



Norofert S.A.
Preliminary Financial Results for 2020

23.02.2021

Information about this report

Type of report	<u>Unaudited</u> Preliminary Financial Results
For financial period	01.01.2020 – 31.12.2020
Report publishing date	23.02.2021
Issuer information	
Issuer's name	Norofert S.A.
Fiscal code	12972762
Trade registry number	J40/4222/2000
Registered office	Str. Petrache Poenaru nr. 26, Room 8, Bucharest sector 5
Working point	Aleea Suter 17, Bucharest sector 4
Information about the securities	
Subscribed and paid-up share capital	3,209,576 lei
Market on which the securities are traded	MTS AeRO Premium
Total number of shares	8,023,940 shares with a nominal value of 0.4 lei per share
Symbol	Shares: NRF; bonds: NRF25
Contact details for investors	
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Disclaimer: The financial figures and percentages presented in the descriptive part of the report that are expressed in million lei (RON) are rounded to the nearest integer. This may result in small reconciliation differences.

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Letter from the CEO

Dear Shareholders,

Today we are putting at your disposal the unaudited Preliminary Financial Results for 2020 – a year that was both unpredictable and challenging. Considering the global pandemic and the local context of a severe drought across Romania, we are pleased to deliver results that exceed the targets set up and approved by our shareholders in April 2020.

In 2020, according to preliminary numbers, Norofert Group recorded a consolidated turnover of 24.4 million lei, EBITDA of 11.4 million lei and a net profit of 6.3 million lei. We are happy to report that despite the surge in turnover of 4 million lei in the 4th quarter, the receivables did not increase significantly, thus proving the correct crediting policy of our risk department. Consequently, the share of receivables in the consolidated turnover generated dropped from 128% (2019 figure) to 106%. Our goal is to keep lowering this ratio quarter by quarter by implementing an even stricter crediting policy and focusing on exports.



In line with our dividend policy which you can find on [our website](#), we will propose to the shareholders the capitalization of the part of 2020 profits. Therefore, on the agenda of the General Shareholder's Meeting scheduled to take place on April 20th, 2021, you will find a proposal to increase the share capital of Norofert with the amount of up to 3,429,576 lei, though issuing up to 8,573,940 new shares with a nominal value of 0.4 lei per share. This means that the shareholders will receive one free share for every share held.

The new shares will be allotted to shareholders using the above formula, yet the final decision will have to be delegated to the Board of Directors. This is caused by the ongoing process of the capital increase, which does not allow us at the time of convening the General Meeting of Shareholders to determine the final number of shares of Norofert SA. For the above calculations, we considered that the capital increase process will be successful and all 550,000 newly issued shares will be subscribed. Consequently, Norofert's share capital will consist of 8,573,940 shares. However, we need to wait for the second stage of the capital increase, the private placement, to be over in order to be sure, and that will most probably happen a only few days before the GMS. We will provide the shareholders with all the necessary details in the Fundamental Notes published together with GMS documentation.

Speaking of the capital increase, yesterday, on 22.02.2021, the trading of the preference rights NRFR01 has begun, attracting investors' interest. We are glad that we have managed to synchronize the publishing of the preliminary results with the rights trading so that all our potential and current shareholders have an opportunity to have a full overview of our 2020 results and plans for 2021 before making the investment decision.

On top of the 2020 results, it is also important for us to discuss our plans for 2021. As announced in the convening notice for the GSM in November 2020, the money raised in the capital increase operation will fuel investments in our factory's development in Filipeștii de Pădure. Our goal is to have a state-of-the-art, high-capacity soil fertilizer production line and, consequently, become the largest producer of this category of products in Romania. The forecasted sales for the first agricultural season (Spring/Autumn 2021) are estimated at approx. 2,000 tons of granulated soil fertilizers. The average price per ton of the soil fertilizer is EUR 385 (excluding VAT). The sales are projected to grow 20-30% each year due to the high demand for this product category.

The capital increase will also allow us to increase the effervescent tablet production line's capacity and quality in the Filipeștii de Pădure factory, where the tablets for the US market will be produced in the first phase. In the

second phase, once Norofert establishes a solid presence in the US market, the production will move to Ohio. Effervescent tablets are expected to be the star product of Norofert USA, LLC, and we hope they will represent an important portion of sales on the US market in 2021.

