

Gaz Capital S.A.

société anonyme

Annual Accounts

for the year ended 31 December 2021

Gaz Capital S.A.

société anonyme

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Gaz Capital S.A. société anonyme

Other Information

Directors

Christian Klar (as from 27 January 2020 until 09 September 2021)
Constanze Schmidt (as from 27 January 2020)
Anika Oberbillig (as from 26 June 2020)
Ella Brown (as from 09 September 2021 until 14 June 2022)
Dylan Davies (as from 14 June 2022)

Corporate Administrator

MaplesFS (Luxembourg) S.A. (as from 27 January 2020)
12E, Rue Guillaume Kroll
L-1882 Luxembourg
Grand Duchy of Luxembourg

Trustee and Registrar

Deutsche Bank Trust Company Americas
60 Wall Street
New York, 10005
United States

Principal Paying Agent and Transfer Agent

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London, EC2N 2DB
United Kingdom

Irish Paying Agent

Deutsche International Corporate Services (Ireland) Limited
5 Harbourmaster Place, IFSC
Dublin, Republic of Ireland

Swap Counterparties

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London, EC2N 2DB
United Kingdom

J.P. Morgan Securities plc
25 Bank Street

Canary Wharf
London, E14 5JP
United Kingdom

JPMorgan Chase Bank, N.A.
25 Bank Street
Canary Wharf
London, E14 5JP
United Kingdom

Auditor

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
L-2182 Luxembourg
Grand Duchy of Luxembourg
L-2633 Senningerberg
R.C.S. Luxembourg B 95.071 (the "Company")

Gaz Capital S.A.
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Statement of Board of Directors' responsibilities

as at 31 December 2021

This responsibility statement is made by the Board of Directors of the Company pursuant to Article 4 (2) of the Law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "Transparency Law" as amended).

To the best of their knowledge and believe, the Directors hereby declare that:

- the Annual Accounts of the Company for the year started from 1 January 2021 until 31 December 2021, as prepared in accordance the Luxembourg general accepted accounting principles, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

- the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board of Directors,

Luxembourg,

Gaz Capital S.A.
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Directors' Report

for the year ended 31 December 2021

The Directors present their Report and the Annual Accounts for the year ended 31 December 2021.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

Gaz Capital S.A. ("the Company") is a Luxembourg company incorporated on 23 July 2003, for an unlimited duration, as a « société anonyme » and is governed by the Law of 10 August 1915 (as subsequently amended).

The Company's principal activity is to act as a financing company. The Company mainly engages in the issuance of loan participation notes for the purpose of financing loans to Public Joint Stock Company Gazprom ("PJSC Gazprom").

During the year, the Company issued no notes.

The Company fully repaid the following Notes during the year after full reimbursement by PJSC Gazprom (as the Borrower) of the relevant collateralised loans to the Company (as the Lender):

Series	Repayment date	Ccy	Amount
---------------	-----------------------	------------	---------------

Series 25	23-Jan-21	USD	600,000,000
Series 35	26-Feb-21	EUR	750,000,000
Series 40	30-Nov-21	CHF	500,000,000

As at year end, 15 Series were active (2020: 18).

The corporate administrator of the Company is MaplesFS (Luxembourg) S.A. and its registered address is 12E, Rue Guillaume Kroll, L-1882 Luxembourg.

2. BUSINESS REVIEW

During the year:

- The Company made no profit or loss (2020: EUR NIL);
- There were no credit events that affected the Company;
- The Company received interest income for an amount of EUR 597,753,859 (2020: EUR 675,686,760);
- The Company did not exercise any research and development activity, neither had a branch nor did it acquire its own shares.

As at 31 December 2021:

- The Company's net equity was EUR 31,000 (2020: EUR 31,000);
- The Company's total indebtedness was EUR 13,141,813,827 (2020: EUR 14,319,681,175);
- The Company had the following Notes in issue:

Gaz Capital S.A.

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Directors' Report

for the year ended 31 December 2021

2. BUSINESS REVIEW (CONTINUED)

Series 2 USD 1,199,990,000 8.63% Loan Participation Notes due 2034
 Series 9 USD 1,300,000,000 6.51% Loan Participation Notes due 2022
 Series 12 USD 1,250,000,000 7.288% Loan Participation Notes due 2037
 Series 26 USD 1,000,000,000 4.950% Loan Participation Notes due 2022
 Series 29 USD 900,000,000 4.950% Loan Participation Notes due 2028
 Series 31 EUR 500,000,000 4.364% Loan Participation Notes due 2025
 Series 39 EUR 1,000,000,000 3.125% Loan Participation Notes due 2023
 Series 41 USD 750,000,000 4.950% Loan Participation Notes due 2027
 Series 42 GBP 850,000,000 4.25% Loan Participation Notes due 2024
 Series 43 CHF 500,000,000 2.25% Loan Participation Notes due 2022
 Series 44 EUR 750,000,000 2.25% Loan Participation Notes due 2024
 Series 45 CHF 750,000,000 1.45% Loan Participation Notes due 2023
 Series 46 EUR 750,000,000 2.5% Loan Participation Notes due 2026
 Series 47 EUR 1,000,000,000 2.949% Loan Participation Notes due 2024
 Series 48 USD 1,250,000,000 5.150% Loan Participation Notes due 2026

3. FUTURE DEVELOPMENTS

Except for those events mentioned in the "Subsequent events" section, the Directors expect the level of activity to be sustained for the foreseeable future.

4. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Company is facing relate to the recoverability of loans granted to PJSC Gazprom and derivatives held by the Company.

The Company has exposure to the following risks from its use of financial instruments and does not have any externally imposed capital requirements.

(i) Credit risk

Credit risk is the risk of the financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's credit linked assets. The Company's principal financial assets are loans to affiliated undertakings, amounts owed by affiliated undertakings, other debtors and cash at bank and in hand, which represent the Company's maximum exposure to credit risk in relation to financial assets.

Gaz Capital S.A.

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Directors' Report

for the year ended 31 December 2021

4. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

(i) Credit risk (continued)

The Loans provided involve a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Loans by or on behalf of the Company and the amounts of the claims of creditors of the Company ranking in priority to the Noteholders. The risk of default on the assets is borne by the Noteholders as per the Prospectus for the issuance of the Notes, these are issued on a limited recourse basis, that is only the amounts available with respect to the loans made out of the proceeds of the Notes will be available to the Noteholders.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations arising from its financial liabilities as they fall due.

