

Annual report

For the financial year: 2021

Report date:14.04.2022

Name of the company: **S.C. ARTEGO S.A.;**

Registered office: **Tg-Jiu, 38, Ciocârlău str., Gorj county, ZIP code 210103;**

Phone / fax number: tel. 0253/226444; fax 0253/226045;

Number and date of registration at the Trade Register Office: **J18 / 1120/1991;**

Fiscal code **RO 2157428;**

Issued securities : **shares with a nominal value of 2.5 lei;**

Organized market on which securities are traded: Stock exchange

Subscribed and paid-in share capital: 20,286,865 lei

REPORT

regarding the activity carried out in 2021 according to the balance sheet concluded on 31.12.2021 in keeping with Order no. 2844/2016 with subsequent amendments and completions - for the approval of the compliant accounting regulations with International Financial Reporting Standards

SC ARTEGO SA Tg. Jiu, was established according to law no. 31/1990, based on the Government Decision no. 1224/1990 and was registered at the Trade Register under number J18 / 1120/1991, having the fiscal code RO2157428.

Shareholding structure as of December 31st, 2021

Shareholder name	No. actions	Value (RON)	Total share of social capital (%)
PAS ARTEGO Employees Association	6,968,820	17,422,050.00	85.8785
Legal Entities	36,612	91,530.00	0.4512
Individuals	1,109,312	2,773,280.00	13.6703
The Romanian State through the Authority for the administration of state assets	2	5.00	0.0000
TOTAL	8,114,746	20,286,865.00	100.00

According to the EGMS decision of 16.04.2019, SC ARTEGO SA repurchased in 2020 a number of 841,419 own shares in order to cancel them and reduce the share capital from 22,390,412.50 RON to 20,286,865 RON. By EGMS decision no.2 /29.03.2021, the mentioned capital reduction was approved.

In 2021, the production activity and the economic-financial activity carried out by the company and reflected in the balance sheet concluded on 31.12.2021, are as follows:

CHAPTER I. PRODUCTION ACTIVITY

In 2021, the production of technical articles was 13,165 tons.

In 2021, the production for export was 6,598 tons of conveyor belts and 1,890 tons of technical sheets. Table 1 shows some comparative data for the years 2017, 2018, 2019, 2020 and 2021.

Table 1

	2017	2018	2019	2020	2021
Commodity production, RON	133,845,491	160,781,296	174,382,899	133,069,906	166,390,564
Conveyor belts, MT, of which:	9,185	10,400	11,157	8,345	9,855
- export	5,306	6,104	5,927	4,625	6,598
RON, of which	108,484,056	130,314,565	142,666,404	106,471,797	130,819,654
- export	63,914,243	76,294,082	77,566,256	61,611,034	87,027,887
Technical sheets, MT, of which:	1,785	2,049	1,918	1,766	2,771
- export	1,052	1,348	1,339	1,001	1,890
RON, of which	14,004,148	17,113,441	17,622,727	14,266,865	21,567,887
- export	8,122,398	10,928,944	11,708,552	8,536,477	15,480,578
Pressed gaskets, MT	674	597	757	502	539
RON	6,215,133	7,372,035	8,542,478	7,862,762	7,407,575
Total Export RON	75,009,965	90,397,674	94,788,398	73,566,105	105,305,989
Total EURO	16,405,915.83	19,421,370.91	19,967,318.52	15,200,491.44	21,406,669.23

During 2021, the export value reached 21,406,669.23 EURO, the export representing 63.29% of the production of technical rubber articles. The most stable markets where the goods were exported are Germany, England, Spain, France, the Netherlands. It has also been exported to Italy, Finland, Slovakia, Serbia, Austria, Bulgaria. ARTEGO is currently the largest producer of technical rubber articles in

Romania (95% of the country's need for conveyor belts) and one of the largest producers in Europe.

The value of export deliveries expressed in EURO is as follows:

The country	2017	2018	2019	2020	2021
Italy	958,131.93	475,077.86	247,672.14	274,257.47	640,898.00
England	3,058,162.47	3,481,413.73	2,960,298.58	3,378,633.14	4,924,681.66
Argentina	75,590.56	-	-	-	-
Austria	11,173.05	52,026.53	27,597.83	169,262.38	229,836.04
USA	-	35,226.29	34,769.68	-	-
Finland	709,050.10	614,785.52	848,463.14	492,021.60	595,590.48
Spain	3,782,901.20	3,351,839.72	3,924,233.85	2,911,316.56	3,501,717.70
Netherlands	1,386,720.03	1,877,567.63	1,552,207.44	1,480,772.69	1,752,367.69
France	597,426.55	2,331,047.92	2,572,580.19	1,419,709.52	2,180,879.07
Germany	3,889,839.95	5,567,764.48	6,409,113.48	4,151,773.06	6,165,628.98
Poland	72,657.61	103,673.55	40,847.33	61,680.17	63,905.99
Bulgaria	373,236.82	409,987.75	295,444.82	100,350.17	200,843.84
Bosnia & Herzegovina	32,635.98	2,372.74	5,125.04	44,180.02	5,585.51
Turkey	8,078.25	17,935.00	40,689.33	9,542.80	-
Cyprus	10,338.57	-	-	-	-
Algiers	156,889.52	-	-	-	-
Estonia	32,176.86	39,791.18	10,582.60	2,531.62	2,274.84
Russia	-	-	11,871.32	18,268.87	770.00
Serbia	246,774.54	398,455.23	270,536.37	255,499.64	206,023.84
Belgium	540,683.01	203,108.06	188,320.82	91,424.65	164,657.40
Hungary	127,633.19	74,463.93	247,477.86	88,074.42	186,411.22
Czech Republic	10,579.84	18,992.00	10,579.84	4,741.76	8,821.12
Ireland	96,574.78	49,826.20	-	-	-
Ukraine	2,891.40	11,652.16	48,753.54	9,962.29	83,606.03
Greece	56,381.36	32,066.43	57,104.73	156,532.60	45,278.27
Egypt	83,648.98	83,905.96	33,477.72	33,565.39	114,380.77
Lithuania	12,236.60	30,607.91	10,679.83	2,674.19	1,769.20
Croatia	205.98	-	-	-	-
Moldavia	61,938.24	58,760.48	18,646.54	-	-
Slovakia	11,358.46	40,430.54	76,578.12	30,770.15	302,112.09
Morocco	-	15,520.18	-	-	-
Qatar	-	34,477.49	-	-	-
Slovenia	-	8,594.44	7,758.68	-	2,671.19
Macedonia	-	-	10,412.70	2,792.40	-

Norway	-	-	5,495.00	5,375.00	-
Belarus	-	-	-	3,883.88	-
Latvia	-	-	-	895.00	-
Azerbaijan	-	-	-	-	25,958.30
TOTAL	16,405,915.83	19,421,370.91	19,967,318.52	15,200,491, .44	21,406,669.23

An essential aspect to the achievements of our company is brought by the good professional training of the specialists and the management team who have always sought and found solutions not only for maintaining on the market the technical rubber articles, but also for its expansion. Solutions were found for the production of new parts that, until recently, were only in the portfolio of renowned companies, such as DUNLOP, CONTINENTAL, METSO MINERALS, etc.

The training of the technical staff and its involvement in finding solutions regarding the improvement of technologies, modern equipment and the reduction of production costs was materialized by obtaining over 66 patents in the period 1985-2021. Other technical solutions are under examination at OSIM for patent, and others are in the industrial testing phase. The patented technical solutions are very diverse, some of them being made in cooperation with companies from outside Romania.

CHAPTER I I. FINANCIAL STATEMENT - EQUITY

The financial statement is based on the internal correlations existing between the elements of the patrimony from the balance sheet assets in the form of assets (economic means) available to ARTEGO SA for its production activity and in the liabilities of the balance sheet as financial sources for the formation of fixed or current assets. and the financial result of the company.

A. 1. Economic means

Economic means or direct patrimonial elements consist of fixed assets and current assets.

The assets are organized in the balance sheet, in assets with acyclic use (allocation) which includes the group of "Fixed assets" and assets with cyclical use (allocation) which includes the group of "Current assets".

INDICATOR		Beginning of 2021 (RON)	End of 2021 (RON)
Fixed assets - total		41,680,492	38,666,360
a) Intangible assets		10,499,873	8,773,917
b) Tangible fixed assets of which:		31,180,619	29,892,443
-	land	12,779,181	12,775,919
-	Fixed assets at inventory value	98,424,562	98,304,407
-	Fixed assets at the remaining value	18,366,534	17,047,718
-	Corporal immobilizations in progress	168,325	202,227
c) Financial fixed assets		-	-

A. 2. CURRENT ASSETS

In order to achieve its goal SC ARTEGO SA TG. JIU, must have cars, buildings and other tools. In order to make this production device work, the company had to: - buy raw materials;

- to ensure stocks at different stages of the production process;
- to sell in order to recover the resources spent.

Current assets consist of inventories, short-term realizable values and available values.

The value of current assets at 31.12. 2021 according to the balance sheet is of 98,332,713 RON structured as follows:

Indicator		Total (RON)	%
1. STOCKS of which:		56,523,078	57.48
-	raw materials, materials	37,303,806	
-	finished product	13,995,741	
-	products in progress	81,319	
-	Assets held for sale	50,289	
-	overtures	5,091,923	
2. MONEY AVAILABILITY		1,053,305	1.07
3. RECEIVABLES		40,741,933	41.43
-	Trade receivables	39,997,101	
-	other receivables	744,832	
4. SHORT-TERM FINANCIAL INVESTMENTS		14,397	0.02

The balance of uncollected invoices from majority state-owned companies on 31.12.2020 was 10,157,217 RON, as follows:

CEOLTENIA 1 0.157.217 RON

On 31.12.2021, the amounts receivable from majority state-owned companies were of 18,686,773 RON, as follows:

CEOLTENIA 18,686,773 RON

From the total amount of 206,316,103 RON owed by the majority state-owned companies and other clients, (the balance on 31.12.2020 plus the deliveries between 01.01.-31.12.2021) the following amounts were collected:

a) through liquidity: 156,438,069 RON, ie 91.02%

b) by compensations: 15,429,396 RON, ie 8.98%

so :

BENEFICIARY	MU	compensations	%	liquidity	%	TOTAL
CE OLTENIA	RON	14,821,924	35.73	26,666,710	64.27	41,488,634
CE Hunedoara	RON	-	-	1,456	100.00	1,456
Others	RON	607,472	2.23	26,693,701	97.77	27,301,173
Export	RON	-	-	103,076,202	100.00	103,076,202
TOTAL	RON	15,429,396	8.98	156,438,069	91.02	171,867,465

HUMAN POTENTIAL

The average number of employees in 2021 was 753 compared to 824 in 2020, having a decrease of 8.62%, and the actual number at the end of 2021 was 727 employees, compared to 809 at the end of 2020.

The total salary fund achieved in 2021 was 45,017,489 RON.

The expenses regarding the insurance and social protection were of 2,710,400 RON, meal vouchers were granted in the total amount of 3,390,820 RON and gift vouchers in the amount of 717,850 RON.

DEPRECIATION OF FIXED ASSETS

SC ARTEGO SA used as depreciation regime - linear depreciation.

Depreciation of fixed assets was calculated in accordance with Law no. 15/1994 republished and GD no. 2139/2004 for the approval of the classification and the normal operation durations of the fixed assets.

The depreciation included in the operating expenses was in the amount of 4,240,763 RON.

The balance sheet was prepared on the basis of the balance of verification of the synthetic accounts correlated with the balances of the analytical accounts, respecting the Methodological Norms.

PROFIT

As at 31.12.2021, the gross profit was 13,918,936 RON, respectively the net profit was 12,050,173 RON.

When determining the taxable profit, the provisions of Law no. 227/2015 on the Fiscal Code with subsequent amendments were followed.

In order to determine the taxable profit, all the expenses for which the deduction is not allowed were taken into account:

- *surcharges for late payment* of debts;
- expenses for the protocol, which exceed the limits provided by the Fiscal Code law.

SC ARTEGO SA Tg-Jiu had total debts at 31.12. 2021 in the amount of 49,745,718 RON, of which:

	RON
1. The state budget	1,013,363
- tax	511,942
- income tax from salaries	377,561
-dividend tax	30,013
- VAT payable	93,847
2. Special funds budgets	457,532
-CASS	436,109
-solidarity fund for people with disabilities	20,689
- environment fund	734
3. Social security budgets	1,205,087
CAS	1,106,807
2.25% CASM	98,280
Credits	25,869,952
Suppliers	15,045,699
Customer creditors	694,448

PROVISIONS OF THE CORPORATE GOVERNANCE CODE	RESPECT	DOES NOT RESPECT OR PARTIALLY RESPECT	REASON FOR NON-CONFORMITY
A.1. All companies must have internal rules of the		PARTIAL	The terms of reference /

<p>Board which include the terms of reference / responsibilities of the Board and the key management functions of the company , and which apply ,among others, the General Principles of the A Section.</p>		RESPECT	<p>responsibilities of the Board and the key management positions of the company are found in the Constitutive Document. This requirement will be analyzed within the Board of Directors.</p>
<p>A.2. Provisions for the management of conflicts of interest should be included in the Council Regulation. In any case,the members of the Council shall notify the Council of any conflicts of interest which have arisen or are likely to arise and shall refrain from participating in discussions (including by non- attendance , unless it would prevent the formation of a quorum) and from the vote on the adoption of a decision on the matter giving rise to the conflict of interests in question.</p>		PARTIAL RESPECT	<p>There are no provisions in the Constitutive Document regarding the management of conflicts of interest. However,the recommendation of the Corporate Governance Code is respected.</p>
<p>A.3. The Management Board or the Supervisory Board shall be composed of at least five members.</p>		NOT	
<p>A.4. The majority of the members of the Management Board shall not hold executive position. At least one member of the Board of Directors must be independent in the case of companies in Standard Category. In the case of companies in the Premium Category, not less than two non-executive members of the Management Board shall be independent.Each independent member of Administration Board or the Supervisory Board, as the case may be, must submit a statement at the time of his nomination for election or re-election, as well and when any change in its status occurs, indicating the items in on the basis of which it is considered to be independent in terms of its character and judgment .</p>		PARTIAL RESPECT	<p>The majority of the members of the Board of Directors consists of non-executive administrators. There are currently no independent administrators. The administrators have been appointed by the General Meeting of Shareholders.</p>
<p>A.5. Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non- executive positions on the Board of non- profit corporations and institutions , should be disclosed to potential shareholders and investors,before his nomination and during his mandate.</p>		NOT	
<p>A.6. Any member of the Board shall submit to the Board information on any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the member's position on matters decided by the Board.</p>		NOT	It's not necessary.

