

ANNUAL REPORT

For the financial year : 2020

Report date :31.03.2021

Company name: **S.C. ARTEGO S.A.;**

Headquarters: **Tg-Jiu, str. Ciocârlău, nr.38, jud. Gorj, cod poștal 210103;**

Phone/fax: 0253/226444; 0253/226045;

Number and date of registration with the Trade Registry Office: **J18/1120/1991;**

Fiscal code **RO 2157428;**

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

Organized market on which securities are traded: BVB

Subscribed and paid-up share capital: 22.390.412,50 lei

REPORT

regarding the activity carried out in 2020 according to the balance sheet as at 31.12.2020 based on the Order no. 2844/2016 with the subsequent modifications and completions - for the approval of the compliant accounting regulations with International Financial Reporting Standards

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

Ownership structure at 31 december 2020

Shareholder	Shares number	Value (lei)	Total weight Social capital (%)
Employees Association PAS ARTEGO	6.968.820	17.422.050,00	77,8103
Legal persons	859.141	2.147.853,00	9,5927
Individuals	1.128.202	2.820.505,00	12,5969
The Romanian State through the Authority for the Administration of State	2	5,00	0,0000

Assets			
TOTAL	8.956.165	22.390.413,00	100.00

In 2020, the production activity and the economic and financial activity carried out by the company and reflected in the balance sheet ended on 31 December 2020:

CHAPTER I. PRODUCTION ACTIVITY

In 2020 the production of technical items was 10.613 tons.

In 2020, the output for export was 4.625 tons for export and 1.001 tons for export.

Table 1 shows some comparative dates of the years 2016 ,2017 2018,2019 and 2020.

Table 1

	2016	2017	2018	2019	2020
Production of goods, lei	133.885.584	133.845.491	160.781.296	174.382.899	133.069.906
Transport belts, to, from which :	9.666	9.185	10.400	11.157	8.345
- export	5.557	5.306	6.104	5.927	4.625
lei ,	107.655.722	108.484.056	130.314.565	142.666.404	106.471.797
from which					
- export	56.488.381	63.914.243	76.294.082	77.566.256	61.611.034
Technical plate, to, from which:	2.077	1.785	2.049	1.918	1.766
- export	1.384	1.052	1.348	1.339	1.001
lei ,	13.979.267	14.004.148	17.113.441	17.622.727	14.266.865
from which					
- export	8.609.518	8.122.398	10.928.944	11.708.552	8.536.477
Pressed gaskets, to	613	674	597	757	502
lei ,	6.672.293	6.215.133	7.372.035	8.542.478	7.862.762
Total Export lei	69.123.789	75.009.965	90.397.674	94.788.398	73.566.104,54
Total EURO	15.404.075,45	16.405.915,83	19.421.370,91	19.967.318,52	15.200.491,44

During the year 2020 the value of the export reached 15.200.491,44 EURO, the export representing 55,28% of the production of technical rubber articles. The most stable markets that exported are England, Spain, Germany, Holland, France.

ARTEGO is the largest producer of technical rubber articles in Romania (95% of the country's transport bands needed) and one of the European manufacturers.

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

The country	2016	2017	2018	2019	2020
Italy	1.702.252,71	958.131,93	475.077,86	247.672,14	274.257,47
England	3.077.963,60	3.058.162,47	3.481.413,73	2.960.298,58	3.378.633,14
Argentina	232.346,48	75.590,56	-	-	-
Austria	2.761,20	11.173,05	52.026,53	27.597,83	169.262,38
USA	68.171,36	-	35.226,29	34.769,68	-
Finland	1.046.368,23	709.050,10	614.785,52	848.463,14	492.021,60
Spain	3.081.510,58	3.782.901,20	3.351.839,72	3.924.233,85	2.911.316,56
Netherlands	1.210.891,97	1.386.720,03	1.877.567,63	1.552.207,44	1.480.772,69
France	257.710,84	597.426,55	2.331.047,92	2.572.580,19	1.419.709,52
Germany	2.834.420,65	3.889.839,95	5.567.764,48	6.409.113,48	4.151.773,06
Poland	126.531,96	72.657,61	103.673,55	40.847,33	61.680,17
Bulgaria	372.737,57	373.236,82	409.987,75	295.444,82	100.350,17
Bosnia &Herzegovina	-	32.635,98	2.372,74	5.125,04	44.180,02
Turkey	3.548,00	8.078,25	17.935,00	40.689,33	9.542,80
Cyprus	2.293,93	10.338,57	-	-	-
Algeria	-	156.889,52	-	-	-
Estonia	33.573,65	32.176,86	39.791,18	10.582,60	2.531,62
Russia	-	-	-	11.871,32	18.268,87
Serbia	171.092,90	246.774,54	398.455,23	270.536,37	255.499,64
Belgium	583.110,03	540.683,01	203.108,06	188.320,82	91.424,65
Hungary	38.431,81	127.633,19	74.463,93	247.477,86	88.074,42
Czech Republic	6.511,56	10.579,84	18.992,00	10.579,84	4.741,76
Ireland	342.676,28	96.574,78	49.826,20	-	-
Ukraine	-	2.891,40	11.652,16	48.753,54	9.962,29
Greece	113.903,87	56.381,36	32.066,43	57.104,73	156.532,60
Egypt	90.208,45	83.648,98	83.905,96	33.477,72	33.565,39
Lithuania	5.057,82	12.236,60	30.607,91	10.679,83	2.674,19
Croatia	-	205,98	-	-	-
Moldavia	-	61.938,24	58.760,48	18.646,54	-
Slovakia	-	11.358,46	40.430,54	76.578,12	30.770,15
Marocco	-	-	15.520,18	-	-
Qatar	-	-	34.477,49	-	-
Slovenia	-	-	8.594,44	7.758,68	█
Macedonia	-	-	-	10.412,70	2.792,40
Norway	-	-	-	5.495,00	5.375,00

Belarus	-	-	-	-	3.883,88
Lithonia	-	-	-	-	895,00
TOTAL	15.404.075,45	16.405.915,83	19.421.370,91	19.967.318,52	15.200.491,44

It is worth noting that all the achievements of the company were possible thanks to a well-trained professional staff and the management team who under the current conditions managed to find solutions for its maintenance among the competitive manufacturers of technical rubber articles. The technical and engineering staff of the company have a high level of training and are in a permanent competition with a creative role. Thus, it was possible to achieve 65 patents for invention between 1985 - 2020. There are also numerous files with technical solutions waiting to be patented at OSIM.

