



**PRELIMINARY  
REPORT AT  
MARCH 31, 2022  
OF THE BOARD OF DIRECTORS**

Elaborated in accordance with the ASF Regulation no. 5 / 2018

**Headquarters:** Cluj-Napoca, 1st May Square, nr.1-2,  
**Telephone/ fax number:** 0264/425861; 0264/425053  
**Number and registration date:** J12/15/1991  
**Fiscal identification code:** 199117  
**Tax attribute:** RO  
**Share capital:** 6.231.454 lei  
**Number of shares:** 6.231.454

**Construction Company Napoca S.A.'s Shares are traded on the Bucharest  
Stock Exchange**

**Nominal value of shares:** 1.00 RON/share

On the date of 08.12.2021, Societatea de Construcții Napoca S.A. entered into insolvency procedure and its activity from trading has been suspended ever since.

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## **INTRODUCTION**

The company was established in 1991 on the basis of the Law no. 15/1990 and the Cluj Prefect's Decision no. 566/ December 1990 through the division of the Cluj Building Trust.

Currently, the company is entirely privatized, 100% of the capital being of Romanian origin.

On 08.12.2021, due to financial difficulties, the company entered into insolvency procedure.

The entity operates in accordance with the Romanian legislation and its status. The main activity of the company is reflected by the CAEN code 4120 – residential and non-residential buildings construction. The firm also produces concrete, mortars, sorted aggregates, different metallic works, woodworks, aluminum works mostly destined for construction activities. Moreover, it provides transport services and machinery work for the main activity, in a small amount, for third parties.

In 2020, the company was only active on the domestic market.

On the 30<sup>th</sup> of June 2020 the company's share capital is 6.231.454 RON according to a number of 6.231.454 share, with a nominal value of 1,00 RON/share.

The shareholder structure is as follows:

- IT TRANSILVANIA holds 4.199.003 shares, representing 67,384% of the share capital
- ARD INVEST holds 612.303 shares, representing 9,826% of the share capital
- Others shareholders and legal persons hold 446.805 shares, representing 22,79% of the share capital.

At the time of drafting this report, the company is managed by:

✓ Cantă Danut Dorel – Special Administrator

### Development strategies state

In the first semester of 2022 the company planned to carry out works based on its profile, specifically: civil engineering, track repairs, water supply, roads and bridges using its own technological resources and qualified personnel.

Based on the concluded contracts, the company carried out works for both private clients and those financed from the state budget.

The main construction projects underway in the first semester of 2022 are the

following:

- Modernization of county road DJ 107 I - LOT 1 AND LOT 2 - U.A.T.ALBA
- Air Base Infrastructure - Operational Zone in Cazarma 727 Fetesti - Stage I and Stage II, contracts concluded with the Ministry of National Defense;
- Design and execution of works “Modernizing the county road DJ 195 - LOT 1- C.J. SATU MARE
- Modernization of streets in Apahida commune - stage 1 - APAHIDA COMMON, JUD. CLUJ;
- Extension to the north of the Platform no. 1 aircraft stationing at A.I.H.C.B. - C.N.A. BUCURESTI S.A;
- Design and execution of current repairs and maintenance of road and pedestrian infrastructure - working point A.I.H.C.B. - C.N.A. BUCURESTI S.A
- Design and execution services of works according to the technical project elaborated in advance, within the project: Modernization of communal roads in Rimet Commune, Alba County - RIMET Commune;
- Road execution for the objective “Cale de rulare paralela cu pista” for the International Airport Avram Iancu Cluj-Napoca RA - Aeroportul International Avram Iancu Cluj-Napoca RA
- Other road modernization and maintenance works.

In the first semester of 2022, the company has carried out its activity with an average number of 169 employees, the turnover being 5.260.772 RON out of which 95,19% from mounting construction works and 0,25%% from concrete and output sales 4,56% and miscellaneous activities.

