

**THE SEMESTERLY REPORT ACCORDING TO
REGULATIONS OF THE ASF NO. 5/2018**

Report date: 30.06.2022

SC ARTEGO S.A TG-JIU

Registered office: Ciocarlau Street no. 38, Tg-Jiu

Phone number: 0253/226066, fax: 0253/226066

Unique registration code at the Trade Registry Office: 2157428

Order number at the Trade Register: J 18/1120/1991

Subscribed and paid-up capital: 20,286,865 lei

**The regulated market on which the issued securities are traded: BVB
Bucharest**

ECONOMIC AND FINANCIAL SITUATION
1.a. ANALYSIS BASED ON BALANCE ELEMENTS

Name of indicators	<u>31.12.2021</u>	<u>30.06.2022</u>
ASSETS		
Fixed assets	38.666.360	37.670.713
<i>Tangible assets</i>	29.892.443	29.744.520
<i>Intangible assets</i>	8.773.917	7.926.193
<i>Financial assets</i>		
Current assets	98.634.203	99.769.379
<i>Stocks</i>	56.523.078	62.280.232
<i>Commercial receivables</i>	40.741.933	36.873.776
<i>Financial assets of which</i>	14.397	14.397
<i>available for sale</i>	14.397	14.397
<i>Cash and cash equivalents</i>	1.053.305	290.249
<i>Prepayments</i>	301.490	310.725
TOTAL ASSETS	137.300.563	137.440.092
OWN CAPITAL AND LIABILITIES		
Own capitals		
<i>Subscribed and paid-up share capital</i>	20.286.865	20.286.865
<i>Other equity items</i>	711.761	686.336
<i>Reserves from reevaluation</i>	28.410.212	28.408.740
<i>Legal reserves</i>	4.478.083	4.057.373
<i>Other reserves</i>	25.520.521	26.051.332
<i>Own actions</i>	0	0
<i>Social Capital Adjustment</i>	89.052.449	89.052.449
<i>Reported result (without IAS 29)</i>	-3.237.810	2.040.778
<i>Reported result (with IAS 29)</i>	-89.052.449	-89.052.449
<i>Current profit</i>	12.050.173	6.479.976
<i>Profit Distribution</i>	-683.685	0
Total own capitals	87.536.120	88.011.400
Long-term debt		
<i>Investment grants</i>	8.924	4.635
<i>Other long-term debts</i>	7.777	7.795
<i>Long-term provisions</i>		
Total long-term debts	16.701	12.430
Current debts		
<i>Investment grants</i>	9.801	9.136
<i>Commercial and other debts</i>	15.740.147	5.743.088
<i>Short-term loans</i>	25.869.952	30.018.128
<i>Tax and current tax liabilities</i>	8.127.842	13.645.910
<i>Short-term provisions</i>		
Total current debts	49.747.742	49.416.262
Total debts	49.764.443	49.428.692
TOTAL PASSIVE	137.300.563	137.440.092

The decrease in the net value of tangible assets is due to the depreciation of existing fixed assets.

A detailed comparative situation of the company's debts is presented as follows:

Elements	30 june2021	30 june 2022
1. State budget	521.403	655.823
- tax on profit	130.547	291.035
- tax on dividends	-	-
- tax on salaries	297.556	279.487
- the insurance contribution for work	93.300	85.301
- VAT on payment	-	-
2. . Special fund budgets	462.274	400.097
- CASS	413.210	376.864
- average fund	4.766	27
- solidarity fund for people with disabilities	44.298	23.206
3. Social security budgets	1.045.299	958.410
- CAS	1.045.299	958.410
4. Other taxes, fees, payments	-	-

**1.b. PROFIT AND LOSS ACCOUNT
at 30 june 2022**

- lei-

Crt. No.	NAME OF INDICATORS	30.06.2021	30.06.2022
1.	Net turnover of which	73.137.893	87.200.467
	Revenues from the sold production	71.928.062	86.495.891
	Revenues from the sale of goods	1.316.464	858.721
	Commercial discounts granted	(106.633)	(154.145)
2.	Revenues from stored production	4.767.535	12.975.396
3.	Revenues from the production of fixed assets	445.608	642.203
4.	Revenues from fixed assets intended for sale	-	-
5.	Revenues from operating grants	2.009.220	1.625.515
6.	Other revenues from exploitation	511.582	353.830
I.	REVENUES FROM EXPLOITATION	80.871.838	102.797.411
7.	Expenditures on goods	1.314.050	778.428
8.	Material expenditures	44.164.498	63.702.060
9.	Expenditures on works and services performed by third parties	3.154.432	3.546.295
10.	Expenses with taxes and fees	700.900	595.711
11.	Staff costs	24.840.280	23.738.051
12.	Other expenses with exploitation	375.052	274.509
13.	Expenses with depreciation and provisions	2.076.990	2.087.356
II.	EXPENSES FOR EXPLOITATION	76.626.202	94.722.410
A.	RESULT FROM EXPLOITATION		
	- PROFIT	4.245.636	8.075.001
	- LOSS		
III.	FINANCIAL REVENUES	227.635	60.012
IV.	FINANCIAL EXPENSES	460.505	685.415
B.	FINANCIAL RESULT	(232.870)	(625.403)
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		

VII.	TOTAL REVENUES	81.099.473	102.857.423
VIII	TOTAL EXPENSES	77.086.707	95.407.825
D.	GROSS RESULT		
	- PROFIT	4.012.766	7.449.598
	- LOSS		
	TAX	550.139	995.047
E	REVENUES FROM BENEFIT FROM PROFIT	27.752	25.425
F.	NET RESULT		
	- PROFIT	3.490.379	6.479.976
	- LOSS		
G.	Number of shares	8.956.165	8.114.746
H.	Output per share	0,390	0,799

The economic, financial and market activity of SC ARTEGO SA

In accordance with Emergency Ordinance no. 132/2020 with subsequent amendments and additions, the Company reduced the working time of employees by a maximum of 80% of the duration provided for in the individual employment contract and requested from AJOFM Gorj the allowances provided for by this ordinance in the amount of 151,523 lei for February 2022, the amount of 1,446,607 lei for May 2022. The company collected from AJOFM Gorj the amount of 1,598,130 lei.

The epidemic caused by the coronavirus is a major shock for the European and world economy. The expansion of the coronavirus epidemic is causing disturbances on the financial markets, with important effects on the world economy expected as a result of the measures taken to manage the world crisis.

The situation generated by the armed conflict in Ukraine led to the establishment by the international community of economic sanctions and financial restrictions regarding economic relations with the Russian Federation and Belarus. As such, there were effects regarding the import and export of products from and to Ukraine, the Russian Federation and Belarus, our society being affected both directly and indirectly by this situation.

An important consequence, in addition to the delay and/or impossibility of supplying raw materials from the above-mentioned countries, is the uncontrolled increase in natural gas and electricity prices, which leads to major difficulties in the production and sale of manufactured products.