Applying all of these patents led to:

- machine upgrades;
- achievements of new machines;
- improving technologies;
- Reductions in production costs.

The technicians of the company, passionate about the scientific and technological research, with the novelty in their field of activity, succeeded for the world premiere the realization of the first conveyor belt with a face protected with thermoplastic polyurethane. This material has excellent wear resistance in contact with the material transported in conditions where it maintains its elasticity comparable to natural rubber at extreme temperatures, it is resistant to oils and fats, to atmospheric factors and even to microbial attacks. The realization is the result of a multidisciplinary collaboration with leading companies in Europe and other continents: Bayer Material Science AG, Urban Technics, Quinn, etc.

CHAPTER I I. FINANCIAL - PATRIMONIAL SITUATION

The financial situation is based on the existing internal correlations between the assets of the balance sheet assets in the form of the assets (economic means) available to ARTEGO S.A. for the realization of its production activity and

respectively in the balance sheet liability in the form of financial sources of fixed or circulating assets and the financial result of the company.

A. 1. Economic means

Economic assets or direct property assets consist of fixed assets and current assets.

Asset items are organized from the balance sheet into asset items with acyclical use that include the "Fixed Assets" group and the cyclic asset assets that include the "Current Assets" group.

INDICATOR		Beginning of the year 2020 (lei)	End of the year 2020 (lei)
Fixed assets – total		44.934.421	41.680.492
a) Intangible assets		12.195.895	10.499.873
b) Tangible assets from which:		32.738.526	31.180.619
-	Lands	12.937.919	12.779.181
-	Fixed assets at inventory value	97.892.429	98.424.562
-	Fixed assets at the remaining amount	19.790.573	18.366.534
-	Corporal immobilizations in course	143.455	168.325
c)	Financial assets	-	-

A.2. CURRENT ASSETS

In order to achieve its goal of S.C. ARTEGO S.A. TG. JIU, must have machines, buildings and other tools. To make this production machine work, the company had to: - buy raw materials;

- provide stocks at different stages of the production process;
- to sell to recover their resources.

Current assets are made up of stocks, short-term achievable values and available values.

The value of the current assets at 31.12.2020 according to the balance sheet is of RON 83.037.086 structured as follows:

Indicator	Total (lei)	%
1. STOCKS from which:	47.606.147	57,33
- raw materials, materials	33.340.830	
- finished product	13.414.931	
- products under execution	59.651	
- Assets held for sale	149.495	
- advances	641.240	
2. MONEY AVAILABILITY	1.799.336	2,17
3. DEBTS	33.617.206	40,48
- Comercial debts	32.237.510	
- Other debts	1.379.696	
4. FINANCIAL INV. ON SHORT TERM	14.397	0,02

B. SITUATION OF PATRIMONIA

During 2020, the management inventory management and fund manager control program was carried out..

Net Asset = Fixed Assets + Current Assets - Debts

The net asset reflects the firm's ability to deal with its underwriting liabilities

INDICATOR	U/M	2016	2017	2018	2019	2020
Fixed assets	lei	51.386.235	49.483.635	47.883.466	44.934.421	41.680.492
Current assets	lei	92.075.440	81.434.182	92.542.155	93.052.623	83.037.086
Total assets	lei	143.461.675	130.917.817	140.425.621	137.987.044	124.717.578
Total Debts	lei	61.831.894	53.665.497	57.866.515	49.258.275	38.819.721
Personal capital	lei	80.926.620	76.908.447	82.545.357	88.982.079	86.199.939

According to the EGMS decision of 16.04.2019, SC ARTEGO SA repurchased a number of 841,419 treasury shares in order to cancel them and reduce the share capital from 22,390,412.50 lei to 20,286,865 lei.

ECONOMIC-FINANCIAL RESULTS

Between 2016 -2020, the economic and financial indicators were as follows:

	2016	2017	2018	2019	2020 (lei)
I Revenues from exploitation	152.671.820	152.597.599	183.846.345	197.290.206	157.159.639
a) Fiscal value	140.380.472	133.796.633	169.013.285	181.088.888	131.914.607
b) Stock change	10.438.987	16.275.950	11.678.571	14.203.886	16.299.252
c) The immobilized production made by the entity	535.858	805.849	806.501	711.324	386.966
d) Other revenues	1.316.503	1.719.167	2.347.988	1.286.108	8.558.814
II Expenses for exploitation	144.839.787	144.514.715	170.648.117	181.221.246	143.911.413
- profit /loss from exploitation (+/-)	7.832.033	8.082.884	13.198.228	16.068.960	13.248.226

III Financial revenues	1.091.395	1.095.294	406.760	659.747	320.615
IV Financial expenses	2.676.415	2.059.723	2.569.168	2.619.326	1.544.812
- loss	1.585.020	964.429	2.162.408	1.959.579	1.224.197
VII Total revenues	153.763.215	153.692.893	184.253.105	197.949.953	157.480.254
VIII Total expenses	147.516.202	146.574.438	173.217.285	183.840.572	145.456.225
- the gross result of the exercise	6.247.013	7.118.455	11.035.820	14.109.381	12.024.029
-tax on profit	1.156.174	1.043.181	1.627.827	2.016.142	1.548.082
NET PROFIT	5.149.820	6.134.163	9.465.069	12.149.812	10.531.639

