



Preliminary Consolidated Annual Report 2021

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IDENTIFICATION DETAILS ON REPORT AND ISSUER

Preliminary annual report according to art. 63 of Law 24/2017

Financial year: 2021

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Name of the Company: Societatea Nationala de Gaze Naturale (SNGN) ROMGAZ SA

Headquarters: Medias, 4 Constantin I. Motas Square, code 551130

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Fiscal Code: RO14056826

LEI code: 2549009R7KJ38D9RW354

Trade Registry No: J32/392/2001

Subscribed and paid in share capital: RON 385,422,400

Regulated markets where the issued securities are traded: Bucharest Stock Exchange (BVB), London Stock Exchange (LSE)

PRELIMINARY CONSOLIDATED ANNUAL REPORT

(issued based on unaudited consolidated financial information prepared in compliance with the International Financial Reporting Standards)

ON THE ECONOMIC AND FINANCIAL ACTIVITY OF SNGN "ROMGAZ" SA GROUP¹ for 2021

OVERVIEW

SNGN Romgaz SA is a Romanian natural gas producer and supplier, the main business segments of the Group being: gas exploration, gas production and supply, underground gas storage and electricity production.

Relevant Consolidated Financial Results

(RON million, unless otherwise specified)

Q4 2020	Q3 2021	Q4 2021 p*	Δ Q4 (%)	Main indicators	2020	2021 p*	Δ '21/'20 (%)
1,156.5	1,246.5	2,356.4	103.76	Revenue	4,074.9	5,852.9	43.63
1,129.2	1,469.7	2,428.6	115.07	Income	4,133.9	6,156.5	48.93
810.7	1,023.0	1,643.3	102.70	Expenses	2,708.7	4,021.8	48.48
1.1	0.8	0.1	-93.35	Share of profit of associates	1.3	0.1	-93.61
319.7	447.5	785.4	145.70	Gross result: profit/(loss)	1,426.5	2,134.8	49.65
13.7	52.7	44.7	226.14	Profit tax	178.6	237.7	33.10
306.0	394.8	740.7	142.10	Net result: profit/(loss)	1,247.9	1,897.1	52.02
307.4	435.7	765.4	148.95	EBIT	1,378.7	2,076.4	50.61
511.4	621.7	958.9	87.51	EBITDA	2,050.7	2,766.3	34.89
0.79	1.02	1.92	142.10	Earnings per share (EPS) (RON)	3.24	4.92	52.02
26.46	31.67	31.43	18.78	Net profit ratio (% from Revenue)	30.62	32.41	5.85
26.58	34.95	32.48	22.20	EBIT ratio (% from Revenue)	33.83	35.48	4.88
44.22	49.87	40.69	-7.98	EBITDA ratio (% from Revenue)	50.33	47.26	-6.10
6,188	5,918	5,863	-5.25	Number of employees at the end of the period	6,188	5,863	-5.25

* p - preliminary

Figures in the above table are rounded; therefore, small differences may result upon reconciliation.

¹ Romgaz Group consists of SNGN Romgaz SA ("the Company"/"Romgaz") as parent company, SNGN Romgaz SA - Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL ("Depogaz"), subsidiary owned 100% by Romgaz, and its associates SC Depomures SA (40% of the share capital) and SC Agri LNG Project Company SRL (25% of the share capital)

Romgaz Group's preliminary performances for the year ended December 31, 2021 were influenced by the following factors:

- ↳ **Natural gas production** estimated for 2021 was **5,028.5 mil.m³**, by 508.8 mil.m³ higher than the production of the previous year (+11.3%).
- ↳ **Preliminary revenue** for 2021: **RON 5.85 billion** (2020: RON 4.07 billion), higher by 43,63%, influenced by the following factors:
 - Quantity of **natural gas** sold (including gas purchased for resale) is 12.7% higher in 2021 as compared to 2020. Estimated revenue from natural gas sales for 2021 is RON 5.04 billion, increasing by 52.41% as compared to the previous year;
 - In Q4 2021, **revenue from natural gas sales** increased by 101.81% as compared to the previous quarter (+17.15% quantitatively), and by 120.62% as compared to Q4 2020 (-15.64% quantitatively);
 - In 2021 **storage activities** recorded a decrease by 30.64% of the revenue at group level, following 32.3% lower capacity reservation services (RON -91.18 million) and a decrease by 31.48% (RON -15.53 million) of injection services. As for Depogaz, revenue from these services decreased by 6.14%;
 - Revenue from **electricity** sales increased by 69.9% as compared to last year (RON +132.31 million) against a 31.7% drop in production as compared to last year. This revenue is due to the high prices on centralised markets where the Group is active;
- ↳ In 2021, an income of RON 114.7 million was generated by executing the performance guarantee related to the works contract for development of CTE Iernut by building a new 430 MW power plant with combined cycle gas turbine concluded between S.N.G.N. Romgaz S.A. and the Consortium consisting of Duro Felguera S.A. and Romelectro S.A.;
- ↳ Romgaz won in court a litigation against ANAF (National Agency for Fiscal Administration) for the annulment of a fiscal inspection report related to an inspection carried out between December 2016 – April 2017, which led to the recognition of an income of RON 28.02 million from releasing to income the impairment set up for such receivable;
- ↳ **Petroleum royalty** expenses (including royalty for storage activities) increased by RON 552.54 million as compared to the previous year, namely by 280.65% (RON 749.4 million in 2021, as compared to RON 196.9 million in 2020), mainly as a result of the increase of the reference price considered for calculating royalty. The increase in Q4 2021 as compared to the previous quarter was by 145.7%;
- ↳ **Windfall tax** increased in 2021 by RON 843.1 million (203.17%) as compared to 2020. Compared to the previous quarter, windfall tax rose by 491.48% in Q4 2021;
- ↳ The table below shows the petroleum royalty and windfall tax related to revenues from sales of natural gas from the Group's production:

Indicator		Q3 2021	Q4 2021 p	2020	2021 p
Revenue	RON mil	796.7	2,031.5	3,293.4	4,712.8
Petroleum royalty	RON mil	160.6	399.4	185.6	737.9
Windfall tax	RON mil	151.1	894.0	414.9	1,258.0
% from revenue	%	39.1	63.7	18.2	42.4

- ↳ In 2021, the Group performed an impairment test for the gas fields it operates. The increase of sales prices was mostly offset by the increase of costs, especially of costs with petroleum royalty and windfall tax, therefore the Group did not release to income the losses from previous impairments.
- ↳ In 2021, the Group recorded a net gain from impairment of receivables of RON 349.99 million, following collection of receivables from clients under insolvency;
- ↳ The amount of RON 94.1 million was cashed in 2021, representing financing from the National Investment Plan for building the new Iernut power plant;

- ↳ **Preliminary net profit** for 2021: **RON 1.90 billion** (2020: net profit RON 1.25 billion), increasing by 52.02%.
- ↳ The estimated **Net Profit** recorded in **Q4** was **RON 740.71 million**, increasing by 87.63% as compared to Q3 2021.
- ↳ Consolidated net profit margins (32.41%), consolidated EBIT (35.48%) and EBITDA (47.26%) increased as compared to 2020 (30.62%; 33.83% and 50.33% respectively).

PHYSICAL INDICATORS

The table below shows the estimated volumes of gas production, gas deliveries, gas injected in/withdrawn from underground storages, gas used for power generation, electricity production and injection/withdrawal services invoiced for the reviewed period:

(million m ³ , unless otherwise specified)							
Q4 2020	Q3 2021	Q4 2021 p	Δ Q4 (%)	Description	2020	2021 p	Δ '20/'19 (%)
1,321.9	1,187.2	1,322.1	0.02	1. Total - gross production	4,519.7	5,028.5	11.3
18.8	16.0	18.4	-2.13	2. Technological consumption	63.7	69.9	9.7
1,303.1	1,171.2	1,303.7	0.05	3. Net internal gas production (1.-2.)	4,456.0	4,958.6	11.3
11.0	240.1	80.8	634.55	4. Internal gas volumes injected in storages	225.9	487.9	116.00
216.9	-	43.5	-79.94	5. Internal gas volumes withdrawn from storages	367.8	422.2	14.8
0.8	4.3	1.0	25.00	6. Differences resulting from GCV	6.4	8.6	34.4
1,508.2	926.8	1,265.4	-16.10	7. Volumes supplied from own production (3.-4+5.-6.)	4,591.5	4,884.3	6.4
92.3	71.4	65.6	-28.93	8. Gas supplied to Iernut and Cojocna Power Plants from Romgaz gas	277.2	192.5	-30.6
1,415.9	855.4	1,199.8	-15.26	9. Gas supplied from own production to the market (7.-8.)	4,314.3	4,691.8	8.70
19.1	6.6	6.1	-68.06	10. Natural gas from partnerships (Amromco)	91.4	35.4	-61.3
-	171.3	4.6	n/a	11. Purchased internal gas volumes (imbalances included)	0.4	239.5	59,775.0
1,435.0	1,033.3	1,210.5	-15.64	12. Sold internal gas volumes (9+10+11.)	4,406.1	4,966.7	12.7
1,527.3	1,104.7	1,276.1	-16.45	13. Supplied internal gas volumes (8+12.)	4,683.3	5,159.2	10.2
-	-	-	-	14. Supplied import volumes	-	-	-
0.3	0.3	0.1	-66.67	15. Gas supplied to Iernut and Cojocna Power Plants from other sources (imbalances included)	4.7	8.4	78.7
1,527.6	1,105.0	1,276.2	-16.46	16. Total gas supplies (13+14+15.)	4,688.0	5,167.6	10.2
892.5	25.3	663.2	-25.69	Invoiced UGS withdrawal services (million m ³)	1,816.7	2,109.2	16.1
99.6	1,070.9	192.0	92.77	Invoiced UGS injection services (million m ³) – volumes invoiced by the subsidiary	1,115.1	1,821.9	63.4
319.6	223.0	213.9	-33.1	Electricity production (GWh)	937.5	640.0	-31.7

ECONOMIC-FINANCIAL INDICATORS

The economic-financial indicators were calculated based on unaudited preliminary consolidated financial statements and may be different from the actual audited results.

The Group's revenue is mainly generated by the sale of natural gas, underground gas storage services and electricity production and sale.

Preliminary statement of consolidated comprehensive income (unaudited)

				(RON thousand)			
Q4 2020	Q3 2021	Q4 2021 p	Δ Q4 (%)	Description	2020	2021 p	Δ '21/'20 (%)
1,156,469	1,246,498	2,356,397	103.76	Revenue	4,074,893	5,852,926	43.63
(4,935)	(164,090)	(34,025)	589.46	Cost of commodities sold	(18,617)	(281,589)	1,412.54
12,233	11,802	20,038	63.80	Investment income	47,845	58,403	22.07
(823)	(1,506)	(2,984)	262.58	Other gains or losses	(6,534)	23,388	n/a
10,727	409	323,118	2,912.19	Net (losses)/gains from impairment of trade receivables	17,551	349,989	1,894.13
(48,168)	91,281	24,053	n/a	Changes in inventory	(16,151)	74,787	n/a
(16,246)	(17,944)	(27,317)	68.15	Raw materials and consumables used	(58,282)	(81,146)	39.23
(203,985)	(185,968)	(193,584)	-5.10	Depreciation, amortization and net impairment	(672,063)	(689,842)	2.65
(227,305)	(206,590)	(199,332)	-12.31	Employee benefit expenses	(767,251)	(766,639)	-0.08
(4,277)	(4,128)	(4,322)	1.05	Financial costs	(17,000)	(16,739)	-1.54
(1,931)	(158)	(346)	-82.08	Exploration expense	(26,509)	(1,197)	-95.48
1,127	819	75	-93.35	Share of associates' result	1,330	85	-93.61
(361,229)	(442,980)	(1,504,501)	316.50	Other expenses	(1,158,143)	(2,557,446)	120.82
8,000	120,054	28,118	251.48	Other income	25,439	169,841	567.64
319,657	447,499	785,388	145.70	Profit before tax	1,426,508	2,134,821	49.65
(13,698)	(52,717)	(44,675)	226.14	Income tax expense	(178,604)	(237,725)	33.10
305,959	394,782	740,713	142.10	Profit for the period	1,247,904	1,897,096	52.02
				<i>Other comprehensive income Items that will not be reclassified subsequently to profit or loss</i>			
(16,877)	-	(37,123)	119.96	Actuarial gains/(losses) on post-employment benefits	(16,877)	(37,123)	119.96
2,700	-	5,939	119.96	Income tax related to items that will not be reclassified in the comprehensive income	2,700	5,939	119.96
(14,177)	-	(31,184)	119.96	Total items that will not be reclassified in the comprehensive income	(14,177)	(31,184)	119.96
(14,177)	-	(31,184)	119.96	Other comprehensive income for the period net of income tax	(14,177)	(31,184)	119.96
291,782	394,782	709,529	143.17	Total comprehensive income for the period	1,233,727	1,865,912	51.24