A.7. The company must appoint a secretary of the Board to support the work of the Board .	YES		
A.8. The corporate governance statement will state whether an evaluation of the Board has been carried out under the chairmanship of the Chairman or the nomination committee and , if so, will summarize the key measures and changes resulting from it. The company should have a policy / guidance on the evaluation of the Board including the purpose, criteria and frequency of the evaluation process.		NOT	The company is to develop a policy / guidance on the evaluation of the Board including the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement must contain information on the number of meetings of the Board and the committees during the last year, the participation of the administrators (in person and in absentia) and a report of the Board and committees on their activities .		NOT	The requirement will be met
A.10. The corporate governance statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.		NOT	It's not necessary. The Board of Directors of the company consists of 5 members, the majority of them being non-executive administrators.
A.11. The Board of Premium Companies must set up a nomination committee of non-executive members, which will lead the procedure for nominating new members to the Board and make recommendations to the Board. The majority of the members of nomination committee must be independent.		NOT	The company is not included in the Premium Category.
B.1 The Board shall set up an audit committee in which at least one member shall be an independent non-executive administrator.A majority of the members, including the chairman, must have demonstrated that they have the appropriate qualifications relevant to the functions and responsibilities of the committee . At least one member of the audit committee must have proven and appropriate auditing or accounting experience . In the case of companies in the Category Premium, the audit committee must consist of at least three members and the majority of the members of the audit committee must be independent .		NOT	There is currently no Audit Committee. To the extent that the conditions are met and the need arises, it will be established.
B.2. The Chairman of the audit committee must be an independent non-executive member.		NOT	It's not necessary. See explanation in B.1
B.3. Within its responsibilities, the audit committee must carry out an annual evaluation of the internal control system.		NOT	It's not necessary. See explanation in B.1
B.4. The evaluation should consider the		NOT	It's not necessary. See

effectiveness and comprehensiveness of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board's audit committee, the promptness and effectiveness with which the management addresses the deficiencies or weaknesses identified as a result of the internal audit and the submission of relevant reports to the Council.			explanation in B.1
B.5. The audit committee must assess conflicts of interest in relation to the transactions of the company and its subsidiaries with related parties .		NOT	It's not necessary. See explanation in B.1
B.6. The audit committee must evaluate the effectiveness of the internal control system and the risk management system.		NOT	It's not necessary. See explanation in B.1
B.7. The Audit Committee should monitor the application of legal standards and generally accepted internal auditing standards. The audit committee must receive and evaluate internal audit team reports .		NOT	It's not necessary. See explanation in B.1
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic (at least annually) or ad-hoc reports to be subsequently submitted to the Board.		NOT	It's not necessary. See explanation in B.1
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates .	YES		
B.10. The Board must adopt a policy to ensure that any transaction of the company with any of the companies with which it has a close relationship, whose value is equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Council following a mandatory opinion of the Board's audit committee and correctly disclosed to shareholders and potential investors , to the extent that these transactions fall within the scope of the category events that are subject to reporting requirements .		NOT	This requirement is to be analyzed at the level of the Board of Directors.
B.11. Internal audits must be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third party .	YES		
B.12. In order to ensure that the internal audit department performs its core functions , it shall report functionally to the Board through the audit committee. For administrative purposes and as part of the management's obligations to monitor and reduce risks, he must report directly to the General		PARTIAL RESPECT	The internal auditor reports directly to the Board of Directors and the General Manager, as no audit committee is set up.

Manager. .			
C.1. The company must publish the remuneration policy on its website and include in the annual report a statement on the implementation of the remuneration policy during the annual period under review.		NOT	It is to be implemented
D.1. The company must organize an Investor Relations service - indicating to the general public the person (s) responsible or the organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations , in Romanian and English, with all relevant information of interest to investors, including :	YES		
D.1.1. The main corporate regulations: the constitutive act, the procedures regarding the general meetings of shareholders ;	YES		
D.1.2. Professional CVs of the members of the management of the company , other professional commitments of the members of the Board, including executive and non - executive positions on boards of directors of companies or non - profit institutions;		PARTIAL RESPECT	The recommendation is not implemented with regard to other professional commitments of Board members, including executive and non - executive positions on boards of directors of companies or non - profit institutions. This is to be implemented.
D.1.3. Current and periodic reports (quarterly, half-yearly and annual) - at least those provided for in point D.8 - including current reports with detailed information on non-compliance with this Code;	YES		
D.1.4. Information on general meetings of shareholders : agenda and information materials; the procedure for electing the members of the Board; the arguments in support of the nomination of candidates for election to the Council, together with their professional CVs; questions from shareholders on the company's agenda items and answers , including decisions taken;	YES		
D.1.5. Information about corporate events, such as the payment of dividends and other distributions to shareholders , or other events that lead to the acquisition or limitation of a shareholder's rights , including deadlines and principles applied to such transactions . That information will be published in	YES		

a timeframe that will allow investors to make investment decisions ;			
D.1.6. The name and contact details of a person who will be able to provide, upon request, relevant information ;	YES		
D.1.7. Company presentations (e.g. , investor presentations,presentations on quarterly results, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.		PARTIAL RESPECT	
D.2. The company will have a policy on the annual distribution of dividends or other benefits to shareholders , proposed by the General Manager or the Board of Directors and adopted by the Board, in the form of a set of guidelines that the company intends to follow on the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website .		NOT	It is to be implemented
D.3. The company will adopt a policy on forecasts, whether they are made public or not. The forecasts refer to quantified conclusions of studies aimed at establishing the global impact of a number of factors for a future period (so - called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ significantly from the forecasts originally presented .The forecast policy will set the frequency , the period considered and the content of the forecast . If published, forecasts can only be included in annual, half-yearly or quarterly reports. The forecast policy will be published on the company's website .		NOT	It is to be implemented
D.4. The rules of general meetings of shareholders must not limit the participation of shareholders in general meetings and the exercise of their rights. The changes to the rules will take effect as soon as possible, starting with the next meeting of shareholders . _	YES		
D.5. The external auditors will be present at the general meeting of shareholders when their reports are presented at these meetings.		NOT	
D.6. The Board will present to the annual general meeting of shareholders a brief assessment of the significant internal control and risk management systems, as well as opinions on issues subject to the decision of the general meeting.		PARTIAL RESPECT	
D.7. Any specialist, consultant, expert or financial		NOT	

analyst may attend the shareholders' meeting at the prior invitation of the Board. Accredited journalists may also attend the general meeting of shareholders, unless the Chairman of the Board decides otherwise .			
D.8. The quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in sales, operating profit , net profit and other relevant financial indicators, both from one quarter to another, and from one year to another.	YES		
D.9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website at the date of the meetings / teleconferences .		NOT	The possibility of organizing such events will be evaluated in relation to the requests from investors.
D.10. If a company supports various forms of artistic and cultural expression , sports, educational or scientific activities and considers that their impact on the innovative nature and competitiveness of society makes as part of its development mission and strategy, it will publish the policy on its work in this area.		NOT	Such a policy is not required at this time. To the extent that these activities are considered to have an impact on the innovative nature and competitiveness of the company and are part of its development mission and strategy, the policy will be developed.

**OVERALL RESULT SITUATION
on December 31, 2021**

- RON-

Crt. No.	NAME OF THE INDICATORS	31.12.2020	31.12.2021
1.	Net turnover of which	131,914,607	172,531,341
	Income from sold production	129,814,897	170,522,115
	Income from sale of goods	2,733,628	2,782,085
	Commercial discounts granted	633,918	772,859
2.	Income from stored production	16,299,252	15,424,470
3.	Income from the production of fixed assets	386,966	570,395
4.	Income from fixed assets for sale	886,762	113,634
5.	Income from operating grants	6,632,344	1,986,148
6.	Other operating revenues	1,039,708	1,011,956
I.	OPERATING INCOME	157,159,639	191,637,944
7.	Expenditure on goods	2,436,087	2,562,089
8.	Material expenses	84,508,680	109,956,002
9.	Expenses with works and services performed by third parties	4,864,454	6,628,793
10.	Expenses with taxes and fees	1,459,513	1,428,596

11.	Staff costs	45,156,860	51,118,709
12.	Other operating expenses	1,154,692	1,172,877
13.	Provision and amortization expenses	4,331,127	4,240,763
II.	OPERATING EXPENSES	143,911,413	177,107,829
A.	OPERATING RESULT		
	- PROFIT	13,248,226	14,530,115
	- LOSS		
III.	FINANCIAL INCOME	320,615	374,197
IV.	FINANCIAL EXPENSES	1,544,812	985,376
B.	FINANCIAL RESULT	-1,224,197	-611,179
V.	EXCEPTIONAL INCOME		
VI.	EXCEPTIONAL EXPENDITURE		
C.	EXCEPTIONAL RESULT (LOSS)		
VII	TOTAL INCOME	157,480,254	192,012,141
VIII	TOTAL EXPENSES	145,456,225	178,093,205
D.	GROSS RESULT		
	- PROFIT	12,024,029	13,918,936
	- LOSS		
	TAX	1,548,082	1,924,253
E	DELAYED PROFIT TAX REVENUE	55,692	55,490
F.	NET RESULT		
	- PROFIT	10,531,639	12,050,173
	- LOSS		
G.	Number of shares	8,956,165	8,114,746
H.	The result per action	1.18	1.48

STATEMENT OF TREASURY FLOWS AT 31.12.2021

(Amounts are expressed in RON, unless otherwise specified)

indicator LEI (RON)	ACHIEVED IN 2020	ACHIEVED IN 2021
A. LIQUIDITIES AT THE BEGINNING OF THE PERIOD	992,778	1,799,336
In the accounts	514,213	1,537,545
House	4,534	2,865
Other values	474,031	258,576
Cash advances	-	-
Values receivable	-	350
REVENUE FROM OPERATING ACTIVITY	191,048,048	211,387,089
Customer receipts	154,895,352	171,867,465
Other receipts	36,152,696	39,519,624
PAYMENTS FOR OPERATING ACTIVITY	189,812,095	211,811,176
Paying suppliers	83,989,135	115,490,758
Payments for staff payments	39,997,148	45,017,489
Payments regarding taxes and fees	22,185,417	22,428,485
Tax /profit	1,877,724	1,730,551
Interest payments	1,112,054	638,672
Other payments	40,650,617	26,505,221
CASH FLOW FROM OPERATING ACTIVITY	1,235,953	-424,087
INCOME FROM THE INVESTMENT ACTIVITY	746,970	621,211
Proceeds from the sale of land, fixed assets and intangible assets	746,970	621,211
Proceeds from the sale of equity instruments and receivables of other enterprises	-	-
Receipts from the repayment of advances and loans to other parties	-	-

PAYMENTS FROM THE INVESTMENT ACTIVITY	1,176,365	943,155
Payments for the acquisition of land, fixed assets and intangible assets	1,176,365	943,155
Receipts for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM INVESTMENT ACTIVITY	-429,395	-321,944
RECEIPTS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR FINANCING ACTIVITY	-	-
CASH FLOW FROM FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	806,558	-746,031
B. LIQUIDITIES AT THE END OF THE PERIOD	1,799,336	1,053,305
In the accounts	1,537,545	996,941
House	2,865	24,174
Other values	258,576	31,781
Cash advances	-	-
Values receivable	350	409

THE INCOME AND EXPENDITURE BUDGET

General Activity

RON

SPECIFICATION	N R. R. D.	PREDICTED 2021	REALIZED 2021	PREDICTED 2022				
				TOTAL	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
I.TOTAL INCOME	01	138.000.000	192.012.141	158.000.000	39.500.000	39.500.000	39.500.000	39.500.000
1.Exploitation income	02	137.600.000	191.637.944	157.500.000	39.375.000	39.375.000	39.375.000	39.375.000
2.Financial Income	03	400.000	374.197	500.000	125.0000	125.0000	125.0000	125.0000
3.Eceptional income	04	-	-	-	-	-	-	-
II.TOTAL EXPENSES from which:	05	133.000.000	178.093.205	153.000.000	38.250.000	38.250.000	38.250.000	38.250.000
1. exploitation expenses from which:	06	131.200.000	177.107.829	152.000.000	3.800.000	3.800.000	3.800.000	3.800.000
a) material expenses	07	69.800.000	103.103.605	77.700.000	19.425.000	19.425.000	19.425.000	19.425.000
b) staff expenses from which:	08	43.000.000	47.727.889	55.000.000	13.750.000	13.750.000	13.750.000	13.750.000
-Gross wages	09	40.800.000	45.017.489	52.000.000	13.000.000	13.000.000	13.000.000	13.000.000
-Social insurance and social protection	10	2.200.000	2.710.400	3.000.000	750.000	750.000	750.000	750.000
c) operating exp.related to depreciation,provisions	11	4.000.000	4.240.763	4.000.000	1.000.000	1.000.000	1.000.000	1.000.000
d)protocol,advertising, other	12	400.000	410.619	500.000	125.000	125.000	125.000	125.000
e) meal and gift vouchers expenses	13	4.300.000	4.108.670	5.000.000	1.250.000	1.250.000	1.250.000	1.250.000
f) sponsorship expenses	14	500.000	561.746	800.000	200.000	200.000	200.000	200.000

g) other operating expenses	12	9.200.000	17.939.913	9.000.000	2.250.000	2.250.000	2.250.000	2.250.000
2. Financial expenses	13	1.800.000	985.376	1.000.000	250.000	250.000	250.000	250.000
3. Exceptional expenses	14	-	-	-	-	-	-	-
4. Coverage of previous year's losses	15	-	-	-	-	-	-	-
III .GROSS EXERCISE RESULT FOR THE YEAR	16	5.000.000	13.918.936	5.000.000	1.250.000	1.250.000	1.250.000	1.250.000
IV. Profit tax	17	800.000	1.924.253	800.000	200.000	200.000	200.000	200.000
V. NET EXERCISE RESULT FOR THE YEAR	18	4.200.000	12.050.173	4.200.000	1.050.00	1.050.00	1.050.00	1.050.00
VI. Legal reserve	19	-	-	-	-	-	-	-

