

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

Report date: 30.06.2023

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>31.12.2022</u>	<u>30.06.2023</u>
ASSETS		
Fixed assets	38.205.805	36.372.753
<i>Tangible assets</i>	30.939.410	29.818.507
<i>Intangible assets</i>	7.266.395	6.554.246
<i>Financial assets</i>		
Current assets	98.697.503	96.263.255
<i>Stocks</i>	56.550.742	61.456.993
<i>Commercial receivables</i>	40.995.672	33.566.652
<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>	820.842	944.876
<i>Prepayments</i>	315.850	280.337
TOTAL ASSETS	136.903.308	132.636.008
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>	661.421	617.314
<i>Reserves from reevaluation</i>	27.950.677	27.565.914
<i>Legal reserves</i>	4.057.373	4.057.373
<i>Other reserves</i>	26.893.424	31.019.228
<i>Own actions</i>	-	-
<i>Social Capital Adjustment</i>	89.052.449	89.052.449
<i>Reported result (without IAS 29)</i>	2.207.048	2.690.424
<i>Reported result (with IAS 29)</i>	-89.052.449	-89.052.449
<i>Current profit</i>	12.315.948	6.583.823
<i>Profit Distribution</i>	-842.092	-
Total own capitals	93.530.664	92.820.941
Long-term debt		
<i>Investment grants</i>	701	-
<i>Other long-term debts</i>	7.827	7.915
<i>Long-term provisions</i>		
Total long-term debts	8.528	7.915
Current debts		
<i>Investment grants</i>	8.223	4.634
<i>Commercial and other debts</i>	10.015.927	9.446.833
<i>Short-term loans</i>	23.873.084	21.048.805
<i>Tax and current tax liabilities</i>	9.466.882	9.306.880
<i>Short-term provisions</i>		
Total current debts	43.364.116	39.807.152
Total debts	43.372.644	39.815.067
TOTAL PASSIVE	136.903.308	132.636.008

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 june 2022	30 june 2023
1. State budget	655.823	893.669
- tax on profit	291.035	568.038
- tax on dividends	-	-
- tax on salaries	279.487	247.953
- the insurance contribution for work	85.301	77.678
- VAT on payment	-	-
2. . Special fund budgets	400.097	370.219
- CASS	376.864	343.361
- average fund	27	716
- solidarity fund for people with disabilities	23.206	26.142
3. Social security budgets	958.410	880.005
- CAS	958.410	880.005
4. Other taxes, fees, payments	-	-

1.b. PROFIT AND LOSS ACCOUNT at 30 june 2023

- lei-

Crt. No.	NAME OF INDICATORS	30.06.2022	30.06.2023
1.	Net turnover of which	87.200.467	86.111.058
	Revenues from the sold production	86.495.891	84.791.015
	Revenues from the sale of goods	858.721	1.409.899
	Commercial discounts granted	(154.145)	(89.856)
2.	Revenues from stored production	12.975.396	10.151.639
3.	Revenues from the production of fixed assets	642.203	30.019
4.	Revenues from fixed assets intended for sale	-	-
5.	Revenues from operating grants	1.625.515	49.932
6.	Other revenues from exploitation	353.830	4.609.032
I.	REVENUES FROM EXPLOITATION	102.797.411	100.951.680
7.	Expenditures on goods	778.428	1.235.854
8.	Material expenditures	63.702.060	59.427.080
9.	Expenditures on works and services performed by third parties	3.546.295	3.475.459
10.	Expenses with taxes and fees	595.711	668.696
11.	Staff costs	23.738.051	25.129.795
12.	Other expenses with exploitation	274.509	1.319.676
13.	Expenses with depreciation and provisions	2.087.356	1.871.231
II.	EXPENSES FOR EXPLOITATION	94.722.410	93.127.791
A.	RESULT FROM EXPLOITATION		
	- PROFIT	8.075.001	7.823.889
	- LOSS		
III.	FINANCIAL REVENUES	60.012	589.065
IV.	FINANCIAL EXPENSES	685.415	1.045.823

B.	FINANCIAL RESULT	(625.403)	(456.758)
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		
VII.	TOTAL REVENUES	102.857.423	101.540.745
VIII.	TOTAL EXPENSES	95.407.825	94.173.614
D.	GROSS RESULT		
	- PROFIT	7.449.598	7.367.131
	- LOSS		
	TAX	995.047	827.415
E.	REVENUES FROM BENEFIT FROM PROFIT	25.425	44.107
F.	NET RESULT		
	- PROFIT	6.479.976	6.583.823
	- LOSS		
G.	Number of shares	8.114.746	8.114.746
H.	Output per share	0,799	0,811

The economic, financial and market activity of SC ARTEGO SA

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 has 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 sale.