For our Company, the effects of the economic crisis can be felt most easily through a depreciation of the national currency in relation to the currencies with which we work, through delays in the supply of raw materials, in the production, delivery and transportation of products.

The lack of the possibility of making coherent and correct predictions led to the maintenance of the volatility of the Romanian business climate, the main commercial organizations in the steel, oil, energy fields continuing to emphasize cost reduction and implicitly the development of procurement activities characterized by the pursuit of obtaining purchase prices the lowest.

Under these conditions, the stages involved in the renegotiation of commercial contracts with some companies in the mentioned fields were difficult and lasted much longer than the initial estimated time, which left its mark on the decrease in the volume of orders for specific products and implicitly on the level of sales.

The late approval of the budgets for 2022 related to the economic operators in the mining and energy fields, the postponement of the initiation of public procurement procedures, the reduction of the funds allocated to these acquisitions, all of these led to the reduction of the possibility of obtaining a large volume of orders and level of sales that would was the result of winning the auctions.

At the same time, the unfair competition encountered in some tenders led either to the increase in the duration of awarding contracts, with the time needed to resolve disputes, or to

the loss of tenders, given that the contracting authorities still opted for the "lowest price" awarding criterion ", which led to the passage of quality criteria aspects to a secondary plan. This aspect of the price level as the sole awarding criterion produces both the favoring of the presence on the market of some products of a dubious quality level, as well as the reduction of the company's market share in related niches. On the other hand, in the field of electricity distribution, for the purchase of specific products, a series of additional criteria can be found in the award documents to the legal conditions fulfilled, regarding the component of the eligibility and/or qualification documents (environment, occupational health and safety , etc.), the specific and differentiated technical conditions of the products, the required delivery terms, the methods of making the imposed payments, ultimately representing barriers that lead to the impossibility of participation and ultimately to the decrease of the sales potential to these organizations.

In another vein, the turbulence of the economic environment also adversely affects the possibilities of making payments by customers, there are long delays in the payment terms corresponding to the deliveries made, which leads to a negative impact on cash flows and the possibilities of making payments to suppliers on time.

For the next period, the evolution on the market will be influenced by the impact, on which the measures that will be taken starting from July 2022 at the macro-economic level (the increase in natural gas prices, the evolution of fuel prices, the evolution of the leu/euro exchange rate, the development and /or the end of the privatization processes in the fields of rail and air transport, the expected organizational developments in the energy field, the insolvency status of some organizations in the energy and petrochemical fields) will have an impact on the dynamics of acquisitions, investments, modernizations, and maintenance.

Therefore, taking into account all these aspects, if the general evolution of the Romanian economy is relatively stable, it is possible to maintain, in the short and medium term, the existing situation, from the point of view of the level of sales and productive activity, continuing, on the other hand, to make efforts to ensure cash flows that allow the honoring of debts to employees, the state and suppliers. At the same time, action will be taken to identify all possibilities for reducing as much as possible the difference between income and expenses and for an appropriate reaction to the influence of all these factors that have the potential to impact the evolution of the market and the performance of SC ARTEGO SA.

We mention the fact that the financial statements drawn up on 06.30.2022 have not been audited/reviewed.

STATEMENT OF CASH FLOWS

on June 30, 2022

- lei -

INDICATORS LEI (RON))	ACHIEVED AN 2021	ACHIEVED 30.06.2022
A. LIQUIDITY AT THE BEGINNING OF THE PERIOD	1.799.336	1.053.305
In accounts	1.537.545	996.941
Cash	2.865	24.174
Other Values	258.576	31.781
Treasury advances	-	-
Values to receive	350	409
REVENUE FROM OPERATING ACTIVITIES	211.387.089	126.096.655
Customer encashments	171.867.465	100.595.329

Other encashments	39.519624	25.501.326
PAYMENT FOR THE EXPLOITATION ACTIVITY	211.811.176	126.005.973
Provider payments	115.490.758	82.599.509
Payments for staff	45.017.489	19.543.221
Payments on taxes and fees	22.428.485	11.571.011
Tax / Advantage	1.730.551	1.215.954
Interest payments	638.672	599.575
Other payments	26.505.221	10.476.703
CASH FLOW FROM OPERATING ACTIVITY	-424.087	90.682
INCOME FROM THE INVESTMENT ACTIVITY	621.211	175.383
Proceeds from the sale of land, fixed assets and intangible assets	621.211	.175.383
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	943.155	1.029.121
Payments for the acquisition of land, fixed assets and intangible assets	943.155	1.029.121
Receipts for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM INVESTMENT ACTIVITY	-321.944	-853.738
RECEIPTS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR FINANCING ACTIVITY	-	-
CASH FLOW FROM FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	-746.031	-763.056
B. CASH FLOWS AT THE END OF THE PERIOD	1.053.305	290.249
In accounts	996.941	248.262
Cash	24.174	2.938
Other Values	31.781	21.625
Treasury advances	-	15.418
Values to receive	409	2.006

2. ANALYSIS OF THE ACTIVITY OF THE COMMERCIAL COMPANY

2.1. *Liquidity indicators*

- % -

Crt. No.	Name of indicators	Calculation formula	30.06.2021	30.06.2022
1.	Current patrimonial liquidity	[Active circ/DTS]	2,41	2,01
2.	Active (quick) liquidity	[Active circ.-Stocks]/DTS	103,50%	75,25%
3.	Rotational speed of immobilized assets	Turnover/Fixed Assets	1,82	2,31
4.	Turnover speed of Total assets	Turnover/ Total Assets	0,63	0,63
5.	Interest Coverage Indicator	Profit before payment of interest and profit tax/Expenses. With Interest	16,09	13,42
6.	Return on Capital Employed	Profit before the payment of interest and profit tax/Employed Capital	0,051	0,091
7.	Gross Margin from Sales	Gross Profit from Sales/Turnover	5,80%	9,26%

2.2 *Capital expenditure*

Due to the economic situation, both at the level of the company and at the macroeconomic level, the investments in the analyzed period stagnated, the cash outflows being intended to pay the debts accumulated in the previous period.

2.3. The structure of income from the basic activity is presented in the following:

Operating income

-lei-

Elements	30 june 2021	30 june 2022
Production sold	71.928.062	86.495.891
Income from sale of goods	1.316.464	858.721
Commercial discounts granted	(106.633)	(154.145)
Revenues related to the costs of product stocks	4.767.535	12.975.396
Income from the production of fixed assets	445.608	642.203
Income from fixed assets intended for sale	-	-
Income from operating subsidies	2.009.220	1.625.515
Other operating revenues	511.582	353.830
Total operating income	80.871.838	102.797.411

In the following period, in the short and medium term, taking into account the difficulty of predictability of the evolution of the Romanian economy, but at the same time

counting on its possible stability, it can be estimated for S.C. ARTEGO SA. a constant trend of the existing situation, as well as productive activity and sales level.