Balance on DECEMBER 31st, 2020	22,390,413	89,052,449	10,531,639	4,478,083	28,570,141	25,000,607	1,372,906	-89,052,449	0	767,251	-6,529,411	-381,690	86,199,939
Balance 01.01.2021	22,390,413	89,052,449	10,531,639	4,478,083	28,570,141	25,000,607	1,372,906	-89,052,449	0	767,251	-6,529,411	-381,690	86,199,939
Overall result for the period													
Profit for the year			12,050,173										12,050,173
Other elements of the overall result of which:													
Surplus from reappraisal of property, plant and equipment													
Decrease of the reserve from reappraisal-registration of deferred tax					-159,929					-55,490			-215,419
Total other elements of the overall result					-159,929					-55,490			-215,419
Total overall result for the period			12,050,173		-159,929					-55,490			11,834,754
Other elements													
Resumption of the reserve from the reappraisal of the reported result							159,929						159,929
Increasing of the legal reserve													
Other elements			-10,531,639			519,914	610,742		4,425,863			-301,995	-5,277,115
Total other elements			-10,531,639			519,914	770,671		4,425,863			-301,995	-5,117,186
Transactions with shareholders recognized directly in equity	-2,103,548								-4,425,863		6,529,411		0
Distribution of dividends							-5,381,387						-5,381,387
Total transactions with owners	-2,103,548						-5,381,387		-4,425,863		6,529,411		-5,381,387
Balance on DECEMBER 31st, 2021	20,286,865	89,052,449	12,050,173	4,478,083	28,410,212	25,520,521	-3,237,810	-89,052,449	0	711,761	0	-683,685	87,536,120

NON-FINANCIAL STATEMENT

In accordance with the provisions of OMFP no. 2844/2016 art.39, the entities that, at the balance sheet date, exceed the criterion of having an average number of 500 employees during the financial year must draw up a non-financial statement containing to the extent that they are necessary for understanding the development, performance and position of the entity and the impact of its activity, information on at least environmental, social and personnel issues, respectively human rights, the fight against corruption and bribery.

This statement expresses the desire of the company's management to communicate the status and progress made by the company in these areas as well as to establish a transparent way of communicating with stakeholders.

Brief description of the entity's business model

Company : S.C. ARTEGO S.A. TG-JIU

Headquarters:Tg-Jiu, 38 Ciocarlau str.,Gorj county

Fiscal code :RO2157428

Trade Register no.: J18/1120/1991

Phone /Fax:0253/226444

Main activity :2219-Manufacture of other rubber products

Actions regarding the implementation of policies and the results of these policies

In defining and setting non-financial expectations, S.C. Artego S.A. has defined policies in the field of management to ensure that:

- has implemented and developed a partnership system for the consistent orientation of the company towards satisfying the requirements of the relevant interested in parts;
- ensures the necessary resources for the continuous improvement of the performances of the Integrated Management System quality, environment, safety and health at work;
- the activities are carried out in compliance with the legal regulatory requirements and with requirements applicable to the activities carried out at S.C. Artego S.A.;
- there are effective measures in place to prevent pollution and incidents at work.

Environmental aspects

S.C. ARTEGO S.A. is located on the northern industrial platform of Târgu-Jiu municipality, 38 Ciocârlău street, Gorj county.

The surface of the enclosure is approx. 20,000 sqm, having the following neighborhoods:

- NORTH:
- S.C. CRILELMAR S.R.L. (ex STARGLASS S.A.) Târgu-Jiu
 - The upper passage over the Târgu-Jiu - Petroșani railway
 - Grain base (currently also arranged as a Auto Market)
 - S.C. COMBGORJ S.A.
 - Blocks of flats for single people
- EAST:
- The city's ring road - Narciselor Street
 - Privately owned lands
- WEST:
- Railway station Ecaterina Teodoroiu and railways unloading dock
 - Tg. Jiu – Petroșani railways and triage lines
 - At south-west of railway station is S.C. ROSTRAMO S.A.
- SOUTH:
- Uncultivated private land.

- **Location in the environment**

On the industrial platform where the organization is located or in its vicinity there is no vegetation and fauna with rare or endangered species, protected by national legislation and no cultural objectives, historical monuments, architecture or areas of traditional interest.

The main activities in the field of environmental protection in 2021 were carried out planned and organized, aiming to prevent pollution, reduce the risks of environmental incidents on the company's premises, as well as comply with legal provisions in the field.

As such, the main directions pursued were:

1. Monitoring of regulatory acts. Artego has the following authorizations:

- Environment authorization
- Water management permit
- The connection-discharge agreement to the city sewerage network

2. The assessment of compliance with the relevant legislation shall be carried out by:

A. Internal evaluation - this activity is performed planned and according to the procedures in force. Following these inspections to assess compliance with the legislation and in order to improve the activity, environmental protection measures have been established:

a) in the field of hazardous substances management - display of Safety Data Sheets where these substances are used;

b) in the field of pollution prevention - training of staff with Intervention Plans in case of accidental pollution;

c) in the field of waste management - proper labeling of containers, preparation of documents related to legislation, proper storage of all waste.

. B. External assessment - In 2021, Artego was subjected to external inspections, carried out by the control structures within the National Environmental Guard.

C. No sanctions were imposed following the controls and inspections, only improvement measures were established, as shown by the inspection reports of the control authorities.

D. Specialized reports to the relevant authorities.

The monthly / quarterly / annual reports were sent to the authorities in the field, according to the obligations in the regulatory acts held by the company. According to the provisions of GEO no. 196/2005 on the Environmental Fund, the company pays the obligations to the Administration of the Environmental Fund, these representing the monthly taxes for emissions of pollutants into the atmosphere, hazardous substances and oil introduced on the domestic market; In order to pay these financial obligations, the service monitors the consumption of specific resources, quantifies and prepares the declaration for the Environmental Fund, and for the packaging placed on the domestic market, Artego has a contract to take over the responsibilities according to the legislation in force. According to the provisions of GEO no. 92/2021 on the waste regime, they are monitored and centralized at the company level with the annual transmission to the Gorj Environmental Protection Agency. The management of waste produced at company level was monitored and reports were made to the authorities, in accordance with the obligations of the environmental permit. In order to reduce pollution, some of the waste resulting from the technological process is recovered in the company through recycling (rubber waste and used oil) and for the remaining part we have concluded contracts with authorized economic agents.

In accordance with the requirements of the Environmental Permits, issued by the Gorj Environmental Protection Agency, measurements of environmental factors are carried out on the company's site as follows:

- determination of emissions of [atmospheric](#) pollutants of nitrogen oxides from medium combustion plants (thermal power plant), and the limit values are in accordance with the legislation on limiting emissions to air;

- determination of dust emissions at the raw material mixing dosing section;

- physico-chemical determinations of technological water.

E. Environmental protection costs

In order to carry out the activity of environmental protection properly, different types of environmental services were purchased: physico-chemical analysis services for technological waters; domestic water treatment services; dust analysis services, as well as waste recovery services.

F. Artego is certified by the Environmental Management System and maintains the certification according to the ISO 14001: 2015 standard.

Quality aspects

In 2021, in order to achieve the assumed quality policies, SC Artego SA planned the efficient implementation of the processes in order to increase the satisfaction of the interested parties: shareholders, customers, employees, suppliers, company. ARTEGO's quality objectives take into account the competitive environment in which the company operates, the expectations of relevant stakeholders.

ARTEGO SA, specialized in the design, manufacture and sale of conveyor belts, pressed / injected gaskets, rubber plates and mats, sleeves, hoses, other rubber articles, molds and associated tools, production of reclaimed rubber from rubber waste , rubbered drums; plastics and adhesive solutions; manufacture and sale of textile garments; manufacture and sale of oxygen; manufacture of bread, fresh pastries; manufacture of dairy products and cheeses; vulcanization joining services of rubber conveyor belts, aims to implement and recertify an integrated management system (quality, environment, ssm) appropriate to the new requirements, as a confidence to understand and meet the requirements of customers and shareholders proposing the following general objectives :

- * Achieving a turnover that covers operating costs and allows future developments in the field of production infrastructure and services;
- * Permanent adaptation to the conditions in which it carries out its activity in order to reduce the risks and establish the opportunities for its development;
- * Communicating to its own staff or those working on behalf of the organization, the policy in the field of quality, environment, health and safety at work (ssm) to raise awareness about the obligations and fulfillment of compliance obligations;

- * Compliance with legal requirements or other requirements to which the company adheres regarding quality, environment and ssm to avoid penalties;
- * Reducing occupational safety and health risks for all current and special activities by using appropriate techniques and practices;

* The activity will be carried out in safe conditions in terms of safety and health at work for both employees and collaborators: we will ensure appropriate working conditions so as to reduce the number of accidents at work and / or occupational diseases (by evaluating and control of the risks of occupational injury and illness, staff training, periodic medical check-ups and endowment with personal protective equipment).

Aspects of social and personnel policy

SC Artego SA has permanently reconsidered the human resources policy, trying to adapt to the needs of society.

The evolution of the number of staff in the period 2017-2021 is as follows:

Specification	2017	2018	2019	2020	2021
Employees no.at the beginning of the period	990	941	917	877	809
Number of new hires	91	128	120	81	32
Number of people who have stopped working with the company	140	152	160	149	93
Employees no.at the end of the period	941	917	877	809	748

The evolution of the staff in 2021 is as follows:

Specification	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Employees no.at the beginning of the period	809	810	801	794	789	784	779	767	763	755	755	752
Number of new hires	8	1	9	-	-	3	2	2	2	2	2	1
Number of people who have stopped working with the company	7	10	16	5	5	8	14	6	10	2	5	5
Employees no.at the end of the period	810	801	794	789	784	779	767	763	755	755	752	748

The management of SC Artego SA develops and implements a system of internal regulations through which it organizes the activities within the company so that they are executed efficiently, by allocating the necessary resources.

The most important resource needed to achieve our goals is well-trained employees. From a social point of view, we aim to maintain a constructive collaboration relationship with the employees' organizations and with the other interested parties through:

- concluding a Collective Labor Agreement specific to the employees of SC Artego SA;
- permanent communication on all major aspects of the company's evolution with employees;
- establishing and implementing ways to help people with special family problems;
- establishing and implementing different facilities for all employees depending on the potential of the company;
- monitoring the health status of the employees by periodically performing the specialized controls;
- supporting employees and their families when they have difficult health problems;
- granting meal vouchers;
- supporting disadvantaged people and / or communities through sponsorships.

In all the activities carried out by SC Artego SA, the granting of equal opportunities to the employees is ensured by:

- promoting the staff in a transparent way, taking into account the necessary competence and professional experience;
- ensuring the conditions for continuous training and improvement in the field in which it operates;
- creating optimal working conditions for staff stabilization.

In order to control the risks in this field, measures were taken to motivate the staff through financial incentives and create a pleasant working environment, involve employees in the board of directors, maintain the budget for solving special social situations, make a plan to integrate new employees.

Among the actions of interest for the local community we mention the agreement concluded for several years with the General Technical College Gheorghe Magheru, for functioning of the laboratory rooms in a space owned by the company.

Human rights aspects

SC Artego SA guarantees the respect of human rights, in accordance with the legal provisions, for its employees and collaborators, but also for the interested parties through:

- the provision of working conditions that respect the dignity of the individual and of appropriate jobs in terms of safety and health at work;
- Prohibition of any form of intimidation through language, attitude, gestures, any other form of attack on the person;
- elimination of any form of discrimination based on sex / age / race / religion / political beliefs;

- rejection of collaboration with organizations that do not respect human rights.

Violation of human rights can have the impact of falling under the law, protests by employees or the public, lowering the prestige in society.

Business ethics and integrity aspects

SC Artego SA is concerned with understanding, satisfying and exceeding the requirements, needs and expectations of stakeholders.

In carrying out the activity, the criteria that define us are:

- **Adaptability and Creativity:** we constantly adapt to market requirements being interested in applying the latest technologies and the most suitable solutions to meet the needs and expectations of customers;

-**Responsibility:** we act responsibly for the activities undertaken;

-**Business ethics:** our business relations are characterized by honesty, integrity, communication and mutual trust;

-**Collaboration:** we use all resources to achieve a standard of product quality with a proactive attitude towards customer requirements;

-**Tradition:** we have over 45 years of experience because we believe in the continuity of our values;

-**Privacy:** we protect information that would harm free competition.