The late approval of the budgets for 2023 related to 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 sales level that would be the result of winning the auctions.

At the same time, the unfair competition encountered in some auctions led either to the increase in the duration of the award of contracts, with the time needed to resolve the disputes, or to the loss of the auctions, in the conditions that the contracting authorities still opted for the "lowest price" award criterion ", the one that led to the passing 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 finally to the decrease of the sales potential to these organizations.

In another vein, the turbulences of the economic environment also adversely affect the possibilities of making payments by customers, there are long delays in the payment terms corresponding to the deliveries made, which leads to the negative impact of 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 2023 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 railway 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, 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 to reduce 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 06.30.2023 have not been audited/reviewed.

STATEMENT OF CASH FLOWS

on June 30, 2023

- lei -

INDICATORS LEI (RON))	ACHIEVED 2022	ACHIEVED 30.06.2023
A. LIQUIDITY AT THE BEGINNING OF THE PERIOD	1.053.305	820.842
In accounts	996.941	796.516
Cash	24.174	8.899
Other Values	31.781	10.224
Treasury advances	-	-
Values to receive	409	5.203
REVENUE FROM OPERATING ACTIVITIES	267.497.914	116.137.846

Customer encashments	217.115.772	100.010.401
Other encashments	50.382.142	16.127.445
PAYMENT FOR THE EXPLOITATION ACTIVITY	265.377.588	119.324.090
Provider payments	160.380.004	71.235.249
Payments for staff	40.954.161	22.046.240
Payments on taxes and fees	23.623.304	12.582.599
Tax / Advantage	2.018.879	600.538
Interest payments	1.427.635	526.089
Other payments	36.973.605	12.333.375
CASH FLOW FROM OPERATING ACTIVITY	2.120.326	-3.186.244
INCOME FROM THE INVESTMENT ACTIVITY	664.704	4.447.691
Proceeds from the sale of land, fixed assets and intangible assets	664.704	4.447.691
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	3.017.493	1.137.413
Payments for the acquisition of land, fixed assets and intangible assets	3.017.493	1.137.413
Receipts for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM INVESTMENT ACTIVITY	-2.352.789	3.310.278
RECEIPTS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR FINANCING ACTIVITY	-	-
CASH FLOW FROM FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	-232.463	124.034
B. CASH FLOWS AT THE END OF THE PERIOD	820.842	944.876
In accounts	796.516	891.029
Cash	8.899	9.977

Other Values	10.224	4.706
Treasury advances	-	23.587
Values to receive	5.203	15.577

2. ANALYSIS OF THE ACTIVITY OF THE COMMERCIAL COMPANY

2.1. Liquidity indicators

- % -

Crt. No.	Name of indicators	Calculation formula	30.06.2022	30.06.2023
1.	Current patrimonial liquidity	[Active circ/DTS]	2,01	2,41
2.	Active liquidity (fast)	[Active circ.-Stocks]/DTS	75,25%	86,74%
3.	Rotational speed of immobilized assets	Turnover/Fixed Assets	2,31	2,37
4.	Turnover speed of Total assets	Turnover/ Total Assets	0,63	0,65
5.	Interest Coverage Indicator	Profit before payment of interest and profit tax/Expenses. With Interest	13,42	15,00
6.	Return on Capital Employed	Profit before the payment of interest and profit tax/Employed Capital	0,091	0,085
7.	Gross Margin from Sales	Gross Profit from Sales/Turnover	9,26%	9,09%

2.2 Capital Expenditures

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

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Elements	30 june 2022	30 june 2023
Production sold	86.495.891	84.791.015
Income from sale of goods	858.721	1.409.899
Commercial discounts granted	(154.145)	(89.856)
Revenues related to the costs of product stocks	12.975.396	10.151.639
Income from the production of fixed assets	642.203	30.019

Income from fixed assets intended for sale	-	-
Income from operating subsidiaries	1.625.515	49.932
Other operating revenues	353.830	4.609.032
Total operating income	102.797.411	100.951.680