Revenue

In 2021, Romgaz estimates consolidated revenues of RON 5.9 billion as compared to RON 4.1 billion achieved in 2020.

The increase resides in a 52.41% increase of revenue from sales of gas produced by Romgaz and of gas purchased for resale as well as a 69.9% increase of revenue from sales of electricity. On the other hand, consolidated revenue from storage services decreased by 30.64%.

The main components of revenue are shown below:

(RON thousand)							
Q4 2020	Q3 2021	Q4 2021 p	Δ Q4 (%)	Description	2020	2021 p	Δ '21/'20 (%)
917,119	791,118	2,025,620	120.87	Revenue from gas sold – domestic production	3,226,448	4,685,389	45.22
12,310	5,541	5,892	-52.14	Revenue from gas sold – other arrangements	66,915	27,456	-58.97
3,281	223,006	26,239	699.73	Revenue from gas acquired for resale – domestic gas	15,545	330,309	2,024.86
64,523	51,891	48,697	-24.53	Revenue from storage services – capacity reservation	282,363	191,184	-32.29
19,136	464	12,150	-36.51	Revenue from storage services – extraction	43,151	35,006	-18.88
11,469	20,348	3,546	-69.08	Revenue from storage services – injection	49,343	33,809	-31.48
75,022	102,893	175,951	134.53	Revenue from electricity	189,289	321,596	69.90
47,216	34,569	40,997	-13.17	Revenue from services	175,877	166,270	-5.46
4,474	14,661	15,337	242.80	Revenue from sale of goods	18,192	53,959	196.61
1,919	2,007	1,968	2.55	Other revenues	7,770	7,948	2.29
1,156,469	1,246,498	2,356,397	103.76	Total revenue	4,074,893	5,852,926	43.63

Tariffs of storage services were:

- April 1, 2020 – March 31, 2021 storage cycle:
 - o Capacity reservation tariff: RON 7.58/MWh/annual cycle;
 - o Injection tariff: RON 3.67/MWh;
 - o Withdrawal tariff: RON 2.03/MWh.
- April 1, 2021 – March 31, 2022 storage cycle:
 - o Capacity reservation tariff: RON 9.31/MWh/annual cycle (a 22.82% increase);
 - o Injection tariff: RON 2.29/MWh (a 37.60% decrease);
 - o Withdrawal tariff: RON 1.74/MWh (a 14.29% decrease).

Please note that consolidated storage revenues include revenue from services invoiced by Romgaz when gas is sold from storage; non-consolidated storage revenue are down 6.14% compared to 2020.

As for volumes, compared with 2020, the Group estimates that in 2021:

- it sold 12.7% more gas (including gas acquired for resale);
- it provided gas withdrawal services from storages by 16.1% higher, gas injection services in storages by 63.4% higher;
- it produced 31.7% less electricity.

Cost of commodities sold

In 2021, cost of commodities sold increased by 1,412.5% (+RON 263.0 million) as compared to previous year, mainly due to the increase of gas quantity acquired on the domestic market for resale. During this period, revenue from sale of such gas increased by 2,024.9% (+RON 314.8 million).

Other gains and losses

Other net gains of RON 23.4 million include the income recorded following a final settlement in favour of Romgaz in a litigation against ANAF for cancelling a report issued further to a fiscal investigation performed in December 2016 – April 2017. Following this investigation, the Company paid RON 28.98 million representing additional taxes and penalties that are going to be recovered. The decisions of the court has not been communicated by the date of this report so that the Company could not take the necessary steps to recover the amounts.

