

**SC ARTEGO SA****TG. JIU****REPORT**

regarding the activity carried out in 2022 according to the balance sheet concluded on 31.12.2022 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, 2022

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	35.414	88.535,00	0,4364
Individuals	1.110.510	2.776.275,00	13,6851
The Romanian State through the Authority for the administration of state assets	2	5,00	0,0000
<b>TOTAL</b>	<b>8.114.746</b>	<b>20.286.865,00</b>	<b>100.00</b>

In 2022, the production activity and the economic-financial activity carried out by the company and reflected in the balance sheet concluded on 31.12.2022, are as follows:

## CHAPTER I. PRODUCTION ACTIVITY

In 2022, the production of technical articles was 11.566 tons.

In 2022, the production for export was 6.277 tons of conveyor belts and 1.338 tons of technical sheets. Table 1 shows some comparative data for the years 2018, 2019, 2020, 2021 and 2022.

Table 1

	2018	2019	2020	2021	2022
Commodity production, RON	160.781.296	174.382.899	133.069.906	166.390.564	200.934.353
Conveyor belts, MT, of which:	10.400	11.157	8.345	9.855	9.097
- export	6.104	5.927	4.625	6.598	6.277
RON, of which	130.314.565	142.666.404	106.471.797	130.819.654	165.911.879
- export	76.294.082	77.566.256	61.611.034	87.027.887	103.168.014
Technical sheets, MT, of which:	2.049	1.918	1.766	2.771	1.980
- export	1.348	1.339	1.001	1.890	1.338
RON, of which	17.113.441	17.622.727	14.266.865	21.567.887	19.920.421
- export	10.928.944	11.708.552	8.536.477	15.480.578	12.797.003
Pressed gaskets, MT	597	757	502	539	489
RON	7.372.035	8.542.478	7.862.762	7.407.575	7.702.883
Total Export RON	90.397.674	94.788.398	73.566.105	105.305.989	114.115.626
Total EURO	19.421.370,91	19.967.318,52	15.200.491,44	21.406.669,23	23.130.441,72

During 2022, the export value reached 23.130.441,72 EURO, the export representing 56,79 % of the production of technical rubber articles. The most stable markets where the goods were exported are Germany, England, Spain, the Netherlands. It has also been exported to Italy, France, 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	2018	2019	2020	2021	2022
Italy	475.077,86	247.672,14	274.257,47	640.898,00	761.516,02
England	3.481.413,73	2.960.298,58	3.378.633,14	4.924.681,66	3.245.759,62
Austria	52.026,53	27.597,83	169.262,38	229.836,04	287.188,26
EUA	35.226,29	34.769,68	-	-	-

Finland	614.785,52	848.463,14	492.021,60	595.590,48	724.904,20
Spain	3.351.839,72	3.924.233,85	2.911.316,56	3.501.717,70	5.038.474,32
Netherlands	1.877.567,63	1.552.207,44	1.480.772,69	1.752.367,69	3.226.146,65
France	2.331.047,92	2.572.580,19	1.419.709,52	2.180.879,07	792.786,73
Germany	5.567.764,48	6.409.113,48	4.151.773,06	6.165.628,98	7.643.714,52
Poland	103.673,55	40.847,33	61.680,17	63.905,99	112.478,98
Bulgaria	409.987,75	295.444,82	100.350,17	200.843,84	110.652,80
Bosnia & Herzegovina	2.372,74	5.125,04	44.180,02	5.585,51	83.231,60
Turkey	17.935,00	40.689,33	9.542,80	-	6.800,00
Estonia	39.791,18	10.582,60	2.531,62	2.274,84	14.580,00
Russia	-	11.871,32	18.268,87	770,00	-
Serbia	398.455,23	270.536,37	255.499,64	206.023,84	416.074,03
Belgium	203.108,06	188.320,82	91.424,65	164.657,40	83.099,94
Hungary	74.463,93	247.477,86	88.074,42	186.411,22	211.894,37
Czech Republic	18.992,00	10.579,84	4.741,76	8.821,12	16.688,64
Ireland	49.826,20	-	-	-	-
Ukraine	11.652,16	48.753,54	9.962,29	83.606,03	70.560,11
Greece	32.066,43	57.104,73	156.532,60	45.278,27	2.116,00
Egypt	83.905,96	33.477,72	33.565,39	114.380,77	25.145,94
Lithuania	30.607,91	10.679,83	2.674,19	1.769,20	4.020,61
Moldavia	58.760,48	18.646,54	-	-	-
Slovakia	40.430,54	76.578,12	30.770,15	302.112,09	78.516,31
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	-
Elvetia	-	-	-	-	15.383,26
Suedia	-	-	-	-	158.708,71
TOTAL	19.421.370,91	19.967.318,52	15.200.491,44	21.406.669,23	23.130.441,72

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 1985-2022. 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 2022 (IRON)	End of 2022 (RON)
Fixed assets - total	38.666.360	38.205.805
a) Intangible assets	8.773.917	7.266.395
b) Tangible fixed assets of which:	29.892.443	30.939.410
- land	12.775.919	12.892.792
- Fixed assets at inventory value	98.304.407	97.794.397
- Fixed assets at the remaining value	17.047.718	16.335.214
- Corporal immobilizations in progress	202.227	1.844.825
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. 2022 according to the balance sheet is of 98.381.653 RON structured as follows:

Indicator	Total (RON)	%
<b>1. STOCKS of which:</b>	<b>56.550.742</b>	<b>57,48</b>
- raw materials, materials	35.065.254	
- finished product	20.947.189	
- products in progress	89.834	
- Assets held for sale	50.289	
- overtures	398.176	
<b>2. MONEY AVAILABILITY</b>	<b>820.842</b>	<b>0,83</b>
<b>3. RECEIVABLES</b>	<b>40.995.672</b>	<b>41,67</b>
- Trade receivables	37.257.499	
- other receivables	3.738.173	
<b>4. SHORT-TERM FINANCIAL INVESTMENTS</b>	<b>14.397</b>	<b>0,02</b>

## B. PATRIMONY SITUATION

During 2022, an inventory program and fund management control was carried out.