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, 2023 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	35.714	89.285,00	0,4401%
<i>Other individuals</i>	2,50	1.110.210	2.775.525,00	13,6814%
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%

CASH FLOW STATEMENT AS OF June 30, 2023

INDICATORS LEI (RON)	ACHIEVED AN 2022	ACHIEVED 30.06.2023
A. . LIQUIDITY AT THE BEGINNING OF THE PERIOD	1.053.305	820.842
In accounts	996.941	796.516
Cash	24.174	8.899
Other Values	31.781	10.224
Treasury advances	-	-
Values to receive	409	5.203

REVENUE FROM OPERATING ACTIVITIES	267.497.914	116.137.846
Customer encashments	217.115.772	100.010.401
Other encashments	20.382.142	16.127.445
PAYMENT FOR THE EXPLOITATION ACTIVITY	265.377.588	119.324.090
Provider payments	160.380.004	71.235.249
Payments for staff	40.954.161	22.046.240
Payments on taxes and fees	23.623.304	12.582.599
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Interest payments	1.427.635	526.089
Other payments	36.973.605	12.333.375
CASH FLOW FROM OPERATING ACTIVITY	2.120.326	-3.186.244
INCOME FROM THE INVESTMENT ACTIVITY	664.704	4.447.691
Proceeds from the sale of land, fixed assets and intangible assets	664.704	4.447.691
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	3.017.493	1.137.413
Payments for the acquisition of land, fixed assets and intangible assets	3.017.493	1.137.413
Receipts for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM INVESTMENT ACTIVITY	-2.352.789	3.310.278
RECEIPTS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR FINANCING ACTIVITY	-	-
CASH FLOW FROM FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	-232.463	124.034
B. CASH FLOWS AT THE END OF THE PERIOD	820.842	944.876
In accounts	796.516	891.029

Cash	8.899	9.977
Other Values	10.224	4.706
Treasury advances	-	23.587

Individual Financial Statements

SITUATION OF THE FINANCIAL POSITION AT 31.12.2022 and 30.06.2023

(Amounts are expressed in RON unless otherwise stated)

Name of indicators	<u>31/12/2022</u>	<u>30/06/2023</u>
ASSETS		
Fixed assets	38,205,805	36,372,753
<i>Tangible assets</i>	30,939,410	29,818,507
<i>Intangible assets</i>	7,266,395	6,554,246
<i>Financial assets</i>		
Current assets	98,697,503	96,263,255
<i>Stocks</i>	56,550,742	61,456,993
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<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>	820,842	944,876
<i>Prepayments</i>	315,850	280,337
TOTAL ASSETS	136,903,308	132,636,008
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>	661,421	617,314
<i>Reserves from reevaluation</i>	27,950,677	27,565,914
<i>Legal reserves</i>	4,057,373	4,057,373
<i>Other reserves</i>	26,893,424	31,019,228
<i>Own actions</i>	-	-
<i>Social Capital Adjustment</i>	89,052,449	89,052,449
<i>Reported result (without IAS 29)</i>	2,207,048	2,690,424
<i>Reported result (with IAS 29)</i>	-89,052,449	-89,052,449
<i>Current profit</i>	12,315,948	6,583,823
<i>Profit Distribution</i>	-842,092	-
Total own capitals	93,530,664	92,820,941
<i>Long-term debt</i>		
<i>Subsidies for investments</i>	701	-
<i>Other long-term liabilities</i>	7,827	7,915
<i>Long term provisions</i>		
Total long-term debt	8,528	7,915

Current liabilities		
Subsidies for investments	8,223	4,634
Commercial and other debts	10,015,927	9,446,833
Short term loans	23,873,084	21,048,805
Debts from taxes and current charges	9,466,882	9,306,880
Short-term provisions		
Total current liabilities	43,364,116	39,807,152
Total debts	43,372,644	39,815,067
TOTAL EQUITY AND LIABILITIES	136,903,308	132,636,008