SC ArtegoSA supports fairness in business, compliance with applicable law and taking action against acts of corruption, intimidation in business, monopolization or evasion by:

- establishing mechanisms for declaring conflicts of interest and reporting unethical or illegal behavior or deviations from the integrity of employees;

- prohibition of any form of bribery or corruption in business or service relations;

- compliance with all forms of legally installed embargoes;

- prohibiting any form of evasion and avoiding any form of collaboration with companies or persons proven to practice evasion.

The main risks related to the aspects arising from the company's operations

The notion of "risk" is closely linked to that of "control", initially implemented in private institutions, where it has fully demonstrated its effectiveness.

The strategic requirements, regarding safety and continuity in operation, determine the company to approach the risk management, by identifying and treating the potential losses before the generating events

take place, with the preparation in advance of the specific technical, operational and financial solutions to counteract these possible losses.

In carrying out the activity, the following types of risks were identified:

Operational risks

The Company's results and operations may be affected by specific operational risks, including the following:

- degradation of materials / goods as a result of inadequate storage spaces;
- theft of materials / valuables.

The level of operational risk of goods degradation is a risk with low tolerability, which required measures to rehabilitate storage spaces.

In order to avoid the theft of materials, an adequate surveillance and security system has been introduced.

Personnel risk and payroll system

The risk related to the staff is that in the future, the company will face a lack of qualified staff due to the departure of employees due to natural causes.

In 2021, considering the economic context, labor migration, lack of skilled labor, the company focused all its attention on the retention of qualified staff, but also on the training of newly hired staff.

Thus, in order to maintain within the company the necessary qualifications for the execution of the works in the company's portfolio, personal recruitment activities were carried out in order to train professionals in deficient trades on the labor market.

Credit risk

Credit risk is the risk that the company will incur a financial loss due to the breach of contractual obligations by a client or a counterparty to a financial instrument, and this risk results mainly from trade receivables, cash and cash equivalents and short-term investments of the company.

The company carries out commercial relations only with recognized third parties, which justifies the financing on credit.

The financial assets that may put the Company at risk of collection are mainly trade receivables, cash and cash equivalents and short-term investments. The net amount of receivables (excluding depreciation adjustments) is the maximum amount exposed to collection risk.

Given the general economic context, the level of this risk analyzed was an average one, for which the company applies special measures to keep it under control (monitoring the collection of trade receivables, notifying outstanding customers, calculating penalties according to contractual clauses, taking legal action against bad-paying customers).

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments bear interest at the market rate, so their fair values are not considered to differ materially from their carrying amounts.

The risk determined by the correlation with the evolution of the global market

The events on the world financial market have a direct, but also indirect impact on the evolution of the Romanian economy, a fact reflected in the evolution of the Romanian capital market in recent years. Therefore, global developments affect both the company's activity and its evolution on the capital market.

Liquidity risk

Liquidity risk is managed by the company's management by applying a policy of permanent insurance of liquidity due to due financial. This is a high tolerability risk for which measures to keep it under control are limited to closely monitoring liquidity risk exposure, maintaining sufficient cash and available credit lines. The company aims to maintain flexibility in financing possibilities with the support of the majority shareholder.

Currency risk

The company may be exposed to exchange rate fluctuations in cash and cash equivalents, foreign currency receivables, long-term loans or trade debts denominated in foreign currency.

The functional currency of the Society is the RON. Currently, the company is exposed to currency risk through cash and cash equivalents, as well as through purchases made in a currency other than the functional one. The currencies that expose the Company to this risk are mainly EUR, USD and GBP. Debts in foreign currency are subsequently expressed in RON, at the exchange rate from the balance sheet date, communicated by the National Bank of Romania. The resulting differences are included in the income statement, but do not affect the cash flow until the settlement of the debt.

The company's exposure to foreign exchange risk was insignificant, the risk considered tolerable. Due to the associated costs, the Company's policy is not to use derivative financial instruments to mitigate this risk.

Stock risk

From the point of view of the value of the transactions performed or of the market capitalization, the Bucharest Stock Exchange can be considered a small stock exchange, compared to other stock exchanges in the world, thus there are risks related to low market liquidity and high price volatility of traded shares.

The low liquidity of the market can make it impossible to buy or sell shares of the Company without having a significant impact on the share price, thus generating a high volatility of the share price.

Risks of a legislative nature

The results of the company's initiatives are difficult to anticipate and may suffer from legislative instability in Romania. Frequent modification of normative acts, including those that have a direct impact on the company's activity, can generate risks for the company.

The level of this risk of a legislative nature analyzed was medium, it is a risk with low tolerability for which measures have been established to keep it under control by concluding a tax consultancy contract with a specialized company.

Risk related to regulatory framework and authorizations

The main activity of the company involves obtaining and renewing the authorizations that regulate the activity of the Company, obtaining the authorizations, approvals and certificates necessary for the activity carried out.

Urgent measures have been established to control the risk of the degree of regulation and authorization by monitoring the expiry dates of the respective authorizations / approvals / certification and taking steps to renew them.

Risks related to litigation

The company is the subject of a number of lawsuits resulting in the normal course of business (commercial litigation and tax obligations). The level of risk is low, with low tolerability, the Company's management considering that these actions will not have a significant adverse effect on the economic results and financial position of the Company.

Non-financial performance indicators

These indicators are tools for measuring performance, which determine how well the company uses its resources, mainly for:

- streamlining the internal activity;
- providing external services to customers;
- compliance with legal requirements.

Non-financial performance indicators are usually derived from the Company's policy, customer satisfaction level, company market share.

Notes to the financial statements

For the financial year ended December 31st , 2021

1. The reporting entity

SC ARTEGO SA TG-JIU, (the Company) is established in 1991 which operates in Romania in accordance with the provisions of Law 31/1990 on companies and Law 297/2004 on the capital market.

The company is headquartered in Ciocarlau Street, no. 38, Tg-Jiu municipality, Gorj county.

According to the statute, the main field of activity of the Company has the CAEN code 2219 “Manufacture of other rubber products”.

Record of the shares and shareholders is kept in accordance with the law by the Central Depository.

2. Basics of drawing up

(a) Declaration of conformity

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) adopted by the European Union and in accordance with the provisions of OMFP 2844/2016 as subsequently amended and supplemented.

The company applies the International Financial Reporting Standards as approved by the European Union when preparing the separate financial statements concluded on December 31, 2021, in accordance with OMF no. 881/2012. This order specifies that starting with the financial year 2012, the annual financial statements will be prepared in accordance with IFRS, this order being applicable to companies whose securities are admitted to trading on a regulated market.

The Company's accounting records are kept in RON, in accordance with the Romanian Accounting Regulations (“RCR”). These accounts have been restated to reflect the differences between the RCR and IFRS accounts. Accordingly, the RCR accounts have been adjusted, if necessary, to harmonize these separate financial statements in all material respects. , with IFRS.

(b) Presentation of financial statements

Separate financial statements are presented in accordance with the requirements of IAS 1 “Presentation of Financial Statements”.

(c) Basis of evaluation

The separate financial statements are prepared at historical cost, except for certain classes of property, plant and equipment that are revalued. The share capital is adjusted according to the International Accounting Standard (“SIC”) 29 (“Financial Reporting in Hyperinflationary Economies”) until December 31, 2003.

The management considers that the Company will carry out its activity in the foreseeable future and, consequently, the application of the principle of continuity of activity in the preparation of the financial statements is considered adequate. The separate financial statements are presented in accordance with the requirements of IAS 1 “Presentation of Financial Statements”. The Company has adopted a presentation based on liquidity in the balance sheet and a presentation of income and expenses according to their nature in the income statement, considering that these methods of presentation provide information that is credible and more relevant than that which would have been presented.

(d) Functional and presentation currency

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate fluctuations", is LEI or RON. The separate financial statements are presented in RON, rounded to the nearest leu, the currency that the Company's management has chosen as the presentation currency.

(e) Use of estimates and judgments

The preparation of the financial statements in accordance with IFRS adopted by the European Union involves the use by management of estimates, judgments and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the estimated values.

The estimates and assumptions underlying them are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period in which the estimate is revised and future periods if the revision affects both the current period and future periods.

The judgments performed by the management from the application of IFRS, have a significant effect on the financial statements as well as the estimates that imply a significant risk.

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these separate financial statements.

(a) Subsidiaries and associates

Subsidiaries are entities under the control of the Company. Control exists when the Company has the power to lead, directly or indirectly, the financial and operational policies of an entity in order to obtain benefits from its activity. Associated entities are those companies in which the Company can exercise significant influence, but not control over financial and operational policies.

The company does not own associates.

(b) Foreign currency transactions

Transactions denominated in foreign currency are recorded in RON at the official exchange rate from the settlement date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the exchange rate on that day. Gains or losses on their settlement and conversion using the exchange rate at the end of the month or at the end of the financial year of monetary assets and liabilities denominated in foreign currency are recognized in the profit and loss account.

The exchange rates of the main foreign currencies were:

Currency	31 Dec.2017	31 Dec.2018	31Dec.2019	31.12.2020	31.12.2021
Euro (EUR)	4 , 6597	4.6639	4.7793	4.8694	4.9481
Dollar (USD)	3.8915	4.0736	4.2608	3.9660	4.3707
Pound sterling (GBP)	5.2530	5.1931	5.6088	5.4201	5.8994

c) Financial Instruments

Financial risk management

The Company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company's management focuses on the unpredictability of the financial market and seeks to minimize the potential adverse effects of the Company's financial performance. Market risk is the risk that causes changes in market prices, as well as the exchange rate and interest rate that will affect the Company's income.

The company has no formal commitments to combat financial risks. Despite the lack of formal commitments, financial risks are monitored by the Company's management, focusing on the Company's needs to effectively address opportunities and threats.

Interest rate risk

The Company's operating cash flows are affected by changes in interest rates, mainly due to foreign currency loans contracted at the financing banks.

The cash risk determined by the interest rate is the risk that the interest, and ,therefore the expense with it, will fluctuate.

Currency risk

The company may be exposed to exchange rate fluctuations in cash and cash equivalents , receivables or trade payables denominated in foreign currency.

The currency used on the domestic market is the Romanian leu. The company is exposed to currency risk in cash and cash equivalents, acquisitions and loans made in a currency other than that used on the domestic market. The currencies that expose the Company to this risk are mainly EUR , USD, and GBP. Foreign currency loans are subsequently expressed in RON, at the exchange rate on the last banking day of each month, communicated by the National Bank of Romania. The resulting differences are included in the profit and loss account.

Credit risk

Credit risk is the risk that the Company will incur a financial loss due to the breach of contractual obligations by a client or a counterparty to a financial instrument, and this risk results mainly from trade receivables and cash and cash equivalents.

At December 31st, 2021, the company holds cash and cash equivalents in the amount of 1,053,305 RON. Cash and cash equivalents are held by the banks,from which we list: Unicredit Tiriac, Garanti, Intesa, ING Bank, Credit Europe.

Liquidity risk

Liquidity risk is the risk according to which the Company will encounter difficulties in fulfilling the obligations associated with financial debts that are settled in cash or by transferring another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents , the availability of funding through appropriate credit facilities. The Company's liquidity policy is to maintain sufficient liquid resources to meet its obligations as they arrive at maturity.

Fair value of financial instruments

Fair value is the amount at which financial instruments can be exchanged in ordinary transactions, other than those determined by liquidation or forced sale. Fair values are derived from quoted market prices or cash flow patterns as appropriate. As at December 31st , 2021 , cash and other cash, customers and similar accounts, trade payables and other payables are approaching their actual value due to their short maturity. Management considers that the estimated value of these instruments is close to their carrying amount.

Capital risk management

The Company's objectives when managing capital are to maintain the Company's ability to continue its operations in order to obtain benefits for shareholders and other interested parties and to maintain an optimal capital structure in order to reduce the cost of capital.

Accounting for the effect of hyperinflation

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current unit of measurement at the balance sheet date (non-monetary items are restated using a general price index at the acquisition date or contributions).

According to IAS 29, an economy is considered to be hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period exceeds 100%.

The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company has ceased to be hyperinflationary, with effect on financial periods starting with January 1st, 2004. Therefore, the provisions of IAS 29, were adopted in the preparation of the separate financial statements until December 31st, 2003.

Thus, the values expressed in the current unit of measurement as of December 31st, 2003 are treated as the basis for the carrying amounts reported in these separate financial statements and do not represent measured values, replacement costs, or any other measurement of the current value of assets or prices. would take place at this time.

For the purpose of preparing the separate financial statements as of December 31st, 2012, the Company adjusted the share capital (non-monetary item) to be expressed in the current unit of measurement as of December 31st, 2003.

Tangible fixed assets

Property, plant and equipment are assets that: are held by an entity for use in the production of goods or services, leased to third parties or used for administrative purposes, and are used for a period of more than one year. .

The acquisition cost includes the purchase price, import duties and other taxes (except those that the legal entity may recover from the tax authorities), transportation, handling and other expenses that may be directly attributable to the purchase of the goods in question.

Valuation of fixed assets at the balance sheet date is made at cost, less accumulated depreciation and amortization, or at revalued amount, which is the fair value at the date of revaluation, less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Amortization periods are as follows:

Buildings and constructions	40-60 years
Equipment	15-40 years
Means of transport	5-8 years
Office furniture and equipment	3-5 years

Intangible assets

An intangible asset is an identifiable, non-monetary asset with no material support and held for use in the production or supply of goods or services, for leasing to third parties or for administrative purposes.