Between 1 January and 31 December 2020, S.C. ARTEGO S.A. TG. JIU, delivered to the State Produces products worth 43.450.822 lei, as follows:

C.E.OLTENIA 43.448.602 lei

CE HUNEDOARA 2.220 lei

The balance of invoices not collected at 31.12.2019 was 17.937.640 lei for the State Regiments, as follows :

C.E.OLTENIA 17.352.133 lei

CE HUNEDOARA 585.507 lei

On 31.12.2020, the amounts receivable from the Companies with majority state capital were of 10,157,217 lei, as follows:

C.E.OLTENIA 10.157.217 lei

From the total amount of 178,505,099 lei due by the Companies with majority state capital and other clients (balance on 31.12.2019 plus deliveries between 01.01.-31.12.2020) the following amounts were collected:

a) through liquidity : 135.482.429 lei, meaning 87,47%

b)) through compensation: 19.412.923 lei, meaning 12,53%

so :

BENEFICIARY	U.M.	COMPENSATION	%	LIQUIDITIES	%	TOTAL
CE OLTENIA	lei	18.545.956	36,83	31.803.975	63,17	50.349.931
CE Hunedoara	lei	-	-	2.220	100,00	2.220
Others	lei	866.967	3,04	27.695.565	96,96	28.562.532
Export	lei	-	-	75.980.669	100,00	75.980.669
T O T A L	lei	19.412.923	12,53	135.482.429	87,47	154.895.352

HUMAN POTENTIAL

The average number of employees in the year 2020 was 824 compared to 870 in 2019, registering a decrease of 5,29%, and the actual number at the end of 2020 was 809 employees, compared to 855 at the end of 2019.

The total salary fund in 2020 was 42.716.977 lei.

The expenses regarding the insurance and social protection were of 2,187,603 lei, meal vouchers were granted in the total amount of 2,252,280 lei and gift vouchers in the amount of 636,000 lei.

AMORTIZATION OF FIXED MEANS

SC ARTEGO S.A., used as a damping regime - linear damping.

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

The depreciation included in the operating expenses amounted to 4.331.127 lei.

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

PROFIT

At 31.12.2020, gross profit was 12.024.029 lei, respectively net profit 10.531.639 lei.

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

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

- late increases due for non-timely payment of debts;
- expenses for the protocol, which exceed the limits provided by the Fiscal Code law.

SC ARTEGO S.A. Tg-Jiu had total debts as of 31.12.2020 amounting to 38.819.721 lei of which:

	lei
1. State Budget	1.344.853
- tax on profit	335.667

- tax on revenues from salaries	338.676
-tax on dividends	31.472
- VAT on payment	639.038
2. Special Fund Budgets	436.723
-CASS	390.267
-solid fd. for pers. with disabilities	45.202
- average fund	1.254
3. Social security budgets	1.075.688
CAS	987.618
2,25% CASM	88.070
Credits	23.159.579
Providers	7.736.495
Customer creditors	224.355

PROVISIONS OF THE CORPORATE GOVERNANCE CODE	RESPECT	DO NOT RESPECT OR PARTIALLY RESPECT	THE REASON FOR NON-CONFORMITY
A.1. All companies must have an internal Council regulation that includes the terms of reference / responsibilities of the Council and the key management functions of the company and which applies, inter alia, the General Principles of Section A.		PARTIALLY RESPECT	The terms of reference / responsibilities of the Board and the key management functions of the company are contained in the Constitutive Act. This requirement is to be reviewed within the Board of Directors.
A.2. Provisions for managing conflicts of interest should be included in the Council Regulation. In any event, Council members must notify the Council of any conflicts of interest that have arisen or may occur and refrain from attending the discussion (including through non-attendance, unless the failure to attend would hamper the formation of the quorum) and to the vote for a decision on the issue giving rise to the conflict of interest concerned.		PARTIALLY RESPECT	There is no provision in the articles of association regarding the management of conflicts of interest. However, the recommendation of the Corporate Governance Code is respected.
A.3. The Board of Directors or the Supervisory Board must be composed of at least five members.	YES		
A.4. Most members of the Board of Directors should not have executive functions. At least one member of the Board of Directors must be independent of Standard Category companies. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must file a statement at the time of his nomination for election or re-election, as well as when any change of his status occurs, indicating the elements on the basis of which he is considered is independent in terms		PARTIALLY RESPECT	Most members of the Board of Directors are non-executive directors. There are currently no independent administrators. Administrators were appointed by the General Meeting of Shareholders.

of character and judgment.			
A.5. Other relatively permanent commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of Non-Profit Societies and Institutions, should be disclosed to potential shareholders and investors prior to nomination and during their term of office.		NO	
A.6. Any member of the Council must report to the Council on any report with a shareholder directly or indirectly owning shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the member's position on matters decided by the Council.		NO	It's not necessary.
A.7. The company must designate a Council Secretary responsible for supporting the work of the Council.	YES		
A.8. The Corporate Governance Statement will inform whether an evaluation of the Council has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The company must have a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.		NO	The company will develop a policy / guidance on the Council's assessment of the purpose, criteria and frequency of the evaluation process.
A.9. The corporate governance statement should contain information on the number of Council and committee meetings over the past year, the participation of administrators (in person and in absentia), and a report by the Council and committees on their activities.		NO	It follows that the requirement is respected
A.10. The corporate governance statement should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.		NO	It's not necessary. The Board of Directors of the company consists of 5 members, most of which are non-executive directors.
A.11. The Board of Premium Companies should set up a nomination committee composed of non-executive members to lead the nomination of new members in the Council and make recommendations to the Council. Most of the members of the nomination committee must be independent.		NO	The company is not included in the Premium category.
B.1 The Board should set up an audit committee in which at least one member should be a non-executive non-executive. Most members, including the president, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must consist of at least three members and the majority of the members of the audit committee must be independent.		NO	There is no Audit Committee at present. To meet the conditions and the occurrence of necessity, it will be established.
B.2. The chair of the audit committee shall be an		NO	It's not necessary. See

