



Guideline

on

The Working Methodology for Defining and Implementing
the Crisis Management Program - Turnaround Plan

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Preface



Not all businesses in difficulty can or should be saved.

A restructuring specialist must be able to analyze, understand and determine whether a turnaround project can save the business and jobs.

TMA Romania wants to contribute, including through this material, to the education of the business environment and the promotion of the restructuring concept based on a working methodology and not “intuitively”.

We hope this Guideline will provide - both for restructuring specialists (whether they are employees of banks or consulting companies) and for the management of companies and entrepreneurs - a point of reference regarding the working methodology and analysis in case of a turnaround project.

Vlad Nastase

President of TMA Romania



Romania



Recitals

The emergence of Covid-19 has generated a global economic crisis that has so far affected a multitude of sectors and will continue to have medium and long-term adverse effects. Many trading companies have already reported a significant decline in their activity and a severe liquidity crisis, facing difficulties in the timely payment of accumulated and current debts, both commercial, as well as financial and fiscal.

Unlike trading companies, banks have capital buffers established according to European and domestic regulations, adopted by the National Bank of Romania based on the recommendations of the National Committee for Macroprudential Supervision. Thus, they are better "equipped", compared to trading companies, to cope with the economic crisis generated by Covid-19.

In this context, the National Bank of Romania decided to allow banks to temporarily use, until a date to be communicated later, the capital buffers previously established, while maintaining compliance with the requirements laid down under the legal framework for these flexibilities. Adapting capital buffers to the new conditions allows banks to maintain their role as a supporting factor for the actual economy, granting facilities to the trading companies affected by the economic crisis.

However, it is also necessary to protect the interests of creditors, so that they contribute in supporting the economy in the current context.

In practice, a need for an intermediary between banks and trading companies, to ensure a common language for the two parties, has been noted. In this document, we will use the title "restructuring practitioner" to refer to this intermediary.

Thus, it is absolutely mandatory to stimulate credit institutions to grant borrowers, especially during the Covid-19 crisis, reductions and suspensions of payment obligations related to financial debts, by providing a predictable and protective framework for the legitimate interests of creditors, as well as by providing adequate professional resources to reduce credit risk, and thus, the risk of insolvency and widespread long-term unemployment.

In practice, a need for an intermediary between banks and trading companies, to ensure a common language for the two parties, has been noted. In this document, we will use the title "restructuring practitioner" to refer to this intermediary.

Therefore, we consider that expertise support is required in the restructuring process, to be granted to the affected trading companies, in order to overcome the effects of the crisis and recover to a good economic situation.





Under these terms, TMA Romania recommends a Working Methodology for practitioners in the field of restructuring, but also for trading companies and banks involved during the period while the facilities are granted by bank creditors, in order to implement the Crisis Management Program (Turnaround Plan or Restructuring Plan).

Methodological Algorithm

In order to go through the restructuring stages, the restructuring practitioner will follow, along with the management of the trading company, the process described below:

- A. Negotiating and implementing public / private moratoria with the financing banks and establishing the main premises of the agreement in this respect;**
- B. Impact Analysis on the effects of the crisis and the short, medium and long-term viability of the business;**
- C. Elaboration of the Crisis Management Program (Turnaround Plan or Restructuring Plan);**
- D. Monitoring the implementation of the measures in the Crisis Management Program (Turnaround Plan or Restructuring Plan).**

NOTE: THE VALUES MENTIONED IN THE FINANCIAL LAYOUTS PRESENTED AS A GUIDANCE ON THE FOLLOWING PAGES ARE NOT REAL SITUATIONS, AND ARE ONLY FOR ILLUSTRATION PURPOSES.

A. Negotiating and implementing public / private moratoria with the financing banks and establishing the main premises of the agreement in this respect

It is essential to involve practitioners in the restructuring as soon as possible, from the negotiation and implementation of the public / private moratoria with the financing banks and establishing the main premises of the agreement, benefiting from the practitioner's experience in special situations of this kind, thus avoiding the establishment of defective premises and erroneous expectations from banks and other stakeholders.