Consequently, we aim to 2021 for a 35 million lei turnover from our activity in Romania. We also plan to increase our sales on external markets, as the notoriety of Norofert is increasing, and we are regularly receiving orders from farmers around Europe and not only, most recently delivering an order to Uzbekistan. Our goal is to maintain, or even improve, the profitability margin we have had thus far. We will publish the detailed budget proposal for 2021 ahead of our annual GMS.

On top of it, we are happy to announce that we made the first sales on the US market of our products from the Big Farms portfolio in January this year. This range of products, located and adapted to the Midwest of the United States' pedoclimatic specifics, addresses the crops of corn, wheat, sunflower, and rapeseed. We expect the Big Farms range to have the largest sales share on the US market, starting in 2021. We expect Norofert USA, LLC to breakeven this year. The advantage that I would like to underline here about the foreign markets is that any order delivered abroad is paid in advance – a significant difference compared to the Romanian market, therefore having a positive impact on our liquidity and not increasing the receivables burden.

In terms of other revenue generators, yesterday we published a current report to the market announcing signing a non-binding agreement to acquire a limited liability company (LLC) that operates 1,000 hectares of leased agricultural land in Zimnicea, Teleorman county. The farm is located within a 5 km distance from the Zimnicea Port on the Danube, the cheapest logistics route to Central Europe. At the Zimnicea Port, we plan to develop a storage capacity for loading barges suited for shipping cereals in the EU. This storage capacity will present an excellent logistic hub for Norofert's main business. Any organic crops, either produced or received in exchange for the organic inputs, can be sold for export by the Danube. Part of the farm will also be used as a testing facility for Norofert's products.

The LLC's acquisition price is approximately 9.5 million lei, the price which will be partially financed through bank financing paired with our own capital. We estimate that following the GMS vote that will approve this acquisition, and we will be able to finalize the transaction before the end of the first half of this year. Apart from the business synergies, the farm is expected to bring significant financial benefits. For this year, our goal is to introduce organic farming to the full surface and invest in a silo and a storage space. Therefore, considering the necessary integration, our goal for 2021 is for the farm to breakeven.

We will provide more details about our 2020 activity and our 2021 targets in the Annual Report, which you will have access to 30 days before our annual GSM, scheduled to take place on April 20th, 2021. For now, I invite you to read in detail about the 2020 preliminary financial results of Norofert Group on the following pages. In case of any questions, as always, please do not hesitate to reach us at investitori@norofert.ro.

I would like to thank you on behalf of the Norofert team for being alongside us in 2020. It is humbling that during our very first year on the Bucharest Stock Exchange, we managed to become **the most traded company on the AeRO market!**

We are excited about what 2021 will bring. As always, we are setting the bar higher – we hope to further grow the liquidity for Norofert shares by delivering promised results, innovating and opening our business to new opportunities and last but not least, communicating openly and transparently with all our investors.

Vlad Popescu
CEO & President of the Board

I. About Issuer

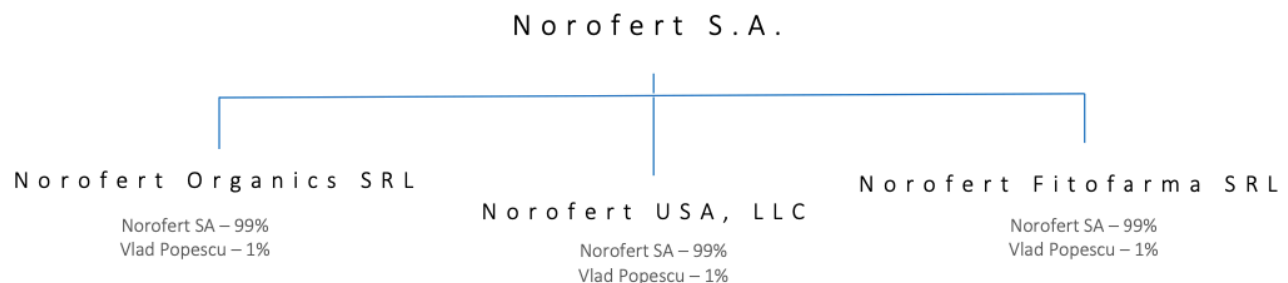
Norofert Group is a leading Romanian producer of organic agricultural products and an experienced player in the Romanian farming market. Established in 2000 as a family business, the company was initially the importer of high-quality fertilizers from Western markets to Romania. In 2015, with Vlad Popescu taking up the reins, Norofert started producing bio-fertilizers, organic phytosanitary products such as insecticides, fungicides as well as seed and foliar treatments using its original recipes. Between 2017 and 2019, the company underwent rapid growth after developing a proprietary technology Bio Chain and launching a premiere in the agricultural sector, an effervescent tablet.