3. CHANGES AFFECTING THE SHARE CAPITAL AND ADMINISTRATION OF THE COMMERCIAL COMPANY

3.1. During the analyzed period of time, there were no recorded cases in which the company could not honor its obligations to third parties, even if in some situations the payments were made late.

3.2. During the analyzed time period, there were no changes regarding the rights of the holders of securities issued by the commercial company. The shareholding structure on June 30, 2022 is as follows:

Shareholders	Nominal value per share	Number of shares held	Total value	% of the social capital
ASSOCIATION OF THE EMPLOYEES PAS ARTEGO	2,50	6.968.820	17.422.050,00	85,8785%
<i>Other legal entities</i>	2,50	36.517	91.293	0,4500%
<i>Other individuals</i>	2,50	1.109.407	2.773.517,00	13,6715%
THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS	2,50	2	5,00	0,0000%
TOTAL	2,50	8.114.746	20.286.865,00	100,000%

SC ARTEGO SA Tg-Jiu

Individual Financial Statements

SITUATION OF THE FINANCIAL POSITION AT 31.12.2021 and 30.06.2022

(Amounts are expressed in RON unless otherwise stated)

Name of indicators	31.12.2021	30.06.2022
ASSETS		
Fixed assets	38.666.360	37.670.713
<i>Tangible assets</i>	29.892.443	29.744.520
<i>Intangible assets</i>	8.773.917	7.926.193
<i>Financial assets</i>		
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<i>Financial assets of which available for sale</i>	14.397	14.397
<i>Cash and cash equivalents</i>	1.053.305	290.249
<i>Prepayments</i>	301.490	310.725
TOTAL ASSETS	137.300.563	137.440.092

OWN CAPITAL AND LIABILITIES		
Own capitals		
<i>Subscribed and paid-up share capital</i>	20.286.865	20.286.865
<i>Other equity items</i>	711.761	686.336
<i>Reserves from reevaluation</i>	28.410.212	28.408.740
<i>Legal reserves</i>	4.478.083	4.057.373
<i>Other reserves</i>	25.520.521	26.051.332
<i>Own actions</i>	0	0
<i>Social Capital Adjustment</i>	89.052.449	89.052.449
<i>Reported result (without IAS 29)</i>	-3.237.810	2.040.778
<i>Reported result (with IAS 29)</i>	-89.052.449	-89.052.449
<i>Current profit</i>	12.050.173	6.479.976
<i>Profit Distribution</i>	-683.685	0
Total own capitals	87.536.120	88.011.400
Datorii pe termen lung		
<i>Subventii pentru investitii</i>	8.924	4.635
<i>Alte datorii pe termen lung</i>	7.777	7.795
<i>Provizioane pe termen lung</i>		
Total datorii pe termen lung	16.701	12.430
Long-term debt		
<i>Commercial and other debts</i>	15.740.147	5.743.088
<i>Short term loans</i>	25.869.952	30.018.128
<i>Debts from taxes and current charges</i>	8.127.842	13.645.910
<i>Short-term provisions</i>		
Total current liabilities	49.747.742	49.416.262
Total debts	49.764.443	49.428.692
TOTAL EQUITY AND LIABILITIES	137.300.563	137.440.092

**SITUATION OF THE GLOBAL RESULT
at 30 june 2022**

- lei-

Crt. No.	NAME OF INDICATORS	30.06.2021	30.06.2022
1.	Net turnover of which	73.137.893	87.200.467
	Revenues from the sold production	71.928.062	86.495.891
	Revenues from the sale of goods	1.316.464	858.721
	Commercial discounts granted	106.633	154.145
2.	Revenues from stored production	4.767.535	12.975.396
3.	Revenues from the production of fixed assets	445.608	642.203
4.	Revenues from fixed assets intended for sale	-	-
5.	Revenues from operating grants	2.009.220	1.625.515
6.	Other revenues from exploitation	511.582	353.830
I.	REVENUES FROM EXPLOITATION	80.871.838	102.797.411
7.	Expenditures on goods	1.314.050	778.428

8.	Material expenditures	44.164.498	63.702.060
9.	Expenditures on works and services performed by third parties	3.154.432	3.546.295
10.	Expenses with taxes and fees	700.900	595.711
11.	Staff costs	24.840.280	23.738.051
12.	Other expenses with exploitation	375.052	274.509
13.	Expenses with depreciation and provisions	2.076.990	2.087.356
II.	EXPENSES FOR EXPLOITATION	76.626.202	94.722.410
A.	RESULT FROM EXPLOITATION		
	- PROFIT	4.245.636	8.075.001
	- LOSS		
III.	FINANCIAL REVENUES	227.635	60.012
IV.	FINANCIAL EXPENSES	460.505	685.415
B.	FINANCIAL RESULT	(232.870)	(625.403)
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		
VII.	TOTAL REVENUES	81.099.473	102.857.423
VIII	TOTAL EXPENSES	77.086.707	95.407.825
D.	GROSS RESULT		
	- PROFIT	4.012.766	7.449.598
	- LOSS		
	TAX	550.139	995.047
E	REVENUES FROM BENEFIT FROM PROFIT	27.752	25.425
F.	NET RESULT		
	- PROFIT	3.490.379	6.479.976
	- LOSS		
G.	Number of shares	8.956.165	8.114.746
H.	Output per share	0,390	0,799

Balance on DECEMBER 31 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
Sold 01.01.2022	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
Overall result of the period													
The profit of the exercise			6,479,976										6,479,976
Other elements of the overall result of which:													
Surplus from the revaluation of tangible assets													
The reduction of the reserve from the revaluation of deferred tax registration													
Total other elements of the overall result													
Total global result of the period			6,479,976										6,453,079
Other elements													
Resumption of the revaluation reserve to the carried forward result													
Increasing the legal reserve													
Other elements													
Total other elements			-12,050,173	-420,710									
Transactions with shareholders recognized directly in equity													
Distribution of dividends													
Total transactions with the owners													
Balance as of June 30 2022	20,286,865	89,052,449	6,479,976	4,057,373	28,408,740	26,051,332	2,040,778	-89,052,449	0	686,336	0	0	88,011,400

Notes to the financial statements

For the financial year ending on June 30, 2022

1. The reporting entity

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

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

According to the statute, the Company's main field of activity has CAEN 2219 "Manufacture of other rubber products".

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

2. The basis of the preparation

(a) Declaration of conformity

The separate financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union and in accordance with the provisions of OMFP 2844/2016 with subsequent amendments and additions.

The company applies the International Financial Reporting Standards as approved by the European Union when preparing the separate financial statements concluded on June 30, 2022 in accordance with OMF no. 881/2012. This order states that starting with the 2012 financial year, the annual financial statements will be drawn up in accordance with SIRF, this order being applicable to commercial companies whose securities are admitted to trading on a regulated market.

The Company's accounting records are maintained in lei, in accordance with the Romanian Accounting Regulations ("RCR"). These accounts have been restated to reflect the differences between the accounts according to RCR and those according to IFRS. Accordingly, the accounts according to RCR have been adjusted, if necessary, to harmonize these separate financial statements, in all significant aspects, with IFRS.