B. Impact Analysis on the effects of the crisis and the short, medium and long-term viability of the business

In preparing the impact analysis, the following elements will be considered:

- ☒ Analysis of the market and of the external factors.
- ☒ Analysis of the business model and how it was affected by the crisis (e.g. the analysis of the profitability generated by each individual contract, and the minimum break-even point).

Analysis of the Supply Chain Management and how it was affected by the crisis (e.g. change in collection and / or payment terms, potential blockages in the supply of raw materials or in general, on the movement of goods, the need to establish buffer inventories and how to finance them etc.)

- ☑ Analysis of the functional structure of the trading company (redefinition following the impact of the crisis)
- ☑ Analysis of government support opportunities or those offered by financial institutions and investors
- ☑ Analysis of the financing structure and its viability under the new business conditions.

The above-mentioned analyzes will be reflected in a set of financial projections that will include, depending on the particularities of the analyzed case:

- ☑ **Statement of cash flows forecast for the next 13 weeks** (as this is the practice worldwide¹), together with the main influencing factors (sensitivity analysis) and cash generation measures. Where applicable, this statement will also take into account letters of bank guarantee issued in favor of suppliers or received from customers, insofar as they have an effect on cash flows upon issue (and upon expiry, respectively).
- ☑ **Statement of income and expenditure** ("P&L"), statement of assets, liabilities and equity ("Balance Sheet"), statement of cash flows for the following year, with the calculation of the financial indicators set out in the loan agreement.

C. Elaboration of the Crisis Management Program; Turnaround Plan or Restructuring Plan

1. The Action Plan necessary to be implemented, based on the Impact Analysis and the financial projections. This plan shall include for each measure at least the following elements:

- ☑ Definition of the measure.
- ☑ Area that it is addressed to (customers, suppliers, employees, authorities etc.), and the financial impact, respectively, insofar as it can be quantified (costs, liquidity etc.).
- ☑ Person in charge of the implementation.
- ☑ Implementation term.

The restructuring practitioner will provide support to the trading company in communicating and managing the relationships with financing banks, investors, public authorities and other stakeholders.

2. Annual financial projections

Baseline scenario, as well as best-case or worst-case scenario, if applicable; given the high dynamics and volatility of the economic and social environment in crisis, we recommend short projection / budget periods. Projections will include:

- ☑ Definition of the set of hypotheses for the preparation of financial projections, to include at least the quantitative-value expression of sales, the analysis of the ongoing trade contracts, and the estimated percentage of achievement, respectively.
- ☑ Forecast statement of income and expenditure ("P&L"), based on the most recent P&L, and taking into account the set of assumptions mentioned above (see a P&L sample below, while another more detailed sample is shown in the Annex).
- ☑ Analysis of the main relevant financial indicators (e.g.: liquidity, DSCR etc.).



Forecast cash flow statement, based on the forecast statement of income and expenditure; in line with the international accounting standards (IAS 7), we recommend that it be prepared using the direct method, as it provides useful information that is not available through the indirect method.

FIGURE 1: ANALYSIS OF THE MAIN FINANCIAL INDICATORS

Statement of income & expenditure		Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Mai-21	Jun-21
+ OPERATING INCOME (CORE BUSINESS)													
- MATERIAL EXPENSES													
EXPENSES WITH SERVICES (EXT.)													
PERSONNEL EXPENSES													
EBITDA													
% — Expenses on value adjustments (depreciation etc.)													
EBIT													
% — Other operating income (excluding core business)													
% — Other operating expenses (excluding core business)													
Result from other activities													
% — Financial revenues													
% — Financial expenses													
Financial result													
% — Income tax													
Net profit or loss													
% —													



FIGURE 2: CASH FLOW STATEMENT SAMPLE

Cash Flow Statement	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Mai-21	Jun-21
 CASH AT THE BEGINNING OF THE PERIOD												
Operating activities												
Receipts from customers												
Other proceeds from operating activities												
Payments for materials												
Payments for services												
Personnel payments												
Other payments from operating activities												
VAT payments												
Investing activities												
Payments/Proceeds from the sale of real estate assets												
Financing activities												
Proceeds from the issue of capital												
Proceeds from loans from shareholders												
Dividends paid												
Repayments of loans from shareholders												
Proceeds from bank loans												
Repayments of bank loans												
 CASH AT THE END OF THE PERIOD												
CASH FROM OPERATING ACTIVITIES												
DEBT SERVICE												
DEBT SERVICE RATIO (DSCR)												