An intangible asset meets the criteria to be identifiable when:

- it is separable, ie it can be separated or divided by the entity and sold, transferred, authorized, leased or exchanged, either individually or together with a corresponding contract, an identifiable asset or an identifiable liability; or arises from contractual or other legal rights, whether those rights are transferable or separable from the entity or other rights and obligations

Intangible assets acquired by the Company are presented at cost, less accumulated depreciation and provision for impairment of intangible assets. Depreciation is recognized in profit or loss account on a straight-line basis over the estimated useful lives of intangible assets.

Receivables

Receivables are initially recorded at the invoiced value and subsequently those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania on the last banking day of the month, at the set deadline. A provision for impairment is established when there is clear evidence that the receivables will not be collected on time.

Inventories

Stocks consist of:

- raw materials, materials, spare parts and other consumables to be used in the basic activity of the Company.

These materials are recorded as inventories at the time of purchase and are expensed at the time of consumption.

Inventories are measured at the lower value of cost and net realizable value. The cost of stocks is determined based on the FIFO method and includes the expense incurred in purchasing stocks.

Cash availability

Cash and cash equivalents include cash, current accounts, bank deposits, meal vouchers, stamps as well as checks and promissory notes received by the Company.

Revaluation reserves

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably is recognized at revalued value, which is its fair value at the date of revaluation less any subsequent amortization and any accumulated impairment losses. It is done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined by using fair value at the balance sheet date.

If the carrying amount of an asset is increased as a result of a revaluation, this increase must be recorded directly in equity in the “Revaluation reserves” item. However, the increase is recognized in profit or loss to the extent that it offsets a decrease in the revaluation of the same asset previously recognized in profit or loss.

If the carrying amount of an asset is diminished as a result of a revaluation, that reduction is recognized in profit or loss. However, the decrease must be debited directly from equity in the “Revaluation reserves” item to the extent that there is a credit balance in the revaluation surplus for this asset.

The revaluation surplus included in equity related to an item of property, plant and equipment is transferred directly to retained earnings as the depreciation of the revalued property, plant and equipment and when the asset is recognizable.

As of May 1, 2009, statutory reserves from the revaluation of fixed assets, including land, made after January 1, 2004, which are deducted from the calculation of taxable profit through tax depreciation or expenses on assigned and / or discarded assets, are taxed at the same time as the deduction of the fiscal depreciation, respectively at the moment of the decrease from the inventory of these fixed assets.

The statutory reserves from the revaluation of fixed assets, including land, made until December 31, 2003 plus the portion of the revaluation made after January 1, 2004 for the period up to April 30, 2009, will not be taxed at the time of transfer to reserves representing the surplus from revaluation reserves.

The realized reserves are taxed in the future, in case of modification of the destination of the reserves in any form, in case of liquidation, merger, including its use to cover accounting losses, except for the transfer after May 1, 2009, of reserves related to valuations made after January 1, 2004, which are taxed at the same time as the tax depreciation deduction.

Social capital

The company recognizes the changes in the share capital under the conditions provided by the legislation in force, only after their approval in the General Meeting of Shareholders and their registration at the Trade Register Office.

Dividends

Dividends are recognized as a liability in the period in which their distribution is approved.

Suppliers and similar accounts

Debts to suppliers and other debts include the value of invoices issued by suppliers of finished products manufactured, works performed and services provided.

Loans

Loans are initially recognized at fair value, excluding trading costs. After initial recognition, loans are recorded at amortized cost, any difference between cost and repayment amount being recognized in profit or loss account during the period of the loan.

Income tax

Income tax expense includes current tax and deferred tax. Current tax and deferred tax are recognized in the profit and loss account unless they are recognized directly in equity or in other elements of global result.

Current tax

Current tax is the tax that is expected to be paid or received for taxable income or deductible loss in previous years, using tax rates adopted or largely adopted at the reporting date, as well as any adjustment regarding the obligations to pay the profit tax related to the previous years.

Deferred tax

Deferred tax is recognized for temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the tax base used to calculate the tax.

The assessment of deferred tax reflects the tax consequences that would arise from the manner in which the Company expects, at the end of the reporting period, to recover or settle the value of its assets and liabilities. Deferred tax receivables are reviewed at each reporting date and are reduced to the extent that it is no longer possible to achieve the tax benefit.

Employee Benefits

Short-term employee benefits

Short-term benefit obligations are measured without being discounted and are recognized as an expense as the services are provided. A provision is recognized at the estimated amount to be paid for short-term benefits in the form of bonuses or employee participation in profit, only if the Company has a present, legal or implied obligation to pay this amount for past services provided by employees. , and this obligation can be estimated at fair value. The benefits of short-term employees are mainly represented by salaries.

In the normal course of business, the Company makes payments on behalf of its employees to the pension fund. All employees of the Company are members of the pension plan of the Romanian State.

Financing costs

The company does not capitalize on borrowing costs because it does not have long-term loans. Interest income and interest expense are recognized in the profit and loss account at the time of payment.

Grants

Grants are initially recognized as income recorded in advance at fair value when there is reasonable assurance that they will be received and the Company will comply with the terms of the grants, and are then recognized in profit or loss account as other income over the life of the asset to which it relates. Grants are related to assets. Non-reimbursable funds are recognized as assets when there is a reasonable assurance that they will be received and that the related conditions will be met..

Provisions

A provision is recognized when, and only when, the following conditions are met: The Company has a current obligation (legal and implied) as a result of a past event, it is probable (i.e., more likely than not) that an outflow of resources economic benefits are necessary for the settlement of the obligation, when a correct estimate can be made regarding the amount of the obligation.

The result per action

In accordance with SIC33 “Earnings per share”, earnings per share are calculated by dividing the profit or loss attributed to the Company's shareholders by the weighted average of the ordinary shares outstanding of the period.

The weighted average number of shares outstanding during the year represents the number of shares at the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months in which the shares were outstanding during the year.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued after certain specified conditions are met. The object of diluted earnings per share is consistent with that of the basic earnings per share, namely , to evaluate the interest of each ordinary share in the performance of an entity.

Quotas

Contingent liabilities are not recognized in the accompanying financial statements. These are presented if the outflow of resources incorporating economic benefits becomes possible and not probable.

A contingent asset is not recognized in the accompanying financial statements , but is presented when an inflow of economic benefits is probable.

Segment reporting

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products or services in a particular geographic environment (geographic segment) and that is subject to risks and benefits other than those of other segments.

The company carries out its operations in a single location in Romania. The Company's management considers the operations as a whole as "a single segment".

Operational segments are consistently examined by the entity's principal operational decision-maker in order to make decisions about the allocation of resources by segment and to evaluate its performance, and for which separate financial information is available.

An entity shall report revenue from external customers for each product or service or for similar products or services, unless the required information is not available and the cost of processing it would be excessive, in which case this should be disclosed. The reported financial information used to prepare the entity's financial statements must be taken into account.

The deliveries made by the Company during 2021, internally ,amounted to 77,400,366 RON, of which the main clients are:

Complexul Energetic Oltenia	50.436.395 RON
Apenin Tg Jiu	4.272.542 RON
CET Govora	2.350.340 RON
Forceplat Galati	1.378.931 RON
BVH Rubber Trade Tg Jiu	859.860 RON
Lekavex Tg Jiu	792.908 RON
Elastimpex Tg Jiu	730.391 RON
Holcim Romania Bucuresti	675.473 RON
CNCFR Bucuresti	604.227 RON
Scorta Comprest Tg Jiu	393.607 RON

Between January 1st, 2021 and December 31st, 2021, the Company recorded exports as follows:

Total Export deliveries 21,406,669 **euros** (105,305,989 RON) of which:

Outside the European Union	5,361,006 euros
Inside the European Union	16,045,663 euros

The main products manufactured by the Company are : /

- Conveyor Belts with Textile Insert for General Use;
- Antistatic and Flame Resistant Conveyor belts with Textile Inserts;
- Antistatic and Flame Resistant Textile Insert Conveyor Belts for Underground;
- General Purpose Metal Insert Conveyor Belts ;
- Antistatic and Flame Resistant Metal Insert Conveyor Belts ;
- Reconditioning Used Drums;
- Technical Sheets and Carpets;
- Car accesories;
- Profiled Gaskets;

TOTAL:	32,449,304	47,659	41,350	32,455,613	21,949,431	1,773,615	41,350	23,681,696
II. TANGIBLE FIXED ASSETS	12,779,181	-	3,262	12,775,919	133,421	-	-	133,421
1. Land								
2. Constructions	43,614,185	-	13,235	43,600,950	30,775,648	1,171,173	5,496	31,941,325
3. Technological equipment	44,768,262	723,846	647,452	44,844,656	41,197,578	684,142	633,046	41,248,674
4. Measuring, controlling and regulating apparatus and installations	2,255,825	52,268	36,902	2,271,191	2,049,169	78,050	35,165	2,092,054
5. Means of transport	7,119,808	457,487	569,060	7,008,235	5,571,317	507,481	569,059	5,509,739
6. Furniture, appliances, office supplies and other assets	666,482	68,610	155,718	579,374	464,316	26,300	25,720	464,896
7. Advances and tangible fixed assets in progress	168,325	565,827	531,925	202,227	-	-	-	-
TOTAL:	111,372,068	1,868,038	1,957,554	111,282,552	80,191,449	2,467,146	1,268,486	81,390,109
III. FINANCIAL ASSETS								
1. Equity securities held in group companies	-	-	-	-	-	-	-	-
2. Claims on group companies	-	-	-	-	-	-	-	-
3. Securities in the form of participation interests	-	-	-	-	-	-	-	-
4. Receivables from participation interests	-	-	-	-	-	-	-	-
5. Securities held as fixed assets	-	-	-	-	-	-	-	-
6. Other receivables	-	-	-	-	-	-	-	-
7. Owned actions	-	-	-	-	-	-	-	-
TOTAL:	-	-	-	-	-	-	-	-
FIXED ASSETS - TOTAL	143,821,372	1,915,697	1,998,904	143,738,165	102,140,880	4,240,761	1,309,836	105,071,805

The fixed assets from the company's patrimony are depreciated using the straight-line method. The last revaluation was performed at the end of 2012 by the authorized valuator ANEVAR, which modified the gross book value of the asset, after revaluation, using the proportional treatment of the accumulated depreciation. On December 31, 2018, the buildings were evaluated to determine the taxable amount.

Provisions for risks and expenses

NOTE 2
- RON -

Provision name	Balance at January 1st, 2021	Transfers		Balance at December 31, 2021
		in the account	from the account	
0	1	2	3	4 = 1 + 2-3
Provisions for Depreciation of receivables - customers	1,010,642	108,917		1,119,559
Provisions for Depreciation of receivables - miscellaneous debtors	261,355	-	-	261,355

NOTE 3

Distribution of profit

on 31.12.2021

- RON -

Profit destination	The amount
Net profit to be distributed:	12.050.173
-reinvested profit	683.686
- coverage of the accounting loss resulting from corrections	91.490
- legal reserve	-
- dividends	5.979.269
- other reserves	5.295.728
- NON-SHARED PROFIT	-

Analysis of the operating result

NOTE NO. 4

RON

Indicator	Previous year - 2020	Current year - 2021
0	2	
1. Net turnover	131,914,607	172,531,341
2. The cost of goods sold and services rendered (3 + 4 + 5 + 6), of which:	115,791,079	151,456,499
3. Expenses of the basic activity	62,639,740	90,449,722
4. Expenditure on auxiliary activities	21,086,874	24,907,733
5. Indirect production costs	29,084,897	32,802,424
6. Expenditure on sold goods and packaging	2,979,568	3,296,620
7. Gross turnover (1-2)	16,123,528	21,074,842
8. Sales expenses	2,577,665	4,115,087
9. General administrative expenses	7,124,479	5,722,844
10. Other operating income	25,245,032	19,106,603
11. Expenditure related to other operating income	18,418,190	15,813,399
12. Total operating income (1 + 10)	157,159,639	191,637,944
13. Total operating expenses (2 + 8 + 9 + 11)	143,911,413	177,107,829
14. Operating profit (12-13)	13,248,226	14,530,115

Statement of receivables and payables

NOTE 5
- RON -

Receivables	Balance at December 31, 2021 (col. 2 + 3)	Liquidity term	
		under 1 year	over 1 year
0	1	2	3
Total from which:	40,741,933	40,741,933	-
Suppliers - debtors	76,416	76,416	-
Customers	37,906,060	37,906,060	-
Other receivables	2,759,457	2,759,457	-

- RON -

Payables	Balance at December 31, 2021 (col. 2 + 3 + 4)	Due date		
		under 1 year	1-5 years	over 5 years
0	1	2	3	4
Total from which:	49,745,718	49,737,941	7,777	-
1 . The state budget	1,013,363	1,013,363	-	-
- tax	511,942	511,942	-	-
- tax on dividends	30,013	30,013	-	-
- income tax from salaries	377,561	377,561	-	-
- VAT payable	93,847	93,847	-	-
2. Special funds budgets	457,532	457,532	-	-
- CASS	436,109	436,109	-	-
- environment fund	734	734	-	-
- solidarity fund for people with disabilities	20,689	20,689	-	-
3. Social security budgets	1,205,087	1,205,087	-	-
- CAS	1,106,807	1,106,807	-	-
- 2.25% insurance contribution for The Work	98,280	98,280	-	-
4. Other taxes, fees, payments	-	-	-	-
5. Other loans and similar liabilities - leasing	-	-	-	-
6. Interest on other loans and similar liabilities - leasing	-	-	-	-
7. Staff – due salaries	43,983	43,983	-	-

8. Staff - sick leave	-	-	-	-
9. Uncollected personnel rights	1,092	1,092	-	-
10. Deductions from salaries due to third parties	1,116,540	1,116,540	-	-
11. Referall handlers guarantees	7,777	-	7,777	
12. VAT not required	636	636		
13. Various creditors	6,698	6,698	-	-
14. Dividends	4,253,915	4,253,915	-	-
15. Credits	25,869,952	25,869,952	-	-
16 Suppliers	15,045,699	15,045,699	-	-
17. Creditor customers	694,448	694,448	-	-
18. Payable interest	28,996	28,996	-	-
19. Long-term loans	-	-	-	-

Inventories

At 31st December , 2021 , compared to December 31, 2020, the stocks are as follows:

Elements	31 Dec 2020	31 Dec 2021
1. Raw materials and consumables	33,340,830	37,303,806
2. Fixed assets held for sale	149,495	50,289
3. Production in progress	59,651	81,319
4. Finished products and goods	13,414,931	13,995,741
5. Advances	641,240	5,091,923
TOTAL	47,606,147	56,523,078

The output valuation method used by the Company is the FIFO method.