## ANALYSIS OF THE BUSINESS OF THE COMMERCIAL SOCIETY

### **1.1. The activity carried out or to be carried out by the company**

a) SOCIETATEA DE CONSTRUCTII NAPOCA SA.. has the following main activities: construction works, including works of art, concrete, mortars, sorted aggregates, various metallic and aluminum metalwork. It also provides transport services and equipment with basic and low-cost equipment for third parties

b) Date of establishment of the trading company

The company was founded in 1991 on the basis of Law 1/1990 and of the Prefect's Decision no.566 / December 1990 by division of the Cluj Construction Trust.

c) Significant mergers or reorganizations of the company, its subsidiaries or controlled companies during the financial year.

During the financial year 2022, there were no mergers of the company.

d) Acquisitions or alienation of assets: During the reporting period, there were no machines (equipment) purchased – the equipments purchased via leasing from CATERPILAR have been given back and the works for the ongoing investment from the Turkish Cut were not continued.

### 1.1.1 General evaluation elements

- a) The unit registered at the end of the first half of 2022 a gross profit of 2.540,075 lei, compared to the same period last year, when it was registered a loss of 11.288.433 lei;
- b) Turnover is 5.260.772 lei, lower than the previous year, when it was 12.689.083lei;
- c) The company does not carry out the export activity;
- d) The total expenditures related to the first semester 2022 amount to 10.639.739 lei,
- e) Liquidity:

On March 31<sup>th</sup>, 2022 the house and current bank accounts amounted to 4.678.118 lei.

- Assessment of the technical level of the company

a) Main product / service markets as well as the distribution method:

Products/services	Outlets	Distribution methods
Construction and assembly works	Internal	Auction, negotiation, on demand
Concrete and mortar sales	Internal	Orders
Machinery works	Internal	Orders, on demand
Output sales	Internal	Orders, on demand

b) The weight of each category of products or services in the revenues and in the total turnover of the company for the last 3 years..

Products/services	2019		2020/2022	
	Turnover		Turnover	Turnover
Construction and assembly works	87,77		90.23	95,19
Concrete and mortar sales	0,62		0.4	0,25
Machinery works	2,39		0	0
Output sales	9,22		9.37	4,56

The company is planning on offering new goods and services during the coming financial year.

- **The evaluation of the technological and material supply activity of the company.**

a) The main suppliers are:

Country of Origin	Supplier	Item
Romania	NAPOCAMIN S.R.L	types, aggregates
Romania	TONAR MINERALE SRL	sorts, aggregates
Romania	ROMCONSTRUCT AG S.R.L.	Metallic structures
Romania	OSCAR DOWNSTREAM S.R.L.	Diesel
Romania	HOLCIM S.A.	Cement
Romania	METALICPLAS ACTIV SRL	iron

b) The company is not significantly reliant on a single supplier, whose loss would negatively impact its incomes.

The extent of the materials and raw materials inventory:

<b>Materials and raw materials inventory</b>	<b>Value LEI</b>
Materials and raw materials	6.244.446
Semi-finished goods, work in progress	14.044.788
Finished goods	314.661
Small inventory	45.861
Raw materials and consumables at third parties	
Advances for materials	2.287.246

- **Sales evaluation**

On the domestic market, the volume of sales on the 31<sup>th</sup> of March 2022 is in the amount of 99,001 lei. On the foreign market, the company has no sales.

Concerning the competitive situation, the company operates on a competitive market as it

is not the only construction company. The main competitors of the company are: ASOCIAREA COPRAAG ENTREPRENEUR SRL – CONFRASILVAS COFRAJE SRL, PORR CONSTRUCT S.R.L., DIFERIT S.R.L., CONSTRUCT PEROM, ANTREPRIZA DE REPARATII SI LUCRARI CLUJ, I&C TRANSILVANIA CONSTRUCTII S.R.L.

- **Evaluating issues related to company employees**

The average number of employees on December 31st, 2021 was 340 and at the end of March 2022 it was 169, as within the first trimester the company registered many personnel departures.

Employee training is according to the job.

Employees of the company are not constituted in the trade union.

Relationships between manager and employees are collaboration, guidance and control.

There are no conflicting elements between manager and employees.

The issuer's core business does not affect the environment beyond the legal norms.

There are no litigation and no litigation is expected on violation of environmental legislation.