3. 13-Week Cash Flow; cash flow statement for the next 13 weeks

Given that the disruption of the business is reflected within trading companies through a severe liquidity crisis, debt restructuring is frequently urgent, and financial projections with monthly breakdowns do not allow for an adequate cash flow management. In these situations, we recommend the use of cash projections with a weekly breakdown, which allow the identification of a deficit in advance, and the timely implementation of corrective or preventive measures.

Early identification of cash deficits may make the difference between solvency and insolvency, between failure and success, between cessation of activity and a new life.

Thus, for trading companies facing an acute liquidity crisis, and which need to undergo a restructuring process, the weekly planning and analysis of the treasury is an absolutely mandatory exercise. The monthly forecast of cash flows is insufficient in these situations, because it does not allow for a timely identification of weak weeks, when the company may quickly run out of cash, with the post-factum resuscitation effort being often late.

Therefore, restructuring the business in special situations (usually, urgent cases) involves the implementation of short-term budgeting and control mechanisms, and at least some essential measures:

- ☑ Setting up a treasury management team; the restructuring practitioner will be part of this team and will approve/endorse the payments ordered by the management of the company.
 - ☑ Preparing a forecast cash flow statement for the next 13 weeks ("13-Week Cash Flow"), an internationally recognized working tool by restructuring practitioners. Please find a sample and some recommendations below:
1. The key elements of weekly cash flows (e.g. substantial receipts, personnel payments, major suppliers, duties and taxes, financial liabilities);

This provisional analysis needs to be updated bimonthly or even weekly.
For the most accurate analysis, the following information must be highlighted separately

2. Cash flows (inflows, or inflows and outflows) generated by existing trade contracts, and trade contracts to be signed, respectively;
3. Any extension for the payment term for debts to suppliers;
4. The main influencing factors (sensitivity analysis) and potential cash generation measures;
5. Cash, the use of which is restricted (e.g., collateral deposits established for letters of bank guarantee).
6. The result of a stress test, i.e. the survival period of the trading company in the event that it does not conclude new contracts for the sale of its products and/or services.



FIGURE3: MAIN HYPOTHESES

Main Hypotheses

Performance of Operating Activity

The activity is performed under the following parameters ...

Personnel

All production employees work according to the normal working hours / Work in production is limited to 70% of the capacity to reduce employee exposure / all the administrative personnel work from home ...

Sales

Sales during the forecast period were reduced by 30% against the normal level for this period ...

Expenses

Expenditures were reduced by 15% as of April, as follows: salaries x%, utilities y%, rents z%, ...

Receipts from Customers

The average collection term is normally 55 days, and for this cash flow projection we considered the collection of receivables within 85 days, in order to take into account the delays in the market.

Payments to Suppliers

The average payment term is normally 60 days, and for this cash flow projection we considered 75 days, a term resulting from the negotiations held with suppliers.

Sale of Fixed Assets

In order to ensure an adequate cash flow, it has been decided to sell the following assets ...

Repayment of bank loans and other loans (financial leasing)

Both repayments of the principal and the interest shall be made upon maturity, according to the contracts in force.