Net losses/gains from impairment of trade receivables

The Group calculates impairments for trade receivables depending on non-collection risks. Therefore, as regards clients undergoing a bankruptcy procedure, the Group records losses from impairment for the entire non-collected amount; the same policy is applied to old debts.

In 2021, the Group recorded a net gain from impairment of receivables of RON 349.99 million after collecting old debts from clients undergoing an insolvency procedure.

Changes in inventories

During 2021, the gas quantity injected by Romgaz in storages was higher by 15.6% than the quantity withdrawn from storages, thus generating positive changes in inventory. The quantity of gas injected in storages by the Company in 2021 as compared to 2020 increased by 116% while the withdrawn quantity increased by 14.8%.

Raw materials and consumables used

Increase of expenses with raw materials and consumables is mainly due to a 72.71% higher technological consumption for the reviewed period of 2021 as compared to 2020 and due to the increase of expenses with spare parts used for current repairs.

Depreciation, amortization and net impairment

Depreciation, amortization and impairment expenses increased by 2.65% due to an increase of 3.4% of depreciation and amortization expenses and an increase of 1.08% of net impairment losses.

Due to existing market conditions, the Group considered necessary to update the impairment test for assets used in natural gas production activity. Considering that the increase of sale prices generated a substantial increase in petroleum royalty costs and windfall tax costs, the test did not result in the cancellation of previously set up impairments. In 2021, the Group recorded impairments only for specific assets as a result of abandoning wells that proved to be dry holes or as a result of deciding to stop operation in certain gas fields.

Exploration expenses

Exploration expenses recorded in 2021 of RON 1.2 million decreased by 95.48% compared to the previous year, performing significantly fewer surveys than in the previous period (-RON 24.5 million).

Government Decision No. 1011 of September 22, 2021, approved the addendum no. 6 to the concession agreement concluded between ANRM and Romgaz, extending the exploration period for eight petroleum blocks until October 2027. Pursuant to this addendum, Romgaz undertook to perform a certain minimum 3D seismic program that will result in increased exploration expenses.

Other expenses

In 2021, other expenses increased by 120.82% as compared to 2020. The increase of RON 1.4 billion is mainly due to higher windfall tax and royalties. Royalty expenses increased by RON 552.54 million (280.65%) compared to previous year and windfall tax increased by RON 843.1 million (203.17%) in 2021 compared to 2020.

Other income

Other income increased by 567.64% in the year ended December 31, 2021 as compared to the same period of 2020 following execution of the performance guarantee (RON 114.7 million) after terminating the works contract for development of CTE Iernut by building a 430 MW combined cycle gas-turbine power plant, concluded between S.N.G.N. Romgaz S.A. and the Consortium consisting of Duro Felguera S.A. and Romelectro S.A.

Preliminary Statement of Consolidated Financial Position (unaudited)

INDICATOR	(RON thousand)		
	December 31, 2020	December 31, 2021	Δ '21/'20 (%)
ASSETS			
Non-current assets			
Tangible assets	5,613,122	5,313,000	-5.35
Other intangible assets	14,774	16,133	9.20
Investments in associates	26,102	26,187	0.33
Deferred tax assets	275,328	273,235	-0.76
Other financial assets	5,378	5,616	4.43
Right of use assets	7,915	7,128	-9.94
Total non-current assets	5,942,619	5,641,299	-5.07
Current assets			
Inventories	244,563	305,242	24.81
Trade and other receivables	592,875	1,352,345	128.10
Contract costs	651	483	-25.81
Other financial assets	1,995,523	417,923	-79.06
Other assets	68,023	67,962	-0.09
Cash and cash equivalents	416,913	3,580,412	758.79
Total current assets	3,318,548	5,724,367	72.50
TOTAL ASSETS	9,261,167	11,365,666	22.72
EQUITY AND LIABILITIES			
Equity			
Issued capital	385,422	385,422	0.00
Reserves	2,251,909	2,999,104	33.18
Retained earnings	5,149,919	5,578,730	8.33
Total equity	7,787,250	8,963,256	15.10
Non-current liabilities			
Retirement benefit obligation	128,690	156,427	21.55
Deferred income	136,308	230,438	69.06
Lease liability	7,845	7,211	-8.08
Provisions	538,931	507,420	-5.85
Total non-current liabilities	811,774	901,496	11.05
Current liabilities			
Trade payables and other liabilities	89,132	71,317	-19.99
Contract liabilities	81,318	204,384	151.34
Current tax liabilities	59,831	48,148	-19.53
Deferred income	10,899	49	-99.55
Provisions	156,415	237,304	51.71
Lease liability	767	810	5.61
Other liabilities	263,781	938,902	255.94
Total current liabilities	662,143	1,500,914	126.68
TOTAL LIABILITIES	1,473,917	2,402,410	62.99
TOTAL EQUITY AND LIABILITIES	9,261,167	11,365,666	22.72