- **Evaluation of the research and development.**

The company does not carry out research and development. No funds were allocated for research and development during 2022.

- Evaluating the business of the company on risk management :

**Price risk:** The company practices prices according to the market evolution of the constructions, sometimes even under cost, due to circumstances.

**Credit risk:** The company does not have bank loans.

**Cash-flow risk:** There are periods when cash inflows are below the exit requirement. The company mainly uses the payment method recommended by CITR. Obligations to BS and BASS are not paid at the due dates, and the company is making efforts in order to pay them.

b) Description of the risk management policies and objectives of the company: The company constantly pursues the demand on the domestic market of construction works, participates in tenders for the contracting of new works, the collection from customers and the payment of obligations through payments, compensations, cessions, etc.

There is a permanent concern for the improvement of the personnel, for the

modernization of the society in order to use modern working technologies.

- Perspectives on the activity of the company
- In 2022, the company did not incur significant capital expenditures.

## CORPORATE ACTIVITIES OF THE COMPANY

### 2. Location and characteristics of the main production capacities owned by the company

<b>Production capacities</b>	<b>Features</b>	<b>Location</b>
Production base composed of aggregate sorting station, concrete, prefabricated workshop, woodwork, car park and machinery	Functional	Cluj Napoca Str. Fabricii de Zahăr nr.163

There are no and no problems with the ownership of tangible assets of the company

The Company did not carry out any share purchase activity.

The company has no subsidiaries.

The company did not issue bonds or other debt securities

a) The administrative management of the company is ensured by the Board of Directors made up of the following members:

Canta Danut Dorel – Special Administrator

b) There is no agreement, understanding or family relationship between the members of the Board of Directors and another person, by virtue of which they have been appointed as members of the Board of Directors.

The members of the Board of Directors have no shares in the company.

Affiliated companies:

o IT Transilvania Invest S.A. Cluj Napoca

o ARD Invest S.A. Cluj Napoca

Members of the Board of Directors have not been involved in any litigation or administrative procedure over the past 5 years.



Executive management of the company is provided by:

Special Administrator - Canta Dorel Daniel

Members of the executive management have not been involved in any litigation or administrative procedure over the past 5 years.

## **ECONOMIC INDICATORS**

Patrimonial Solvency 2020 =  $\text{Equity} / \text{Total Assets} \times 100 = 30\%$

Patrimonial Solvency 2021 =  $\text{Equity} / \text{Total Assets} \times 100 = 10,51\%$

Patrimonial Solvency Trim. I 2022 =  $\text{Equity} / \text{Total Assets} \times 100 = 8,97\%$

The patrimonial solvency is the ability of the company to pay its debt at maturity. The value of this indicator is considered optimal when the result obtained exceeds 30%, indicating the share of own sources in the total liability.

- **The degree of indebtedness**

Borrowing rate 2020 =  $\text{Total liabilities} / \text{Total assets} \times 100 = 89,48\%$

Borrowing rate 2021 =  $\text{Total liabilities} / \text{Total assets} \times 100 = 73\%$

Borrowing rate 2022 =  $\text{Total liabilities} / \text{Total assets} \times 100 = 89,94\%$

This indicator highlights the limit to which the company finances its activity from sources other than its own (loans, debts to the state and suppliers). Under normal business conditions, the indebtedness should be around 50%. A limit of less than 30% indicates a reserve in credit and loan applications, and over 80%, a credit addiction, which is an alarming situation for society.

**Societatea de Constructii Napoca S.A.****Sediul: Cluj Napoca, Piata 1 Mai , nr. 1-2, Jud. Cluj****Cod de inregistrare fiscal: RO199117****Nr. Inreg. Registrul Comertului : J12/15/1991****Individual Financial Statements  
ON the 31<sup>th</sup> of March 2022**

Drafted in accordance with the International Financial Reporting Standards adopted by the European Union, through the re-elaboration of the Individual Financial Situations prepared in accordance with the Accounting Regulations, approved by OMFP no. 2844/2016 and OMFP no. 2531/2018, with subsequent amendments and completions, whose financial year corresponds to the calendar year