FIGURE 4: 13-WEEK CASH FLOW SIMULATION

Week Start day End day	Week 1 06-Jul 12-Jul	Week 2 13-Jul 19-Jul	Week 3 20-Jul 26-Jul	Week 4 27-Jul 02-Aug	Week 5 03-Aug 09-Aug	Week 6 10-Aug 16-Aug	Week 7 17-Aug 23-Aug	Week 8 24-Aug 30-Aug	Week 9 31-Aug 06-Sep	Week 10 07-Sep 13-Sep	Week 11 14-Sep 20-Sep	Week 12 21-Sep 27-Sep	Week 13 28-Sep 04-Oct	Total
CASH BALANCE AT THE BEGINNING OF THE PERIOD	250,000	315,835	553,288	457,319	452,331	532,836	664,850	787,964	738,785	720,469	884,537	1,035,900	1,005,602	250,000
Of which: restricted cash balance (unusable)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Cash flows from operating activities	123,120	112,453	(78,382)	(4,989)	137,791	132,014	141,455	(49,179)	24,469	164,068	169,804	(30,298)	57,040	899,368
Receipts from operations	394,835	397,908	417,803	445,444	467,716	479,467	505,590	530,870	555,043	585,145	611,935	642,907	675,052	6,709,715
Receipts from customers, of which	375,675	394,459	414,182	434,891	456,635	479,467	503,440	528,612	555,043	582,795	611,935	642,532	674,658	6,654,325
Existing contracts	375,675	394,459	414,182	414,891	406,635	404,467	403,440	403,612	405,043	407,795	386,935	392,532	399,658	5,209,325
New contracts	-	-	-	20,000	50,000	75,000	100,000	125,000	150,000	175,000	225,000	250,000	275,000	1,445,000
Receipts from various debtors	3,285	3,449	3,622	3,803	3,993	-	2,150	2,258	-	-	-	375	394	23,328
Other receipts	15,875	-	-	6,750	7,088	-	-	-	-	2,350	-	-	-	32,063
Payments from operations														
Payments to providers of services and materials	(271,715)	(285,455)	(496,185)	(450,432)	(329,925)	(347,453)	(364,136)	(580,049)	(530,574)	(421,077)	(442,131)	(673,204)	(618,012)	(5,810,348)
Advance payments paid to suppliers	(235,650)	(247,433)	(259,804)	(272,794)	(286,434)	(300,756)	(315,794)	(331,583)	(348,162)	(365,570)	(383,849)	(403,041)	(423,194)	(4,174,064)
Advance payments repaid to customers	(35,780)	(37,569)	(39,447)	(41,420)	(43,491)	(45,665)	(47,949)	(50,346)	(52,863)	(55,507)	(58,282)	(61,196)	(64,256)	(633,771)
Salary payments and related contributions	(285)	(299)	-	-	-	(375)	(394)	(413)	-	-	-	(625)	-	(2,391)
Payments of income tax	-	-	(57,240)	(135,650)	-	-	-	(54,425)	(128,980)	-	-	(54,801)	(129,870)	(560,965)
Payments of other taxes and duties	-	-	(26,450)	-	-	-	-	(24,375)	-	-	-	(28,690)	-	(79,515)
VAT payments	-	-	-	(568)	-	-	-	-	(568)	-	-	-	(568)	(1,704)
Other payments	-	-	(113,244)	-	-	-	-	(118,906)	-	-	-	(124,851)	-	(357,001)
Alte plat	-	(154)	-	-	-	(657)	-	-	-	-	-	-	(125)	(936)
Cash flow from investing activities	-	125,000	-	-	-	-	-	-	14,500	-	-	-	-	139,500
Payments for the acquisition of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the sale of fixed assets	-	125,000	-	-	-	-	-	-	14,500	-	-	-	-	139,500
Cash flow from financing activities	(57,285)	-	(17,588)	-	(57,285)	-	(18,341)	-	(57,285)	-	(18,442)	-	-	(226,226)
Proceeds of loans from shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements of long-term loans	(57,000)	-	-	-	(57,000)	-	-	-	(57,000)	-	-	-	-	(171,000)
Lease reimbursements	-	-	(17,500)	-	-	-	(18,250)	-	-	(18,350)	-	-	-	(54,100)
Interest paid	(285)	-	(88)	-	(285)	-	(91)	-	(285)	-	(92)	-	-	(1,126)
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH FLOW	65,835	237,453	(95,969)	(4,989)	80,506	132,014	123,113	(49,179)	(18,316)	164,068	151,362	(30,298)	57,040	812,642
CASH BALANCE AT THE END OF THE PERIOD	315,835	553,288	457,319	452,331	532,836	664,850	787,964	738,785	720,469	884,537	1,035,900	1,005,602	1,062,642	1,062,642
Of which: restricted cash balance (unusable)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000

D. Monitoring the implementation of the measures in the Crisis Management Program; Turnaround Plan or Restructuring Plan

As part of the bi-monthly updates, restructuring practitioners will prepare a report that will be submitted to the financing banks and other stakeholders, and which will include at least the following information:

Regarding cash flows:

Analysis of the variations compared to the receipts, and the forecast payments in the previous forecast statement of cash flows, respectively, explaining the causes of these variations.