**SITUATION OF THE GLOBAL RESULT
at 30 june 2023**

- lei-

Crt. No.	NAME OF INDICATORS	30.06.2022	30.06.2023
1.	Net turnover of which	87.200.467	86.111.058
	Revenues from the sold production	86.495.891	84.791.015
	Revenues from the sale of goods	858.721	1.409.899
	Commercial discounts granted	154.145	89.856
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4.	Revenues from fixed assets intended for sale	-	-
5	Revenues from operating grants	1.625.515	49.932
6.	Other revenues from exploitation	353.830	4.609.032
I.	REVENUES FROM EXPLOITATION	102.797.411	100.951.680
7.	Expenditures on goods	778.428	1.235.854
8.	Material expenditures	63.702.060	59.427.080
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11.	Staff costs	23.738.051	25.129.795
12.	Other expenses with exploitation	274.509	1.319.676
13.	Expenses with depreciation and provisions	2.087.356	1.871.231
II.	EXPENSES FOR EXPLOITATION	94.722.410	93.127.791
A.	RESULT FROM EXPLOITATION		
	- PROFIT	8.075.001	7.823.889
	- LOSS		
III.	FINANCIAL REVENUES	60.012	589.065
IV.	FINANCIAL EXPENSES	685.415	1.045.823
B.	FINANCIAL RESULT	(625.403)	(456.758)
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		
VII.	TOTAL REVENUES	102.857.423	101.540.745
VIII	TOTAL EXPENSES	95.407.825	94.173.614
D.	GROSS RESULT		

	- PROFIT	7.449.598	7.367.131
	- LOSS		
	TAX	995.047	827.415
E	REVENUES FROM BENEFIT FROM PROFIT	25.425	44.107
F.	NET RESULT		
	- PROFIT	6.479.976	6.583.823
	- LOSS		
G.	Number of shares	8.114.746	8.114.746
H.	Output per share	0,799	0,811

Total global result of the period			6,583,823		-384,763					-44,107			6,154,953
Other elements													
Resumption of the revaluation reserve to the carried forward result							384,763						384,763
Increasing the legal reserve													
Other elements			-12,315,948			4,125,804	7,154,872					842,092	-193,180
Total other elements			-12,315,948			4,125,804	7,539,635					842,092	191,583
Transactions with shareholders recognized directly in equity													0
Distribution of dividends							-7,056,259						-7,056,259
Total transactions with the owners							-7,056,259						-7,056,259
Balance as of June 30 2023	20,286,865	89,052,449	6,583,823	4,057,373	27,565,914	31,019,228	2,690,424	-89,052,449	0	617,314	0	0	92,820,941

Notes to the financial statements

For the financial year ending on June 30, 2023

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, 2023 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

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

(c) The bases of evaluation

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 has 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 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 contacted from the financing banks. The cash risk determined by the interest rate is the risk that the interest rate, 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 incur 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, 2023, the Company holds cash and cash equivalents in the amount of 944,876 lei. Cash and cash equivalents are held at the following banks: Unicredit, Intesa, ING Bank, Credit Europe, BRD.

Liquidity risk

Liquidity risk is the risk that 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, 2023, 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 acquisition 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 the assets or the prices at which the transactions would take place at this moment.

In order to prepare the separate financial statements on December 31, 2012, the Company adjusted the share capital (non-monetary element) to be expressed in the current unit of measure on 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 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 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 the equity in the "Reserves from revaluation" element. 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 element 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 from the calculation of 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 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.

Employee Benefits

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. These 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, 2023

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, 2023

- lei -

The name of the immobilization element	gross amount	Value adjustments (depreciation and adjustments for depreciation or loss of value)de valoare)
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	Balance at 1st January 2023	GROWTH	Assignments, transfers and other discounts	Balance at 30th of June 2023	Balance at 1st January 2023	Adjustments recorded during the exercise	Discounts or reruns	Balance at 30th of June 2023
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	28.503.094	-	-	28.503.094	21.236.699	712.149	-	21.948.848
4. Goodwill	-	-	-	-	-	-	-	-
5. Advances and intangible assets in progress	-	-	-	-	-	-	-	-
TOTAL:	32.615.613	-	-	32.615.613	25.349.218	712.149	-	26.061.367
TANGIBLE ASSETS								
1. Lands	12.892.792	-	191.370	12.701.422	133.421	-	-	133.421
2. Constructions	43.502.440	6.028	998.150	42.510.318	32.776.907	476.379	628.630	32.624.656
3. Technological equipment	44.042.688	1.646.287	359.072	45.329.903	40.354.632	336.046	349.069	40.341.609
4. Measurement, control and adjustment devices and installations	2.303.716	43.766	92.049	2.255.433	2.098.471	39.177	92.049	2.045.599
5. Means of transport	7.365.797	280.692	291.675	7.354.814	5.759.353	289.301	291.676	5.756.978
6. Furniture, equipment, office equipment and other assets	579.755	69.655	-	649.410	469.819	18.179	-	487.998
7. Advances and tangible assets in progress	1.844.825	185.289	1.622.646	407.468	-	-	-	-
TOTAL:	112.532.013	2.231.717	3.554.962	111.208.768	81.592.603	1.159.082	1.361.424	81.390.261
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	145.147.626	2.231.717	3.554.962	143.824.381	106.941.821	1.871.231	1.361.424	107.451.628