The Company's obligation to the Noteholders is limited to the net proceeds upon realisation of the Loans towards PJSC Gazprom. Should the net proceeds be insufficient to make all payments due in respect of the Notes, the other assets of the Company will not be available for payment and the deficit is instead borne by the Noteholders.

The Company does not face any major liquidity risk since both the Notes issued by the Company and the Loans granted bear the same terms and conditions. Liquidity risk is also limited since the Company receives reimbursement from PJSC Gazprom for expenses incurred as per the Amended and Restated facility Agreement dated 7 December 2005 and the Loan Supplement Agreements for each loan issued.

(iii) Market risk

Market risk is the risk that changes in market prices, foreign exchange rates and interest rates will affect the Company's income or its value of its holdings of financial instruments. Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and price risk.

(a) Currency risk

The presentation currency of the Company is Euro ("EUR").

Currency risk is the risk which arises due to the assets and liabilities of the Company held in foreign currencies, which will be affected by fluctuations in foreign exchange rates. The Company limits its exposure to currency risk by operating bank accounts in other currency than EUR for receipts and payments in other currency than its EUR. The Company is exposed to movement in exchange rates between EUR and certain foreign currencies namely US Dollar (USD), Swiss Francs (CHF) and British Pound Sterling (GBP).

Gaz Capital S.A.
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Directors' Report
for the year ended 31 December 2021

(iii) Market risk (continued)

(a) Currency risk (continued)

The majority of the Notes issued by the Company have the same currency as the loans. They are held in the same currency in which the Loans have been provided to PJSC Gazprom. In this case, as a result due to natural hedging, the Company bears limited currency risk. For Series where the currency of the Notes issued and the Loan provided differ, the Company has contracted currency swap agreements which provides the Company protection against fluctuations in the exchange rates.

(b) Interest rate risk

Interest rate risk is the risk that the Company does not receive adequate interest from the Loans to secure interest payments on the Notes. The Company is not exposed to any interest risk since both the Loans and Notes bear the same terms and conditions. The Company has also contracted swap agreements so as to hedge for interest payments which will arise on Notes for which the corresponding Loan is in a different currency.

(c) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Company does not consider price risk to be a significant risk to the Company as any fluctuation in the value of the Loans held by the Company will be borne by the Noteholders.

5. RESULT FOR THE YEAR ENDED 31 DECEMBER 2021

The result for the year is set out on page 16.

6. DIRECTORS AND THEIR INTERESTS

The Directors who held office on 31 December 2021 did not hold any shares in the Company or in any group company at that date, or during the year under review. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest, at any time during the year under review.

7. CORPORATE GOVERNANCE STATEMENT

The Company is subject to and complies with the relevant applicable laws and regulations, including the Luxembourg Law of 10 August 1915 on commercial companies as amended, and the regulations applied by the relevant trading venues and Stock Exchange and the Listing Rules of the Irish Stock exchange. The Company does not apply additional requirements in addition to those required by the above. Each of the service providers engaged by the Company is subject to their own corporate governance requirements.

Gaz Capital S.A. **société anonyme**

Directors' Report

for the year ended 31 December 2021

7. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Financial Reporting Process

The Board of Directors ("the Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing the Administrator to maintain the accounting records of the Company independently of the Arranger (Public Joint Stock Company Gazprom). The Administrator is contractually obliged to maintain proper books and records as required by the Corporate Administration agreement. To that end the Administrator performs reconciliations of its records to those of the Arranger. The Administrator is also contractually obliged to prepare for review and approval by the Board the Annual Accounts intended to give a true and fair view.

The Board assesses the performance of the Company as well as the recoverability of the loans granted during the financial reporting preparation process as well as before approving the Annual Accounts. From time to time the Board also examines and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator's report to the Board.

Risk Assessment

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's Annual Accounts.

Control Activities

The Administrator is contractually obliged to design and maintain control structures to manage the risks which are significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the Annual Accounts and the related notes in the Company's Annual Accounts.

Monitoring

The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

Gaz Capital S.A.
société anonyme
Directors' Report
for the year ended 31 December 2021

7. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Capital Structure

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the relevant applicable laws and regulations, including the Luxembourg Law of 10 August 1915 on commercial companies as amended, and the regulations applied by the by the relevant trading venues and Stock Exchange and the Listing Rules of the Irish Stock exchange. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of Directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. The Directors may delegate certain functions to other parties, subject to the supervision and direction by the Directors.

Internal control

The Board of Directors is responsible for the establishment and adequate functioning of internal control in the Company. Consequently, the Board of Directors has implemented a range of processes designed to provide control by the Board of Directors over the Company's operations. These processes and procedures include measure regarding the general control environment as well as specific internal control measures.

All these processes and procedures are aimed at ensuring a reasonable level of assurance that the Board has identified and managed the significant risks of the Company and that it meets the operational and financial objectives in compliance with applicable laws and regulations.

While the Board routinely works towards continuous improvement of the processes and procedures regarding financial reporting, the Board of Directors is of the opinion that, as regards financial reporting risks, the internal risk management and control systems:

- have worked properly in the year ended 31 December 2021;
- provide a reasonable level of assurance that the financial reporting in this 2021 Annual Report does not contain any material errors.

Gaz Capital S.A.
société anonyme
Directors' Report
for the year ended 31 December 2021

7. CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Instruments listed on regulated markets

The Company has issued bonds which are traded on the Luxembourg Stock Exchange and the Main Market of Euronext Dublin, but no other instruments carrying voting rights such as shares of the Company are traded on any regulated market. Please revert to the subsequent events for more information.

Therefore, the disclosure requirements included in article 10, paragraph 1, points c), d), f) and i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids as required by article 68 TER, paragraph (1) letter d) of the modified Law of 19 December 2002, are not applicable.

Responsibility statement

In accordance with the Luxembourg law, the Board of Directors confirms that to the best of its knowledge:

- the annual accounts for the year ended 31 December 2021 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- the Directors' report gives a true and fair view of the position as per 31 December 2021 and the development during the financial year of the Company and
- the Directors' report describes the principal risks the Company is facing.

The current directors of the Company are stated on the first page.