Norofert produces fertilizers and agricultural inputs that are available on the market under 3 different brands: Norofert Organics – inputs for organic farming (large crops and horticulture), Karisma – inputs for conventional agriculture (large crops) and Norofert Fito – fertilizers and phytosanitary products for home gardening and small farmers. In addition to the range of 60 different products, grouped into 3 main lines, the company designs customized formulas and optimization schemes that allow the adaptation of organic inputs to the crop's specific needs depending on the soil, atmospheric conditions, and the particularities of each crop.

Norofert products, which are authorized following EU Regulation 889/2008 implementing EU Regulation 834/2007 and hold additional certificates for quality and compliance from ECOCERT France, are complex mixtures of at least 6 active substances each. These active substances act synergistically, enhance, and complement each other, gaining a unique and competitive character between similar products on the profile market.

The activity of the companies is split into 4 entities, with Norofert SA being the mother company. Norofert Organics and Norofert Fitofarma are Romanian Limited Liability Companies (SRL), with Norofert SA holding 99% and Vlad Popescu, CEO and President of the Board, having 1%. Norofert USA, LLC is an Ohio Limited Liability company, established in April 2020 as part of Norofert's expansion strategy to the USA. The shareholding structure of Norofert USA is the same as in the case of other daughter companies.

Norofert USA, LLC had no sales activity in 2020. Therefore, the results of Norofert USA, LLC are not included in the consolidated financial statements. The associated costs with creating and maintaining the company are supported by Norofert SA, and these costs are included in the individual result of the listed entity. Starting from 2021, Norofert USA, LLC results will be included in the consolidated performance.



II. 2020 Preliminary Results

2.1 Significant Events in 2020

21.01.2020 – Private placement on corporate bonds

On January 21st, 2020, Norofert SA successfully closed its first private placement for corporate bonds and attracted 11.5 million lei from BVB investors. The offer closed within a few hours amid high interest from investors and the oversubscription of the offer. During the offer, 115,000 corporate bonds with a nominal value of 100 lei and maturity of 5 years were put out for sale. The annual interest rate, to be paid half-yearly, was stabilized at 8,5%. The capital raised was primarily directed into the expansion of Norofert on the US market. The bonds are tradeable on the SMT-Bonds Market as of June 5th, 2020.

03.03.2020 – NRF shares listed on the AeRO Market of the Bucharest Stock Exchange

On March 3rd, 2020, the shares of Norofert SA started trading on the AeRO Market of the Bucharest Stock Exchange under the NRF symbol. NRF shares ended the first day of trading with the price per share of 12 lei.

28.04.2020 – Ordinary and Extraordinary General Meeting of the Shareholders

On April 28th, 2020, the Ordinary and Extraordinary General Shareholders Meeting of Norofert SA was held. The most important items on the agenda voted by the shareholders were:

- Approval of capitalization of the amount of 2,407,182 lei from 2019 profit of Norofert SA and use of capital for granting shares to the shareholders, by way of a share capital increase operation.
- Approval of the increase the Company's share capital with the amount of Lei 2,407,182 using part of 2019 profit, by issuing 6,017,955 new shares with a nominal value of Lei 0.4/share for the benefit of all shareholders that are registered in the Shareholders Registry kept by the Central Depository on the record date of 17.07.2020. The allocation of newly issued shares was made according to the formula of three newly issued shares for each share owned. The share capital increase was performed by capitalizing the amount of Lei 2,407,182 from the profit to be allotted for the year 2019.
- Revocation, following resignation letter submitted to the company on 31.03.2020, of the mandate of director and member of the Board of Directors of the Company of Ivylon Management SRL, having Cristian- Ion Logofătu as permanent representative.
- Appointment of a new independent board member, Iuliana Mușat and approval of her remuneration. Iuliana Mușat has over 20 years of experience in the capital markets and financial domain and has brought to the company broad experience and knowledge in financial management, reporting and control systems, as well as in the implementation of procedures and standards for efficiency and risk management.
- Approval, for the purpose of carrying out trading operations in the United States of America, of the establishment of an entity in the United States of America, having Norofert SA as a majority shareholder, in any organization form allowed by the applicable law. Furthermore, approval of the financing of the entity by Norofert SA with up to 2,500,000 lei (or the equivalent thereof in other currency) by way of share capital contribution and/or shareholder loan.

Full text of the resolutions can be found at [this link](#).

20.05.2020 – Registration of Share Capital Increase with Trade Registry

On May 20th, 2020, the corporate operations approved during the OGSM and EGSM from April 28th were registered with the Romanian Trade Registry (ONRC). Following the registration, Norofert's share capital grew to 3,209,576 lei, divided into 8,023,940 shares with a nominal value of 0.4 lei.

05.06.2020 – Norofert’s bonds NRF25 started trading on the BVB SMT

On June 5th, 2020, corporate bonds of Norofert SA started trading on the AeRO Market of the Bucharest Stock Exchange under the NRF25 symbol.

13.06.2020 – Launch of online store Norofert Store

On June 13th, 2020, Norofert has launched its own online shop, available at <https://www.norofert.store.ro>, where farmers can buy products from the Norofert Organics, Norofert Karisma, Norofert Fito and Norofert Horticulture lines.

18.06.2020 – Establishment of a subsidiary in the USA

On June 18th, 2020, Norofert SA announced the establishment of a subsidiary, Norofert USA, LLC – an Ohio Limited Liability Company. According to the Articles of Association of Norofert USA, LLC, Norofert SA holds a 99% stake in Norofert USA, LLC, while Vlad Popescu, the President of the Board and CEO of Norofert SA holds 1%.

25.06.2020 – Launch of Organic Horticulture Line

During the first edition of Norofert Investor Day, Norofert announced the launch of a new line of organic inputs for trees and viticulture, called Norofert Horticulture. The new product line covers all the needs of farmers specialized in viticulture, horticulture and in growing the trees. The line considers the European rules on cross-compliance and environmental protection as well as respects the ban on the use of neonicotinoids in agriculture. The whole range can be used in both organic and conventional agriculture as the products are made of the highest quality raw material and superior NON-GMO genetic material. The potential of the line is significant, as it is primarily dedicated to growing EU-funded orchards and vegetable and fruit farms, and management expects it will generate attractive profits for the group in the coming years.

30.06.2020 – Closing production facility in Filiasi

At the end of June 2020, Norofert permanently closed the production facility in Filiasi and moved the production line for Fito to the Filipestii de Padure factory. The measure which will help the Group increase the efficiency and optimize operating costs, was previously announced by Norofert in the 2019 financial report.

20.07.2020 – Loading of the free shares to investor’s account

On July 20th, 2020, the free shares awarded to shareholders registered in the Shareholders Registry kept by the Central Depository on the record date of 17.07.2020, were loaded into the trading accounts. Prior to that operation, BVB announced that the reference price valid for July 16th, 2020 was 6.50 lei.

27.07.2020 – Payment of the first coupon on the NRF25 corporate bonds issuance

On July 27th, Norofert SA paid the first interest rate coupon on the NRF25 bond through the Central Depository and BRD - GROUPE SOCIETE GENERALE S.A. as the Paying Agent. The interest amount paid to the bondholders was equal to 4.2384 lei gross per bond.