Stocks

On June 30, 2023, compared to June 30, 2022, the stocks are presented as follows:

ElementS	30 june 2022	30 june 2023
1. Raw materials and consumables	39.676.305	37.048.745
2. Fixed assets held for sale	50.289	50.289
3. Production in progress	82.959	-

4. Finished products and goods	20.912.042	23.950.100
5. Overtures	1.558.637	407.859
TOTAL	62.280.232	61.456.993

Customers and assimilated accounts

On June 30, 2023, compared to June 30, 2022, customers and assimilated accounts are presented as follows:

Elements	30 june 2022	30 june 2023
1. Trade receivables	29.168.040	26.286.560
2. Advances paid	2.794.660	3.152.371
3. Other claims	4.911.076	4.127.721
TOTAL	36.873.776	33.566.652

In the period 01.01.2023-30.06.2023 the Company recorded exports as follows:

EURO

ENGLAND	1.155.170,71
AUSTRIA	193.423,46
BELGIUM	47.227,67
BOSNIA	7.936,74
BULGARIA	7.603,35
FINLAND	457.694,84
FRANCE	578.262,70
GERMANY	3.016.762,78
ITALY	280.979,50
NETHERLANDS	880.431,76
POLAND	475.905,90
bondage	263.868,95
SLOVAKIA	20.046,80
SPAIN	2.953.707,21
SWEDEN	871.352,65
UKRAINE	123.580,35
HUNGARY	63.856,07
TOTAL	11.397.811,44

Financial assets of which are available for sale

On June 30, 2023, compared to June 30, 2022, short-term investments are presented as follows::

Elements	30 june 2022	30 june 2023
Short-term investments	14.397	14.397
TOTAL	14.397	14.397

The balance on June 30, 2023 in the amount of 14,397 lei is represented by the 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, 2023, compared to June 30, 2022, the expenses in advance are presented as follows:

Elements	30 june 2022	30 june 2023
Prepayments	310.725	280.337
TOTAL	310.725	280.337

The balance on June 30, 2023, in the amount of 280,337 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, 2023, compared to June 30, 2022, cash and cash equivalents are presented as follows:

Elements	30 june 2022	30 june 2023
Current accounts at banks and deposits	248.262	891.029
House of lions	2.938	9.977
House in foreign currency		
Other cash equivalents	39.049	43.870
TOTAL	290.249	944.876

Social capital

On June 30, 2023, 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
Share capital balance (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, 2023 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	35.714	89.285,00	0,4401%
Other natural persons	2,50	1.110.210	2.775.525,00	13,6814%
THE ROMAN STATE THROUGH THE AUTHORITY OF PT. ADMINISTRATION OF STATE ASSETS	2,50	2	5,00	0,0000%
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, 2023.

Revaluation reserves

The revaluation reserve is in the amount of 27,565,914 lei on June 30, 2023.

Other reservations

On June 30, 2023, compared to June 30, 2022, other reserves register the following levels:

Elements	30 june 2022	30 june 2023
Other Reserves	26.051.332	31.019.228
Total	26.051.332	31.019.228

Other elements of equity

On June 30, 2023, the amount of 617,314 lei represents the deferred tax related to 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 2023.