8. SUBSEQUENT EVENTS

The Company fully repaid the following Series after full reimbursement by PJSC Gazprom of the relevant collateralised loans:

Series	Repayment date	Ccy	Amount
Series 9	07-Mar-22	USD	1,300,000,000

Since March 2022 the European Union, the United States or America as well as the United Kingdom and some other countries imposed sanctions against the Russian Federation as a consequence of the war in Ukraine. Although no sanctions have been brought towards the company directly, the sanctions are affecting the market and business the entity is connected with facing an increased level of economic uncertainty. The management is permanently assessing the economic conditions and their possible impact on the companies operations not only with a view to the valuation of assets and liabilities, but as well with a view to the ability to continue as a going concern going forward.

Following the ongoing conflict in Ukraine, the sanctions imposed against the Russian Federation by the US, EU and UK and the counter-sanctions introduced by the Russian Government in response to such governmental actions, counterparties of Gaz Capital adopted a number of procedures to monitor and, where appropriate, comply and enforce applicable governmental measures. As a result, capital and internal controls have been implemented that may hinder or restrict the existing monetary flows and may, in particular, result in delays with payments to or from Gaz Capital. Any additional governmental actions and/or controls adopted in response may negatively impact the ability of Gaz Capital to obtain or wire such payments and/or otherwise be engaged in its businesses and operations and create a material uncertainty in relation to Gaz Capital's ability to continue as a going concern. The management currently treats the events related to the sanctions brought against Russia as non-adjusting events.

Gaz Capital S.A. **société anonyme**

Directors' Report

for the year ended 31 December 2021

8. SUBSEQUENT EVENTS (CONTINUED)

Euronext decided to suspend the below listed securities with effect from 3 June 2022 due to the financial sanctions imposed on Russia.

Series 12 USD 1,250,000,000 7.288% Loan Participation Notes due 2037
Series 26 USD 1,000,000,000 4.950% Loan Participation Notes due 2022
Series 29 USD 900,000,000 4.950% Loan Participation Notes due 2028
Series 31 EUR 500,000,000 4.364% Loan Participation Notes due 2025
Series 39 EUR 1,000,000,000 3.125% Loan Participation Notes due 2023
Series 41 USD 750,000,000 4.950% Loan Participation Notes due 2027
Series 42 GBP 850,000,000 4.25% Loan Participation Notes due 2024
Series 44 EUR 750,000,000 2.25% Loan Participation Notes due 2024
Series 46 EUR 750,000,000 2.5% Loan Participation Notes due 2026
Series 47 EUR 1,000,000,000 2.949% Loan Participation Notes due 2024
Series 48 USD 1,250,000,000 5.150% Loan Participation Notes due 2026

The Luxembourg Stock Exchange decided to suspend the listing and trading of the Series 2 USD 1,199,990,000 8.63% Loan Participation Notes due 2034 with effect from 1 March 2022 due to the financial sanctions imposed on Russia.

PJSC Gazprom is sanctioned by the US since Quarter 1 2022.

On the 14th June 2022, Ella Brown resigned from her position as Director and Dylan Davies was appointed as new Director of the Company.

There were no other subsequent events since 31 December 2021, which could influence the presentation of the current Annual Accounts.

9. AUDIT COMMITTEE

Based on Article 52 of the Law of 23 July 2016, the Company is classified as public-interest entity and required to establish an audit committee. However, in accordance with Article 52 (2), the Company has chosen not to establish a separate audit committee but to have those functions performed by the Board of Directors as a whole.

On behalf of the Board of Directors,

Luxembourg,

Annual Accounts Helpdesk :

Tel. : [+352] 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr. : B95071

Matricule : 2003 2216 588

eCDF entry date :

BALANCE SHEET

Financial year from 01/01/2021 to 31/12/2021 (in EUR)

Gaz Capital S.A.
12E, rue Guillaume Kroll
L-1882 Luxembourg**ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	103
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	109	110
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

10.429.741.262,00

12.363.203.459,00

RCSL Nr. : B95071

Matricule : 2003 2216 588

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1121	121	132
4. Payments on account and tangible assets in the course of construction	1122	132	134
III. Financial assets	1123	135	136
1. Shares in affiliated undertakings	1123	10.429.741.262,00	12.363.203.459,00
2. Loans to affiliated undertakings	1129	138	140
3. Participating interests	1141	141	143
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	145	146
6. Other loans	1147	147	148
D. Current assets	1151	151	152
I. Stocks	1153	153	154
1. Raw materials and consumables	1153	153	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	158	160
4. Payments on account	1161	161	163
II. Debtors	1163	163	164
1. Trade debtors	1163	163	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	168	170
2. Amounts owed by affiliated undertakings	1171	2.707.528.533,00	1.953.497.654,00
a) becoming due and payable within one year	1173	2.707.528.533,00	1.953.497.654,00
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	183
4. Other debtors	1183	3.343.255,00	2.691.423,00
a) becoming due and payable within one year	1185	3.343.255,00	2.691.423,00
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B95071

Matricule : 2003 2216 588

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	188 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	193 _____
2. Own shares	0209 _____	208 _____	210 _____
3. Other investments	1193 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____ 6	197 _____ 1.231.777,00	198 _____ 319.640,00
E. Prepayments	1199 _____	199 _____	200 _____
TOTAL (ASSETS)		201 _____ 13.141.844.827,00	202 _____ 14.319.712.176,00

CAPITAL, RESERVES AND LIABILITIES
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	Reference(s)	Current year	Previous year
A. Capital and reserves			
I. Subscribed capital	Z	31.000,00	31.000,00
II. Share premium account		31.000,00	31.000,00
III. Revaluation reserve			
IV. Reserves			
1. Legal reserve			
2. Reserve for own shares			
3. Reserves provided for by the articles of association			
4. Other reserves, including the fair value reserve			
a) other available reserves			
b) other non available reserves			
V. Profit or loss brought forward			
VI. Profit or loss for the financial year		0,00	0,00
VII. Interim dividends			
VIII. Capital investment subsidies			
B. Provisions	B	99.790,00	204.784,00
1. Provisions for pensions and similar obligations			
2. Provisions for taxation			
3. Other provisions		99.790,00	204.784,00
C. Creditors		13.141.714.037,00	14.319.476.392,00
1. Debenture loans		13.140.197.015,00	14.318.745.865,00
a) Convertible loans			
i) becoming due and payable within one year			
ii) becoming due and payable after more than one year			
b) Non convertible loans	9	13.140.197.015,00	14.318.745.865,00
i) becoming due and payable within one year		2.710.455.753,00	1.955.542.406,00
ii) becoming due and payable after more than one year		10.429.741.262,00	12.363.203.459,00
2. Amounts owed to credit institutions			
a) becoming due and payable within one year			
b) becoming due and payable after more than one year			