(b) Presentation of financial statements

The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of financial statements".

(c) Basis of assessment

The separate financial statements are drawn up at historical cost, with the exception of certain classes of tangible assets 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 adopted a presentation based on liquidity in the balance sheet and a presentation of income and expenses according to their nature in the profit and loss account, considering that these presentation methods provide information that is credible and more relevant than those that 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 variation", is LEI or RON. The separate financial statements are presented in lei, rounded to the nearest leu, the currency chosen by the Company's management as the presentation currency.

(e) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS adopted by the European Union requires the management's use of estimates, judgments and assumptions that affect the application of accounting policies as well as 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 accounting values of assets and liabilities that cannot be obtained from other sources of information. The obtained results may differ from the estimated values.

The estimates and the assumptions underlying them are reviewed periodically. Revisions of 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 made by the management from the application of IFRS have a significant effect on the financial statements as well as the estimates that involve a significant risk

3. Significant accounting policies

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

(a) Subsidiaries and associated entities

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

The company does not own any associated companies.

(b) Transactions in foreign currency

Operations expressed in foreign currency are recorded in lei at the official exchange rate from the date of settlement of the transactions. Monetary assets and liabilities recorded in foreign currency at the date of drawing up the accounting balance are converted into the functional currency at the exchange rate of the respective day. Gains or losses from their settlement and from the conversion using the exchange rate at the end of the month or at the end of the financial exercise of monetary assets and liabilities denominated in foreign currency are recognized in the profit and loss account.

c) Financial Instruments

Financial risk management

The company is exposed to the following risks arising from financial instruments: market risk (interest rate risk and currency 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 produces changes in market prices, as well as the currency exchange and the 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 in order to effectively deal with opportunities and threats.

Interest rate risk

The operational cash flows of the Company are affected by interest rate variations, mainly due to the foreign currency loans contracted from 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 can be exposed to exchange rate fluctuations through cash and cash equivalents, receivables or commercial debts expressed in foreign currency.

The currency used on the domestic market is the Romanian leu. The company is exposed to currency risk for cash and cash equivalents from purchases and loans made in a currency other than the one 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 lei, at the exchange rate of 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 suffer a financial loss as a result of non-fulfillment of contractual obligations by a customer or counterparty to a financial instrument, and this risk results mainly from trade receivables and cash and cash equivalents.

On June 30, 2022, the Company holds cash and cash equivalents in the amount of 290,249 lei. Cash and cash equivalents are held at the following banks: Unicredit, Intesa, ING Bank, Credit Europe, Garanti, BRD.

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 through the transfer of another financial asset.

A prudent liquidity risk management policy involves maintaining sufficient cash and cash equivalents, the availability of financing through appropriate credit facilities. The Company's policy regarding liquidity is to maintain sufficient liquid resources to be able to honor obligations as they reach maturity.

Fair value of financial instruments

The fair value is the value at which the financial instrument can be exchanged in ordinary transactions, other than those determined by liquidation or forced sale. Fair values are obtained from quoted market prices or cash flow models as appropriate. On June 30, 2022, cash and other assets, customers and assimilated accounts, trade debts as well as other debts are approaching their real value due to their short maturity. The management considers that the estimated value of these instruments is close to their accounting value.

Capital risk management

The Company's objectives when managing capital are to preserve the Company's ability to continue its activity 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 measurement unit at the balance sheet date (non-monetary elements are restated using a general price index from the date of purchase or contribution).

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

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

Thus, the values expressed in the current measurement unit on December 31, 2003 are treated as the basis for the accounting values reported in these separate financial statements and do not represent evaluated values, replacement cost, or any other measurement of the current value of assets or prices at which transactions would take place at this moment.

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

Tangible assets

Tangible fixed assets represent assets that: are owned by an entity to be used in the production of goods or the provision of services, to be leased to third parties or to be used for administrative purposes, and are used during a period of more than one year .

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

The valuation of tangible fixed assets at the balance sheet date is carried out at cost, less amortization and accumulated depreciation adjustments, or at the revalued value, this being the fair value at the revaluation date, less any subsequent accumulated depreciation and any subsequent accumulated depreciation losses.

The amortization periods are as follows:

Buildings and constructions	40-60	ani
Equipment	15-40	ani
Means of transport	5-8	ani
Furniture and office equipment	3-5	ani

Intangible assets

An intangible asset is an identifiable, non-monetary asset without material support and held for use in the production process or provision of goods or services, to be leased to third parties or for administrative purposes.

An intangible asset meets the criterion of being identifiable when:

- is separable, i.e. it can be separated or divided from the entity and sold, transferred, licensed, 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, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets purchased by the Company are presented at cost less accumulated depreciation and the provision for depreciation of intangible assets. Depreciation is recognized in the profit and loss account based on the straight-line method over the estimated life of the intangible assets.

Receivables

Trade receivables are initially recorded at the invoiced value and later those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania from the last banking day of the month. An impairment provision is established when there is clear evidence that the receivables will not be collected at the set deadline.

Stocks

The stocks are made up of:

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

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

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

Cash availability

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

Reserves from revaluation

After recognition as assets, an element of tangible fixed assets whose fair value can be reliably assessed is accounted for at a revalued value, this being its fair value on the revaluation date minus any subsequently accumulated depreciation and any accumulated impairment losses. Revaluations must be done with sufficient regularity to ensure that the accounting value does not differ significantly from what would have been determined by using the fair value at the balance sheet date.

If the accounting value of an asset is increased as a result of a revaluation, this increase must be recorded directly in equity in the element "Reserves from revaluation". However, the increase is recognized in profit or loss to the extent that it compensates for a decrease from the revaluation of the same asset previously recognized in profit or loss.

If the accounting value of an asset is reduced as a result of a revaluation, this reduction is recognized in profit or loss. However, the reduction must be debited directly from equity in the element "Reserves from revaluation" to the extent that there is a credit balance in the revaluation surplus for this asset.

The surplus from the revaluation included in the equity related to an item of tangible assets is transferred directly to the retained earnings according to the depreciation of the revalued tangible assets and when the asset is recognisable.

Starting with May 1, 2009, the statutory reserves from the revaluation of fixed assets, including land, carried out after January 1, 2004, which are deducted when calculating the taxable profit by means of fiscal depreciation or expenses regarding assets transferred and/or scrapped, are taxed concurrently with the deduction of the fiscal depreciation, respectively at the time of the decrease from management of these fixed assets.

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

The reserves realized are taxed in the future, in the event of a change in the destination of the reserves in any form, in the case of liquidation, merger, including its use to cover accounting losses, with the exception of the transfer after May 1, 2009, of reserves related to assessments made after January 1, 2004, which are taxed simultaneously with the deduction of tax depreciation.

Social capital

The company recognizes the changes to 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 Registry Office

Dividends

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

Suppliers and assimilated accounts

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

Loans

Loans are initially recognized at fair value, without transaction costs. After the initial recognition, loans are recorded at amortized costs, any difference between cost and repayment value being recognized in the profit and loss account for the period of the loan.