31.07.2020 – Authorization of Norofert products by the Ohio Department of Agriculture in the USA

On July 31st, 2020, Norofert SA, received the Certificate for Registration of Pesticides issued by the Ohio Department of Agriculture, Division of Plant Industry Pesticide Regulation Section, USA. The document certifies that four products of Norofert were registered, registration fees were paid and therefore the sale and distribution of these products in the state of Ohio in the United States of America is authorized during 1.07.2020 until 30.06.2021. The four products, fertilizers and organic pesticides that were registered in the state of Ohio are ALPHABILL, BUSTER, RISESEED TS and ROOFTOP – all specially developed by Norofert for the US market. Obtaining the registration from the state of Ohio, where Norofert USA, LLC, a Norofert SA subsidiary is established is an important step in the process of expansion in America. Norofert management expects to market and sell the first four products in the state of Ohio during the autumn 2020 agricultural campaign.

20.08.2020 – Strategic Alliance with USAMV

On August 20th, 2020, Norofert SA, announced a strategic alliance with the Bucharest University of Agronomic Sciences and Veterinary Medicine (USAMV). The partnership is focused on two axes – applied research and internationalization. The collaboration entails that USAMV researchers will develop with Norofert new products that meet the needs of organic agriculture, that will be then marketed and sold on all markets of Norofert's activity, including in the United States. Norofert and USAMV also want to contribute to strengthening the practical capabilities of the future generations by educating and training students. The focus will be placed on the agriculture of the future and the promotion of innovation and digitalization within the sector.

24.11.2020 – Extraordinary General Shareholder Meeting (EGSM)

On 24.11.2020 the Extraordinary General Shareholders Meeting of Norofert SA was held. The most important items on the agenda voted by the shareholders were:

- Approval of the Stock Option Plan (SOP) for the 2020-2022 period, through which the management and employees of Norofert may exercise the option to receive free of charge shares issued by the company, representing a maximum of 2% of the total number of shares of the company.
- Approval of the share capital increase by a capital contribution in cash with the amount of RON 220,000, by issuing 550,000 new shares with the nominal value of RON 0.4/share.

Full text of the Convening Notice can be found [at this link](#).

07.12.2020 – Submission of an EU financing project for Integrated Centre of Biotechnology and Soil Science

On 07.12.2020 the Company informed the shareholders that it submitted a project proposal for accessing EU funding for the creation of an Integrated Centre of Biotechnology and Soil Science. The centre will be specialized in three types of analyses: soil analysis to determine nutrient deficiencies on farms, necessary for accurate recommendations regarding plant nutrition and protection, analysis of the drinking water and water used for irrigations, the latter being essential to increase the efficiency of inputs, as well as multi-pesticide analysis of organic crops, mandatory for organic farmers to certify the absence of any trace of conventional pesticides.

22.12.2020 – Accessing financing from Banca Românească

On 22.12.2020 the Company informed the shareholders that it contracted financing facilities from Banca Românească S.A., provided under the IMM Invest program umbrella. The company contracted:

- a credit line in the amount of 2,900,000 lei, for a period of 36 months, which will finance the 2020 autumn campaign and 2021 spring campaign. The credit line is guaranteed by FNGCIMM in 80%, with the rest of the guarantees being provided by the company in the form of existing receivables from the 2020 autumn campaign.
- an investment loan in the amount of 1,300,000 lei, for a period of 72 months, which will be used to install a high-capacity soil fertilizer production line at the Filipești de Padure factory. The further developments in the production facility in Filipești de Padure will be financed with the capital from the share capital increase expected to take place in the first semester of 2021, as approved by the Extraordinary General Meeting of Shareholders on 24.11.2020. The investment loan is guaranteed by FNGCIMM in 80%, with the rest of the guarantees being provided through the mortgage on the company's fixed assets.

The capital will be effectively accessed by the Company in 2021 therefore it is not included on the Balance Sheet as of December 31st, 2020.

2.2. Analysis of the Preliminary 2020 Results

Below we present the analysis of the consolidated, unaudited financial results of Norofert Group as of December 31st, 2020. To ease the analysis of the performance in the 4th quarter of 2020, the company provides below, marked in grey, the 9-month consolidated performance of the Group. For detailed numbers on the performance of Norofert Group in 2020, we invite you to consult the section “III. Financial Results”.

FINANCIAL PERFORMANCE

Operating revenue of Norofert Group surged 110% in 2020, as the turnover grew 64%, reaching 24,3 million lei. The continued sales efforts of the Group, investments in demo lots with a high conversion rate of approximately 85%, growing notoriety on the Romanian and international markets, as well as a continuously growing product offering of Norofert, considerably contributed to results delivered in 2020.