RCSL Nr. : B95071

Matricule : 2003 2216 588

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367	368
a) becoming due and payable within one year	1369	369	370
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379	380
a) becoming due and payable within one year	1381	381	382
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1401	401	402
a) Tax authorities	1393	393	394
b) Social security authorities	1395	395	396
c) Other creditors	1397	397	398
i) becoming due and payable within one year	1399	399	400
ii) becoming due and payable after more than one year	1401	401	402
D. Deferred income	1403	403	404
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	406
		13.141.844.827,00	14.319.712.176,00

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494

Email : centralebilans@statec.etat.lu

RCSL Nr. : B95071

Matricule : 2003 2216 588

eCDF entry date :

PROFIT AND LOSS ACCOUNTFinancial year from ¹¹ 01/01/2021 to ¹¹ 31/12/2021 (in ⁰³ EUR)

Gaz Capital S.A.
 12E, rue Guillaume Kroll
 L-1882 Luxembourg

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____ 11	713 _____ 775.041,00	714 _____ 977.749,00
5. Raw materials and consumables and other external expenses	1671 _____	671 _____	672 _____
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____	603 _____	604 _____
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____ 12,19	621 _____ -427.195,00	622 _____ -522.557,00

RCSL Nr. : B95071

Matricule : 2003 2216 588

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715 _____	715 _____	716 _____
a) derived from affiliated undertakings	1717 _____	717 _____	718 _____
b) other income from participating interests	1719 _____	719 _____	720 _____
10. Income from other investments and loans forming part of the fixed assets	1721 _____ 13	721 _____ 597.753.859,00	722 _____ 675.686.760,00
a) derived from affiliated undertakings	1723 _____	723 _____ 597.753.859,00	724 _____ 675.686.760,00
b) other income not included under a)	1725 _____	725 _____	726 _____
11. Other interest receivable and similar income	1727 _____ 14	727 _____ 65.107.106,00	728 _____ 84.670.484,00
a) derived from affiliated undertakings	1729 _____	729 _____	730 _____
b) other interest and similar income	1731 _____	731 _____ 65.107.106,00	732 _____ 84.670.484,00
12. Share of profit or loss of undertakings accounted for under the equity method	1663 _____	663 _____	664 _____
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 _____	665 _____	666 _____
14. Interest payable and similar expenses	1627 _____ 15	627 _____ -662.859.920,00	628 _____ -760.346.966,00
a) concerning affiliated undertakings	1629 _____	629 _____	630 _____
b) other interest and similar expenses	1631 _____	631 _____ -662.859.920,00	632 _____ -760.346.966,00
15. Tax on profit or loss	1635 _____ 16	635 _____ -301.968,00	636 _____ -465.300,00
16. Profit or loss after taxation	1667 _____	667 _____ 46.923,00	668 _____ 170,00
17. Other taxes not shown under items 1 to 16	1637 _____ 16	637 _____ -46.923,00	638 _____ -170,00
18. Profit or loss for the financial year	1669 _____	669 _____ 0,00	670 _____ 0,00

Gaz Capital S.A

Notes to the Annual Accounts for the year ended 31 December 2021

Note 1 - General Information

Gaz Capital S.A. (hereafter the "Company") is a Luxembourg company incorporated on 23 July 2003, for an unlimited duration, as a « société anonyme ». It is governed by the Law of 10 August 1915 (as subsequently amended).

The corporate administrator of the Company is MaplesFS (Luxembourg) S.A. and its registered address is 12E, Rue Guillaume Kroll, L-1882 Luxembourg.

The Company's financial year starts on 1 January and ends on 31 December of each year.

The corporate object of the Company is:

- i. the issue of notes and other debt securities under a programme for the issuance of loan participation notes for the purpose of financing loans to Public Joint Stock Company Gazprom ("PJSC Gazprom");
- ii. the granting of loans to Public Joint Stock Company Gazprom ("PJSC Gazprom");
- iii. the granting of security interest over its assets to a trustee in relation to the issuance of the loan participation notes; and
- iv. the making of deposits at banks or with other depositaries.

The Company may carry out any transactions, whether commercial or financial which are directly or indirectly connected with its corporate object at the exclusion of any banking activity.

In general the Company may carry out any operation which it may deem useful or necessary in the accomplishment and the development of its corporate purpose.

The obligations under the notes issued by the Company are fully consolidated into the Gazprom Group's consolidated financial statements. The registered office of PJSC Gazprom is located 16 Nametkina Street, 117997, Moscow, Russia and the consolidated accounts are available on its website, www.gazprom.com.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The Annual Accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

Accounting policies and valuation rules are, besides the ones laid down by the Law of 19 December 2002 as amended, determined and applied by the Board of Directors.

The preparation of Annual Accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the Annual Accounts in the year in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Annual Accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Gaz Capital S.A

Notes to the Annual Accounts for the year ended 31 December 2021

Note 2 - Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Covid-19 Pandemic and Conflict in Ukraine

On March 11, 2020, the World Health Organization declared the Coronavirus strain (COVID-19) in the category of pandemic. The spread of COVID-19 has severely affected many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods. Measures taken to contain the spread of the virus, including quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide.

The Management has considered the impact of the COVID-19 and Conflict in Ukraine on the going concern assumption of the Company. As at December 31, 2021, there is no impact in the valuation of the assets of the Company. The limited recourse nature of the notes issued by the Company limit the Noteholders' recourse only up to the realisation of the portfolio of loans. Each Series of Notes is issued on a limited recourse basis and the Issuer does not have any obligations to the Noteholders of such Series of Notes save for to account to the Noteholders of the relevant Series for amounts equivalent to the amounts of payments of principal and interest received by the Issuer under the corresponding Loan if and to the extent received by it from Gazprom. In the event that the amount due and payable by the Issuer under the Notes exceeds the sums so received or recovered pursuant to the corresponding Loan, the right of any person to claim payment of any amount exceeding such sums shall be

extinguished, and Noteholders may take no further action to recover such amounts. The Issuer will have no other financial obligations under the relevant Series of Notes and no assets of the Issuer (including the Issuer's rights with respect to any Loan relating to any other Series of Notes) will be available to such Noteholders. In light of this, the Management has concluded that the impact of the Coronavirus does not represent a material uncertainty in relation to the Company's ability to continue as going concerns through the date of the issuance of these financial statements. Nevertheless, the Directors believe the current ongoing conflict in the Ukraine and the imposed sanctions against Russia create a material uncertainty in relation to the Company's ability to continue as going concern over the next 12 months.