independent non-executive member.			explanation B.1
B.3. Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.		NO	It's not necessary. See explanation B.1
B.4. The assessment should take into account the effectiveness and coverage of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's Audit Committee, the promptness and effectiveness with which executive management addresses the deficiencies or weaknesses identified in the audit internal reports and the submission of relevant reports to the Council.		NO	It's not necessary. See explanation B.1
B.5. The Audit Committee should assess conflicts of interest in relation to the transactions of the company and its subsidiaries with affiliated parties.		NO	It's not necessary. See explanation B.1
B.6. The audit committee should assess the effectiveness of the internal control system and risk management system.		NO	It's not necessary. See explanation B.1
B.7. The Audit Committee should monitor the application of generally accepted legal standards and auditing standards. The audit committee must receive and evaluate internal audit team reports.		NO	It's not necessary. See explanation B.1
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.		NO	It's not necessary. See explanation B.1
B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	YES		
B.10. The Council must adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Council following a binding opinion of the Board's audit committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall under the category events subject to reporting requirements.		NO	This requirement is to be reviewed at the level of the Board of Directors.
B.11. Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	YES		
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Council through the audit committee. For administrative purposes and within the management's responsibility to monitor and reduce risks, it must report directly to the Director General.		PARTIALLY RESPECT	The internal auditor reports directly to the Board of Directors and to the General Director as no audit committee is established.
C.1. The company must publish a remuneration policy on its website and include a statement on the implementation of the remuneration policy in		NO	It's going to be implemented

the annual report during the annual period under review.			
D.1. The company must organize an Investor Relations Service - indicating to the general public the responsible person (s) or organizational unit. In addition to the information required by the legal provisions, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	YES		
D.1.1. The main corporate regulations: the constitutive act, the procedures regarding the general meetings of the shareholders;	YES		
D.1.2. Professional CVs of members of the governing bodies of the company, other professional commitments of Council members, including executive and non-executive positions in boards of directors in companies or non-profit institutions;		PARTIALLY RESPECT	The recommendation is not implemented with regard to other professional commitments of Council members, including executive and non-executive positions in boards of directors in companies or non-profit institutions. This is going to be implemented.
D.1.3. Current reports and periodic reports (quarterly, semester and annual) - at least those under D.8 - including current reports with detailed information on non-compliance with this Code;	YES		
D.1.4. Informations on general shareholders' meetings: agenda and informative materials; the procedure for electing the members of the Council; the arguments that support candidates' proposals for election to the Council, together with their professional CVs; shareholders' questions about the items on the agenda and the company's replies, including the decisions taken;	YES		
D.1.5. Informations on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to such operations. Such information will be published within a timeframe that will allow investors to make investment decisions;	YES		
D.1.6. Name and contact details of a person who can provide on request relevant information;	YES		
D.1.7. Company presentations (e.g., investor presentations, quarterly results, etc.), financial statements (quarterly, semestrial, annual), audit reports and reports year.		PARTIALLY RESPECT	
D.2. The Company will have a policy on the annual distribution of dividends or other benefits to shareholders proposed by the Director General or the Board of Directors and adopted by the Council in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution		NO	It's going to be implemented

policy to shareholders will be published on the company's website.			
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasts refer to quantified conclusions of studies aimed at determining the overall impact of a number of factors over a future period (the so-called assumptions): by its nature, this projection has a high level of uncertainty, the actual results may differ materially from forecasts originally presented. The forecasting policy will determine the frequency, timing and content of the forecasts. If published, the forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.		NO	It's going to be implemented
D.4. The rules of general shareholders' meetings must not limit the participation of shareholders to general meetings and the exercise of their rights. Changes to the rules will take effect at the earliest, starting with the next shareholders meeting.	YES		
D.5. External auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.		NO	
D.6. The Board will give a brief assessment to the Annual General Meeting of Shareholders on the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.		PARTIALLY RESPECT	
D.7. Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the President of the Council decides otherwise.		NO	
D.8. The quarterly and half-yearly financial reports will include both Romanian and English information on the key factors that affect changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, and from one year to another.	YES		
D.9. A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the company's website at the dates of the meetings / teleconferences.		NO	The possibility of organizing such events will be evaluated against investor demand.
D.10. If a society supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities, and considers that their impact on the innovation and competitiveness of society is part of its mission and development strategy, it will publish its activity policy in this area.		NO	Such a policy is not required at this time. To the extent that these activities will be considered to have an impact on the innovative nature and competitiveness of society and are part of its mission and development strategy, policy will be developed.

SITUATION OF THE GLOBAL RESULT
at 31 december 2020

- lei-

Crt. No.	NAME OF INDICATORS	31.12.2019	31.12.2020
1.	Net turnover of which	181.088.888	131.914.607
	Revenues from the sold production	178.254.955	129.814.897
	Revenues from the sale of goods	3.735.886	2.733.628
	Commercial discounts granted	901.953	633.918
2.	Revenues from stored production	14.203.886	16.299.252
3.	Revenues from the production of fixed assets	711.324	386.966
4.	Revenues from fixed assets intended for sale	251.939	886.762
5.	Revenues from operating grants	0	6.632.344
6.	Other revenues from exploitation	1.034.169	1.039.708
I.	REVENUES FROM EXPLOITATION	197.290.206	157.159.639
7.	Expenditures on goods	3.274.898	2.436.087
8.	Material expenditures	116.385.785	84.508.680
9.	Expenditures on works and services performed by third parties	6.678.154	4.864.454
10.	Expenses with taxes and fees	1.660.221	1.459.513
11.	Staff costs	47.348.645	45.156.860
12.	Other expenses with exploitation	1.068.405	1.154.692
13.	Expenses with depreciation and provisions	4.805.138	4.331.127
II.	EXPLOITATION EXPENSES	181.221.246	143.911.413
A.	RESULT FROM EXPLOITATION		
	- PROFIT	16.068.960	13.248.226
	-LOSS		
III.	FINANCIAL REVENUES	659.747	320.615
IV.	FINANCIAL EXPENSES	2.619.326	1.544.812
B.	FINANCIAL RESULT	-1.959.579	-1.224.197
V.	EXCEPTIONALREVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		
VII.	TOTAL REVENUES	197.949.953	157.480.254
VIII	TOTAL EXPENSES	183.840.572	145.456.225
D.	GROSS RESULT		
	- PROFIT	14.109.381	12.024.029
	- LOSS		
	TAX	2.016.142	1.548.082
E	REVENUES FROM BENEFIT FROM PROFIT	56.573	55.692
F.	NET RESULT		
	- PROFIT	12.149.812	10.531.639
	- LOSS		
G.	Number of shares	8.956.165	8.956.165
H.	Output per share	1,36	1,18