The company has stocks pledged on account of debts. Inventories are reflected in the company's records at their acquisition cost, which includes the purchase price, import duties and other irrecoverable taxes, transportation, handling and other costs that can be directly attributed.

Clients and similar accounts

At 31st December , 2021 , compared to December 31, 2020, customers and similar accounts are as follows:

Elements	31 Dec 2020	31 Dec 2021
1. Trade receivables	31,456,896	39,920,685
2. Advances paid	780,614	76,416
3. Other receivables	1,379,696	744,832
TOTAL	33,617,206	40,741,933

The deliveries made by the Company during 2021, internally, amounted to 77,400,366 RON, of which the main clients are:

Complexul Energetic Oltenia	50.436.395 RON
Apenin Tg Jiu	4.272.542 RON
CET Govora	2.350.340 RON
Forceplat Galati	1.378.931 RON
BVH Rubber Trade Tg Jiu	859.860 RON
Lekavex Tg Jiu	792.908 RON
Elastimpex Tg Jiu	730.391 RON
Holcim Romania Bucuresti	675.473 RON
CNCFR Bucuresti	604.227 RON
Scoarta Comprest Tg Jiu	393.607 RON

Between January 1st, 2021 and December 31st, 2021 , the Company recorded exports as follows:

Total Export deliveries **21,406,669 euros** (105,305,989 RON) of which

Outside the European Union 5,361,006 euro

Inside the European Union 16,045,663 euros

EURO

ENGLAND	4,924,681.66
AUSTRIA	229,836.04
AZERBAIJAN	25,958.30
BELGIUM	164,657.40
BOSNIA & HERZEGOVINA	5,585.51
BULGARIA	200,843.84

CZECH REPUBLIC	8,821.12
EGYPT	114,380.77
ESTONIA	2,274.84
FINLAND	595,590.48
FRANCE	2,180,879.07
GERMANY	6,165,628.98
GREECE	45,278.27
ITALY	640,898.00
LITHUANIA	1,769.20
NETHERLANDS	1,752,367.69
POLAND	63,905.99
RUSSIA	770.00
SERBIA	206,023.84
SPAIN	3,501,717.70
SLOVAKIA	302,112.09
SLOVENIA	2,671.19
UKRAINE	83,606.03
HUNGARY	186,411.22
TOTAL	21,406,669.23

Financial assets available for sale

At 31st December , 2021 , compared to December 31, 2010, short-term investments are as follows:

Elements	31 Dec.2020	31 dec. 2021
Short-term investments	14,397	14,397
TOTAL	14,397	14,397

The balance on December 31, 2021 in the amount of 14,397 RON is represented by the equivalent value of the shares acquired in the previous years from IFB Invest Tg-Jiu.

The share of short-term investments in the company's capital is insignificant.

The company has no interests in other companies. In this sense, the Company did not receive dividends from other companies.

Prepayments

At 31st December , 2021 , compared to December 31, 2020, the expenses incurred in advance are as follows:

Elements	31 dec. 2020	31 dec. 2021
Prepayments	324,186	301,490
TOTAL	324,186	301,490

The balance on December 31, 2021 in the amount of 301,490 RON, represents expenses incurred in advance for: insurance in favor of banks for loans, car RoVignettes, professional training courses, rents paid in advance for renting various equipment.

Cash and cash equivalents

At 31st December, 2021, compared to December 31, 2020, cash and cash equivalents are as follows:

Elements	31 Dec 2020	31 Dec 2021
Current accounts with banks and deposits	1,537,545	996,941
Cash	2,865	24,174
Currency cash		
Other cash equivalents	258,926	32,190
TOTAL	1,799,336	1,053,305

Social capital

As of December 31, 2021 and December 31, 2020, the social capital includes the effects of restatements recorded in previous years according to the application of "SIC" 29 "Financial reporting in hyperinflationary economies. The reconciliation of the share capital is as follows:

Social capital (nominal value)	20,286,865
Differences related to restatement according to SIC 29	89,052,449
Balance of social capital (restated)	<u>109,339,314</u>

According to the EGMS decision of 16.04.2019, SC ARTEGO SA repurchased in 2020 a number of 841,419 own shares in order to cancel them and reduce the share capital from 22,390,412.50 RON to 20,286,865 RON. By the EGMS decision no. 2 / 29.03.2021, the mentioned reduction of the share capital was approved.

At the end of the reporting period, the fully subscribed and paid-in social capital of the Company in the amount of 20,286,865 is divided into 8,114,746 ordinary shares with a nominal value of 2.5 RON per share and corresponds to the one registered at the Trade Register Office.

The shareholding structure as of December 31, 2021 is as follows:

Shareholders	Nominal value per share	Number of shares held	Total amount	% of share capital
<i>PAS ARTEGO EMPLOYEES ASSOCIATION</i>	2.50	6,968,820	17,422,050.00	85.8785%
<i>Individuals _</i>	2.50	1,109,312	2,773,280.00	13.6703%
<i>Legal entities</i>	2.50	36,612	91,530.00	0.4512%
<i>ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS</i>	2.50	2	5.00	0.0000%
TOTAL	2.50	8,114,746	20,286,865.00	100,000%

Legal reserves

The legal reserves are in amount of 4,478,083 RON at December 31, 2021. The company transferred to the legal reserve 5% of the annual accounting profit (Law 571/2003) the cumulative balance reaching 20% of the paid-in share capital.

Revaluation reserves

The revaluation reserve is in the amount of 28,410,212 RON on December 31, 2021.

Other reservations

At 31st December , 2021 , compared to December 31, 2020, other reserves have the following levels:

Elements	31 Dec.2020	31 Dec.2021
Other Reserves	25,000,607	25,520,521
Total	25,000,607	25,520,521

Other equity items

As of December 31, 2021, the amount of 711,761 RON is represented by the deferred tax related to revaluations on balance made after January 1, 2004, diminished by deferred tax related to the amortization of the revaluation recorded on costs in the 12 months of 2021.

Investment grants

Revenues recorded in advance are represented by grants received for investments as non-refundable for the project carried out in previous years through the axis of Economic Competitiveness Growth and record the following decreasing levels until the full amortization of the objectives put into operation, as follows:

Elements	31 dec. 2020	31 Dec.2021
1. Investment grants	22,104	18,725
Total	22,104	18,725

Short-term loans

The Company has credit lines in RON at UNICREDIT, INTESA, ING BANK, GARANTI and CREDIT EUROPE as follows:

	31.12.2020			31.12.2021	
	approved	used		approved	use
The bank			The bank		
GARANTI RON	922.000	922.000	GARANTI RON	-	-
GARANTI(SGB)RON	2.078.000	394.445	GARANTI(SGB)RON	-	-
UNICREDIT RON	28.300.000	5.305.000	UNICREDIT RON	-	-

UNICREDIT(SGB)RON	2.200.000	1.842.411	UNICREDIT(SGB)RON	-	-
INTESA RON	11.000.000	9.356.872	INTESA RON	11.000.000	9.439.667
ING BANK EUR	400.000	340.237	ING BANK EUR	2.250.000	254.151
ING BANK RON	-	-	ING BANK RON	9.000.000	6.601.004
CREDIT EUROPE RON	8.900.000	5.918.957	CREDIT EUROPE RON	8.900.000	8.571.718

Long-term loans

The company does not have long-term loans with banking units or other financial institutions.

The result per action

At December 31, 2021 compared to December 31, 2020, the result per share is:

	31 dec. 2020	31 dec. 2021
Profit for the period	10,531,639	12,050,173
Number of ordinary shares at beginning and end of the period	8,956,165	8,114,746
Basic and diluted result per action (RON / share)	1,18	1,48

Dividends

According to the GMS Decision of 29.03.2021, the amount of 5,381,387 RON was distributed to dividends due to shareholders for 2020, returning a net dividend of 0.63 RON per share.

Other taxes and obligations for the state budget and social insurance

Elements	31 Dec.2020	31 Dec.2021
1. The state budget	1,344,853	1,013,363
- tax	335,667	511,942
- income tax from salaries	338,676	377,561
-dividend tax	31,472	30,013
- VAT payable	639,038	93,847
2. Special funds budgets	436,723	457,532
- CASS	390,267	436,109
- environment fund	1,254	734
- solidarity fund for disabled people	45,202	20,689
3. Social security budgets	1,075,688	1,205,087
- CAS	987,618	1,106,807
-2.25% CAM	88,070	98,280
4. Other taxes, fees, payments	2,616	-

Income tax

The current and deferred profit tax of the Company for the year 2021 and 2020 is determined at a statutory rate of 16%, being in force in the financial year 2021 and 2020 respectively.

Income tax expense for the year 2021 and 2020 is as follows:

	2020	2021
Current profit tax	1,548,082	1,924,253
Deferred income tax		
Total	1,548,082	1,924,253
<i>Reconciling the effective tax rate</i>	2020	2021
Profit before profit tax	12,024,029	13,918,936
Income tax at the statutory rate of 16%	1,923,845	2,227,030
The effect of non-deductible expenses	225,420	277,630
The effect of non-taxable income		

Taxable revaluation reserve		
Legal reserve		
Deferred tax reversal		
Other effects	-601,183	-580,407
Total	1,548,082	1,924,253

Operating income

Elements	31 dec. 2020	31 dec. 2021
Sold production	129,814,897	170,522,115
Income from sale of goods	2,733,628	2,782,085
Commercial discounts granted	633,918	772,859
Revenue from stock of products cost	16,299,252	15,424,470
Income from fixed assets production	386,966	570,395
Income from fixed assets for sale	886,762	113,634
Income from operating grants	6,632,344	1,986,148
Other operating revenues	1,039,708	1,011,956
Total operating income	157,159,639	191,637,944

In accordance with the provisions of IAS 18 Revenue, income must:

- be valued at the fair value of the consideration received or receivable;
- take into account the value of any commercial discounts and quantitative discounts allowed;
- the difference between the fair value and the nominal value of the consideration must be recognized as interest income;
- the exchange of goods and services, is not a transaction that generates income, and as such each transaction must be recognized separately;

- in most cases the transfer of risks and benefits coincides with the transfer of title or the transfer of assets to the buyer;
- if the entity retains significant risks related to the property, the transaction does not represent a sale and the income is not recognized;
- if an entity retains only an insignificant risk arising from the property right, then the respective transaction represents a sale, and the income is recognized;
- when there is an uncertainty related to the collection of an amount that cannot be collected, it will be recognized as an expense rather than as an adjustment of the value of the initially recognized income;
- income and expenses related to the same transaction or other event are recognized simultaneously, this process being commonly referred to as the correlation of income with expenses .

Operating expenses

Elements	31 dec. 2020	31 dec. 2021
Expenditures on raw materials and consumables	75,515,872	101,720,296
Other material expenses	971,670	1,383,309
Other external costs (energy and water)	6,353,305	6,752,741
Expenditure on goods	2,436,087	2,562,089
Trade discounts received	4,470	190
Staff costs of which:	45,156,860	51,118,709
-Salaries and allowances	42,969,257	48,408,309
-Insurance and social protection	2,187,603	2,710,400
Tangible assets adjusting including:	4,331,127	4,240,763
-Costs	4,331,127	4,240,763
-Income	-	-
Current asset adjustments of which:	19,312	-
-Costs	29,358	-
-Income	10,046	-
Other operating expenses of which	9,131,650	9,330,112
Expenditure on external services	4,864,454	6,628,793
Expenses with other taxes and fees	1,459,513	1,428,596
Expenses on fixed assets for sale	1,652,991	99,846
Other expenses	1,154,692	1,172,877
Total Operating Expenses	143,911,413	177,107,829

Operating result

Elements	31 dec. 2020	31 dec. 2021
Operating profit (Profit)	13,248,226	14,530,115
Total operating profit	13,248,226	14,530,115

Net financial result

Elements	31 dec. 2020	31 dec. 2021
Income from exchange rate differences	312,616	372,555
Interest income	4,382	902
Other financial incomes	3,617	740
Total Financial Income	320,615	374,197
Interest charges	1,112,054	638,672
Other financial expenses	432,758	346,704
Total Financial Expenses	1,544,812	985,376
Net financial result (Loss)	-1,224,197	-611,179

Provisions

During 2021, the Company set up provisions for uncertain customers in the amount of 108,917 RON, with a balance of 1,119,559 RON as of December 31, 2021.

During 2021, no provisions were made for the depreciation of various debtors, remaining in the balance on December 31, 2021 the amount of 261,355 RON.

Fiscal legislative framework

The legislative -fiscal framework in Romania and its implementation in practice changes frequently and is the subject of different interpretations by various control bodies. Profit tax returns are subject to review and correction by the tax authorities, generally for a period of five years from the date of their completion. Management considers that it has adequately recorded the tax liabilities in the accompanying financial statements, however, the risk persists that the tax authorities may take different positions on the interpretation of these issues. Their impact could not be determined at this time.