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Financial assets

Loans to affiliated undertakings are valued at nominal value including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the Balance Sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.2 Derivative financial instruments

The Company may enter into derivative financial instruments such as options, swaps, foreign exchange contracts. The Company records initially derivative financial instruments at cost.

At each Balance Sheet date, unrealised losses are recognised in the Profit and Loss Account whereas gains are accounted for when realised. In the case of hedging of an asset or a liability which is not recorded at fair value, the unrealised gains or losses of the derivative are deferred until the recognition of the realised gains or losses on the hedged items. Commitments relating to options/ swaps/ foreign exchange contracts transactions are recorded in the off-balance sheet accounts. Any related interest payable and receivable on these derivatives are recorded on a net basis in the Balance Sheet as year accruals.

2.2.3 Debtors

Debtors are value at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4 Cash at bank and in hand

Cash at bank and in hand comprises cash in hand, cash at bank and deposits held at call with banks. In the Balance Sheet, bank overdrafts are included in Creditors under Amounts owed to credit institutions.

Gaz Capital S.A **Notes to the Annual Accounts for the year ended 31 December 2021** **(continued)**

Note 2 - Summary of significant accounting policies (continued)

2.2 Significant accounting policies (continued)

2.2.5 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date the Balance Sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the Balance Sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which it will arise.

Tax provisions

The provisions for taxation are tax liability estimated by the Company for the financial year which have not been yet assessed by the Luxembourg tax Administration are disclosed in the Balance Sheet under the caption "Tax authorities" under "Other creditors". The tax advance payments are disclosed in the assets of the Balance Sheet under the caption "Other debtors".

2.2.6 Creditors

Creditors are recorded at their reimbursement value.

2.2.7 Foreign currency translation

The Company maintains its books and records in EUR.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Cash at bank and in hand is translated at the exchange rate effective at the Balance Sheet date. Exchange losses and gains are recorded in the Profit and Loss Account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the Balance Sheet date. The unrealised exchange losses are recorded in the Profit and Loss Account. The exchange gains are recorded in the Profit and Loss Account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total using year end exchange rate and the net unrealised results are recorded in the Profit and Loss Account.

Where there is a currency hedge agreement in place, long term assets and the corresponding long term liabilities, denominated in other currencies than EUR, are recorded in the Balance Sheet at the exchange rate effective at the time of the transaction. At the Balance Sheet date, these assets and liabilities remain translated at the historical exchange rates.

2.2.8 Other interest receivable and similar income

Other interest receivable and similar income are recorded on an accrual basis in the Profit and Loss Account.

2.2.9 Other operating expenses / other operating income

The financing costs incurred in the context of the issue of the Loan Participation Notes are recorded in the caption "Other operating expenses". In accordance with the "Fees and Expense Side Agreements" signed with PJSC Gazprom, the Company recharges related costs to PJSC Gazprom which include various operating expenses and taxation. The recharge of costs is recorded in the caption "Other operating income".

Gaz Capital S.A. Notes to the Annual Accounts for the year ended 31 December 2021 (continued)

Note 3 - Loans to affiliates undertakings

Loans to affiliated undertakings, in the amount of EUR 12,915,017,026 are comprised as follows:

Loan	CCY	Principal amount (CCY)	Interest rate	Maturity date	Balance at 01-Jan-21	Foreign exchange		Balance at 31-Dec-21
						Additions / (disposals)	revaluation during the year	
					EUR	EUR	EUR	EUR
Loan 2	USD	1,199,990,000	8.63%	28 April 2034	977,907,261	-	81,593,004	1,059,500,265
Loan 9	USD	1,300,000,000	6.51%	07 March 2022	1,059,408,361	-	88,393,157	1,147,801,519
Loan 12	USD	1,250,000,000	7.288%	16 August 2037	1,018,661,886	-	84,993,421	1,103,655,306
Loan 25	USD	600,000,000	5.999%	23 January 2021	488,957,705	(494,396,836)	5,439,131	-
Loan 26	USD	1,000,000,000	4.950%	19 July 2022	814,929,509	-	67,994,737	882,924,245
Loan 29	USD	900,000,000	4.950%	06 February 2028	733,436,558	-	61,195,263	794,631,821
Loan 31	EUR	500,000,000	4.364%	21 March 2025	500,000,000	-	-	500,000,000
Loan 35	EUR	750,000,000	3.6%	26 February 2021	750,000,000	(750,000,000)	-	-
Loan 39	EUR	1,000,000,000	3.125%	17 November 2023	1,000,000,000	-	-	1,000,000,000
Loan 40	EUR	466,350,000	2.75%	30 November 2021	466,350,000	(466,350,000)	-	-
Loan 41	USD	750,000,000	4.95%	23 March 2027	611,197,131	-	50,996,052	662,193,184
Loan 42	EUR	980,135,000	4.25%	06 April 2024	980,135,000	-	-	980,135,000
Loan 43	EUR	454,550,000	2.25%	19 July 2022	454,550,000	-	-	454,550,000
Loan 44	EUR	750,000,000	2.25%	22 November 2024	750,000,000	-	-	750,000,000
Loan 45	CHF	750,000,000	1.45%	06 March 2023	694,315,867	-	31,654,513	725,970,380
Loan 46	EUR	750,000,000	2.5%	21 March 2026	750,000,000	-	-	750,000,000
Loan 47	EUR	1,000,000,000	2.949%	24 January 2024	1,000,000,000	-	-	1,000,000,000
Loan 48	USD	1,250,000,000	5.150%	11 February 2026	1,018,661,886	-	84,993,421	1,103,655,306

	<u>14,068,511,164</u>	<u>-1,710,746,836</u>	<u>557,252,698</u>	<u>12,915,017,026</u>
Amount reclassified within one year (refer to note 4)				-2,485,275,764
Net Total				<u>10,429,741,262</u>
	<u>31/12/2021</u>			<u>31/12/2020</u>
Maturity analysis:	EUR			EUR
Within one year*	2,485,275,764			1,705,307,705
After more than one year	10,429,741,262			12,363,203,459
	<u>12,915,017,026</u>			<u>14,068,511,164</u>

The proceeds from the Loan Participation Notes were used to give Loans to Public Joint Stock Company Gazprom ("PJSC Gazprom"). The Loans act as collateral security for their corresponding Notes as described in note 9.