Individual Financial Statements
**SITUATION OF THE FINANCIAL
POSITION AT 31.12.2020**

NAMING OF THE INDICATORS	<u>31/12/2019</u>	<u>31/12/2020</u>
ASSETS		
Fixed assets	44,934,421	41,680,492
<i>Tangible assets</i>	32,738,526	31,180,619
<i>Intangible assets</i>	12,195,895	10,499,873
<i>Financial assets</i>		
Current assets	93,388,239	83,361,272
<i>Stocks</i>	46,274,992	47,606,147
<i>Commercial receivables</i>	45,770,456	33,617,206
<i>Financial assets of which available for sale</i>	14,397 14,397	14,397 14,397
<i>Cash and cash equivalents</i>	992,778	1,799,336
<i>Prepayments</i>	335,616	324,186
TOTAL ASSETS	138,322,660	125,041,764
OWN CAPITAL AND LIABILITIES		
Own capitals		
<i>Subscribed and paid-up share capital</i>	22,390,413	22,390,413
<i>Other equity items</i>	89,052,449	89,052,449
<i>Reserves from reevaluation</i>	28,926,418	28,570,141
<i>Legal reserves</i>	822,943	767,251
<i>Other reserves</i>	4,478,083	4,478,083
<i>Own actions</i>	19,354,308	25,000,607
<i>Social Capital Adjustment</i>	0	-6,529,411
<i>Reported result (without IAS 29)</i>	1,523,099	1,372,906
<i>Reported result (with IAS 29)</i>	-89,052,449	-89,052,449
<i>Current profit</i>	12,149,812	10,531,639
<i>Profit Distribution</i>	-662,997	-381,690
Total own capitals	88,982,079	86,199,939
Long-term debt		
<i>Investment grants</i>	13,816	9,610
<i>Other long-term debts</i>	7,708	7,743
<i>Long-term provisions</i>		
Total long-term debts	21,524	17,353
Current debts		
<i>Investment grants</i>	68,490	12,494
<i>Commercial and other debts</i>	9,349,779	7,960,850
<i>Short-term loans</i>	31,286,160	23,159,579

<i>Tax and current tax liabilities</i>	8,614,628	7,691,549
<i>Short-term provisions</i>		
Total current debts	49,319,057	38,824,472
Total debts	49,340,581	38,841,825
TOTAL OWN CAPITALS AND DEBTS	138,322,660	125,041,764

SITUATION OF TREASURY FLOWS AT 31 DECEMBER 2019

INDICATORS LEI (RON)	ACCOMPLISHED 2019	ACCOMPLISHED 2020
A. LIQUIDITY AT THE BEGINNING OF THE PERIOD	5.129.059	992.778
In accounts	5.007.972	514.213
Cash	9.741	4.534
Other Values	111.346	474.031
Treasury advances	-	-
Values to receive	-	-
Encashments from the exploitation activity	244.988.856	191.048.048
Customer encashments	192.278.306	154.895.352
Other encashments	52.710.550	36.152.696
PAYMENT FOR THE EXPLOITATION ACTIVITY	247.974.366	189.812.095
Provider payments	128.113.581	83.989.135
Payments for staff	42.448.630	39.997.148
Payments on taxes and fees	20.887.947	22.185.417
Tax / Advantage	1.937.789	1.877.724
Interest payments	1.925.598	1.112.054
Other payments	52.660.821	40.650.617
CASH FLOW FROM THE EXPLOITATION ACTIVITY	-2.985.510	1.235.953
PROCEEDS FROM THE INVESTMENTS ACTIVITY	780.678	746.970
Proceeds from the sale of land, fixed assets and intangible assets	780.678	746.970
Proceeds from the sale of equity instruments and receivables from other enterprises	-	-
Proceeds from repayment of advances and loans to other parties	-	-
PAYMENT FROM THE INVESTMENTS ACTIVITY	1.931.449	1.176.365
Payments for the acquisition of land, fixed assets and intangible assets	1.931.449	1.176.365
Proceeds for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
CASH FLOW FROM THE INVESTMENT ACTIVITY	-1.150.771	-429.395
PROCEEDS FROM THE FINANCING ACTIVITY	-	-
PAYMENTS FOR THE FINANCING ACTIVITY	-	-
CASH FLOW FROM THE FINANCING ACTIVITY	-	-
CASH FLOW - TOTAL	-4.136.281	806.558
B. LIQUIDITIES AT THE END OF THE PERIOD	992.778	1.799.336
In accounts	514.213	1.537.545

Cash	4.534	2.865
Other Values	474.031	258.576
Treasury advances	-	-
Values to receive	-	350