On top of turnover growth, a significant upsurge in inventories also contributed to increasing the operating revenue of the Group. The 5,920% y-o-y increase was driven by a new approach towards handling client orders. Consequently, at the end of 2020, the company had a significant stock of products that were either pre-ordered by the customers, or the company already predicted the demand coming from customers. The inventory consisted primarily of organic packages for the spring 2021 campaigns as well as conventional packages for corn seeding. The evolution from negative to a positive value in a span of 1-year results from a fully operational production line and increased storage capacity. Consequently, the company has a new approach of manufacturing inputs ahead of time to deliver the finished products as soon as the order is made (instead of waiting for the order, then delivering the product), thus decreasing the delivery time and increasing customer satisfaction.

Profit & Loss Account Indicators (RON) – Consolidated at the Group level	31/12/2019	30/09/2020	31/12/2020	12M Evolution (%)
<i>Operating Revenue, out of which:</i>	14,798,106	23,530,418	31,019,561	110%
Turnover	14,859,551	20,374,255	24,337,595	64%
Change in Inventories	(106,655)	2,767,347	6,207,017	5920%
Other operating Revenues	45,210	388,816	434,949	862%
<i>Operating Expenses, out of which:</i>	9,511,107	15,146,589	20,276,257	113%
Cost of Materials	5,209,635	7,251,635	9,293,390	78%
Personnel Expenses	1,964,869	3,215,997	4,333,997	121%
Depreciation expenses and value adjustments	(124,006)	438,812	617,246	598%
Other operating expenses	2,460,609	4,240,145	6,031,624	145%
<i>Operating Result</i>	5,286,999	8,383,829	10,743,304	103%
Financial Income	34,489	207,066	216,499	528%
Financial Expenses	110,399	2,108,815	3,391,305	2972%
<i>Financial Result</i>	(75,910)	(1,901,749)	(3,174,806)	4082%
<i>Gross Result</i>	5,211,089	6,482,080	7,568,498	45%
Profit tax / other tax	588,672	1,218,466	1,303,260	121%
<i>Net Result</i>	4,622,417	5,263,614	6,265,238	36%

The operating expenses grew in line with operating revenue, as the y-o-y evolution showed a 113% increase. The highest costs recorded in 2020 were related to the material and goods expenses in the context of the growing demand for Norofert products and increased production. With higher production capacity, the company has higher negotiating power; therefore, the orders are significantly larger, and what is not used within the short-term is stocked under inventory. Consequently, the raw materials and consumables position in the balance sheet

grew 220%, reaching 1.3 million lei as of the end of 2020 while the cost of raw materials increased 356%, reaching 2.6 million lei.

The cost of goods position included a one-off event, an inventory adjustment of 1.6 million lei registered on a daughter company – Norofert Organics. This inventory difference was recorded in H1 2020, as previously communicated in the financial report as of June 30th, 2020. The remaining amount represents orders of third-party produced goods, such as Nitrates, that the company buys to resell to loyal customers through special packages. The purchasing of the third-party goods and placing them in the packages is a way to improve the cash flow since this merchandise is sold faster and will be paid earlier than the standard packages, thus improving the financial situation in-between the seasons. All the third-party produced goods are fast selling merchandise that tends to sell by the end of the season.

Personnel expenses grew by 121%, reaching 4.3 million lei in 2020 due to a bigger team. As of December 31st, 2020, the Group had 41 employees, a 28% increase from 32 employees as of the end of 2019. Other operating expenses grew by 145% y-o-y, reaching 6 million lei in 2020. The increase in other operating expenses was caused primarily by the increased scale of the business, in particular, higher rent costs to accommodate the larger team, higher costs related to transportation caused by the increase in sales activity paired with a larger number of clients, larger protocol and advertising expenses as well as the increased cost of 3rd party services dictated by the more significant dimension of the business and the US expansion, resulting in the need for more complex advisory and consultancy services.