A new forecast cash flow statement for the next 13 weeks, together with the main influencing factors (sensitivity analysis) and potential cash generation measures.

Regarding the Action Plan:

The stage of implementation of the actions presented in the Turnaround Plan previously communicated, together with explanations regarding possible delays.

Updated version of the actions presented and the implementation schedule, taking into account the events that occurred since the last reporting.



By way of example, the action plan may include, without limitation: restructuring the debtor's management, changing the functional structure, reducing personnel, bank or shareholder loans, increasing the share capital, converting receivables into shares, sale of assets, analysis of the portfolio of receivables, and the establishment of a collection methodology - or any other measures deemed necessary.

Effective management of the restructuring plan or turnaround plan involves a combination of operational and financial skills, and an assessment of the legal issues affecting day-to-day work, the liability of managers / directors, and the imminent insolvency process. It takes the experience of the restructuring practitioner to inspire confidence in management decisions, integrity and amplitude to impose trust and respect among all stakeholders and the tenacity to persevere in order to reconcile often contradictory goals. It is a team effort involving internal management and external advisors, focused on the goal of preserving the value of the company and saving jobs.

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FIGURE 5: P&L SAMPLE

Statement of income and expenditure	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	>>>
Sales growth rate	6.0%	2.7%	3.3%	3.7%	3.2%	3.2%	3.2%	3.2%	...
Production income	182,960	187,423	193,608	200,772	207,196	213,827	220,669	227,731	...
% Turnover	69.1%	68.9%	68.9%	68.9%	68.9%	68.9%	68.9%	68.9%	...
Income from sales of goods	81,245	83,167	85,911	89,090	91,941	94,883	97,919	101,053	...
% Turnover	30.7%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	30.6%	...
Other operating income	512	1,275	1,317	1,366	1,410	1,455	1,501	1,549	...
% Turnover	0.2%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	...
(Net) turnover	264,718	271,865	280,837	291,228	300,547	310,164	320,090	330,332	...
Other income	0	0	0	0	0	0	0	0	...
Production in progress	4,265	(1,952)	483	560	237	510	526	(624)	...
Expenses on raw materials	(115,499)	(115,899)	(119,724)	(124,154)	(128,127)	(132,227)	(136,458)	(140,825)	...
Fuel expenses	(14,644)	(15,040)	(15,536)	(16,111)	(16,627)	(17,159)	(17,708)	(18,274)	...
Expenses on inventory items and consumables	(58,086)	(58,094)	(61,622)	(63,902)	(65,947)	(68,058)	(70,236)	(72,483)	...
Utility expenses	(7,378)	(7,578)	(7,828)	(8,117)	(8,377)	(8,645)	(8,922)	(9,207)	...
Maintenance expenses	(374)	(384)	(396)	(411)	(424)	(438)	(452)	(466)	...