**BALANCE SHEET ASSET 31st of March 2022**

<b>RON</b>	<b>March 31, 2021</b>	<b>March 31, 2022</b>
Intangible assets	25.368	10.599
Tangible assets	70.608.281	65.491.912
Financial assets	8.475.784	9.918.478
Other current assets	15.234.419	15.190.458
Deferred tax assets	-	-
<b>A. Total non-current assets</b>	<b>94.343.852</b>	<b>90.611.447</b>
Trade receivables	48.251.765	70.580.911
Prepayments	5.324.327	4.904.300
Money, bank accounts and other assets	2.560.094	4.678.117
Other current assets, including stocks	16.146.265	22.937.004
<b>B. Total current assets</b>	<b>72.282.451</b>	<b>103.100.332</b>
<b>I. TOTAL ASSETS ( A + B )</b>	<b>166.626.303</b>	<b>193.711.779</b>
Social capital	6.231.454	6.231.454
Share premium	-	-
Reserves	16.619.825	13.851.089
Reported result	21.894.831	-1.230.070
The current result	-11.288.463	2.540.075
<b>C. Total equity</b>	<b>33.457.647</b>	<b>22.622.620</b>
Advances billed to customers	26.965.673	40.949.974
Trade payables	65.833.184	73.019.665
Debts to credit institutions		0
Provisions	767.290	0
Other liabilities	39.602.509	57.119.460
<b>D. Total liabilities</b>	<b>133.168.656</b>	<b>171.089.159</b>
<b>II. TOTAL LIABILITIES AND EQUITY</b>	<b>166.626.303</b>	<b>193.711.779</b>

**(C + D)**

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Societatea de Constructii Napoca S.A.  
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COMPREHENSIVE INCOME STATEMENT AS on the 31st of March 2022

RON	31.03.2021	31.03.2022
Income from work performed and services rendered	10.282.193	5.161.770
Income from sale of goods	2.406.890	99.002
Other operating income	970.232	4.461.989
<b>Operating income</b>	<b>13.659.315</b>	<b>9.722.761</b>
Materials and supplies expenses	5.872.001	1.812.314
Energy and water expenses	313.621	88.191
Goods expenses	2.343.901	118.435
Staff expenses	5.005.762	2.567.449
External supply expenses	9.863.521	714.075
Other taxes and fees expenses	130.848	68.394
Depreciation and amortization of intangible and tangible assets expenses	872.627	796.022
Other operating expenses	-54323	-26636
Adjustments for provisions	391.476	1.021.400
<b>Operational expenses</b>		
<b>Operating result</b>	<b>24.739.434</b>	<b>7.094.481</b>
Financial income	-10.080.119	-2.271.788
Financial expenses	63.520	877
<b>Net financial income</b>	271.864	89.082
<b>Profit before tax</b>	<b>-208.344</b>	<b>-88.205</b>
Income tax expense	-11.288.463	2.540.075
Deferred income tax	0	0
<b>Net profit for the period</b>	<b>-11.288.463</b>	<b>2.540.075</b>
Other elements for comprehensive income		
Other elements for comprehensive income after tax	-11.288.463	2.540.075
<b>Total comprehensive income for the period</b>	10.282.193	2.540.075

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**SITUATION OF CHANGES IN OWN CAPITAL  
 on March 31, 2022**

	Social capital Nominal value	Reserves	Revaluations reserves	Reported result	Overall result of the period	Distribution of profit	Total equity
<b>Balance at 1<sup>st</sup> January 2022</b>	<b>6.231.454</b>	<b>1.377.924</b>	<b>15.241.901</b>	<b>17.975.011</b>	-21387890		<b>19438400</b>
Increases	-			2,768.809	34.567.705		37.336.512
Decreases	-		2.768.734	21.973.890	10.639.739		35.382.363
<b>Balance at 31<sup>st</sup> March 2022</b>	<b>6.231.454</b>	<b>1.377.924</b>	<b>12.473.166</b>	<b>-1.230.070</b>	2.540.075	<b>0</b>	<b>21.392.549</b>

Special Administrator – Canta Danut Dorel / Financial Manager – Lupan Liliana Ioana