The operating result for 2020 was 10.7 million lei, double compared to 2019. The financial expenses grew significantly, by 2,972% reaching 3.4 million lei. Out of that amount, approximately 1 million lei were interest expenses on the 11.5 million lei corporate bond issuance. Approximately 2 million lei were the financial discounts applied to client orders if the client paid within the agreed deadline. These discounts were booked as a financial cost.

Being a company active in the agricultural sector, Norofert has to accord significant discount for the sale of its products – standard discounts in the agri-sector in Romania can go up to even 50% of the original product value. Until 2020, the company issued invoices to some of its clients for the full amount, mentioning that if they pay within the payment deadline, the discount will be applied to the original invoice. Starting from 2021, the company managed to find another way of invoicing clients so that the financial cost is reflected more appropriately, and the discounts accorded to clients are no longer be visible on the P&L statement.

Despite the increase in financing costs, the Group ended the year with a 7.6 million lei gross result. The taxes due grew proportionally with the turnover, registering an increase of 121%. Consequently, the Group ended 2020 with a net result of 6.3 million lei, a 36% increase compared to the last year.

FINANCIAL POSITION

Out of total assets, approximately 6% were fixed assets – the Filipești de Padure factory's equipment and machinery. The remaining 94% were current assets – primarily receivables, followed by inventories. The receivables amounted to 26 million lei at the end of 2020. In Q4 2020, the company managed to cash-in receivables in a total value of approximately 4 million lei, the equivalent of the turnover generated in the period. Receivables of approximately 2 million lei were staggered and collected in January and February 2021, through Additional Documents with the respective clients. The difficult situation in agriculture in 2020 led to delays in payment in the entire agribusiness in Romania. Compared to the 2019 performance, the situation with receivables improved. The company will continue to improve the situation related to receivables by implementing an even stricter credit risk policy and focusing on exports, where all the payments are made in advance.

Inventories grew by 159% as the company continued the production through Q4 2020 to meet the demand for the Spring 2021 campaign, which began January 2021.

Balance Sheet (RON) – consolidated at the group level	31/12/2019	30/09/2020	30/12/2020	12M Evolution (% Y/Y)
Fixed Assets	2,083,592	2,654,068	2,389,386	15%
Current Assets, out of which:	24,658,333	35,195,255	38,945,047	58%
<i>Inventories</i>	4,830,478	8,788,410	12,507,766	159%
<i>Receivables</i>	18,981,863	25,330,765	25,935,598	37%
<i>Cash and cash equivalents</i>	845,992	1,076,080	501,683	-41%
Pre-paid expenses	59,218	41,726	22,609	-62%
Total Assets	26,801,143	37,891,049	41,357,042	54%

The total liabilities of the Group grew by 96%, primarily due to a surge in non-current liabilities as a result of corporate bonds issuance from January 2020 of 11.5 million lei and a bank debt in amount of 1.6 million lei. On the other hand, the current liabilities dropped by 31%, reaching 6.9 million lei. The decrease was primarily driven by a 46% reduction in liabilities due to third party providers and 75% decrease in bank debt. However, the decrease was offset by an increase in other short-term debt, which grew 59%, reaching 2.5 million lei.

Balance Sheet (RON) – consolidated at the group level	31/12/2019	30/09/2020	31/12/2020	12M Evolution (%Y/Y)
Current liabilities	9,925,234	6,090,025	6,893,685	-31%
Non-current liabilities	1,011,265	12,877,484	14,583,458	1342%
Income in Advance	21,322	40,405	34,740	63%
Total Liabilities	10,957,821	19,007,914	21,511,883	96%
Equity	15,843,322	18,883,135	19,845,159	26%
Total equity and debt	26,801,143	37,891,049	41,357,042	54%

The company's equity increased by 26% compared to 2019, reaching 19.8 million lei, with the increase being primarily fueled by the capitalization of the 2019 profits.

III. Financial Results

Please note that the below results are unaudited. All values presented below are expressed in Romanian lei (RON).