PJSC Gazprom has the right to exercise a Call Option and can at any time prior to the Repayment Date give not less than 30 or more than 60 days' irrevocable notice to the Company, in whole or in part, to repay the Loans at the Early Redemption Amount plus the premium. The notice to be given shall specify the date for repayment of the Loans and the date for the redemption of the Notes (the Call Redemption Date"), which shall be the next following Business Day after the date for repayment of the Loans. Immediately on receipt of such notice, the Issuer shall forward it to the Noteholders, the Trustee and the Principal Paying Agent. The Loans shall be repaid on the date specified in such notice.

As of 31 December 2021, the Directors of the Company are of the opinion that there is currently no non-performance by PJSC Gazprom which would result in a permanent impairment of the Loans.

Note 4 - Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings, in the amount of EUR 2,707,528,533 are comprised as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR
Loans to affiliated undertakings (refer to Note 3)	2,485,275,764	1,705,307,705
Loan interest receivable:		
Loan 2	15,991,832	14,760,288
Loan 9	23,661,928	21,839,703
Loan 12	30,162,900	27,840,029
Loan 25	-	12,875,886
Loan 26	19,667,138	18,152,555
Loan 29	15,842,972	14,622,891
Loan 31	17,097,315	17,097,315
Loan 35	-	22,868,852
Loan 39	3,852,740	3,852,740
Loan 40	-	1,064,185
Loan 41	8,923,053	8,235,881
Loan 42	7,752,596	7,752,596
Loan 43	4,397,771	4,397,771
Loan 44	1,849,315	1,849,315
Loan 45	8,625,940	8,249,823
Loan 46	14,691,781	14,691,781
Loan 47	27,631,726	27,636,803
Loan 48	22,103,763	20,401,534
	<u>2,707,528,533</u>	<u>1,953,497,654</u>

Gaz Capital S.A.

Notes to the Annual Accounts for the year ended 31 December 2021

(continued)

Note 5 - Other Debtors

Other debtors in the amount of EUR 3,343,256 are comprised as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR
Net cross currency swap interest receivable Series 42	2,398,204	1,734,867
Net cross currency swap interest receivable Series 43	502,529	288,861
Tax Advances 2020	-	525,370
Tax Advances 2021	261,668	-
Other receivables	69,493	69,493
VAT receivable	111,362	72,832
	<u>3,343,256</u>	<u>2,691,423</u>

Note 6 - Cash at bank and in hand

Cash at bank and in hand, in the amount of EUR 1,231,777 are comprised as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR
Current account with Deutsche Bank Luxembourg S.A. - EUR	-	179,077
Current account with Deutsche Bank London AG. - USD	16,718	16,182
Current account with Deutsche Bank London AG. - GBP	2,601	2,431
Current account with Citi Bank Luxembourg - EUR	1,177,660	89,358
Current account with Citi Bank Luxembourg - GBP	39	6

Current account with Citi Bank Luxembourg - USD	34,714	32,587
Current account with Citi Bank Luxembourg - CHF	44	-
	<u>1,231,777</u>	<u>319,640</u>

Note 7 - Capital and reserves

The subscribed capital of the Company consists of 31 shares with a par value of EUR 1,000 each (EUR 31,000). As at 31 December 2021, all 31 shares were issued and fully paid.

All shares are held by Stichting Gaz Capital.

The carrying value to the capital and reserves is comprised as follows:

	Subscribed Capital
	EUR
Balance as at 31 December 2021 and 31 December 2020	<u>31,000</u>

Legal reserve

In accordance with Luxembourg Company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued capital. The legal reserve is not available for distribution to the shareholders.

As at 31 December 2021 and 31 December 2020, the Company realised a Nil result. Consequently, there were no allocation to the legal reserve amount.

Note 8 - Other provisions

Other provisions, in the amount of EUR 99,790 are comprised as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR
Audit fees (EUR 45,396.63)	39,646	34,250
Legal fees	16,245	16,237
Accounting fees	(19,167)	86,250
Advisory fees	50,000	50,000
Tax Compliance fees	20	5,177
Other expenses	13,046	12,870
	<u>99,790</u>	<u>204,783</u>

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Gaz Capital S.A. Notes to the Annual Accounts for the year ended 31 December 2021 (continued)

Note 9 - Non-convertible loans

Non convertible loans issued, in the amount of EUR 12,915,017,026 are comprised as follows:

Series	CCY	Principal amount (CCY)	Interest rate	Maturity date	Balance at 01-Jan-21	Additions / (disposals)	Foreign exchange	Balance at 31-Dec-21
							revaluation during the year	
					EUR	EUR	EUR	EUR
Serie 2	USD	1,199,990,000	8.63%	28 April 2034	977,907,261	-	81,593,004	1,059,500,265
Serie 9	USD	1,300,000,000	6.51%	07 March 2022	1,059,408,361	-	88,393,157	1,147,801,519
Serie 12	USD	1,250,000,000	7.288%	16 August 2037	1,018,661,886	-	84,993,421	1,103,655,306
Serie 25	USD	600,000,000	5.999%	23 January 2021	488,957,705	(494,396,836)	5,439,131	-
Serie 26	USD	1,000,000,000	4.950%	19 July 2022	814,929,509	-	67,994,737	882,924,245
Serie 29	USD	900,000,000	4.950%	06 February 2028	733,436,558	-	61,195,263	794,631,821
Serie 31	EUR	500,000,000	4.364%	21 March 2025	500,000,000	-	-	500,000,000
Serie 35	EUR	750,000,000	3.6%	26 February 2021	750,000,000	(750,000,000)	-	-
Serie 39	EUR	1,000,000,000	3.125%	17 November 2023	1,000,000,000	-	-	1,000,000,000
Serie 40	CHF	500,000,000	2.75%	30 November 2021	466,350,000	(466,350,000)	-	-
Serie 41	USD	750,000,000	4.95%	23 March 2027	611,197,131	-	50,996,052	662,193,184
Serie 42	GBP	850,000,000	4.25%	06 April 2024	980,135,000	-	-	980,135,000
Serie 43	CHF	500,000,000	2.25%	19 July 2022	454,550,000	-	-	454,550,000
Serie 44	EUR	750,000,000	2.25%	22 November 2024	750,000,000	-	-	750,000,000
Serie 45	CHF	750,000,000	1.45%	06 March 2023	694,315,867	-	31,654,513	725,970,380
Serie 46	EUR	750,000,000	2.5%	21 March 2026	750,000,000	-	-	750,000,000
Serie 47	EUR	1,000,000,000	2.949%	24 January 2024	1,000,000,000	-	-	1,000,000,000
Serie 48	USD	1,250,000,000	5.150%	11 February 2026	1,018,661,886	-	84,993,421	1,103,655,306
					<u>14,068,511,164</u>	<u>-1,710,746,836</u>	<u>557,252,698</u>	<u>12,915,017,026</u>