GUARANTEES

As of December 31, 2021, the company has mortgaged the following assets in favor of the financing banks to which it has committed credit lines as follows:

INTESA SANPAOLO BANK

- MORTGAGE REAL ESTATE SITUATION -

NO. CADASTRAL	MORTGAGED PROPERTY (LAND + CONSTRUCTIONS) - DESCRIPTION
1315/2/1/1/1/4 CF 41172	-land with an area of 11,243 sqm + auto-metrology platform consisting of: 1. warehouse - 254.62 sqm (C15); 2. bathroom -6.30 sqm (C16); 3. charging station for fire extinguishers - 56.97 sqm (C17); 4. workshop - 619.46 sqm (C28); 5. metrology laboratory - 134.59 sqm (C29); 6. drinking water station - 99.73 sqm (C30); 7. drinking water basin - 146.17 sqm (C31); 8. metal warehouse - 106.87 sqm (C60); 9. warehouse -146.17 sqm (C70); 10. auto body workshop - 359.24 sqm (C73);
1315/2/1/1/1/7 CF 40067	-land with an area of 18,910 sqm + constructions: 1. wardrobe -199.59 sqm (C54); 2. raw material silo - 195.60 sqm (C55); 3. mixtures and annexes workshop - 437.91 sqm (C58); 4. hot water station and condensate recirculation - 48.88 sqm (C57); 5. monobloc hall -10,808.88 sqm (C56 / 2/1); 5. warehouse - 2,225.98 sqm (C69).
1315/2/1/1/1/9 CF 41169	-land with an area of 4,114 sqm + constructions: 1. finished products warehouse - 657.25 sqm (C56 / 4).
1315/2/1/1/1/10 CF 41170	-land with an area of 1,575 sqm + constructions: 1. administrative group gate 3 - 123.44 sqm (C63).
1315/2/1/1/1/11 CF 41165	-land with an area of 22,150 sqm + constructions: 1. monobloc hall - 4,739.39 sqm (C56 / 3); 2. warehouse -95.55 sqm (C61); 3. overhead crane - 811.12 sqm (C62).

CREDIT EUROPE BANK

- MORTGAGE REAL ESTATE SITUATION -

NO. CADASTRAL	MORTGAGED PROPERTY (LAND + CONSTRUCTIONS) - DESCRIPTION (RANGES I AND II MORTGAGES)
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1315/2/1/1/3 CF 39568	- urban land on the surface. of 1,271 sqm together with an administrative group consisting of two buildings (C1 with a built-up area of 161.32 sqm and C2 with a built-up area of 151.81sqm), located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/4 CF 37455	- urban land on the surface. of 6,705 sqm together with oxygen factory (C1), located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/7 CF 39567	- urban land on the surface. of 1,859 sqm together with tailoring section (C1) + gate group, with a built-up area of 667.87sqm located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/9 CF 39579	- urban land on the surface. of 5047 sqm together with the reconditioned drum section (C59), located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/10 CF 39564	- urban land on the surface. of 3,744 sqm , located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/1/8 CF 39562	- urban land on the surface. of 9,538 sqm together with the construction of C1-Industrial hall-Gaskets section with built-up area of 6,429.15 sqm , located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/1/3 CF 47078	- urban land with an area of 9,280 sqm + constructions: <ol style="list-style-type: none"> 1. demineralization station (C1) 2. annexes of demineralization station (C2) 3. Demineralization station basin (C3) 4.dressing (C4) 5. thermal power plant (C5) 6. compressor station warehouse (C6)
1315/2/1/1/1/5 CF 41246	- urban land with an area of 17,758 sqm + constructions: <ol style="list-style-type: none"> 1.basin (C1) 2. pump house (C2) Basin 3 (C3) 4. thermal power plant (C4) 5.Industrial construction (C5) 6.Transformers post (C6) 7. Recirculated water basin (C7) 8.Cooling tower (C8) _ 9. Pump station (C9) 10. Cooling tower (C10) 11.Industrial and urban construction (C11) 12.Industrial and urban construction (C12) 13.Industrial and urban construction (C13) 14.Industrial and urban construction (C14) 15.Industrial and urban construction (C15) 16. Chlorination station (C16) 17.Metal warehouse (C18)

MORTGAGE REAL ESTATE SITUATION -

NO. CADASTRAL	MORTGAGED PROPERTY (LAND + CONSTRUCTIONS) - DESCRIPTION
1315/1/1/12 CF 47071	- urban land with an area of 3611 sqm together with the built-up area with an area of 16.67 sqm (weighing cabin)
1315/2/1/1/8 CF 39574	- urban land with an area of 531 sqm together with the built-up area with an area of 215.14 sqm (commercial space)
4327 CF 47079	- urban land with an area of 1000 sqm
4296 CF 47074	- urban land with an area of 4760 sqm together with the built-up area with an area of 12.42 sqm (deep well)
3201 CF 39572	- urban land with an area of 10073.17 sqm
37200 CF 37200	- urban land with an area of 1395 sqm
37202 CF 37202	- urban land with an area of 9632 sqm
1315/2/1/1/2 CF 40066 RANG I	-land with an area of 20,616 sqm + constructions: 1.Conveyor belts hall (C56 / 1).
3003 CF 41266	-land with an area of 15,446 sqm together with Jiu Capture Station composed of: pump room, dosing tower, water settling tanks 1 and 2, water treatment plants, filters + annexes, central heating, gate cabin, located in Tg Jiu, Cartier Vădeni.
1315/2/1/1/5 CF 41270	- land with an area of 996 sqm together with a bread workshop (C11 / 2)
1315/2/1/1/6 CF 41263	-land with an area of 1,063 sqm together with a diary workshop (C11 / 1), located in Tg Jiu, str. Ciocârlău, no. 38.
1315/2/1/1/1/2 CF 44426	- urban land with an area of 14,478 sqm + constructions: 1. bathroom - 4.13 sqm C3 2.warehouse - 81.27 sqm C38 3. industrial hall - 119.85 sqm (C39); 4. warehouse - 484.78 sqm (C65); 5. warehouse - 111.31 sqm (C66); 6. warehouse - 360.73 sqm (C67); 7- warehouse - 44.72 sqm (C68).

1315/2/1/1/1/6 CF 47076	- urban land with an area of 6,843 sqm + constructions: 1st workshop - 651.14 sqm (C18) 2nd workshop - 626.59 sqm (C19) 3. school laboratory -384.47 sqm (C20) 4. bathroom - 12.93 sqm (C21) 5.basin -88.76 mp (C22) 6.basin- 26.3 sqm (C23) 7. warehouse (C58) 8. car body workshop - 359,245 sqm (C73)
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Affiliated parties

The company has no affiliated parties .

The status of ongoing litigation

ARTEGO SA - plaintiff

Nr. crt.	Nr. Folder	Defendand company	Object	Request/ The requested amount	File status / Remarks
1	3319/95/2010 *	Vectra Impex Targu-Jiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 300,000.00 RON	- in progress; We were admitted to the credit table with the amount of 300,000.00 RON, of which we recovered the amount of 38,645.00 RON; continue bankruptcy proceedings
2	8207/62/2011	CET Brasov	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 46,887.93 RON	- in progress; We were admitted to the credit table with the amount of 46,887.93 RON; continue bankruptcy proceedings
3	60833/3/2011	Munplast Bucharest	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 19,457.81 RON	- in progress; We were admitted to the credit table with the amount of 19,457.81 RON, from which I recovered the amount of 5,000 RON; continue bankruptcy proceedings
4	4163/95/2012	Gastrom Group Targu -Jiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 52,777.37	- in progress; We were admitted to the credit table with the amount of 52,777.37 RON; continue bankruptcy proceedings

				she	
5	887/90/2013	Oltchim Ramnicu-Valcea	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 19,946.68 RON	- in progress; We were admitted to the credit table with the amount of 19,946.68 RON; continue bankruptcy proceedings
6	9089/101/2013	Regia Autonoma Pentru Activitati Nucleare Severin	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 1,439,815.78 RON	- in progress; We were admitted to the credit table with the amount of 1,439,815.78 RON; continue bankruptcy proceedings
7	2570/63/2014	Servicii Energetice Oltenia Craiova	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 3,188.77 RON	- in progress; We were admitted to the credit table with the amount of 2,486.37 RON; continue bankruptcy proceedings
8	528/95/2015	Succes Nic Com Targu - Jiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 34,155.80 RON	- in progress; we were admitted to the credit table with the amount of 34,155.80 RON; the procedure of judicial reorganization continues
9	2575/85/2015	Ambient Sibiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 1,240.00 RON	- in progress; We were admitted to the credit table with the amount of 1,240.00 RON; the debtor entered bankruptcy proceedings
10	3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 4,783.92 RON	- in progress; We were admitted to the credit table with the amount of 4,783.92 RON; continue bankruptcy proceedings
11	1396/90/2016	CET Govora	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 1,665,256.19 RON	- in progress; We were admitted to the table with the amount of 1,665,256.19 RON; the procedure of judicial reorganization continues
12	5114/95/2016	Instalatii Revizii Utilitati Pentru Minerit Targu-Jiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 41,307.71 RON	- in progress; We were admitted to the table with the amount of 41,307.71 RON; continue bankruptcy proceedings

13	1248/95/2018	Intreprinderea de Drumuri si Poduri Targu-Jiu	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 2,783.39 RON	- in progress; We were admitted to the table with the amount of 2,783.39 RON, of which I recovered the amount of 1,391.39 RON; continue bankruptcy proceedings
14	5075/97/2016	Societatea Complexul Energetic Hunedoara	Insolvency proceedings	- the admission to the creditor's table of the debtor with the amount of 580,000.00 RON	- in progress; I was admitted to the table with the amount of 580,000.00 RON ; continue the insolvency proceedings (observation period)
15	1214/54/2020	ANAF - DGSC Bucharest ANAF - AJFP Valcea	Contestation of fiscal administrative act	Obligation of the defendants to pay the amount of 19,778,066 RON	- in progress; the court accepted the request for summons; the sentence was appealed
16	2867/121/2020	Liberty Galați SA	claims	Obligation of the defendant to pay the amount of 576,801.11 RON	- in progress ; after the date of filing the lawsuit, the debtor paid the amount of 306,380.19 RON, so that the amount in dispute is 270,420.92 RON; court granted a term on 16.02.2022

ARTEGO SA - defendant

Nr. No.	Nr. Folder	Plaintiff	Object	Request/ The requested amount	File status / Observe vatii
1	16719/318/2019	Clubul Sportiv Panduriii Lignitul Tg-Jiu SPEJ LEX FORTIS Craiova	Enforcement appeal	Appeal against Decision no. 3248 / 16.07.2021 by which the executor's fee was reduced	- in progress ; the sentence can be appealed
2	2983/95/2019	Asociatia Club Sportiv Energia Tg-Jiu	claims	Obligation of the defendant to pay the amount of 235,000.00 RON	- in progress ; - by concluding the hearing on 09.09.2020, the court admitted the exception of the prescription of the material right to action for the amount of 120,000 RON, so that the remaining amount in dispute is 115,000 RON; court granted a deadline on 09.02.2022 for the observation of the expertise report
3	5412/182/2021	Abres SRL Baia Mare	Appeal for annulment	Cancellation of the payment order issued for the amount of	- in progress ; - the court granted a trial date on 08.02.2022

				37,598.79 RON (civil sentence no. 4013 / 10.05.2021)	
4.	5201/95/2021	Club Sportiv Pandurii - Lignitul Tg-Jiu through special administrator Serban Daniela and adm. Judicial Consulting Company IPURL	claims	Obligation of the defendant to pay the amount of 864,956.30 RON	- in progress ; the court granted a trial date on 23.02.2022

Subsequent events

Following the reporting on December 31, 2021, there were no significant events that would have affected the data contained in the current financial statements.

Information regarding the employees and members of the management, administration and supervision bodies

SC ARTEGO SA operates, is managed and organized according to the provisions of Law 31/1990 republished regarding the commercial companies.

Being a joint stock company, it is led by the General Meeting of Shareholders and administered by a Board of Directors consisting of 3 members, of which 1 executive member and 2 non-executive members.

In 2021, the supervision of the company's management was performed by an audit firm.

The members of the Board of Directors were remunerated in 2021 as follows:

1. Executive member with a gross monthly allowance according to the Management Contract of 30,000 RON.
2. A non-executive member with a gross monthly allowance of 13,000 RON and a non-executive member with a gross monthly allowance according to the Management Contract of 11,000 RON.

SC ARTEGO SA Tg Jiu, at the end of 2021, had no contractual obligations regarding the payment of pensions to former directors and administrators.

During 2021, SC ARTEGO SA did not grant advances and loans to directors and administrators.

The average number of employees for 2021 was 753 employees.

During 2021, SC ARTEGO SA paid salaries in the amount of 45,017,489 RON, and the expenses with insurance and social protection were in the amount of 2,710,400 RON.

SC ARTEGO SA Tg Jiu granted for its staff during the year 2021 meal vouchers in the total amount of 3,390,820 RON and gift vouchers in the amount of 717,850 RON.

In 2021, one of the Company's priorities was the health of our employees. In accordance with the Emergency Ordinance no. 132/2020 with subsequent amendments and completions, the Company reduced the working time of employees by 50%, respectively 80% of the duration provided in the individual employment contract and requested from AJOFM Gorj the allowances provided by this ordinance. in the amount of 218,233 RON for February 2021, the amount of 443,461 RON for April 2021 and the amount of 1,324,454 RON for May 2021. The company received from AJOFM Gorj all the requested amounts, respectively 1,986,148 RON.

ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL INDICATORS IN 2021

Liquidity indicators

1. Current liquidity indicator

$$\frac{\text{Current assets}}{\text{current debts}} = \frac{98,332,713}{49,737,941} = 1.98$$

2. Immediate liquidity

$$\frac{\text{Current assets - Stocks}}{\text{current debts}} = \frac{98,332,713 - 56,523,078}{49,737,941} * 100 = \frac{41,809,635}{49,737,941} * 100 = 84.06\%$$

Activity indicators

1. Rotation speed of tangible assets

$$\frac{\text{Turnover}}{\text{Tangible assets}} = \frac{172,531,341}{38,666,360} = 4.46$$

2. Rotation speed of total assets

$$\frac{\text{Turnover}}{\text{Total assets}} = \frac{172,531,341}{136,111,111} = 1.26$$

Total assets 137,300,563

Risk indicators

a) Interest coverage indicator

$$\frac{\text{Profit before interest and income tax}}{\text{interest expenses}} = \frac{14,613,098}{638,672} = 22.88$$

Profitability indicators

a) Return of employed capital

$$\frac{\text{Profit before interest And income tax}}{\text{Employed capital}} = \frac{14,613,098}{87,356,120} = 0.17$$

b) Gross sales margin

$$\frac{\text{Gross profit from sales}}{\text{Turnover}} \times 100 = \frac{14,530,115}{172,531,341} = 8.42\%$$

Other information

SC ARTEGO SA was established according to Law 31/1990, based on GD no. 1224/1990 and was registered at the Trade Register Office under no. J18 / 1120/1991, having the fiscal code RO2157428.

SC ARTEGO SA is a joint stock company with entirely private capital, the majority shareholder being the Employees Association “PAS ARTEGO” which on 31.12.2021 holds 85.8785% of the share capital.

When determining the profit tax , the provisions of Law 227/2015 with the subsequent amendments and GD 1/2016 for the approval of the Methodological Norms for the application of Law 227/2015 regarding the fiscal code are taken into account, of which:

- late charges due for non-timely payment of debts;
- the expenses for the protocol, which exceed the limits provided by the Fiscal Code;
- amounts that exceed the limits of expenses considered deductible;
- sponsorship expenses, according to Law 32/1994;
- amounts used for the establishment of reserves according to the republished Law 31/1990.

Statement

In accordance with the provisions of art.223, point B, paragraph (1), letter c) of Regulation no.5 / 2018 on issuers and securities operations, we declare that, to our knowledge, the financial statements as of December 31, 2021 offer a correct and realistic picture of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors prepared in accordance with the provisions of Annex no. 14 presents correctly and completely the information about the company.

Signature,
Executive President,
Viorel David

Independent auditor's report

To the Shareholders of SC ARTEGO SA TG JIU

Report on the audit of financial statements

Opinion

1 I audited the individual financial statements annexes of the company SC ARTEGO SA (“The Company”), with its registered office in Tg Jiu, 38,Ciocarlatu st., identified by the unique fiscal registration code RO 2157428, which include the balance sheet as of December 31, 2021, profit and loss account, the statement of changes in equity and the statement of cash flows for the financial year ended at this date, as well as a summary of significant accounting policies and explanatory notes.

2 The individual financial statements as of December 31, 2021 are identified as follows:

- Total equity: 87,536,120 lei
- Net profit for the financial year: 12,050,173 lei
- Subscribed capital: 20,286,685 lei

3 In our opinion, the accompanying individual financial statements provide a true and fair view of the Company's financial position as at 31 December 2021 as well as its financial performance and cash flows for the financial year ended, in accordance with the Order of the Minister of Public Finance no. . 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards (“OMFP no. 2844/2016”).

Basis for opinion

4 We conducted our audit in accordance with International Standards on Auditing (“ISA”), *EU Regulation no. 537 of the European Parliament and of the Council (hereinafter "Regulation")* and Law no. 162/2021 ("Law"). Our responsibilities under these standards are described in detail in the “Auditor's Responsibilities in an Audit of Financial Statements” section of our report. We are independent of the Company, in accordance with the Code of Ethics for Professional Accountants issued by the Board of International Standards of Ethics for Accountants (IESBA Code), in keeping with the ethical requirements relevant to the audit of financial statements in Romania, including the Regulations and the Law, and we have fulfilled our ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

5 The key audit aspects are those that, based on our professional judgment, were of the greatest importance for the audit of the financial statements of the current period. These issues have been addressed in the context of the audit of the financial statements as a whole and in the formation of our opinion on them, and we do not provide a separate opinion on these key issues.

Key issues audit	The approach within audit mission
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<p>The revenues mainly include sales revenues related to rubber products manufacturing to a range of customers both internal as well external .The revenue is recognized upon delivery of sold goods , and sales are adjusted with commercial discounts in accordance with the contracts closed with customers .</p> <p>I identified the recognition of revenues as a key audit aspect because revenues are one of the key performance indicators of the Company,and therefore , there is an inherent risk in connection with their recognition by management for meeting specific objectives or expectations.</p>	<p>Our audit procedures for assessing the recognition of sales revenue included the following:</p> <ul style="list-style-type: none"> • • testing the effectiveness of the Company's main controls to prevent and detect fraud and errors in revenue recognition. This procedure included testing controls for revenue recognition based on deliveries made, by reference to a sample of transactions; • • inspecting customer contracts, on a sample basis, to understand the terms of sales transactions, including how the discounts are applied, to assess whether the Company's revenue recognition criteria were in accordance with applicable accounting requirements and standards; • • the evaluation, on the basis of a sample, of the recognition in the corresponding financial period of the revenues registered near the end of the financial year, by comparing the selected transactions with the relevant documentation, including shipping notices; • • obtaining confirmations of customer balances at the end of the year, based on a sample; • • examination of the sales register after the end of the financial year in order to identify significant credit notes issued and inspection of the relevant documentation to assess whether the related revenues have been accounted for in the corresponding financial period.
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Other information – Administrators report and Non-financial statement

6 The administrators are responsible for the preparation and presentation of other information. That other information includes the Administrators Report and the Non-Financial Statement, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information and, unless explicitly stated in our report, we do not express any assurance about this.

In connection with the audit of the financial statements for the financial year ended December 31st, 2021, it is our responsibility to read that other information and, in doing so, to assess whether that other information is

significantly inconsistent with the financial statements, or with the knowledge we have obtained during the audit, or if they appear to be significantly distorted.

Regarding the Administrators Report and the Non-Financial Statement, we have read and report whether they have been prepared, in all material respects, in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

- a) The information presented in the Directors' Report and the Non-Financial Statement for the financial year for which the financial statements have been prepared is consistent, in all material respects, with the financial statements;
- b) The report of the administrators and the non-financial statement were prepared, in all significant aspects, in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended December 31st, 2021, we are required to report whether we have identified material misstatements in the Administrators Report and Statement. non-financial. We have nothing to report on this.

Responsibilities of management and those responsible for governance for financial statements

- 7 The management of the Company is responsible for drawing up the financial statements to provide a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards (“OMFP no. 2844/2016”) and for that internal control that the management considers necessary to allow the preparation of financial statements without significant distortions, caused either by fraud or error.
- 8 In preparing the financial statements, management is responsible for assessing the Company's ability to continue operating, for presenting, as appropriate, business continuity issues, and for using accounting based on business continuity, unless management intends to liquidate the Company or to stop the operations, or it has no other realistic alternative besides them.
- 9 The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities in an audit of financial statements

- 10 Our objectives are to obtain reasonable assurance about the extent to which the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to provide an auditor's report that includes our opinion. Reasonable insurance is a high level of

insurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect a significant misstatement, if any. Distortions can be caused by either fraud or error and are considered significant if possible reasonably anticipate that these, individually or cumulatively, will influence users' economic decisions based on these financial statements.

- 11 As part of an ISA audit, we exercise professional judgment and maintain professional skepticism during the audit. Also:
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures in response to such risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, misrepresentation, intentional omissions, false statements and circumvention of internal control.
 - We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
 - We formulate a conclusion regarding the adequacy of management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant capacity concerns regarding the capacity of the Company to continue its activity. If we conclude that there is significant uncertainty, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to discontinue its business based on the continuity of activity principle.
 - We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.
- 12 We communicate to those responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant aspects of internal control, which we identify during the audit.
- 13 We also provide those responsible for governance with a statement of our compliance with our ethical requirements regarding independence and disclose to them all relationships and other matters that may reasonably be considered to affect our independence and, where applicable, related safety measures.
- 14 Among the issues we have communicated to those charged with governance, we have identified those issues that have been most important in the audit of the current financial statements and are therefore key issues. We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe that an issue should not be disclosed in our report because it is

expected in reasonably that the benefits of the public interest are outweighed by the negative consequences of this communication.

Report on other legal and regulatory provisions

15 We were appointed by the General Meeting of Shareholders on 31.03.2021 we audit the financial statements of SC ARTEGO SA TG-JIU for the year financially concluded on December 31st, 2021. Total uninterrupted duration of our commitment is for 7 years covering the financial years ended 31 December 2015 until December 31, 2021.

We confirm that:

- In conducting our audit, we maintained our independence from the audited entity.
- We did not provide the Company with the prohibited non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014.

Reasonable assurance report on the compliance of digital files prepared in accordance with RTS on ESEF, and with the provisions of ASF Regulation no. 7/2021

Purpose of the Report

We have been contracted by ARTEGO SA, hereinafter referred to as “the Company”, to report on the compliance of digital files prepared in accordance with the RTS on ESEF, and with the provisions of ASF Regulation no. 7/2021, on the annual financial reports in the unique electronic reporting format, on 31.12.2021, hereinafter referred to as "Current reports", which were prepared by the Company in accordance with the provisions of the FSA Regulation no. 7/2021 of the Financial Supervisory Authority (hereinafter referred to as “ASF”) to report to the Financial Supervisory Authority (“ASF”) for the period 1 January 2021 to 31 December 2021, in the form of a reasonable assurance conclusion

Specific purpose

Our report is for the sole purpose of the first paragraph of this report, and is for the information of the Company and the FSA and will not be used for any other purpose. Our report must not be construed as appropriate for use by any party wishing to acquire rights with us other than the Company for any purpose or in any context.

Any party other than the Company who obtains access to or a copy of our report and chooses to rely on our report (or part of it) will do so at its own risk. Our commitment has been made to be able to report those issues that we need to report in a reasonable independent assurance report, and not for other purposes. This report covers only the elements specified in this report and does not extend to the financial statements or other reports issued by the Company, considered individually or as a whole .

Responsibilities of the Company's management

The Company's management is responsible for preparing the current Reports on the compliance of digital files prepared in accordance with the RTS on ESEF, and with the provisions of the FSA Regulation no. 7/2021, on the annual financial reports in the unique electronic reporting format, which involves:

- selection and application of appropriate iXBRL tags, using professional judgment if necessary;
- ensuring consistency between digitized information and financial statements presented in a human readable format;
- designing, implementing and maintaining a relevant internal control to the application of RTS on ESEF.

The Company's management is also responsible for designing, implementing and maintaining internal controls that allow the preparation of current Reports so that they are free from material misstatement due to fraud or error. The Company's management is also responsible for ensuring that the supporting documents underlying the preparation of the current Reports, as well as the evidence provided to the auditor, are complete, correct and justified.

Auditor's responsibilities

Our reasonable assurance mission has been carried out in accordance with the International Standards on Insurance Commitments, namely **ISAE 3000** (revised) " *International Standard on Assurance Measures Other than Auditing or Reviewing Historical Financial Information* ". These regulations require us to adhere to the *Code of Ethics* and Independence Standards, to plan and carry out the assurance mission, so that we can obtain reasonable assurance about the current Reports .

We apply the International Quality Control Standard 1 (" **ISQC 1** ") and, as a result, maintain a sound quality control system, including policies and procedures that document compliance with relevant ethical and professional standards and requirements in applicable laws or regulations.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the International Accounting Standards Board (" **IESBA Code** "), which sets out the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

The selected procedures depend on the auditor's professional judgment and our understanding of the reported transactions included in the Current Reports and other circumstances of the engagement, as well as our considerations regarding areas where material misstatement may occur.

We are responsible for expressing an opinion on the extent to which the labeling of the financial statements complies with the RTS on ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance assignment was performed in accordance with ISAE 3000 (revised) Other assurance assignments other than audits or reviews of historical financial information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance involves:

- gaining an understanding of the labeling process and the RTS on ESEF, including internal control over the mission-relevant labeling process;
- obtaining sufficient appropriate evidence to indicate the effectiveness of the operation of relevant controls on the labeling process when the assessment of risks of material misstatement includes the premise that such internal controls function effectively or when procedures other than test testing cannot provide sufficient adequate evidence;
- reconciling the labeled data with the audited financial statements of the dated ARTEGO SA entity;
- assessment of the completeness (labeling / marking) of ARTEGO SA's financial statements (using the iXBRL markup language);
- evaluating the adequacy of the iXBRL elements used by ARTEGO SA, selected from the ESEF taxonomy and creating extension elements in case no corresponding element could be identified in the EFES taxonomy;
- evaluation of the use of anchors for extension elements.

We consider that the evidence obtained is sufficient and adequate to provide a basis for our opinion.

In our opinion, the financial statements included in the 2021 annual financial report identified under the heading 254900CYS9MZXXGL4226-2021-12-31-en.xhtml and 254900CYS9MZXXGL4226-2021-12-31-

en.xhtml for the financial year ended December 31st, 2021 are labeled (marked) in all significant respects, in accordance with the RTS on ESEF.

In this report, we will not express an audit opinion, a review conclusion, or any other assurance about the financial statements. Our audit opinion regarding the financial statements of ARTEGO SA for the financial year ended December 31st, 2021 is included in the Independent Auditor's Report dated March 10th, 2022.

Appendix

Current reports that are the subject of this reasonable assurance report