NON CURRENT ASSETS

The total of non-current assets decreased by 5.07% by the end of 2021 as compared to the end of 2020, meaning by RON 301.3 million. The decrease is due to depreciation, amortisation and impairment expenses for projects larger than investments during 2021 and due to the decrease of the decommissioning asset as a result of the reduction of the decommissioning provision of wells.

In 2021, the Group invested a total of RON 458.17 million, representing 34.13% of the investment budget.

CURRENT ASSETS

Current assets increased by 2,405.8 million on December 31, 2021 due to the increase of cash, cash equivalents and other financial assets by RON 1,585.9 million; this increase is due to a lower level of investments as compared to the previous year. The Group intends to use this additional amount for the investments set out in the strategy approved by shareholders.

Inventories

Inventories increased by 24.81% by the end of 2021 as compared to December 31, 2020.

During 2021, a gas quantity of 487.9 million m³ was injected by Romgaz in the underground gas storages, while the withdrawn gas quantity was of 422.2 million m³.

Trade and other receivables

Trade receivables increased in 2021 as compared to December 31, 2020 by 128.1% as a result of the increase in the gas price on the free market. In addition, the Group recorded a net decrease in impairment of trade receivables by RON 349.99 million due to collection of outstanding amounts in 2021 and 2022 (event subsequent to 2021).

NON-CURRENT LIABILITIES

At the end of 2021 non-current liabilities increased by 11.05% as compared to December 31, 2020.

In 2021, an additional amount of RON 94.1 million was collected from the National Investment Plan to finance the investment "Combined cycle with gas turbines" - Iernut (the amount is shown as "Deferred Income"). Also in 2021, the Romanian Government decided to extend the completion date of the investment until June 30, 2022, extending the reimbursement term from the National Investment Plan until December 31, 2022.

CURRENT LIABILITIES

Current liabilities increased by RON 838.77 million, from RON 662.14 million recorded on December 31, 2020 to RON 1,500.91 million at the end of 2021.

Trade payables and other liabilities

Trade payables decreased by 19.99% as compared to December 31, 2020 due to lower payables to non-current assets suppliers (-RON 15.69 million) as a result of the lower level of investments in 2021.

Contract liabilities

These liabilities represent advances received from customers on December 31, 2021 for 2022 deliveries. The rise is due to the increase of the gas sales price as compared to the previous year.

Other liabilities

Other liabilities recorded a significant increase of 255.94% as compared to December 31, 2020. Most of these liabilities are liabilities to petroleum royalty due for Q4 and windfall tax for deliveries in December.

Provisions

On December 31, 2021, current provisions recorded an increase of 51.71% as compared to December 31, 2020. This increase is due, mainly, to the provision for greenhouse gas emission certificates (RON 154.9 million on December 31, 2021, the equivalent of 377,905 certificates, as compared to RON 81.2 million on December 31, 2020, the equivalent of 525,067 certificates).

CAPITAL AND RESERVES

Group's equity increased by 15.10%. The changes in the Group's equity in 2021 and 2020 are presented below:

(RON thousand)					
Description	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of January 1, 2021	385,422	83,537	2,168,372	5,149,919	7,787,250
Allocation to dividends	-	-	-	(689,906)	(689,906)
Increase in legal reserves	-	1,713	-	(1,713)	-
Allocation to other reserves	-	-	675,203	(675,203)	-
Profit for the year	-	-	-	1,897,096	1,897,096
Reinvested profit reserves	-	-	70,279	(70,279)	-
Other comprehensive income	-	-	-	(31,184)	(31,184)
Balance as of December 31, 2021	385,422	85,250	2,913,854	5,578,730	8,963,256