Net Assets = Fixed Assets + Current Assets - Liabilities

The net asset reflects the company's ability to meet its financial obligations.

INDICATOR	M / U	2018	2019	2020	2021	2022
Fixed assets	RON	47.883.466	44.934.421	41.680.492	38.666.360	38.205.805
Current assets	RON	92.542.155	93.052.623	83.037.086	98.332.713	98.381.653
Total Assets	RON	140.425.621	137.987.044	124.717.578	136.999.073	136.587.458
Total Debts	RON	57.866.515	49.258.275	38.819.721	49.745.718	43.363.720
Own capital	RON	82.545.357	88.982.079	86.199.939	87.536.120	93.530.664

## ECONOMIC-FINANCIAL RESULTS

In the period 2018-2022, the economic-financial indicators were achieved as follows:

	2018	2019	2020	2021	2022
I Operating income	183.846.345	197.290.206	157.159.639	191.637.944	226.489.237
a) Turnover	169.013.285	181.088.888	131.914.607	172.531.341	199.727.280

b) Variation of stocks	11.678.571	14.203.886	16.299.252	15.424.470	20.473.730
c) Income from fixed assets production	806.501	711.324	386.966	570.395	1.419.048
d) Other income	2.347.988	1.286.108	8.558.814	3.111.738	4.869.179
II Operating expenses	170.648.117	181.221.246	143.911.413	177.107.829	210.717.065
- operating profit / loss (+/-)	13.198.228	16.068.960	13.248.226	14.530.115	15.772.172
III Financial income	406.760	659.747	320.615	374.197	1.038.733
IV Financial expenses	2.569.168	2.619.326	1.544.812	985.376	2.697.199
- loss	2.162.408	1.959.579	1.224.197	611.179	1.658.466
VII Total income	184.253.105	197.949.953	157.480.254	192.012.141	227.527.970
VIII Total expenses	173.217.285	183.840.572	145.456.225	178.093.205	213.414.264
- the gross result of the exercise	11.035.820	14.109.381	12.024.029	13.918.936	14.113.706
- tax	1.627.827	2.016.142	1.548.082	1.924.253	1.848.098
NET INCOME	9.465.069	12.149.812	10.531.639	12.050.173	12.315.948

In the period 01.01.-31.12. 2022, SC ARTEGO SA TG. JIU, delivered to the majority state-owned companies products worth 62.776.712 RON, as follows:

CEOLTENIA 62.233.174 RON

CE HUNEDOARA 543.538 RON

The balance of uncollected invoices from majority state-owned companies on 31.12.2021 was 18.686.773 RON, as follows:

CEOLTENIA 16.686.773 RON

On 31.12.2022, the amounts receivable from majority state-owned companies were of 13.027.064 RON, as follows:

CEOLTENIA 13.027.064 RON

From the total amount of 248.925.804 RON owed by the majority state-owned companies and other clients, (the balance on 31.12.2021 plus the deliveries between 01.01.-31.12.2022) the following amounts were collected:

a) through liquidity: 217.115.772 RON, ie 92,50%

b) by compensations: 18.672.270 RON, ie 7,50%

so :

BENEFICIAR Y	MU	compensations	%	liquidity	%	TOTAL
CE OLTENIA	RON	18.253.821	27,57	47.944.356	72,43	66.198.177
CE Hunedoara	RON	-	-	1.807	100	1.807
Others	RON	418.449	0,76	54.664.664	99,24	55.083.113
Export	RON	-	-	114.504.945	100	114.504.945
TOTAL	RON	18.672.270	7,92	217.115.772	92,08	235.788.042

## **HUMAN POTENTIAL**

The average number of employees in 2022 was 692 compared to 753 in 2021, having a decrease of 8,10%, and the actual number at the end of 2022 was 671 employees, compared to 727 at the end of 2021.

The total salary fund achieved in 2022 was 45.155.005 RON.

The expenses regarding the insurance and social protection were of 2.128.375 RON, meal vouchers were granted in the total amount of 3.477.520 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 4.071.573RON.

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 31.12.2022, the gross profit was 14.113.706 RON, respectively the net profit was 12.315.948 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. 2022 in the amount of 43.363.720 RON, of which:

	RON
<b>1. The state budget</b>	<b>1.402.694</b>
- tax	341.161
- income tax from salaries	363.106
-dividend tax	30.155
- VAT payable	555.672
2.25% CASM	112.600
<b>2. Special funds budgets</b>	<b>22.614</b>
-solidarity fund for people with disabilities	14.637
- environment fund	7.977
<b>3. Social security budgets</b>	<b>1.762.177</b>
CAS	1.262.394
-CASS	499.783
<b>Credits</b>	<b>23.873.084</b>
<b>Suppliers</b>	<b>8.967.482</b>
<b>Customer creditors</b>	<b>1.048.445</b>

Chairman of the Board of Directors,  
Eng. David Viorel