Profit tax

Income tax expense includes current tax and deferred tax. Current tax and deferred tax are recognized in the profit and loss account, except in the case where they are recognized directly in equity or in other elements of the overall result.

Current tax

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

Deferred tax

The deferred tax is recognized for the temporary differences that appear between the accounting value of the assets and liabilities used for the purpose of financial reporting and the fiscal base used for the tax calculation.

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

Beneficiile Angajatilor

Short-term employee benefits

Obligations regarding short-term benefits are evaluated without being discounted and are recognized as expenses as the services are rendered. A provision is recognized at the estimated amount to be paid for short-term benefits in the form of premiums or employee profit sharing, only if the Company has a present, legal or implied obligation to pay this amount for past services rendered by employees, and this obligation can be estimated at fair value. Short-term employee benefits 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 the costs of the loans because it has no contracted long-term loans.

Interest income and interest expenses are recognized in the profit and loss account at the time of their payment.

Grants

Subsidies are initially recognized as income recorded in advance at fair value when there is a reasonable assurance that they will be received, and the Company will comply with the conditions associated with the subsidies, and then they are recognized in the profit and loss account as other income during the life of the asset to which it refers. Subsidies 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 (that is, more likely than improbable) that an outflow of resources representing economic benefits to be 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 is calculated by dividing the profit or loss attributed to the Company's shareholders by the weighted average of the outstanding ordinary shares of the period.

The weighted average of the shares in circulation during the exercise represents the number of shares from the beginning of the period, adjusted by the number of shares issued, multiplied by the number of months in which the shares were in circulation during the exercise.

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

Quotas

Contingent liabilities are not recognized in the attached financial statements. They are presented in case the outflow of resources incorporating economic benefits becomes possible and not probable.

A contingent asset is not recognized in the attached 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 (activity segment) or provides products or services in a certain geographic environment (geographic segment) and which is subject to risks and benefits different from those of other segments.

The company carries out its operations in a single location in Romania. The management of the Company considers the operations in their entirety as "a single segment".

The operational segments are examined in a consistent manner by the main operational decision-making factor of the entity in order to make decisions regarding the allocation of resources to the segments and the evaluation of its performance, and for which distinct financial information is available.

An entity must report revenues from external customers for each product and service or for similar products or services, unless the necessary information is not available and the cost of their preparation would be excessive, in which case this fact must be presented. Revenue values reported must take into account the financial information used to prepare the entity's financial statements.

The implications of the new International Financial Reporting Standards (SIRF EU)

The new standards and interpretations as approved by the European Union

A series of new standards, amendments to standards and interpretations are applicable to annual periods starting after January 1, 2012 and were not applied in the preparation of these separate financial statements. None of the new standards is expected to have a significant effect on the financial statements of the Company.

The new standards that are not yet applicable on June 30, 2022

International Accounting Standard (SIC) 19 (2011) Employee benefits (effective for periods beginning on or after January 1, 2013).

This amendment is not relevant for the financial statements of the company, since the current policy of the Company is to immediately recognize gains and losses in the profit and loss account.

FIXED ASSETS on June 30, 2022

- lei -

The name of the immobilization element	gross amount				Value adjustments (depreciation and adjustments for depreciation or loss of value)			
	Balance at 1st January 2022	increasing	Assignments, transfers and other discounts	Balance at 30th of June 2022	Balance at 1st January 2022	Adjustments recorded during the exercise	Discounts or reruns	Balance at 30th of June 2022
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7
A. A. FIXED ASSETS								
B. I. INTANGIBLE ASSETS	-	-	-	-	-	-	-	-
1. Establishment expenses								
2. Development expenses	4.112.519	-	-	4.112.519	4.112.519	-	-	4.112.519
3. Concessions, patents, licenses and other assets	28.343.094	-	-	28.343.094	19.569.177	847.724	-	20.416.901
4. Goodwill	-	-	-	-	-	-	-	-
5. Advances and intangible assets in progress	-	-	-	-	-	-	-	-
TOTAL:	32.455.613	-	-	32.455.613	23.681.696	847.724	-	24.529.420
I. TANGIBLE ASSETS								
1. Lands	12.775.919	-	633	12.775.286	133.421	-	-	133.421
2. Constructions	43.600.950	-	26.520	43.574.430	31.941.325	537.246	8.914	32.469.657
3. Technological equipment	44.844.656	785.431	52.459	45.577.628	41.248.674	388.895	52.459	41.585.110
4. Measurement, control and adjustment devices and installations	2.271.191	62.743	9.610	2.324.324	2.092.054	39.314	9.610	2.121.758
5. Means of transport	7.008.235	218.142	21.985	7.204.392	5.509.739	260.195	21.985	5.747.949
6. Furniture, equipment, office equipment and other assets	579.374	19.590	7.787	591.177	464.896	13.984	7.787	471.093
7. Advances and tangible assets in progress	202.227	686.231	662.187	226.271	-	-	-	-
TOTAL:	111.282.552	1.772.137	781.181	112.273.508	81.390.109	1.239.634	100.755	82.528.988
I. FINANCIAL ASSETS								
1. Participation titles held in the companies within the group	-	-	-	-	-	-	-	-
2. Claims on companies within the group	-	-	-	-	-	-	-	-
3. Securities in the form of participating interests	-	-	-	-	-	-	-	-
4. Receivables from participation interests	-	-	-	-	-	-	-	-
5. Titles held as fixed assets	-	-	-	-	-	-	-	-
6. Other claims	-	-	-	-	-	-	-	-
7. Own actions	-	-	-	-	-	-	-	-
TOTAL:	-	-	-	-	-	-	-	-
FIXED ASSETS - TOTAL	143.738.165	1.772.137	781.181	144.729.121	105.071.805	2.087.358	100.755	107.058.408

Stocks

On June 30, 2022, compared to June 30, 2021, the stocks are presented as follows:

Elements	30 june 2021	30 june 2022
1. Raw materials and consumables	29.713.323	39.676.305
2. Fixed assets held for sale	149.495	50.289
3. Production in progress	156.431	82.959
4. Finished products and goods	12.266.729	20.912.042
5. Advances	573.712	1.558.637
TOTAL	42.859.690	62.280.232

Customers and assimilated accounts

On June 30, 2022, compared to June 30, 2021, customers and assimilated accounts are presented as follows:

Elements	30 june 2021	30 june 2022
1. Commercial debts	27.395.187	29.168.040
2. Advances paid	150.336	2.794.660
3. Other claims	3.004.858	4.911.076
TOTAL	30.550.381	36.873.776

In the period 01.01.2022-30.06.2022 the Company registered exports as follows:

EURO

ENGLAND	1.539.245,93
AUSTRIA	70.713,00
BELGIUM	63.848,04
BOSNIA	3.631,60
BULGARIA	36.469,00
CZECH REPUBLIC	4.560,64
SWITZERLAND	15.383,36
ESTONIA	5.400,00
FINLAND	436.670,98

FRANCE	721.117,60
GERMANY	3.815.603,93
GREECE	1.360,00
ITALY	559.003,14
LITHUANIA	4.020,61
NETHERLANDS	1.317.240,00
POLAND	19.103,50
SERBIA	160.111,18
SLOVAKIA	14.720,02
SPAIN	2.790.510,87
HUNGARY	104.032,66
TOTAL	11.682.746,06

Financial assets of which are available for sale

On June 30, 2022, compared to June 30, 2021, short-term investments are presented as follows:

Elements	30 june 2021	30 june 2022
Short-term investments	14.397	14.397
TOTAL	14.397	14.397

The balance on June 30, 2021 in the amount of 14,397 lei is represented by the counter value of the shares purchased in previous years from IFB Invest Tg-Jiu, which has since dissolved.