Rent expenses	(3,257)	(3,345)	(3,455)	(3,583)	(3,698)	(3,816)	(3,938)	(4,064)	...
Insurance expenses	(1,069)	(1,098)	(1,134)	(1,176)	(1,214)	(1,253)	(1,293)	(1,334)	...
Collaboration expenses	(8)	(8)	(9)	(9)	(9)	(9)	(10)	(10)	...
Business entertainment and advertising expenses	(550)	(564)	(583)	(605)	(624)	(644)	(664)	(686)	...
External expenses	(4,516)	(4,638)	(4,791)	(4,968)	(5,127)	(5,291)	(5,460)	(5,635)	...
Transport and travel expenses	(973)	(999)	(1,032)	(1,070)	(1,104)	(1,140)	(1,176)	(1,214)	...
Postage expenses	(291)	(299)	(309)	(321)	(331)	(341)	(352)	(364)	...
Bank charges	(617)	(633)	(654)	(678)	(700)	(723)	(746)	(770)	...
Local tax expenses	(2,878)	(2,878)	(2,878)	(2,878)	(2,878)	(2,878)	(2,878)	(2,878)	...
Expenses on salaries and related contributions	(35,207)	(38,276)	(40,159)	(41,645)	(42,977)	(44,352)	(45,772)	(47,236)	...
Other operating expenses	(5,695)	(5,848)	(6,041)	(6,265)	(6,465)	(6,672)	(6,886)	(7,106)	...
Total operating expenses	(246,776)	(257,533)	(265,668)	(275,333)	(284,392)	(293,135)	(302,424)	(313,176)	...
EBITDA	17,942	14,332	15,169	15,895	16,155	17,029	17,666	17,157	...
% EBITDA	6.8%	5.3%	5.4%	5.5%	5.4%	5.5%	5.5%	5.2%	...
Equipment depreciation expenses	(8,543)	(8,774)	(9,063)	(9,398)	(9,699)	(10,010)	(10,330)	(10,660)	...
Revenues from subsidies	461	473	489	507	523	540	557	575	...
Bad debts written off	-	-	-	-	-	-	-	-	...
Losses / Revenues / non-recurring	-	-	-	-	-	-	-	(55,707)	...
Result from the sale of assets	109	-	-	-	-	-	-	-	...
Operating result	9,969	6,031	6,594	7,003	6,978	7,559	7,893	(48,636)	...
Exchange rate difference	154	158	163	170	175	181	186	192	...
Interests	(4,422)	(5,297)	(4,919)	(4,541)	(4,163)	(3,845)	(3,528)	(3,528)	...
Result from financial activity	(4,268)	(5,139)	(4,756)	(4,372)	(3,988)	(3,665)	(3,341)	(3,335)	...
Gross profit	5,701	892	1,838	2,631	2,990	3,894	4,552	(51,971)	...
Corporate tax	(737)	(143)	(294)	(421)	(478)	(623)	(728)	-	...
Net Profit	4,964	749	1,544	2,210	2,511	3,271	3,823	(51,971)	...
% Net profit	1.9%	0.3%	0.5%	0.8%	0.8%	1.1%	1.2%	-15.7%	...
balance	(0)	-	-	-	-	-	-	-	...
Turnover [thousand RON]	264,718	271,865	280,837	291,228	300,547	310,164	320,090	330,332	...
Expenses on raw materials and consumables [thousand RON]	173,585	173,993	181,346	188,056	194,074	200,284	206,693	213,308	...
Gross margin [thousand RON]	91,133	97,872	99,490	103,171	106,473	109,880	113,396	117,025	...
	34.4%	36.0%	35.4%	35.4%	35.4%	35.4%	35.4%	35.4%	...
Main expenses	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	>>>
% Raw materials in total operating costs	46.8%	45.0%	45.1%	45.1%	45.1%	45.1%	45.1%	45.0%	...
% Inventory items and consumables in total operating costs	23.5%	22.6%	23.2%	23.2%	23.2%	23.2%	23.2%	23.1%	...
% Salaries and related contributions in total operating costs	14.3%	14.9%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	...
% Main expenses in total operating costs	84.6%	82.4%	83.4%	83.4%	83.4%	83.5%	83.5%	83.2%	...