Subsidies for investments

The revenues registered 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 2022	30 june 2023
1. Subsidies for investments	13.771	4.634
Total	13.771	4.634

Short term loans

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

	30.06.2022			30.06.2023	
Bank	Approved	Use	Bank	Approved	Use
INTESA lei	11.000.000	5.942.793	INTESA lei	2.222.222	1.618.602
ING BANK lei	9.000.000	7.059.181	ING BANK lei	-	-
ING BANK EUR	2.250.000	1.924.349	ING BANK EUR	4.250.000	2.415.069
ING BANK (SGB) lei	5.000.000	1.919.124	ING BANK (SGB) LEI	5.000.000	3.401.554
CREDIT EUROPE lei	13.900.000	7.499.478	CREDIT EUROPE lei	13.900.000	1.028.082

Long term loans

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

The result per action

On June 30, 2023 compared to June 30, 2022, the result per share is:

	30 june 2022	30 june 2023
Profit for the period	6.479.976	6.583.823
The number of ordinary shares at the beginning and end of the period	8.114.746	8.114.746

**Basic and diluted result per share
(lei/action)**

0,799

0,811

Other taxes and social security obligations

Elements	30 june2022	30 june 2023
1. The state budget	655.823	893.669
- tax	291.035	568.038
- tax on dividends	-	-
- income tax from wages	279.487	247.953
- the insurance contribution for the work	85.301	77.678
- Payment VAT	-	-
- increases	-	-
- penalties	-	-
2. The budgets of special funds	400.097	370.219
- CASS	376.864	343.361
medium background	27	716
- solidarity fund for people with disabilities	23.206	26.142
-majorari	-	-
-penalties	-	-
3. Social insurance budgets	958.410	880.005
- CAS	958.410	880.005
- increases	-	-
- penalties	-	-
4. Other taxes, fees, payments	-	-

Operating income

Elements	30 june 2022	30 june 2023
The product sold	86.495.891	84.791.015
Income from sale of goods	858.721	1.409.899
Commercial discounts granted	(154.145)	(89.856)
Revenues related to the costs of the stock of products	12.975.396	10.151.639
Income from the production of fixed assets	642.203	30.019

Income from fixed assets intended for sale	-	-
Income from operating subsidies	1.625.515	49.932
Other operating revenues	353.830	4.609.032
Total operating income	102.797.411	100.951.680

Operating expenses

Elements	30 june 2022	30 june 2023
Expenses with raw materials and consumables	54.082.676	47.648.328
Other material expenses	425.473	444.716
Other external expenses (energy, gas and water)	9.196.987	11.334.271
Expenditure on goods	778.428	1.235.854
Trade discounts received	3.076	235
Personnel expenses of which:	23.738.051	25.129.795
-Salaries and allowances	22.649.265	23.991.810
- Insurance and social protection	1.088.786	1.137.985
Tangible immobilization adjustments from:	2.087.356	1.871.231
-Costs	2.087.356	1.871.231
-Income	-	-
Current asset adjustments of which:	-	-
-Costs	261.355	-
-Income	261.355	-
Other operating expenses of which	4.416.515	5.463.831
Expenditure on external services	3.546.295	3.475.459
Expenses with other taxes and fees	595.711	668.696
Expenses related to assets	293	198
assets intended for sale	274.216	1.319.478
Total Operating Expenses	94.722.410	93.127.791

Result from exploitation

Elements	30 june 2022	30 june 2023
Operating result (Profit)	8.075.001	7.823.889
Total Operating Profit	8.075.001	7.823.889

Net financial result

Elements	30 june 2022	30 june 2023
Income from exchange rate differences	56.783	589.005
Interest income	3.229	60
other incomes	-	-
Total Financial Income	60.012	589.065
Interest charges	599.575	526.089
Other financial expenses	85.840	519.734
Total Financial Expenses	685.415	1.045.823
Net financial result (Loss)	(625.403)	(456.758)

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, 2023, 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

<i>CADASTRAL NO</i>	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
1315/2/1/1/1/4 CF 41172	<p>-- land area of 11.243 sqm + self-metrology platform made up of:</p> <ol style="list-style-type: none"> 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).
1315/2/1/1/1/10 CF 41170	-land area of 1.575 mp + constructions: 1. Administrative group gate 3 - 123,44 mp (C63).
1315/2/1/1/1/11 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)

1315/2/1/1/5 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>CADASTRAL NO</i>	<i>MORTGAGED PROPERTY (LAND + BUILDINGS) – DESCRIPTION</i>
1315/1/1/12 CF47071	- inner-city land with an area of 3611 sqm together with the built construction with an area of 16.67 sqm (scale cabin)
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)
3201 CF39572	- urban land with an area of 10,073.17 sq m
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. conveyor belt hall (C56/1).
3003 CF 41266	-land with an area of 15,446 sqm together with the Jiu Catchment Station composed 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 sqm together with a milk workshop (C11/1), located in Tg Jiu, Ciocârlau str., 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 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).
1315/2/1/1/1/6 CF 47076	- urban land with an area of 6,843 sqm + constructions: 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

