

## Cash Flow Analysis

Name	Year ended 31 December 2020	Year ended 31 December 2019	Absolute change	Change %	Year ended 31 December 2018
Cash generated by operational activities	338,467	361,223	(22,756)	(6.3)	346,215
Cash spent on acquisition of fixed assets, net	(198,732)	(268,226)	69,494	(25.9)	(267,974)
<b>Free cash flow</b>	<b>139,735</b>	<b>92,997</b>	<b>46,738</b>	<b>50.3</b>	<b>78,241</b>
Cash flow (used in)/received from other investment activities	(8,339)	7,463	(15,802)	x	101,551
Cash flow used in financial activities	(156,458)	(113,196)	(43,262)	38.2	(166,575)
<b>Net cash (outflow) / flow</b>	<b>(25,062)</b>	<b>(12,736)</b>	<b>(12,326)</b>	<b>96.8</b>	<b>13,217</b>
Change in the value of monetary funds and their equivalents, resulting from currency exchange rate fluctuations	4,273	(5,515)	9,788	x	12,473
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,789)</b>	<b>(18,251)</b>	<b>(2,538)</b>	<b>13.9</b>	<b>25,690</b>

### Operating Activities

The main source of the Group's funds are cash flows generated by operating activities. The amount of funds received from operating activities in 2020 decreased by RUB 22,756 million, or 6.3%, compared to 2019 and amounted to RUB 338,467 million.

The decrease was mainly influenced by the following factors:

- decrease in the amount of funds received from customers by RUB 117,081 million;
- reduction in the amount of payments to suppliers, contractors and employees by RUB 26,981 million;
- increase in the volume of insurance premium refunds, VAT and other taxes from the budget; RUB 42,638 million;
- decline in the amount of income tax paid by RUB 19,867 million;
- decrease in the amount of paid interest by RUB 6,447 million;
- increase in the amount of other use of funds by RUB 2,167 million.

### Investment Activities

The main factors contributing to a decrease by RUB 53,692 million, or 20.6%, in the amount of funds used in investment activities recorded in the consolidated cash flow statement for 2020 compared to 2019 are:

- RUB 69,494 million decrease in the funds used for acquisition of fixed assets (net) compared to the same period last year;
- RUB 15,802 million increase in cash used for other investment activities, as a result of the following:

- RUB 9,460 million increase in net cash used in debt securities sales and purchase along with deposit opening and closing as compared to the same period last year;
- recording cash inflows for 2020 from the escrow account in a state-controlled bank in the amount of RUB 12,800 million compared to recording cash outflows for placement on the escrow account in the amount of RUB 12,800 million for the same period last year;
- recording cash inflows during 2019 as a result of the sale of NGT, LLC, exclusive of its cash available in the amount of RUB 35,143 million.

### Financial Activities

The main factors contributing to an increase in the use of funds in financial activities in 2020 by RUB 43,262 million, or 38.2%, compared to 2019, are:

- increase by RUB 33,438 million in the total amount of funds used in operations to attract/repay loans and borrowings mainly as a result of the following operations:
  - redemption of bonds for RUB 45,000 million and repayment of loans and borrowings for RUB 51,962 million during 2020
  - attraction of loans and borrowings for RUB 36,774 million during 2020
  - redemption of bonds in the amount of RUB 58,675 million during 2019
  - increase in cash outflow for dividend payments by RUB 10,433 million as compared to the previous year.



## Calculating Cash Flow from Operating Activities Using the Indirect Method

In addition to the consolidated statement of cash flows prepared using the direct method and included in the consolidated financial statement by IFRS for 2020, calculation of cash flows from operating activities using the indirect method is given below.

Indicator	2020	2019	2018	RUB mln
<b>Profit before tax</b>	<b>179,065</b>	<b>245,018</b>	<b>277,711</b>	
<i>Adjustments:</i>				
Depreciation and amortisation	217,612	208,700	178,610	
Loss from disposal of fixed assets and intangible assets	1,699	355	601	
Financial income	(82,211)	(53,942)	(100,930)	
Finance Expenses	100,570	88,464	122,234	
Gain from disposal of subsidiaries	-	(16,192)	-	
Share in the loss (profit) of subsidiaries and jointly run companies	1,608	(16,073)	(10,231)	
Revaluation of the existing share in NCSP (Omirico Limited) to the fair value at the date of acquisition of the controlling stake	-	-	(25,371)	
Others	1,028	29,326	(23,505)	
<b>Operating profit before changes in working capital and reserves</b>	<b>419,371</b>	<b>485,656</b>	<b>419,119</b>	
<i>Changes in operating assets and liabilities:</i>				
Changes in inventories	8,726	10,186	(3,082)	
VAT changes in receivables pertaining to operating activities and assets	10,564	(26,427)	(3,596)	
Changes in payables and accruals pertaining to operating activities	(9,477)	9,037	12,937	
Changes in contractual obligations	(4,312)	(4,256)	18,500	
<b>Cash flows from operating activities before paying income tax and interest</b>	<b>424,872</b>	<b>474,196</b>	<b>443,878</b>	
Income tax payments	(38,139)	(58,006)	(44,803)	
Income tax refund	554	300	307	
Interest paid	(48,820)	(55,267)	(53,167)	
<b>Net cash flows from operating activities</b>	<b>338,467</b>	<b>361,223</b>	<b>346,215</b>	

When the indirect method is used, the net cash flow from operating activities is calculated by adjusting profit before tax for the following values:

- changes in inventories, as well as receivables and payables, pertaining to operating activities during the reporting period;
- non-monetary transactions, such as depreciation and amortisation, outlay on valuation reserves, accrued unrealised foreign exchange gains and losses, interest

receivable and payable, subsidiaries and jointly run companies' profit share;

- other items generating cash flows from investment and financial activities.