The share of financial assets intended for sale in the capital of the company is insignificant.

The company does not hold interests in other companies. In this sense, the Company did not receive dividends from other companies.

Prepayments

On June 30, 2022, compared to June 30, 2021, the expenses in advance are presented as follows:

Elements	30 june 2021	30 june 2022
Prepayments	255.081	310.725
TOTAL	255.081	310.725

The balance on June 30, 2022, in the amount of 310,725 lei, represents expenses made in advance for: insurance in favor of the banks for the loans granted, car repairs, professional training courses, rents paid in advance for the rental of various machines, etc.

Cash and cash equivalents

On June 30, 2022, compared to June 30, 2021, cash and cash equivalents are presented as follows:

Elements	30 june2021	30 june 2022
Current accounts at banks and deposits	1.452.662	248.262
House of lions	20.910	2.938
House in foreign currency		
Other cash equivalents	111.718	39.049
TOTAL	1.585.290	290.249

Social capital

On June 30, 2022, the share 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 social capital is presented as follows:

Share capital (nominal value)	20.286.865
Differences related to restatement according to SIC 29	89.052.449
The balance of the share capital (withdrawn)	<u>109.339.314</u>

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

The shareholding structure on June 30, 2022 is as follows:

Shareholders	Nominal value per share	Number of shares held	Total amount	% of the share capital
PAS ARTEGO EMPLOYEE ASSOCIATION	2,50	6.968.820	17.422.050,00	85,8785%
Other legal entities	2,50	36.517	91.293,00	0,4500%
Other natural persons	2,50	1.109.407	2.773.517,00	13,6715%
THE ROMAN STATE THROUGH THE AUTHORITY	2,50	2	5,00	0,0000%

OF PT. ADMINISTRATION OF STATE ASSETS				
TOTAL	2,50	8.114.746	20.286.865,00	100,000%

Legal reserves

The legal reserves amount to 4,057,373 lei as of June 30, 2022.

Revaluation reserves

The revaluation reserve is in the amount of 28,408,740 lei on June 30, 2022.

. Other reservations

On June 30, 2022, compared to June 30, 2021, other reserves register the following levels:

Elements	30 june 2021	30 june 2022
Other Reserves	29.262.699	26.051.332
Total	29.262.699	26.051.332

Other elements of equity

On June 30, 2022, the amount of 686,336 lei represents the deferred tax related to the revaluations in the balance carried out after January 1, 2004, reduced by the deferred tax related to the amortization of the revaluation recorded on costs in the first semester of 2022.

Subsidies for investments

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

Elements	30 june 2021	30 june 2022
1. Subsidies for investments	26.296	13.771
Total	26.296	13.771

Short term loans

The company has open credit lines at INTESA, ING BANK and CREDIT EUROPE as follows:

	30.06.2021			30.06.2022	
Bank	Approved	Use	Bank	Approved	Use
UNICREDIT (SGB) lei	2.200.000	913.684	UNICREDIT (SGB) lei	-	-
INTESA lei	11.000.000	8.584.033	INTESA lei	11.000.000	5.942.793
ING BANK lei	400.000	362.879	ING BANK lei	9.000.000	7.059.181
ING BANK EUR	-	-	ING BANK EUR	2.250.000	1.924.349
ING BANK (SGB) lei	-	-	ING BANK (SGB) LEI	5.000.000	1.919.124
CREDIT EUROPE lei	8.900.000	6.630.981	CREDIT EUROPE lei	13.900.000	7.499.478
GARANTI (SGB) lei	2.078.000	315.661	GARANTI (SGB) lei	-	-

Long term loans

The company has no long-term loans contracted with banks or other financial institutions

The result per action

On June 30, 2022 compared to June 30, 2021, the result per share is:

	30 june 2021	30 june 2021
Profit of the period	3.490.379	6.479.976
Number of ordinary shares at beginning and end periods	8.956.165	8.114.746
Basic and diluted result per action (lei/action)	0,390	0,799

Other taxes and obligations for social insurance

Elements	30 june 2021	30 june 2022
1 State budget	521.403	655.823
- tax on profit	130.547	291.035
- tax on dividends	-	-
- tax on salaries	297.556	279.487
- the insurance contribution for the work	93.300	85.301
- VAT on payment	-	-
- increases	-	-
- penalties	-	-
2. Special fund budgets	462.274	400.097
- CASS	413.210	376.864
medium background	4.766	27
- solidarity fund for people with disabilities	44.298	23.206
-majorari	-	-
-penalties	-	-
3. Social security budgets	1.045.299	958.410
- CAS	1.045.299	958.410
-majorari	-	-
-penalties	-	-
4. Other taxes, fees, payments	-	-

Operating income

Elemente	30 june 2021	30 june 2022
Production sold	71.928.062	86.495.891
Income from sale of goods	1.316.464	858.721
Commercial discounts granted	(106.633)	(154.145)
Revenues related to the costs of product stocks	4.767.535	12.975.396
Income from the production of fixed	445.608	642.203

assets		
Income from fixed assets for sale	-	-
Income from operating subsidiaries	2.009.220	1.625.515
Other operating revenues	511.582	353.830
Total operating income	80.871.838	102.797.411

Cheltuieli din exploatare

Elements	30 june 2021	30 june 2022
Expenditures on raw materials and consumables	40.474.832	57.461.576
Other material expenses	599.062	425.473
Other external expenses (energy and water)	3.090.650	5.818.087
Expenditure on goods	1.314.050	778.428
Trade discounts received	46	3.076
Staff costs of which:	24.840.280	23.738.051
-Salaries and allowances	23.861.549	22.649.265
-Insurance and social protection	978.731	1.088.786
Property, plant and equipment adjustments:	2.076.990	2.087.356
-Costs	2.076.990	2.087.356
-Income	-	-
Current asset adjustments of which:	-	-
-Costs	-	261.355
-Income	-	261.355
Other operating expenses of which	4.230.384	4.416.515
Expenditures on external services	3.154.432	3.546.295
Expenses with other taxes and fees	700.900	595.711
Asset expenses	222	293
fixed assets for sale	374.830	274.216
Total Operating Expenses	76.626.202	94.722.410

Operating result

Elements	30 june 2021	30 june 2022
Perating profit (Profit)	4.245.636	8.075.001
Total operating profit	4.245.636	8.075.001

Rezultat financiar net

Elements	30 june 2021	30 june 2022
Income from exchange rate differences	226.998	56.783
Interest income	637	3.229
other incomes	-	-
Total Financial Income	227.635	60.012
Interest charges	265.869	599.575
Other financial expenses	194.636	85.840
Total Financial Expenses	460.505	685.415
Net financial result (Loss)	(232.870)	(625.403)

The fiscal legislative framework

The legislative-fiscal framework in Romania and its implementation in practice changes frequently and is subject to different interpretations by various control bodies. The declarations regarding the profit tax are subject to revision and corrections by the fiscal authorities, generally for a period of five years after the date of their completion. The management considers that it has adequately recorded the fiscal obligations from the attached financial statements, however, the risk persists that the fiscal authorities will adopt different positions regarding the interpretation of these issues. Their impact could not be determined at this time.