File no.	No. Folder	Colpainant society	Object	Request/ The requested amount	File status/ Remarks
1	8207/62/2011	CET Brasov	Insolvency procedure	- admission to the credit table of the debtor with the amount of 46,887.93 lei	- ongoing; we were admitted to the credal table with the amount of 46,887.93 lei; continue the bankruptcy procedure
2	60833/3/2011	Munplast Bucuresti	Insolvency procedure	- admission to the credit table of the debtor with the amount of 19,457.81 lei	- ongoing; we were admitted to the credal table with the amount of 19,457.81 lei, from which we recovered the amount of 5,000 lei; continue the bankruptcy procedure
3	4163/95/2012	Gastrom Group Targu -Jiu	Insolvency procedure	- admission to the credit table of the debtor with the amount of 52,777.37 lei	- ongoing; we were admitted to the credal table with the amount of 52,777.37 lei; continue the bankruptcy procedure
4	887/90/2013	Oltchim Ramnicu-Valcea	Insolvency procedure	- admission to the credit table of the debtor with the amount of 19,946.68 lei	- ongoing; we were admitted to the credal table with the amount 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; we were admitted to the credal table with the amount of 1,439,815.78 lei; continue the bankruptcy procedure

6	2570/63/2014	Servicii Energetice Oltenia Craiova	Insolvency procedure	- admission to the credit 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	Procedura insolventei	- 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	Procedura insolventei	- 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	Procedura insolventei	- 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	Procedura insolventei	- admission to the credit table of the debtor with the amount of 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	Procedura insolventei	- 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	Procedura insolventei	- 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	Procedura insolventei	- 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 (extending the observation period)
14	8105//318/2022	Trașcă Corneliu	Real estate claim	Obliging the defendant to leave us in full ownership and peaceful possession of a plot of land with an area of 250 square meters.	- ongoing; - court term – 01.09.2023

ARTEGO S.A. – parată

File no.	File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications
1	1214/54/2020	ANAF – DGSC București ANAF – AJFP Valcea	Fiscal administrative act contestation - 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; - instanta a admis cererea de chemare in judecata ; sentința a fost atacată cu recurs termen de judecata – 21.09.2023
2	5201/95/2021	Pandurii Sports Club Association – Tg-Jiu Lignite, in insolvency	claims	Obliging the defendant to pay the sum of 864,956.30 lei (penal interest)	- ongoing; - an appeal was declared against Decision no. 76/19.04.2023
3	3775/318/2022	Asociația Club Sportiv Pandurii – Lignitul Tg-Jiu, in insolvență	claims	Obliging the defendant to pay court costs from File no. 6274/95/2017	- ongoing; - an appeal was declared against Decision no. 2765/18.05..2023
4	2482/95/2022	Asociația Club Sportiv Pandurii – Lignitul Tg-Jiu, in insolvență	claims	The joint obligation of the defendants (Complexul Energetic Oltenia S.A., Artego S.A., Gorj County Council, Targu-Jiu Local Council, Oltenia Mining Union) to pay the sum of 11,100.00 lei representing the annual contribution for the years 2018 - 2021	- ongoing; - takes note of the waiver of judgment of the claim against Artego S.A.

Affiliated Parties

The company has no affiliated parties.

Subsequent events

After the preparation of the reports completed on June 30, 2023, 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 GD 1/2016 for the approval of the Methodological Norms for the application of Law 225/2015 regarding the tax code were taken into account, of which:

- late fees due for non-payment of debts on time;
- 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;

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- late fees due for non-payment of debts on time;
- 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 to establish reserves according to Law 31/1990 republished.

Statement

In accordance with the provisions of art. 223, point B, paragraph (1), letter c) of Regulation no. 5/2018 regarding issuers and operations with securities, we declare that, to the best of our knowledge, the financial statements as of June 30, 2023 provide a correct and true picture of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors drawn up in accordance with the provisions of annex no. 14 correctly and completely presents the information about the company.

Signature,

General Manager,
Viorel David
