

S.C. ARTEGO S.A.

TG. JIU

REPORT

regarding the activity carried out in 2023 according to the balance sheet concluded on 31.12.2023 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,2023

Shareholder name	Number of shares	Value (RON)	Total share of social capital (%)
PAS ARTEGO Employees Association	6.968.820	17.422.050,00	85,8785
Legal Entities	35.714	89.285,00	0,4401
Individuals	1.110.210	2.775.525,00	13,6814
The Romanian State through the Authority for the administration of state assets	2	5,00	0,0000
TOTAL	8.114.746	20.286.865,00	100.00

In 2023, the production activity and the economic-financial activity carried out by the company and reflected in the balance sheet concluded on 31.12.2023, are as follows:

CHAPTER I. PRODUCTION ACTIVITY

In 2023, the production of technical articles was of 9.980 tone .

In 2023, the production for export was of 5.565 tons of conveyor belts and of 1.645 tons of technical sheets. Table 1 shows some comparative data for the years 2019, 2020, 2021, 2022 si 2023.

Table 1

	2019	2020	2021	2022	2023
Commodity production, RON	174.382.899	133.069.906	166.390.564	200.934.353	155.964.970
Conveyor belts,MT, of which:	11.157	8.345	9.855	9.097	7.744
- export	5.927	4.625	6.598	6.277	5.565
RON, of which	142.666.404	106.471.797	130.819.654	165.911.879	121.508.941
- export	77.566.256	61.611.034	87.027.887	103.168.014	87.459.935
Technical sheets, MT, of which:	1.918	1.766	2.771	1.980	1.645
- export	1.339	1.001	1.890	1.338	874
RON, of which	17.622.727	14.266.865	21.567.887	19.920.421	17.967.753
- export	11.708.552	8.536.477	15.480.578	12.797.003	9.307.304
Pressed gaskets, MT	757	502	539	489	591
RON	8.542.478	7.862.762	7.407.575	7.702.883	8.098.059
Total Export RON	94.788.398	73.566.105	105.305.989	114.115.626	103.823.057
Total EURO	19.967.318,52	15.200.491,44	21.406.669,23	23.130.441,72	20.997.363,58

During 2023, the export value reached 20.997.363,58 EURO, the export representing 66,57% 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 Poland,Sweden, Italy,France, Finland, Slovakia, Serbia, Austria. 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	2019	2020	2021	2022	2023
Italy	247.672,14	274.257,47	640.898,00	761.516,02	894.151,79
England	2.960.298,58	3.378.633,14	4.924.681,66	3.245.759,62	2.267.899,53
Austria	27.597,83	169.262,38	229.836,04	287.188,26	413.451,19

EUA	34.769,68	-	-	-	-
Finland	848.463,14	492.021,60	595.590,48	724.904,20	754.954,84
Spain	3.924.233,85	2.911.316,56	3.501.717,70	5.038.474,32	5.135.939,52
Netherlands	1.552.207,44	1.480.772,69	1.752.367,69	3.226.146,65	1.635.612,73
France	2.572.580,19	1.419.709,52	2.180.879,07	792.786,73	722.887,03
Germany	6.409.113,48	4.151.773,06	6.165.628,98	7.643.714,52	5.358.096,09
Poland	40.847,33	61.680,17	63.905,99	112.478,98	1.153.513,24
Bulgaria	295.444,82	100.350,17	200.843,84	110.652,80	13.703,35
Bosnia & Herzegovina	5.125,04	44.180,02	5.585,51	83.231,60	16.350,46
Turkey	40.689,33	9.542,80	-	6.800,00	
Estonia	10.582,60	2.531,62	2.274,84	14.580,00	
Russia	11.871,32	18.268,87	770,00	-	
Serbia	270.536,37	255.499,64	206.023,84	416.074,03	564.998,01
Belgium	188.320,82	91.424,65	164.657,40	83.099,94	91.092,88
Hungary	247.477,86	88.074,42	186.411,22	211.894,37	124.496,67
Czech Republic	10.579,84	4.741,76	8.821,12	16.688,64	6.208,00
Ireland	-	-	-	-	
Ukraine	48.753,54	9.962,29	83.606,03	70.560,11	201.731,74
Greece	57.104,73	156.532,60	45.278,27	2.116,00	2.270,40
Egypt	33.477,72	33.565,39	114.380,77	25.145,94	
Lithuania	10.679,83	2.674,19	1.769,20	4.020,61	
Moldavia	18.646,54	-	-	-	
Slovakia	76.578,12	30.770,15	302.112,09	78.516,31	55.653,20
Morocco	-	-	-	-	-
Qatar	-	-	-	-	-
Slovenia	7.758,68	-	2.671,19		
Macedonia	10.412,70	2.792,40	-	-	3.079,80
Norway	5.495,00	5.375,00	-	-	-
Belarus	-	3.883,88	-	-	-
Latvia	-	895,00	-	-	-
Azerbaijan	-	-	25.958,30	-	-
Switzerland	-	-	-	15.383,26	
Sweden	-	-	-	158.708,71	1.581.263,11
TOTAL	19.967.318,52	15.200.491,44	21.406.669,23	23.130.441,72	20.997.363,58

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 1985-2023. 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 2023 (RON)	End of 2023 (RON)
Fixed assets - total	38.205.805	34.566.695
a) Intangible assets	7.266.395	6.206.136
b) Tangible fixed assets of which:	30.939.410	28.360.559
- land	12.892.792	11.857.343
- Fixed assets at inventory value	97.794.397	98.130.557
- Fixed assets at the remaining value	16.335.214	16.070.656
- Corporal immobilizations in progress	1.844.825	565.981
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 31.12.2023 according to the balance sheet is of 96.956.009 RON structured as follows:

Indicator		Total (RON)	%
1. STOCKS of which:		56.340.312	58,11
-	raw materials, materials	35.711.144	
-	finished product	20.367.579	
-	products in progress	-	
-	Assets held for sale	50.289	
-	overtures	211.300	
2. MONEY AVAILABILITY		779.573	0,80
3. RECEIVABLES		39.821.727	41,07
-	Trade receivables	35.832.029	
-	other receivables	3.989.698	
4. SHORT-TERM FINANCIAL INVESTMENTS		14.397	0,02

B. PATRIMONY SITUATION

During 2023, 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	2019	2020	2021	2022	2023
Fixed assets	RON	44.934.421	41.680.492	38.666.360	38.205.805	34.566.695
Current assets	RON	93.052.623	83.037.086	98.332.713	98.381.653	96.956.009
Total Assets	RON	137.987.044	124.717.578	136.999.073	136.587.458	131.522.704
Total Debts	RON	49.258.275	38.819.721	49.745.718	43.363.720	30.574.332
Own capital	RON	88.982.079	86.199.939	87.536.120	93.530.664	99.008.253

ECONOMIC-FINANCIAL RESULTS

In the period 2019-2023, the economic-financial indicators were achieved as follows:

	2019	2020	2021	2022	2023 (RON)
I Operating income	197.290.206	157.159.639	191.637.944	226.489.237	186.142.044
a) Turnover	181.088.888	131.914.607	172.531.341	199.727.280	162.994.877
b) Variation of stocks	14.203.886	16.299.252	15.424.470	20.473.730	12.530.099
c) Income from fixed assets production	711.324	386.966	570.395	1.419.048	334.336
d) Other income	1.286.108	8.558.814	3.111.738	4.869.179	10.282.732
II Operating expenses	181.221.246	143.911.413	177.107.829	210.717.065	175.624.369

- operating profit / loss (+/-)	16.068.960	13.248.226	14.530.115	15.772.172	10.517.675
III Financial income	659.747	320.615	374.197	1.038.733	893.728
IV Financial expenses	2.619.326	1.544.812	985.376	2.697.199	1.735.859
- loss	1.959.579	1.224.197	611.179	1.658.466	842.131
VII Total income	197.949.953	157.480.254	192.012.141	227.527.970	187.035.772
VIII Total expenses	183.840.572	145.456.225	178.093.205	213.414.264	177.360.228
- the gross result of the exercise	14.109.381	12.024.029	13.918.936	14.113.706	9.675.544
- tax	2.016.142	1.548.082	1.924.253	1.848.098	994.872
NET INCOME	12.149.812	10.531.639	12.050.173	12.315.948	8.746.511

In the period 01.01.-31.12.2023, SC ARTEGO SA TG. JIU, delivered to the majority state-owned companies products worth 39.574.888 RON ,as follows:

C.E.OLTENIA	32.708.316 RON
CNCFR SA BUCURESTI	898.613 RON
SOCIETATEA NATIONALA A SARI	679.077 RON

The balance of uncollected invoices at 31.12.2022 was of 13.027.064 RON from majority state-owned companies, as follows:

C.E.OLTENIA	13.027.064 RON
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At 31.12.2023 the amounts receivable from majority state-owned companies were of 7.377.126 RON , as follows:

C.E.OLTENIA	6.677.944 RON
S. NAT. A SARI	679.077 RON

From the total amount of 213.930.542 RON owed by the majority state-owned companies and other clients, (the balance on 31.12.2022 plus the deliveries between 01.01.-31.12.2023) the following amounts were collected:

a) through liquidity:	207.609.530 RON,	adica 97,05 %
b) by compensations:	6.321.012 RON,	adica 2,95 %

thus:

BENEFICIARY	M.U.	COMPENSATIONS	%	LIQUIDITY	%	TOTAL
CE OLTENIA	RON	6.172.935	15,8	32.884.501	84,20	39.057.436
Others	RON	148.077	0,21	70.929.881	99,79	71.077.958
Export	RON	-	-	103.795.148	100	103.795.148
T O T A L	RON	6.321.012	2,95	207.609.530	97,05	213.930.542

HUMAN POTENTIAL

The average number of employees in 2023 was 626 compared to 692 in 2022 having a decrease of 9,54%, and the actual number at the end of 2023 was 572 employees, compared to 671 at the end of 2022.

The total salary fund achieved in 2023 was of 44.855.082 RON.

The expenses regarding the insurance and social protection were of 1.947.382RON, meal vouchers were granted in the total amount of 3.644.460 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 3.720.036 RON.

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

PROFIT

As at 31.12.2023, the gross profit was of 9.675.544 RON, respectively the net profit was of 8.746.511 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. 2023 in the amount of 30.574.332 RON of which:

	RON
1. The state budget	2.420.680
- tax	464.084
- income tax from salaries	323.967

-dividend tax	56.857
- VAT payable	1.474.984
2.25% CASM	100.788
2. Special funds budgets	31.948
-solidarity fund for people with disabilities	24.767
- environment fund	7.181
3. Social security budgets	1.578.339
CAS	1.130.961
-CASS	447.378
Credits	11.185.713
Suppliers	8.089.359
Customer creditors	308.318

Chairman of the Board of Directors,
Eng. David Viorel