3.1. Profit & Loss Account

CONSOLIDATED PROFIT & LOSS ACCOUNT OF NOROFERT GROUP

Profit & Loss Account Indicators (RON) – Consolidated at the Group Level	31/12/2019	31/12/2020	Evolution (%)
Operating Revenue, out of which:	14,798,106	31,019,561	110%
Turnover	14,859,551	24,377,595	64%
Change in Inventories	(106,655)	6,207,017	5920%
Other Operating Revenues	45,210	434,949	862%
Operating Expenses, out of which:	9,511,107	20,276,257	113%
Cost of Materials, out of which:	5,209,635	9,293,390	78%
<i>Costs of Raw Materials</i>	573,468	2,612,493	356%
<i>Costs of Goods</i>	4,606,531	6,346,088	38%
<i>Other Material-related expenses</i>	29,636	334,811	1030%
Personnel Expenses	1,964,869	4,333,997	121%
Depreciation expenses and value adjustments	(124,006)	617,246	598%
Other operating expenses	2,460,609	6,031,624	145%
Operating Result	5,286,999	10,743,304	103%
Financial Income	34,489	216,499	528%
Financial Expenses	110,399	3,391,305	2972%
Financial Result	(75,910)	(3,174,806)	4082%
Total Revenues	14,832,595	31,326,060	111%
Total Expenses	9,621,506	23,667,562	146%
Gross Result	5,211,089	7,568,498	45%
Profit tax / other tax	588,672	1,303,260	121%
Net Result	4,622,417	6,265,238	36%

3.2. Balance Sheet

CONSOLIDATED FINANCIAL POSITION OF NOROFERT GROUP

Balance Sheet (RON) – consolidated at the group level	31/12/2019	31/12/2020	Evolution (%)
Fixed Assets, out of which:	2,083,592	2,389,386	15%
Intangible assets	221	596	170%
Property, plant and equipment	1,703,519	2,120,024	24%
Financial Assets	58,601	10,050	-83%
Assets under investment	321,251	258,716	-19%
Current Assets, out of which:	24,658,333	38,945,047	58%
Inventories	4,830,478	12,507,766	159%
Raw materials and consumables	394,590	1,261,089	220%
Finished Products	37,142	5,737,338	15347%
Goods	4,333,892	4,676,201	8%
Packaging	29,410	21,377	-27%
Advances for the stock acquisitions	35,444	811,761	2190%
Receivables	18,981,863	25,935,598	37%
Trade Receivables	17,475,963	22,971,791	31%
Other	1,505,900	2,963,807	97%
Cash and cash equivalents	845,992	501,683	-41%
Pre-paid expenses	59,218	22,609	-62%
Total Assets	26,801,143	41,357,042	54%
Current liabilities, out of which:	9,925,234	6,893,685	-31%
Third-party providers	8,147,010	4,366,665	-46%
Bank debt	203,967	50,429	-75%
Debt to shareholders	25,600	19,400	-24%
Other short-term debts	1,548,657	2,457,191	59%
Non-current liabilities, out of which:	1,011,265	14,583,458	1342%
Bank debt	-	1,580,634	100%
Corporate bonds	-	11,500,000	100%
Financial leasing	1,011,265	1,502,824	49%
Income in Advance	21,322	34,740	63%
Total Liabilities	10,957,821	21,511,883	96%
Equity, out of which	15,843,322	19,845,159	26%
Subscribed and paid-up capital	802,794	3,170,376	295%
Share premium	6,458,456	6,458,456	0%
Legal reserves	150,359	154,359	0%
Other reserves	8,240	8,240	0%
Retained profit/(losses)	3,950,655	3,788,490	-4%
Profit/(loss) for the financial year	4,622,417	6,265,238	36%
Profit distribution	(149,639)	-	-
Total equity and debt	26,801,143	41,357,042	54%

IV. Declaration of the Management

Bucharest, February 23rd, 2021

The undersigned **Popescu Vlad Andrei**, in his capacity of the President of the Board of Directors of Norofert SA, a company headquartered in Bucharest, Sector 5, Str. Petrache Poenaru Nr. 26, Room 8, unique registration code 12972762, serial number at the Trade Register Office J40/4222/2000, confirms to the best of his knowledge that these preliminary, unaudited consolidated financial statements as of December 31st, 2020 give a true and fair view of Norofert's assets, liabilities, financial position and profit and loss, and that the Directors' Report gives a true and fair view of important events that occurred in the course of financial year 2020 and their impact on the consolidated financial statements of the company.

President of the Board of Directors
Vlad Andrei Popescu