Interest payable on Fixed Rate Loan Participation Notes	250,234,700	225,179,990
	<u>14,318,745,865</u>	<u>13,140,197,016</u>

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR
Maturity analysis:		
Within one year	2,710,455,753	1,955,542,406
After more than one year	10,429,741,262	12,363,202,459

The Company hedged Series 40 by entering into a currency swap agreement with Deutsche Bank AG to swap an amount of CHF 500,000,000 for EUR 466,350,000, effective on 30 November 2016. Refer to note 17 where the terms of the swap are described.

The Company hedged Series 42 by entering into two currency swap agreements with JP Morgan Securities plc and Deutsche Bank AG to swap an amount of GBP 850,000,000 for EUR 980,135,000 effective on 6 April 2017. Refer to note 17 where the terms of the swap are described.

The Company hedged Series 43 by entering into two currency swap agreements with JP Morgan Securities plc and Deutsche Bank AG to swap an amount of CHF 500,000,000 for EUR 454,550,000 effective on 19 July 2017. Refer to note 17 where the terms of the swap are described.

Note 10 - Other Creditors

Other creditors, in the amount of EUR 1,517,022 are comprised as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
	EUR	EUR
<i>Tax authorities</i>		
Corporate income tax 2020	-	465,470
Corporate income tax 2021	348,891	-
	<u>348,891</u>	<u>465,470</u>
<i>Other creditors</i>		
Sweep-up payable	1,075,844	166,341
Other creditors	76,050	79,055
Legal fees	16,237	16,237
Net cross currency swap interest payable Series 40	-	3,424
	<u>1,168,131</u>	<u>265,057</u>
Total Other creditors	<u>1,517,022</u>	<u>730,527</u>

Gaz Capital S.A. Notes to the Annual Accounts for the year ended 31 December 2021 (continued)

Note 11 - Other operating income

Other operating income, in the amount of EUR 775,041 are comprised as follows:

	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
	EUR	EUR
Income from reimbursement of ongoing fees	298,367	732,710
VAT Income	38,530	7,622
Tax refund from tax authorities	438,144	237,417
Over-provision of prior year tax	-	-
	<u>775,041</u>	<u>977,749</u>

In accordance with the "Fees and Expense Side Agreements" signed with PJSC Gazprom, the Company recharges related costs to PJSC Gazprom which include various operating expenses and taxation. The recharge of costs is recorded as other operating income.

Note 12 - Other operating expenses

Other operating expenses, in the amount of EUR 427,195 are comprised as follows:

	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
	EUR	EUR
Legal fees	15,488	6,082
Other expenses	351,807.00	340,722
Under-provision of prior year tax	59,900	125,753
	<u>427,195</u>	<u>472,557</u>

Note 13 - Income from other investments and loans forming part of fixed assets

Income from other investments and loans forming part of the fixed assets, in the amount of EUR 597,753,859 is comprised as follows:

	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
	EUR	EUR
<i>Derived from affiliated undertakings:</i>		
Interest on Fixed Rate Loans	<u>597,753,859</u>	<u>675,686,760</u>

Note 14 - Other interest receivable and similar income

Other interest and similar income, in the amount of EUR 65,107,106, are comprised as follows:

	<u>Year ended</u> <u>31/12/2021</u>	<u>Year ended</u> <u>31/12/2020</u>
	EUR	EUR
Swap interest income	65,106,061	84,638,639
Bank interest income	-	31,845
Foreign exchange gain	1,045	-
	<u>65.107.106</u>	<u>84.670.484</u>

Note 15 - Interest payable and similar expenses

Other interest and similar expenses, in the amount of EUR 662,859,920, are comprised as follows:

	<u>Year ended</u> <u>31/12/2021</u>	<u>Year ended</u> <u>31/12/2020</u>
	EUR	EUR
Interest on Fixed Rate Loan Participation Notes	608,958,483	686,114,602
Swap interest expense	53,901,438	74,210,797
Foreign exchange loss	-	21,566
	<u>662.859.920</u>	<u>760.346.966</u>

Note 16 - Taxation

The Company is subject to the general tax regulations to all commercial companies in Luxembourg

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Gaz Capital S.A. Notes to the Annual Accounts for the year ended 31 December 2021 (continued)

Note 17 - Swap agreements

The Company entered into a currency swap agreement with Deutsche Bank AG to swap an amount of CHF 500,000,000 for EUR 466,350,000, effective on 30 November 2016. This is a hedge for Series 40 issued in CHF and the Loan provided in EUR. The swap generates stream of interest payable to Deutsche Bank AG at 2.65% per annum and interest receivable at 2.75% payable on 30 November of each year. The swaps was terminated on 30 November 2021.

The Company entered into two currency swap agreements with JP Morgan Securities plc and Deutsche Bank AG to swap an amount of GBP 850,000,000 for EUR 980,135,000, effective on 6 April 2017. This is a hedge for Series 42 issued in GBP and the Loan provided in EUR. The swap generates stream of interest payable to JP Morgan Securities plc and Deutsche Bank AG at 3.35% per annum and interest receivable at 4.25% payable on 6 April and 6 October of each year. The swaps will be terminated on 6 April 2024.

The Company entered into two currency swap agreements with JP Morgan Securities plc and Deutsche Bank AG to swap an amount of CHF 500,000,000 for EUR 454,550,000, effective on 19 July 2017. This is a hedge for Series 43 issued in CHF and the Loan provided in EUR. The swap generates stream of interest payable to JP Morgan Securities plc and Deutsche Bank AG at 2.15% per annum and interest receivable at 2.25% payable on 19 July of each year. The swaps will be terminated on 19 July 2022.

