variable rates were mainly denominated in Russian Rubles.

As of 31 December 2023, if benchmark interest rates on borrowings had been 100 basis points higher with all other variables held constant, profit before profit tax would have been lower by RUB 30,320 million for 2023, mainly as a result of higher interest expense on variable interest rate long-term borrowings. As of 31 December 2022, if benchmark interest rates on borrowings had been 100 basis points higher with all other variables held constant, profit before profit tax would have been lower by RUB 23,458 million for 2022, mainly as a result of higher interest expense on variable interest rate long-term borrowings.

The effect of a corresponding decrease in benchmark interest rates is approximately equal and opposite.

(c) Commodity price risk

Commodity price risk - possible change in prices for natural gas, crude oil and their refined products, and its impact on the Group's future performance and results of the Group's operations. A decline in the prices could result in a decrease in net profit and cash flows.

The Group's overall strategy in production and sales of natural gas, crude oil and their refined products is centrally managed. Natural gas export prices to foreign countries are generally based on a formula linked to refined products prices, which in turn are linked to crude oil prices.

The Group's exposure to the commodity price risk is related essentially to the export market. As of 31 December 2023, if the average gas export prices had decreased by 30 % with all other variables held constant, loss before profit tax would have been higher by RUB 564,817 million for 2023. As of 31 December 2022, if the average gas export prices had decreased by 30 % with all other variables held constant, profit before profit tax would have been lower by RUB 1,628,060 million for 2022.

Gas prices in the Russian Federation are regulated by the FAS and are as such less subject to significant fluctuations.

The Group assesses on regular basis the potential scenarios of future fluctuation in commodity prices and their impact on operational and investment decisions. However, in the current economic environment management estimates may significantly differ from actual impact of change in commodity prices on the Group's financial position.

(d) Securities price risk

The Group is exposed to movements in the value of equity securities included in financial assets held by the Group and classified in the consolidated balance sheet either as financial assets measured at fair value with changes recognised through profit or loss or other comprehensive income (see Note 9).

As of 31 December 2023 and 31 December 2022, if Moscow Exchange equity index, which primarily affects the major part of the Group's equity securities, had decreased by 20 % with all other variables held constant, assuming high correlation of the value of these securities with the index, the Group's comprehensive income for the period would have been RUB 102,870 million and RUB 79,706 million lower, respectively.

(in millions of Russian Rubles)

35 Financial Risk Factors (continued)

The Group is also exposed to movements in the value of securities held by JSC NPF GAZFOND and used for fair value estimation of the Group's pension plan assets (see Note 23).

Credit Risk

Credit risk refers to the risk exposure that a potential financial loss to the Group may occur if a counterparty defaults on its contractual obligations. The maximum exposure to credit risk is the value of the assets which might be lost.

Credit risk arises from cash and cash equivalents, deposits, debt financial instruments, derivative financial instruments, accounts receivable, loan commitments and financial guarantee contracts.

Financial instruments, which potentially subject the Group to concentrations of credit risk, primarily consist of accounts receivable. Credit risks related to accounts receivable are systematically monitored, taking into account customer's financial position, past experience and other factors.

Management systematically reviews ageing analysis of receivables and uses this information for calculation of allowance for expected credit losses (see Notes 10 and 17). Credit risk exposure mainly depends on the individual characteristics of customers, more particularly customers default risk and country risk. Group operates with various customers and substantial part of sales relates to major customers.

Although collection of accounts receivable could be influenced by economic factors affecting these customers, management believes there is no significant risk of loss to the Group beyond the allowance for expected credit losses already recorded.

Cash and cash equivalents are deposited only with banks that are considered by the Group to have a minimal risk of default.

The Group's maximum exposure to credit risk is presented in the table below.

Notes		**31 December**	
		2023	**2022**
8	Cash and cash equivalents	1,426,780	1,157,587
12	Deposits	213,186	60,378
9	Debt securities	173,743	29,603
10, 17	Accounts receivable	1,761,165	1,853,111
35	Financial guarantee contracts	408,281	183,327
32	Loan commitments	201,702	237,002
	Total maximum exposure to credit risk	**4,184,857**	**3,521,008**

Financial Guarantee Contracts

In accordance with the agreements, the Group provided financial guarantees in the total amount of RUB 408,281 million and RUB 183,327 million as of 31 December 2023 and 31 December 2022, respectively.

