

Consolidated Statement of Cash Flows

in millions of Russian Rubles

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		143,470	507,834
Adjustments for:			
Share of profit of associates and joint ventures	14	(48,047)	(83,906)
Net foreign exchange loss / (gain)	30	23,654	(10,518)
Finance income	31	(11,378)	(22,906)
Finance expense	32	28,746	32,772
Depreciation, depletion and amortisation	11, 12, 13	222,151	181,372
Other non-cash items		308	10,804
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		358,904	615,452
Changes in working capital:			
Accounts receivable		23,373	(41,927)
Inventories		(32,488)	(23,453)
Other taxes receivable		15,622	(13,531)
Other assets		10,453	(8,165)
Accounts payable		(17,632)	83,185
Other taxes payable		7,025	(1,974)
Other liabilities		199,720	45,370
TOTAL EFFECT OF WORKING CAPITAL CHANGES		206,073	39,505
Income tax paid		(18,785)	(53,087)

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Notes	Year ended 31 December 2020	Year ended 31 December 2019
Interest paid	(55,418)	(59,057)
Dividends received	25,318	65,404
Other cash flows from operating activities	965	859
NET CASH PROVIDED BY OPERATING ACTIVITIES	517,057	609,076
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of subsidiaries	6,323	-
Acquisition of investments in associates and joint ventures	(4,372)	(210)
Bank deposits placement	-	(97,090)
Repayment of bank deposits	15,000	82,000
Acquisition of other investments	(78)	(474)
Proceeds from sales of other investments	-	1,425
Short-term loans issued	(894)	(532)
Repayment of short-term loans issued	2	661
Long-term loans issued	(1,301)	(7,148)
Repayment of long-term loans issued	5,313	1,313
Purchases of property, plant and equipment	(413,526)	(435,242)
Purchases of oil and gas licences, intangible assets	(30,091)	(27,392)
Proceeds from sale of property, plant and equipment, net of tax	42,357	115,710
Interest received	12,697	17,155
Other cash flows from investing activities	(5,595)	(13,765)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
NET CASH USED IN INVESTING ACTIVITIES		(374,165)	(363,589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		25,451	15,592
Repayment of short-term borrowings		(39,954)	(343)
Proceeds from long-term borrowings		92,854	243,371
Repayment of long-term borrowings		(89,447)	(292,036)
Transaction costs directly attributable to the borrowings received		(589)	(375)
Dividends paid to Gazprom Neft shareholders		(93,494)	(227,120)
Dividends paid to non-controlling shareholders		(8,357)	(6,609)
Proceeds from sale of non-controlling interest in subsidiaries		905	-
Repayment of principal portion of lease liabilities		(11,326)	(9,200)
NET CASH USED IN FINANCING ACTIVITIES		(123,957)	(276,720)
Increase / (decrease) in cash and cash equivalents		18,935	(31,233)
Effect of foreign exchange on cash and cash equivalents		15,672	(13,948)
CASH AND CASH EQUIVALENTS AS OF THE BEGINNING OF THE PERIOD	6	202,404	247,585
CASH AND CASH EQUIVALENTS AS OF THE END OF THE PERIOD	6	237,011	202,404

Notes to the Consolidated Financial Statements with Independent Auditor's Report¹

in millions of Russian Rubles (unless otherwise stated)

1. General

Description of business

PJSC Gazprom Neft (the "Company") is a vertically integrated oil company operating in the Russian Federation, the CIS and internationally. The Company and its subsidiaries (together referred to as the "Group") principal activities include exploration, production and development of crude oil and gas, production of refined petroleum products and distribution and marketing operations through its retail outlets.

The Company was incorporated in 1995 and is domiciled in the Russian Federation. The Company is a public joint-stock company and was set up in accordance with Russian regulations. PJSC Gazprom, the Group's parent, (the "Parent") owns 95.7% of the shares in the Company. The Russian Federation is the ultimate controlling party.

¹ – The accompanying notes are an integral part of these Consolidated Financial Statements.