FIGURE 6: BALANCE SHEET SAMPLE

Statement of Assets, Liabilities and Equity	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	>>>
Concessions, patents, licenses	463	252	260	270	279	288	297	306	...
Intangible non-current assets in progress	3,061	3,367	3,478	3,607	3,722	3,841	3,964	4,091	...
INTANGIBLE NON-CURRENT ASSETS (TOTAL)	3,524	3,619	3,739	3,877	4,001	4,129	4,261	4,397	...
Land	610	610	610	610	610	610	610	610	...
Constructions	39,329	51,772	49,413	46,954	44,404	41,761	39,022	36,184	...
Technical plant and machinery	106,156	108,752	103,797	98,630	93,274	87,723	81,969	76,007	...
Furniture, office automation, other	14,546	12,080	11,530	10,956	10,361	9,744	9,105	8,443	...
Tangible non-current assets in progress	19,505	-	-	-	-	-	-	-	...
TANGIBLE NON-CURRENT ASSETS (TOTAL)	180,147	173,215	165,350	157,150	148,649	139,838	130,707	121,245	...
Guarantees	262	269	278	288	297	307	317	327	...
FINANCIAL NON-CURRENT ASSETS (TOTAL)	262	269	278	288	297	307	317	327	...
FIXED ASSETS (TOTAL)	183,933	177,103	169,366	161,315	152,948	144,274	135,284	125,969	...
Inventories	43,652	45,435	46,934	48,671	49,405	50,986	52,617	50,681	...
Inventory turnover period (days)	92	86	80	79	76	75	73	69	...
Raw materials	21,875	23,381	24,153	25,047	25,424	26,238	27,077	26,081	...
Consumables	3,750	5,740	5,930	6,149	6,242	6,442	6,648	6,403	...
Packaging	1,432	1,670	1,725	1,788	1,815	1,873	1,933	1,862	...
Production in progress	8,214	8,215	8,486	8,800	8,933	9,218	9,513	9,163	...
Finished products	8,383	6,429	6,641	6,887	6,991	7,214	7,445	7,171	...
Customers	66,313	64,056	61,553	63,033	62,580	63,732	64,018	62,446	...
Receivables collection period (days)	92	86	80	79	76	75	73	69	...
Advance payments and other assets	1,857	1,907	1,970	2,043	2,109	2,176	2,246	2,318	...
Banks, petty cash and cash equivalents	944	872	884	788	768	414	791	200	...
CURRENT ASSETS (TOTAL)	112,767	112,271	111,342	114,535	114,861	117,308	119,672	115,646	...
PREPAID EXPENSES	-	-	-	-	-	-	-	-	...
TOTAL ASSETS	296,700	289,373	280,709	275,851	267,809	261,583	254,956	241,614	...
Suppliers	104,492	102,315	101,256	101,166	97,911	93,701	88,527	72,737	...
Debt payment period (days)	144	137	132	127	119	110	101	80	...
Suppliers of non-current assets	4,357	4,474	4,622	4,793	4,946	5,105	5,268	5,436	...
Debts to personnel	2,171	2,230	2,303	2,388	2,465	2,544	2,625	2,709	...
Debts to the budget	60,823	60,823	60,823	60,823	60,823	60,823	60,823	-	...
Debts to the budget [UG6]	17,196	12,037	8,598	6,878	5,159	3,439	1,720	-	...
Debts to the budget [current]	14,988	1,313	1,378	1,429	1,475	1,522	1,571	1,621	...
Amounts pending clarification	(116,530)	(116,530)	(116,530)	(116,530)	(116,530)	(116,530)	(116,530)	-	...
Advance payments received	2,082	2,138	2,209	2,291	2,364	2,440	2,518	2,598	...
Other debts	1,250	1,284	1,326	1,375	1,419	1,465	1,512	1,560	...
Deferred revenues	-	-	-	-	-	-	-	-	...
Bank debts	47,548	46,348	45,597	44,845	44,094	44,094	44,094	44,094	...
Bank loan (current liabilities)	-	19,870	15,896	11,922	7,948	3,974	-	-	...
Subsidies for investments	2,291	1,818	1,330	823	-	-	-	-	...
Debts to affiliates	4,538	4,538	4,538	4,538	4,538	4,538	4,538	4,538	...
SHORT-TERM LIABILITIES (TOTAL)	145,206	142,659	133,346	126,743	116,612	107,114	96,665	135,294	...
Financial leasing	7,048	1,783	888	422	-	-	-	-	...
LONG-TERM LIABILITIES (TOTAL)	7,048	1,783	888	422	-	-	-	-	...
Risk provisions	263	-	-	-	-	-	-	-	...
Subscribed and paid-up capital	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	...
Revaluation reserves	95,861	95,861	95,861	95,861	95,861	95,861	95,861	95,861	...
Other reserves	22,288	22,288	22,288	22,288	22,288	22,288	22,288	22,288	...
Retained earnings	670	5,634	6,383	7,927	10,137	12,649	15,920	19,743	...
Current result	4,964	749	1,544	2,210	2,511	3,271	3,823	(51,971)	...
EQUITY (TOTAL)	144,183	144,932	146,476	148,686	151,197	154,468	158,292	106,321	...
TOTAL LIABILITIES	296,700	289,373	280,709	275,851	267,809	261,583	254,957	241,615	...
balance	0	0	0	0	0	0	0	0	...