The total amount of financial guarantee contracts issued to the Group's associates and joint ventures as of 31 December 2023 and 31 December 2022 was RUB 326,867 million and RUB 109,275 million, respectively.

In 2023 and 2022 the counterparties fulfilled their contractual obligations.

Financial guarantee contracts include financial guarantees denominated in Euros of EUR 288 million and EUR 298 million as of 31 December 2023 and 31 December 2022, respectively.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. The Group liquidity is managed centrally. The management of the Group monitors the planned cash inflow and outflow.

Important factor in the Group's liquidity risk management is an access to a wide range of funding through capital markets and banks. Due to the dynamic nature of the Group's activities, management maintains flexibility in financing sources by having committed credit facilities available.

(in millions of Russian Rubles)

35 Financial Risk Factors (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Financial liabilities due within 12 months (except lease liabilities and derivative financial instruments) equal their carrying balances as the impact of discounting is not significant.

	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As of 31 December 2023					
Short-term and long-term loans and borrowings and promissory notes	941,175	855,128	1,456,118	3,338,174	2,902,067
Accounts payable	1,411,015	126,677	-	-	-
Lease liabilities	61,203	68,825	125,199	225,847	251,237
Other non-current liabilities (excluding derivative financial instruments)	-	-	44,774	60,137	35,251
Derivative financial instruments	-	16,119	16,074	7,914	-
As of 31 December 2022					
Short-term and long-term loans and borrowings and promissory notes	325,615	613,118	868,051	2,547,577	2,660,270
Accounts payable	1,056,556	165,192	-	-	-
Lease liabilities	39,098	42,785	71,226	143,342	222,289
Other non-current liabilities (excluding derivative financial instruments)	-	-	31,671	79,679	5,330
Derivative financial instruments	1,604	-	6,574	449	-

The Group's borrowing facilities do not usually include financial covenants which could trigger accelerated reimbursement of financing facilities. For those borrowing facilities where the Group has financial covenants, the Group is in compliance. If the financial covenants are not met, the Group reclassifies long-term borrowing facilities into short-term.

Financial guarantee contracts and loan commitments can be fulfilled within six months, however the Group does not expect the obligations under these contracts to be fulfilled within this period.

Reconciliation of liabilities arising from financing activities

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
As of 31 December 2022	**5,065,861**	**107,737**	**271,111**	**2,172**	**5,446,881**
Cash flows, including:					
Proceeds from borrowings (net of costs directly related to the receipt)	1,601,834	-	-	-	1,601,834
Additions as a result of new leases and modifications to existing leases	-	-	163,636	-	163,636
Repayment of borrowings	(941,031)	-	(76,493)	-	(1,017,524)
Interest capitalised and paid	(304,827)	-	-	-	(304,827)
Interest paid (in financing activities)	(64,738)	-	(27,309)	(10)	(92,057)
Dividends paid	-	(30,761)	-	-	(30,761)
Finance expense	88,392	-	27,309	10	115,711
Interest capitalised	313,891	-	-	-	313,891
Dividends declared	-	32,751	-	-	32,751
Change in fair value of hedging operations	-	-	-	(4,664)	(4,664)
Translation differences	908,228	-	28,384	-	936,612
Other movements	(10,130)	34,009	5,630	2,655	32,164
As of 31 December 2023	**6,657,480**	**143,736**	**392,268**	**163**	**7,193,647**

(in millions of Russian Rubles)

35 Financial Risk Factors (continued)

Information about perpetual notes is disclosed in Note 25.