Note 18 - Personnel

During the year under review, the Company did not employ any personnel and, thus no payment for wages, salaries or social securities were made. (2020: none)

Note 19 - Auditor' fees and tax advisory fees

The total fees accrued by the Company and paid to the audit firm are presented as follows:

	<u>Year ended</u> <u>31/12/2021</u>	<u>Year ended</u> <u>31/12/2020</u>
	EUR	EUR
PricewaterhouseCoopers Luxembourg Audit Fees	45,420	40,000
Other Advisory Fees	18,501	9,494
	<u>63.921</u>	<u>49.494</u>

Note 20 - Subsequent events

The Company fully repaid the following Series after full reimbursement by PJSC Gazprom of the relevant collateralised loans:

Series	Repayment date	Ccy	Amount
9	07-Mar-22	USD	1,300,000,000

Since March 2022 the European Union, the United States or America as well as the United Kingdom and some other countries imposed sanctions against the Russian Federation as a consequence of the war in Ukraine. Although no sanctions have been brought towards the company directly, the sanctions are affecting the market and business the entity is connected with facing an increased level of economic uncertainty. The management is permanently assessing the economic conditions and their possible impact on the companies operations not only with a view to the valuation of assets and liabilities, but as well with a view to the ability to continue as a going concern going forward.

Following the ongoing conflict in Ukraine, the sanctions imposed against the Russian Federation by the US, EU and UK and the counter-sanctions introduced by the Russian Government in response to such governmental actions, counterparties of Gaz Capital adopted a number of procedures to monitor and, where appropriate, comply and enforce applicable governmental measures. As a result, capital and internal controls have been implemented that may hinder or restrict the existing monetary flows and may, in particular, result in delays with payments to or from Gaz Capital. Any additional governmental actions and/or controls adopted in response may negatively impact the ability of Gaz Capital to obtain or wire such payments and/or otherwise be engaged in its businesses and operations and create a material uncertainty in relation to Gaz Capital's ability to continue as a going concern. The management currently treats the events related to the sanctions brought against Russia as non-adjusting events.

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Gaz Capital S.A.

Notes to the Annual Accounts for the year ended 31 December 2021

(continued)

Note 20 - Subsequent events (continued)

Euronext decided to suspend the below listed securities with effect from 3 June 2022 due to the financial sanctions imposed on Russia.

Series 12 USD 1,250,000,000 7.288% Loan Participation Notes due 2037

Series 26 USD 1,000,000,000 4.950% Loan Participation Notes due 2022

Series 29 USD 900,000,000 4.950% Loan Participation Notes due 2028

Series 31 EUR 500,000,000 4.364% Loan Participation Notes due 2025

Series 39 EUR 1,000,000,000 3.125% Loan Participation Notes due 2023

Series 41 USD 750,000,000 4.950% Loan Participation Notes due 2027

Series 42 GBP 850,000,000 4.25% Loan Participation Notes due 2024

Series 44 EUR 750,000,000 2.25% Loan Participation Notes due 2024

Series 46 EUR 750,000,000 2.5% Loan Participation Notes due 2026

Series 47 EUR 1,000,000,000 2.949% Loan Participation Notes due 2024

Series 48 USD 1,250,000,000 5.150% Loan Participation Notes due 2026

The Luxembourg Stock Exchange decided to suspend the listing and trading of the Series 2 USD 1,199,990,000 8.63% Loan Participation Notes due 2034 with effect from 1 March 2022 due to the financial sanctions imposed on Russia.

PJSC Gazprom is sanctioned by the US since Quarter 1 2022.

On the 14th June 2022, Ella Brown resigned from her position as Director and Dylan Davies was appointed as new Director of the Company.

There were no other subsequent events since 31 December 2021, which could influence the presentation of the current Annual Accounts.

Note 21 - Loans, advances and emoluments granted to members of the administrative, managerial and supervisory bodies

No loans, advances and emoluments were granted to the Board of Directors and any other bodies during the year ended 31 December 2021. (2020: none)

Note 22 - Related parties

All transactions with related parties (Gazprom) are disclosed in previous notes.

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Audit report

To the Shareholder
of **Gaz Capital**
S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of Gaz Capital S.A. (the "Company") as at 31 December 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2021;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 19 to the annual accounts.



Material Uncertainty Related to Going Concern

We draw attention to Note 20 in the annual accounts, which indicates that possible future governmental actions and/or controls (sanctions) may negatively impact the ability of the company to be engaged in its business operations. These events or conditions, along with other matters as set forth in Note 20, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Credit risk towards affiliated undertakings

As described in notes 3 and 4, the Company has granted loans to Public Joint Stock Company Gazprom ("PJSC Gazprom") as at 31 December 2021, which represent 99.99% of the total assets of the Company.

In preparing the annual accounts, Management has considered that no value adjustment was required on the loans granted to PJSC Gazprom, on the basis of its assessment of the capability of PJSC Gazprom to reimburse the loans.

How our audit addressed the key audit matter

With respect to the credit risk exposure of the Company towards affiliated undertakings, our procedures included, but were not limited to, the following :

- We gained an understanding of Management's process for the controls over credit risk.

- We analyzed macroeconomic, industry-related, and other factors relevant to the PJSC Gazprom's business activities and its main country of operations.

- We obtained the latest available audited annual Consolidated financial statements as of 31 December 2021 of the PJSC Gazprom, press releases, and other publicly available information, and considered in particular the amount of cash and cash equivalents, the ratio of current assets/current liabilities, the net equity, the cash flow statement and the note on the compliance with applicable covenants, in order to assess its capability to reimburse the loans outstanding as at 31 December 2021.



This assessment is based on the latest available financial statements of PJSC Gazprom and other relevant publicly available financial information, and the assessment of the PJSC Gazprom's ability to comply with the loan repayment schedules and other terms and conditions of the underlying loan agreements.

This assessment is an area which requires judgments to be applied and, due to the significant carrying value of the loans, any change in the assessment can result in a material change to the valuation of the loans.

- We verified that PJSC Gazprom complied with the schedule of repayment of the loans' principal and interest during 2021 and up to the date of the audit report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the directors' report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, 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;
- 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 Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.



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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the annual accounts have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the directors' report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" by the General Meeting of the Shareholders on 4 May 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 18 years.

We have checked the compliance of the annual accounts of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to the requirement that annual accounts are prepared in a valid XHTML format.

In our opinion, the annual accounts of the Company as at 31 December 2021, identified as Gaz Capital S.A. ESEF Annual accounts 31.12.2021, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

A handwritten signature in black ink, appearing to be 'A. Chizhov', written in a cursive style.

PricewaterhouseCoopers, Société coopérative

Luxembourg, 8 July 2022

Represented by
@esigesig
Andrei Chizhov