FIGURE 7: INDIRECT CASH FLOW SAMPLE (INDIRECT METHOD)

Cash Flow Statement	31-Jul-20	31-Aug-20	30-Sep-20	31-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	>>>
Net result	4,964	749	1,544	2,210	2,511	3,271	3,823	(51,971)	...
Depreciation expenses	8,543	8,774	9,063	9,398	9,699	10,010	10,330	10,660	...
Adjustments									
Revenues from subsidies	(461)	(473)	(489)	(507)	(523)	(540)	(557)	(575)	...
Gain on the sale of assets	(109)	-	-	-	-	-	-	-	...
Exchange rate expenses	(154)	(158)	(163)	(170)	(175)	(181)	(186)	(192)	...
Interest expenses	4,422	5,297	4,919	4,541	4,163	3,845	3,528	3,528	...
Non-recurring income / expenses	-	-	-	-	-	-	-	55,707	...
Corporate tax	737	143	294	421	478	623	728	-	...
Losses from receivables	-	-	-	-	-	-	-	-	...
Cash flow before working capital variation	17,942	14,332	15,169	15,895	16,155	17,029	17,666	17,157	...
Changes in inventory	(15,382)	(1,783)	(1,499)	(1,737)	(734)	(1,581)	(1,632)	1,936	...
Changes in trade receivables	(13,459)	2,416	2,666	(1,310)	628	(972)	(99)	1,764	...
Changes in other receivables	(793)	(50)	(63)	(73)	(65)	(67)	(70)	(72)	...
Changes in trade payables	38,034	(2,176)	(1,059)	(89)	(3,256)	(4,209)	(5,174)	(15,790)	...
Changes in other debts	5,444	3	334	387	47	898	927	956	...
Changes in debts to the state budget	(7,123)	(13,675)	65	51	46	47	49	50	...
DGAMC Payments - OG6	-	(5,159)	(3,439)	(1,720)	(1,720)	(1,720)	(1,720)	(1,720)	...
Net cash flow after working capital variation	24,663	(6,092)	12,173	11,404	11,100	9,424	9,947	4,282	...
Interest paid	(4,422)	(5,297)	(4,919)	(4,541)	(4,163)	(3,845)	(3,528)	(3,528)	...
Corporate tax paid	(737)	(143)	(294)	(421)	(478)	(623)	(728)	-	...
Cash flow from operating activities	19,503	(11,532)	6,959	6,442	6,459	4,956	5,691	754	...
Purchase of fixed assets	(46,118)	(1,943)	(1,327)	(1,347)	(1,332)	(1,336)	(1,340)	(1,345)	...
Revaluation impact	15,977	-	-	-	-	-	-	-	...
Gain on the sale of assets	109	-	-	-	-	-	-	-	...
Cash flow from investing activities	(30,032)	(1,943)	(1,327)	(1,347)	(1,332)	(1,336)	(1,340)	(1,345)	...
Loans drawn & repaid	7,944	18,669	(4,725)	(4,725)	(4,725)	(3,974)	(3,974)	-	...
Leases drawn & repaid	4,270	(5,266)	(895)	(466)	(422)	-	-	-	...
Dividends	(3,700)	-	-	-	-	-	-	-	...
Loan from shareholders	1,633	-	-	-	-	-	-	-	...
Cash flow from financing activities	10,148	13,404	(5,620)	(5,191)	(5,147)	(3,974)	(3,974)	-	...
Cash at the beginning of the period	1,325	944	872	884	788	768	414	791	...
Net cash flow during the period	(381)	(71)	12	(96)	(20)	(354)	377	(590)	...
Cash at the end of the period	943	872	884	788	768	414	791	200	...
balance	(0)	(0)	0	0	0	(0)	0	(0)	...



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