GUARANTEES

As of June 30, 2022, the company has mortgaged the following assets in favor of the financing banks with which it has committed lines of credit as follows:

INTESA SANPAOLO BANK

SITUATION OF REAL ESTATE PROPERTIES -

CADASTRAL NO	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
-------------------------	---

1315/2/1/1/1/4 CF 41172	-- land area of 11.243 sqm + self-metrology platform made up of: 1. storage - 254,62 mp (C15); 2. toilet -6,30 mp (C16); 3. loaded extinguisher station - 56,97 mp (C17); 4. workshop - 619,46 mp (C28); 5. metrology laboratory - 134,59 mp (C29); 6. drinking water station - 99,73 mp (C30); 7. drinking water basin - 146,17 mp (C31); 8. metal storage - 106,87 mp (C60); 9. storage -146,17 mp (C70); 10. auto workshop - 359,24 mp (C73);
1315/2/1/1/1/7 CF 40067	- land area of 18.910 mp + constructions: 1. locker room -199,59 mp (C54); 2. silo raw material - 195,60 mp (C55); 3. mixtures and annexes workshop - 437,91 mp (C58); 4. hot water station and condensate recirculation - 48,88 mp (C57); 5. monobloc hall -10.808,88 mp (C56/2/1); 5. storage - 2.225,98 mp (C69).
1315/2/1/1/1/9 CF 41169	- land area of 4.114 mp + constructions: 1. finished warehouse - 657,25 mp (C56/4).
1315/2/1/1/1/1 0 CF 41170	- land area of 1.575 mp + constructions: 1. Administrative group gate 3 - 123,44 mp (C63).
1315/2/1/1/1/1 1 CF 41165	- land area of 22.150 mp + constructions: 1. monobloc hall - 4.739,39 mp (C56/3); 2. storage -95,55 mp (C61); 3. rolling bridge - 811,12 mp (C62).

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- MORTGAGED REAL ESTATE SITUATION -

CADASTRAL NO	MORTGAGED PROPERTY (LAND + BUILDINGS) - DESCRIPTION (TIER I AND II MORTGAGES)
1315/2/1/1/3 CF 39568	- land area of 1.271 mp with administrative group consisting of two buildings (C1 with ground surface built by 161,32mp and C2 With ground surface built by 151,81mp), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/4 CF 37455	- land area of 6.705 mp with Oxygen factory (C1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/7 CF 39567	- land area of 1.859 mp with tailoring section (C1)+gate group, with ground surface built by 667,87mp located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/9 CF 39579	- land area of 5047 mp with reconditioned drums section (C59), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/10 CF 39564	- land area of 3.744 mp , located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/1/8 CF 39562	land area of 9.538 mp with construction C1-Industrial hall- Section of gaskets with ground surface of 6.429,15 mp , located in Tg Jiu, Ciocârlău street, no. 38.

1315/2/1/1/1/3 CF 47078	- land area of 9.280 mp + constructions: 1. demineralization station (C1) 2. demineralization station annexes (C2) 3. demineralization station basin (C3) 4. locker room (C4) 5. heating plant (C5) 6. compressor station storage (C6)
1315/2/1/1/1/5 CF 41246	-land area of 17.758 mp + constructions: 1. basin (C1) 2. pump house (C2) 3. basin (C3) 4. heating plant (C4) 5. industrial construction (C5) 6. trafo post (C6) 7. recirculated water basin (C7) 8. cooling tower (C8) 9. pump station (C9) 10. cooling tower (C10) 11. industrial and public construction (C11) 12. industrial and public construction (C12) 13. industrial and public construction (C13) 14. industrial and public construction (C14) 15. industrial and public construction (C15) 16. chlorination Station (C16) 17. metal storage (C18)

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- MORTGAGED REAL ESTATE SITUATION -

<i>NR. CADASTRAL</i>	<i>MORTGAGED PROPERTY (LAND + BUILDINGS) - DESCRIPTION</i>
1315/2/1/1/8 CF 39574	- urban land with an area of 531 sqm together with the built construction with an area of 215.14 sqm (commercial space)
4327 CF 47079	-land within the city with an area of 1000 square meters
4296 CF 47074	- urban land with an area of 4,760 sqm together with the built construction with an area of 12.42 sqm (deep well)
37200 CF 37200	- inner city land with an area of 1395 sq m
37202 CF 37202	- urban land with an area of 9632 sq m
1315/2/1/1/2 CF 40066 RANG I	land with an area of 20,616 sq m + buildings: 1. transport lane hall (C56/1).

3003 CF 41266	-land with an area of 15,446 sqm together with the Jiu Catchment Station consisting of: pump room, dosing tower, water settling basins 1 and 2, water treatment facilities, filters + annexes, thermal plant, gate cabin, located in Tg Jiu, Cartier you see
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 sq m together with a milk workshop (C11/1), located in Tg Jiu, Ciocârlau str., no. 38.
1315/2/1/1/2 CF 44426	- inner-city land with an area of 14,478 sq m + constructions: 1. bathroom - 4.13 sqm C3 2. warehouse - 81.27 sq m 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-storehouse - 44.72 sqm (C68).
1315/2/1/1/6 CF 47076	- urban land with an area of 6,843 sq m + buildings: 1. workshop - 651.14 sqm (C18) 2. workshop - 626.59 sqm (C19) 3. school laboratory -384.47 sqm (C20) 4. bathroom - 12.93 sqm (C21) 5. pool -88.76 sq m (C22) 6. pool - 26.3 sqm (C23) 7. warehouse (C58) 8. car workshop - 359,245 sq m (C73)