	Borrowings	Transactions with owners	Lease liabilities	Other liabilities	Total
As of 31 December 2021	**4,883,702**	**12,493**	**283,709**	**149**	**5,180,053**
Cash flows, including:					
Proceeds from borrowings (net of costs directly related to the receipt)	1,338,254	-	-	-	1,338,254
Additions as a result of new leases and modifications to existing leases	-	-	138,090	-	138,090
Repayment of borrowings	(875,755)	-	(45,119)	1,628	(919,246)
Interest capitalised and paid	(182,669)	-	-	-	(182,669)
Interest paid (in financing activities)	(50,614)	-	(19,600)	(245)	(70,459)
Dividends paid	-	(1,124,080)	-	-	(1,124,080)
Finance expense	45,581	-	19,600	245	65,426
Interest capitalised	191,265	-	-	-	191,265
Dividends declared	-	1,232,136	-	-	1,232,136
Change in fair value of hedging operations	-	-	-	4,670	4,670
Translation differences	(169,913)	-	2,339	-	(167,574)
Other movements	(113,990)	(12,812)	(107,908)	(4,275)	(238,985)
As of 31 December 2022	**5,065,861**	**107,737**	**271,111**	**2,172**	**5,446,881**

Capital Risk Management

The Group considers equity and debt to be the principal elements of capital management. The Group's objectives when managing capital risk are to safeguard the Group's position as a leading global energy company by further increasing the reliability of natural gas supplies and diversifying activities in the energy sector, both in the domestic and foreign markets.

In order to maintain and to adjust the capital structure, the Group may revise its investment programme, attract new or repay existing loans and borrowings or sell certain non-core assets.

The Group considers its target debt to equity ratio at the level of not more than 40 %.

On the Group level capital is monitored on the basis of the net debt to adjusted EBITDA ratio. This ratio is calculated as net debt divided by adjusted EBITDA. Net debt is calculated as total debt (short-term borrowings and current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable) less cash and cash equivalents.

Adjusted EBITDA is calculated as the sum of operating profit, depreciation, impairment loss or reversal of impairment loss on financial assets and non-financial assets, less changes of allowance for expected credit losses on accounts receivable and impairment allowance on advances paid and prepayments.

The net debt to adjusted EBITDA ratio as of 31 December 2023 and 31 December 2022 is presented in the table below.

	31 December	
	2023	**2022**
Total debt	6,657,480	5,065,861
Less: cash and cash equivalents	(1,426,780)	(1,157,587)
Net debt	5,230,700	3,908,274
Adjusted EBITDA	1,764,554	3,637,555
Net debt / Adjusted EBITDA	**2.96**	**1.07**

36 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 (see Note 9).

b) Financial instruments included in Level 2

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

c) Financial instruments included in Level 3

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

The fair value of long-term accounts receivable is classified as Level 3 (see Note 17), long-term borrowings – Level 2 (see Note 21).

As of 31 December 2023 and 31 December 2022 long-term financial assets measured at fair value with changes recognised through other comprehensive income include debt securities as well as shares of PJSC NOVATEK in the amount of RUB 444,374 million and RUB 327,108 million, respectively and are classified as Level 1 (see Note 9).

37 Events after the Reporting Period

Borrowings

In February-March 2024 the Group issued Russian bonds as a replacement for Eurobonds, the rights to which are recorded in Russian depositories, for the total amount of EUR 182 million with coupon rates and maturities similar to the replaced Eurobonds.

In January-April 2024 the Group issued Russian bonds in the amount of RUB 137,384 million.

In January-March 2024 the Group obtained long-term borrowings in the total amount of RUB 193,699 million.

Changes in the Group's structure

In March 2024 the Group acquired a 27.49999998621683 % interest in LLC Sakhalin Energy for RUB 94,800 million. The transaction was made in accordance with Decree of the Government of the Russian Federation No. 701-p dated 23 March 2024. The Group is currently assessing the impact of this event on these consolidated financial statements.

Sanctions

On 23 February 2024 the U.S. Department of the Treasury's Office of Foreign Assets Control pursuant to the U.S. President's Executive Order of 15 April 2021 No. 14024 included in the list of blocked persons JSC Gazprom Space Systems.

Contact Details

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

Telephone:	+7 (812) 609-41-29
Facsimile:	+7 (812) 609-43-34
www.gazprom.ru	(in Russian)
www.gazprom.com	(in English)