(RON thousand)					
Description	Share capital	Legal reserve	Other reserves	Retained earnings	Total
Balance as of January 1, 2020	385,422	79,921	1,507,488	5,201,222	7,174,053
Allocation to dividends	-	-	-	(620,530)	(620,530)
Increase in legal reserves	-	3,616	-	(3,616)	-
Allocation to other reserves	-	-	598,840	(598,840)	-
Profit for the year	-	-	-	1,247,904	1,247,904
Reinvested profit reserves	-	-	62,044	(62,044)	-
Other comprehensive income	-	-	-	(14,177)	(14,177)
Balance as of December 31, 2020	385,422	83,537	2,168,372	5,149,919	7,787,250

Preliminary Statement of Consolidated Statement of cash flows (unaudited)

The consolidated cash flows for January-December 2021 and the similar period of 2020 are as follows:

(RON thousand)			
INDICATOR	2020	2021 p	Δ '21/'20 (%)
Cash flows from operating activities			
Net profit for year	1,247,904	1,897,096	52.02
<i>Adjustments for:</i>			
Income tax expense	178,604	237,725	33.10
Share of associates' result	(1,330)	(85)	-93.61
Interest expense	593	557	-6.07
Unwinding of decommissioning provision	16,407	16,182	-1.37
Interest income	(47,845)	(58,403)	22.07
Loss on disposal of non-current assets	7	(321)	n/a
Change in decommissioning provision recognized in the result of the period, other than unwinding	24,273	(2,428)	n/a
Change in other provisions	66,467	68,617	3.23
Impairment of exploration assets	97,695	37,046	-62.08
Exploration projects written-off	836	33	-96.05
Net impairment of non-current assets	125,997	189,062	50.05
Depreciation and amortization	448,371	463,734	3.43

INDICATOR	2020	2021 p	Δ '21/'20 (%)
Amortization of contract costs	795	1,626	104.53
(Gain)/loss on financial investments at fair value through profit or loss	10	10	0.00
Loss/(Gain) on trade receivables and other receivables	(19,700)	(378,352)	1,820.57
Net impairment of inventories	8,427	5,014	-40.50
Income from liabilities written-off	(368)	(810)	120.11
Income from subsidies	(7)	(7)	0.00
Cash generated from operational activities before movements in working capital	2,147,136	2,476,296	15.33
Movements in working capital			
(Increase)/Decrease in inventories	58,516	(64,914)	n/a
(Increase)/Decrease in trade and other receivables	38,311	(400,838)	n/a
Increase/(Decrease) in trade and other liabilities	17,600	790,345	4,390.60
Cash generated by operational activities	2,261,563	2,800,889	23.85
Interest paid	(3)	(3)	-
Income tax paid	(224,796)	(233,084)	3.69
Net cash generated by operational activities	2,036,764	2,567,802	26.07
Cash flows from investing activities			
Investments in other entities	-	(250)	n/a
Bank deposits set up and acquisition of state bonds	(2,964,757)	(3,896,521)	31.43
Bank deposits and state bonds matured	2,060,925	5,463,332	165.09
Interest received	38,601	58,340	51.14
Proceeds from sale of non-current assets	1,733	513	-70.40
Proceeds from disposal of other financial investments	-	2	n/a
Acquisition of non-current assets	(547,215)	(340,695)	-37.74
Acquisition of exploration assets	(66,516)	(91,865)	38.11
Net cash (used in)/generated by investing activities	(1,477,229)	1,192,856	n/a
Cash flows from financing activities			
Dividends paid	(620,346)	(690,027)	11.23
Subsidies received	115,027	94,148	-18.15
Subsidies reimbursed	(50)	-	-100.00
Lease payments	(1,196)	(1,280)	7.02
Net cash used in financing activities	(506,565)	(597,159)	17.88
Increase/(decrease) in net cash and cash equivalents	52,970	3,163,499	5,872.25
Net cash and cash equivalents at the beginning of the year	363,943	416,913	14.55
Cash and cash equivalents at the end of the year	416,913	3,580,412	758.79

CHIEF EXECUTIVE OFFICER

Aristotel Marius JUDE

CHIEF FINANCIAL OFFICER

Răzvan POPESCU