Situation of disputes in progress

ARTEGO S.A. - complainant

Nr. crt.	Nr. Dosar	Societate parata	Obiect	Solicitare/ Suma solicitata	Stadiu dosar/ Observatii
1	8207/62/2011	CET Brasov	Insolvency procedure	- admission to the debtor's creditor's mass with the amount of 46.887,93 lei	- ongoing; we were admitted to the credentials table with the sum of 46.887,93 lei ; continue the bankruptcy procedure
2	60833/3/2011	Munplast Bucuresti	Insolvency procedure	admission to the debtor's creditor's mass with the amount of 19.457,81 lei	- ongoing; we were admitted to the credentials table with the sum of 19.457,81 lei, from which we recovered the amount of 5.000 lei during the judicial reorganization; continue the bankruptcy procedure
3	4163/95/2012	Gastrom Group Targu -Jiu	Insolvency procedure	- admission to the debtor's creditor's mass with the amount of 52.777,37 lei	- ongoing; we were admitted to the credentials table with the sum of 52.777,37 lei; continue the bankruptcy procedure

4	887/90/2013	Oltchim Ramnicu-Valcea	Insolvency procedure	- admission to the debtor's creditor's mass with the amount of 19.946,68 lei	- ongoing; we were admitted to the credentials table with the sum of 19.946,68 lei; continue the bankruptcy procedure
5	9089/101/2013	Regia Autonoma Pentru Activitati Nucleare Severin	Insolvency procedure	- admission to the credit table of the debtor with the amount of 1,439,815.78 lei	- ongoing; am fost admisi la masa credala cu suma de 1.439.815,78 lei; continua procedura falimentului
6	2570/63/2014	Servicii Energetice Oltenia Craiova	Insolvency procedure	- the admission to the creditor's table of the debtor with the amount of 3,188.77 lei	- ongoing; we were admitted to the credal table with the amount of 2,486.37 lei; continue the bankruptcy procedure
7	528/95/2015	Succes Nic Com Targu - Jiu	Insolvency procedure	- admission to the credit table of the debtor with the amount of 34,155.80 lei	- ongoing; we were admitted to the credal table with the amount of 34,155.80 lei; continue the judicial reorganization procedure
8	2575/85/2015	Ambient Sibiu	Insolvency procedure	- admission to the credit table of the debtor with the amount of 1,240.00 lei	- ongoing; we were admitted to the credal table with the amount of 1,240.00 lei; continue the bankruptcy procedure
9	3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency procedure	- admission to the credit table of the debtor with the amount of 4,783.92 lei	- ongoing; we were admitted to the credal table with the amount of 4,783.92 lei; continue the bankruptcy procedure
10	1396/90/2016	CET Govora	Insolvency procedure	- admiterea la masa credala a debitoarei cu suma de 1.665.256,19 lei	- ongoing; we were admitted to the credal table with the amount of 1,665,256.19 lei; continue the judicial reorganization procedure
11	5114/95/2016	Instalatii Revizii Utilitati Pentru Minerit Targu-Jiu	Insolvency procedure	- admission to the credit table of the debtor with the amount of 41,307.71 lei	- ongoing; we were admitted to the credal table with the amount of 41,307.71 lei; continue the bankruptcy procedure

12	1248/95/2018	Intreprinderea de Drumuri si Poduri Targu-Jiu	Insolvency procedure	- admission to the credit table of the debtor with the amount of 2,783.39 lei	- ongoing; we were admitted to the credal table with the amount of 2,783.39 lei from which I recovered the amount of 1,391.39 lei; continue the bankruptcy procedure
13	5075/97/2016	Societatea Complexul Energetic Hunedoara	Insolvency procedure	- admission to the credit table of the debtor with the amount of 580,000.00 lei	- ongoing; we were admitted to the credal table with the amount of 580,000.00 lei; continue the insolvency procedure (observation period)
14	2867/121/2020	Liberty Galați S.A.	claims	Obliging the defendant to pay the sum of 576,801.11 lei	- ongoing; after the date of the introduction of the summons, the debtor paid the amount of 306,380.19 lei; for the remaining amount in litigation of 270,420.92 lei, a transaction was concluded to settle the litigation; trial term - 01.07.2022
15	5751/301/2022	Compania Nationala Romarm – Filiala Uzina Mecanica Bucuresti	payment ordinance	Obliging the defendant to pay the sum of 111,212.64 lei (debit) and 22,353.74 lei (delay penalties)	- ongoing; court term - 23.08.2022
16	8105/318/2022	Trasca Cornelie	Claim	obliging the defendant to leave us in full ownership and peaceful possession of a 250 square meter plot of land	- ongoing; - the cause is in the filter procedure

ARTEGO S.A. – parată

File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications	File no.
1	2983/95/2019	Asociatia Club Sportiv Energia Tg-Jiu	Claim	Obliging the defendant to pay the sum of 235,000.00 lei	- ongoing - by the end of the session dated 09.09.2020, the court admitted the exception of the limitation of the material right to action for the amount of 120,000 lei; by civil decision no. 44 of 19.04.2022, the court ordered the Artego Company to pay the sum of 157,666 lei as a debt due and 3,500 lei in court costs; the decision was appealed

2	1214/54/2020	ANAF – DGSC București ANAF – AJFP Valcea	Challenging fiscal administrative act - appeal against Sentence 286/2021 pronounced by the Craiova Court of Appeal	Cancellation of Sentence no. 286/2021 pronounced by the Craiova Court of Appeal and rejection of the appeal	- ongoing the case is in the filter procedure at the High Court of Cassation and Justice
3	5201/95/2021	Pandurii Sport Club – Tg-Jiu Lignite through special administrator Serban Daniela and adm. judicial Consulting Company IPURL	Claim	Obliging the defendant to pay the amount of 864,956.30 lei (penal interest)	- ongoing court term - 20.09.2022
4	3775/318/2022	Pandurii Sport Club – Tg-Jiu Lignite through special administrator Serban Daniela and adm. judicial Consulting Company IPURL	Claim	Obliging the defendant to pay court costs from File no. 6274/95/2017	- ongoing court term - 02.09.2022

Affiliated Parties

The company has no affiliated parties.

Subsequent events

After the preparation of the reports completed on June 30, 2022, there were no events whose effects were significant and would influence the data contained in the current financial statements.

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

SC ARTEGO S.A. operates, is managed and organized according to the provisions of Law 31/1990 republished - on commercial companies.

Being a joint-stock company, it is managed 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 who are not part of the management of other companies.

Other information

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

SC ARTEGO S.A. is a joint-stock company with fully private capital, the majority shareholder being the "PAS ARTEGO" Employees' Association, which owns 85.8785% of the share capital.

When determining the profit tax, the provisions of Law 227/2015 with subsequent amendments and HG 1/2016 for the approval of the Methodological Norms for the application of Law 225/2015 regarding the tax code from which:

- - delay increases due to non-payment of debts on time;
- - 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 republished Law 31/1990..

Statement

According to the stipulations of art..223, item B, paragraph (1), letter c) of the Regulation No. 5/2018 on issuers of financial instruments and market operations we declare that, to our knowledge, the financial statements at 30 June 2022 offers a true and fair view of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors, prepared in accordance with the stipulations of Annex no. 14, presents fairly and completely the information about the company.

Signature,

General Manager,
Viorel David