THE BUDGET OF REVENUES AND EXPENDITURES
General Activity

RON

SPECIFICATION	N R. R D.	Predicted 2020	Realised 2020	PREDICTED 2021				
				TOTAL	TRIM I	TRIM II	TRIM III	TRIM IV
I. TOTAL REVENUES	01	176.610.000	157.480.254	138.000.000	34.500.000	34.500.000	34.500.000	34.500.000
1.Revenues from exploitation	02	175.875.000	157.159.639	137.600.000	34.400.000	34.400.000	34.400.000	34.400.000
2.Financial revenues	03	735.000	320.615	400.000	100.000	100.000	100.000	100.000
3.Exceptional revenues	04	-	-	-	-	-	-	-
II. TOTAL EXPENSES From which:	05	172.610.000	145.456.225	133.000.000	33.250.000	33.250.000	33.250.000	33.250.000
1. expenses for exploitation from which:	06	170.110.000	143.911.413	131.200.000	32.800.000	32.800.000	32.800.000	32.800.000
a) material expenses	07	102.500.000	76.487.542	69.800.000	17.450.000	17.450.000	17.450.000	17.450.000
b) staff expenses from which	08	45.315.000	42.904.580	43.000.000	10.750.000	10.750.000	10.750.000	10.750.000
- gross salaries	09	43.200.000	40.716.977	40.800.000	10.200.000	10.200.000	10.200.000	10.200.000
- Social asig. and soc. prot.	10	2.115.000	2.187.603	2.200.000	550.000	550.000	550.000	550.000
c) exploit. expenses reg. the amortization, provis.	11	4.850.000	4.331.127	4.000.000	1.000.000	1.000.000	1.000.000	1.000.000
d) protocol, advertisement, public, other	12	500.000	322.274	400.000	100.000	100.000	100.000	100.000
e) expens with lunch and gift vouchers	13	2.800.000	2.888.280	4.300.000	1.075.000	1.075.000	1.075.000	1.075.000
f) expen. with sponsorship	14	500.000	477.471	500.000	125.000	125.000	125.000	125.000
g) other expens with exp.	12	13.645.000	16.500.139	9.200.000	2.300.000	2.300.000	2.300.000	2.300.000
2. Financial expenses	13	2.500.000	1.544.812	1.800.000	450.000	450.000	450.000	450.000
3. Exceptional expenses	14	-	-	-	-	-	-	-
4. Covering the losses of the previous year	15	-	-	-	-	-	-	-
III .GROSS RESULT OF EXERCISE	16	4.000.000	12.024.029	5.000.000	1.250.000	1.250.000	1.250.000	1.250.000
IV. Profit tax	17	640.000	1.548.082	800.000	200.000	200.000	200.000	200.000
V.NET RESULT OF THE EXERCISE	18	3.360.000	10.531.639	4.200.000	1.050.000	1.050.000	1.050.000	1.050.000
VI. Legal reserves	19	-	-	-	-	-	-	-

The profit of the exercise			10,531,639										10,531,639
Other elements of the global result of which:													
Surplus from revaluation of tangible assets													
Decrease of the reserve from revaluation-deferred tax recording					-356,277					-55,692			-411,969
Total other elements of the overall result					-356,277					-55,692			-411,969
Total global result of the period			10,531,639		-356,277					-55,692			10,119,670
Other elements													
Resumption of the revaluation reserve to the carried forward result							356,277						356,277
Increasing the legal reserve													
Other elements			-12,149,812			5,646,299	5,715,736				-6,529,411	281,307	-7,035,881
Total other elements			-12,149,812			5,646,299	6,072,013				-6,529,411	281,307	-6,679,604
Transactions with shareholders recognized directly in equity													
Dividend distribution							-6,222,206						-6,222,206
Total tranzactii cu proprietarii							-6,222,206						-6,222,206
Balance on DECEMBER 31, 2020	22,390,413	89,052,449	10,531,639	4,478,083	28,570,141	25,000,607	1,372,906	-89,052,449	0	767,251	-6,529,411	-381,690	86,199,939

Notes to the financial statements

For the financial year ended 31 December 2020

1. The reporting entity

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

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

According to the statute, the main activity of the company has the CAEN code 2219 - "Manufacture of other rubber products".

The record of the shares and the shareholders is kept under the conditions of the law by the Central Depository.

2. Basics of drawing up

(a) Declaration of conformity

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

The Company applies International Financial Reporting Standards as approved by the European Union at the preparation of the separate financial statements ended 31 December 2020, 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 the IFRS, this order being applicable to the companies whose securities are admitted to trading on a regulated market.

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

(b) Presentation of the financial statements

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

(c) The basics of evaluation

The separate financial statements are carried at historical cost, except for certain classes of property, plant and equipment that are revalued.

The share capital is adjusted according to the International Accounting Standard ("SIC") 29 ("Financial Reporting in Hyperinflationary Economies") until 31 December 2003.

The management believes that the Company will operate in the predictable future and, in the long run, the application of the business continuity principle in the preparation of the financial statements is considered appropriate. The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of Financial Statements". The Company has adopted a liquidity-based presentation in the balance sheet and a presentation of income and expenses by nature in the profit and loss account, considering that these disclosures provide informations that is more credible and relevant than those that would be presented.

(d) Functional and presentation currency

The company's management considers that the functional currency, as defined by IAS 21 "Effects of Foreign Exchange Rates", is LEI or RON. The separate financial statements are presented in RON, rounded to the nearest leu, the currency that the company's management chosed as the presentation currency.

(e) Using estimates and judgments

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

The estimates and assumptions underlying them are periodically reviewed. The revisions of the accounting estimates are recognized in the period in which the estimate is reviewed if the review affects only that period or the period in which the estimate is reviewed and the future periods if the review affects both the current period and future periods.

The judgments made by management in the application of IFRS have a material effect on the financial statements and estimates that involve a significant risk.

3. Significant accounting policies

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

(a) Branches and associated entities

The subsidiaries are entities under the control of the company. The control exists when the company has the power to direct, directly or indirectly, the financial and operating policies of an entity to obtain benefits from its business. The associated entities are those companies in which the company may exert a significant influence, but not control over financial and operational policies.

The company does not have associated companies.

(b) Transactions in foreign currency

The operations denominated in foreign currency are recorded in RON at the official exchange rate at the settlement date of the transactions. The monetary assets and liabilities recorded in foreign currency at the balance sheet date are translated into the functional currency at the exchange rate on that day. The interests or losses from their settlement and from conversion using the exchange rate at the end of the month or at the end of the financial year, of monetary assets and liabilities denominated in foreign currency are recognized in the income and loss statement.

The exchange rates of the main foreign currencies were:

Currency	31 dec.2016	31 dec.2017	31dec.2018	31.12.2019	31.12.2020
Euro (EUR)	4,5411	4,6597	4,6639	4,7793	4,8694
Dolarul American(USD)	4,3033	3,8915	4,0736	4,2608	3,9660
Lira sterlina (GBR)	5,2961	5,2530	5,1931	5,6088	5,4201

c) Financial Instruments

Financial risk management

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

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

Interest rate risk

The company's operating cash flows are affected by interest of the rate fluctuations, mainly due to the borrowing in foreign currency contacted by the financing banks.

The cash risk of the interest rate is the risk that the interest, and hence the expense, fluctuates.

Currency risk

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

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

The credit risk

The credit risk is the risk that the company will incur a financial loss as a result of non-fulfillment of the contractual obligations by a client or a counterparty to a financial instrument, and this risk arises mainly from trade receivables and cash and cash equivalents.

On 31 December 2020, the company holds cash and cash equivalents in the amount of 1.799.336 lei. The cash and cash equivalents are held at banks including: Unicredit Tiriac, Garanti ,Intesa,ING Bank,Credit Europe

The liquidity risk

The liquidity risk is the risk that the company encounters difficulties in meeting the obligations associated with financial liabilities that are settled in cash or by the transfer of another financial asset.

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

The fair value of financial instruments

The fair value is the amount at which the financial instrument may change in ordinary transactions other than those determined by liquidation or forced sale. The fair values are obtained from quoted market prices or cash flow models as appropriate. On 31 December 2020, the cash and other cash, the customers and the assimilated accounts, the trade payables and other payables are approaching their real value due to their short maturity. The management considers that the estimated value of these instruments is close to their carrying amount.

The capital risk management

The objectives of the company when managing the capital are to maintain the company's ability to continue operating in order to obtain benefits for shareholders and other stakeholders 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 shall be presented in the current measurement unit at the balance sheet date (non-monetary items are restated using a general price index from the acquisition date or contribution).

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

The continued decrease in inflation rate and other factors related to 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 beginning on 1 January 2004, thus IAS 29 was adopted in the preparation of the separate financial statements until 31 December 2003.

Thus, the amounts expressed in the current measurement unit at 31 December 2003 are treated as the basis for the carrying amounts reported in these separate financial statements and are not valued, replacement cost, or any other measurement of the current value of the assets or prices at which the transactions would happen at this time.

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

Tangible assets

The tangible assets are assets that: are held by an entity for use 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 for a period longer than one year .

Purchase costs include purchase price, import taxes and other taxes (except those that the legal entity can recover from the tax authorities), transport, handling and other expenses that can be directly attributable to the acquisition of those goods.

The valuation of property, plant and equipment at the balance sheet date is carried at cost, less depreciation and accumulated impairment adjustments, or revalued, being the fair value at the revaluation date, less any cumulative subsequent depreciation and any accumulated impairment losses.

Damping times are as follows:

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

Intangible assets

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

An intangible asset fulfills the criterion of being identifiable when:

- is separable, it may be segregated or divided by the entity and sold, transferred, authorized, leased or exchanged either individually or together with an appropriate contract, identifiable asset or identifiable debt, or deriving from contractual or other legal rights , whether those rights are transferable or severable by the entity or other rights and obligations.

The intangible assets acquired by the company are stated at cost less cumulative depreciation and provision for depreciation of intangible assets. The amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets.

Receivables

The commercial receivables are initially recorded at the invoiced amount and subsequently those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania on the last banking day of the month. A depreciation provision is made when there is a clear evidence that the receivables will not be collected at the set time

Stocks

The stocks are made up of:

- raw materials, materials, spare parts and other consumables to be used in the course of the company's core business.

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

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

Money availability

The cash and cash equivalents include house, current accounts, bank deposits, meal vouchers, stamps and checks and promissory notes received by the company.

The revaluation reserves

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

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

If the carrying amount of an asset is impaired as a result of a revaluation, that decrease is recognized in profit or loss. However, the impairment should be debited directly from equity to the item "Revaluation reserves" in so far as there is a credit balance in the revaluation surplus for this asset.

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

Starting from 1 May 2009, the statutory reserves from the revaluation of fixed assets, including land, after 1 January 2004, which are deducted in the calculation of taxable profit through tax amortization or disposal costs and /or tax at the same time as the deduction of tax depreciation, respectively at the time of decrease of these fixed assets.

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

The reserves made are taxed in the future in the event of a change in the destination of the reserves in any form, in the event of liquidation, merger, including its use to cover the accounting losses, except for the transfer after 1 May 2009, of the reserves for the evaluations made after 1 January 2004, which are taxed at the same time as deducting tax depreciation.

Social capital

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

Dividends

The dividends are recognized as a liability in the period in which their allocation is approved.

Suppliers and assimilated accounts

The debts to suppliers and other debts include the value of the invoices issued by suppliers of manufactured finished products, executed works and services.

Loans

The loans are initially recognized at fair value, net of transaction costs. Subsequent to initial recognition, the loans are recorded at amortized cost, any difference between cost and reimbursement being recognized in the income statement over the period of the loan.

Profit tax

The profit tax expense comprises current tax and deferred tax. The current and deferred tax is recognized in the income statement unless it is recognized directly in equity or other comprehensive income.

Current tax

The current tax is the tax that is expected to be paid or received for the taxable income or deductible loss incurred in previous years using tax rates adopted or largely adopted at the reporting date and any adjustment to the related tax liability payable of previous years.

Deferred tax

The deferred tax is recognized for the temporary differences that occur between the carrying amount of assets and liabilities used for the purpose of financial reporting and the tax base used for the tax calculation.

The deferred tax assessment reflects the tax consequences that arise from the way the company expects to recover or settle the value of its assets and liabilities at the end of the reporting period. The deferred tax assets are reviewed at each reporting date and are diminished to the extent that they are which is no longer possible to achieve the related tax benefit.

Benefits of the employees

Benefits of short-term employees

The obligations on short-term benefits are assessed without being updated and are recognized as expenses as services are rendered. A provision is recognized at the amount that is expected to be paid for short-term benefits in the form of bonuses or employee participation in profit only if the Company has a present, legal or constructive obligation to pay that amount for past service provided by employees, and this obligation can be estimated at fair value. The benefits of short-term employees are mainly payroll.

In the normal course of business, the company makes payments on behalf of its employees to the pension fund. All the company's employees are members of the Romanian State Pension Plan.

Funding costs

The company does not capitalize the cost of the loans because it does not have long-term loans.

The interest income and interest expense are recognized in the income statement when they are paid.

Subsidies

The subsidies are initially recognized as prepaid earnings at fair value when there is reasonable assurance that they will be received and the company will comply with the grant-related conditions and then are recognized in the income statement as other income over the life of the asset to which it refers. The subsidies are related to assets. The non-reimbursable funds are recognized as assets when there is reasonable assurance that they will be received and the related conditions will be met.

Provisions

A provision is recognized at that time and only when the following conditions are met: the company has a current (legal and implicit) obligation as a result of a past event, it is probable (more likely than unlikely) that an outflow of resources representing economic benefits to be required to settle the obligation, when a fair estimate of the amount of the obligation can be made.

Output per share

In accordance with SIC33 "Earnings per share", the earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders to the weighted average of the outstanding ordinary shares of the period.

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

The dilution is a reduction in earnings per share or an increase in share losses resulting from the convertibility of convertible instruments, options or warrants are exercised or ordinary shares are issued subject to certain specified conditions. The diluted earnings per share object is consistent with that of the basic share result, namely, to evaluate the interest of each ordinary share in the performance of an entity.

Contingents

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

A contingent asset is not recognized in the accompanying financial statements but is presented when an economic benefit is probable.

Reporting on segments

A segment is a distinct component of the company that provides certain products or services (segment of activity) or provides products or services in a particular geographical 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 company's management considers all of their operations as "one segment". Operating segments are examined in a consistent manner by the entity's principal operational decision-maker for making decisions about segment allocation and performance appraisal, and for which distinct financial information is available.

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

The deliveries made by the Company during the year 2020 at the domestic level amount to 68.897.394 lei, of which the main clients are:

Complexul Energetic Oltenia	43.448.602 lei
Apenin Tg Jiu	2.662.260 lei
BVH Rubber Trade Tg Jiu	2.206.983 lei
CET Govora	1.792.490 lei
CRH Ciment Romania	1.085.819 lei
Lekavex Tg Jiu	672.230 lei
Liberty Galati	576.801lei
Elastimpex Tg Jiu	546.638 lei
Min.Apararii UM 02574	454.915lei
Romportmen Galati	429.890lei
Scorta Comprest Tg Jiu	259.729 lei
Arelot Tg Jiu	181.657lei

Between 1 January 2020 and 31 December 2020, the Company recorded exports as follows::

Total Deliveries to Export 15.200.491 EURO (73.566.105 ron) of which:

Outside the European Union 383.070 euros

 Within the European Union 14.817.421 euros

The main products manufactured by the Company are:

General purpose textile insertion strips;

Antistatic and flame resistant textile insertion strips;

Antistatic and Flame Resistant Fasteners for Underground;

General purpose metallic insertion tapes;

Antistatic and Flame-resistant Mouth Stripes;

Reconditioning Used Drums;

Technical Sheets and Carpets;

Car's accessories;

Molded gaskets;

Cloth gaskets;

Elastic couplings;

O rings, etc.

Implications of the new International Financial Reporting Standards (SIRF EU)

New standards and interpretations as approved by the European Union

A number of new standards, amendments to standards and interpretations are applicable to annual periods beginning on or after 1 January 2012 and have not been applied in the preparation of these separate financial statements. None of the new standards expects to have a material effect on the company's financial statements.

New standards not yet applicable on 31 December 2020

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

This amendment is not relevant to the company's financial statements, as the company's current policy is to immediately recognize earnings and losses in the income statement.

The Company does not apply IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Engagement and IFRS 12 Presentation of Interests in Other Entities

Fixed assets 2020

NOTA 1

- lei -

Denumirea elementului de imobilizare	Gross value				Value adjustments (Depreciation and amortization for depreciation or loss)			
	Balance at 1 January 2020	Increases	Releases, transfers and other discounts	Balance at 31 December 2020	Balance at 1 January 2020	Adjustments recorded during the exercise	Discounts or repeats	Balance at 31 December 2020
0	1	2	3	4=1+2-3	5	6	7	8=5+6-7
A. FIXED ASSETS								
I. INTANGIBLE ASSETS								
1. Establishment costs	-	-	-	-	-	-	-	-
2. Development costs	4.112.519	-	-	4.112.519	4.112.519	-	-	4.112.519
3. Concessions, patents, licenses and other assets	28.247.300	90.205	720	28.336.785	16.051.405	1.786.227	720	17.836.912
4. Commercial fund	-	-	-	-	-	-	-	-
5. Advances and intangible assets in progress	-	-	-	-	-	-	-	-
TOTAL:	32.359.819	90.205	720	32.449.304	20.163.924	1.786.227	720	21.949.431
II. TANGIBLE ASSETS								
1. Lands	12.937.919	-	158.738	12.779.181	133.421	-	-	133.421
2. Constructions	43.791.404	14.141	191.360	43.614.185	29.688.104	1.178.802	91.258	30.775.648
3. Technological equipments	44.624.496	352.491	208.725	44.768.262	40.659.533	739.254	201.209	41.197.578
4. Measuring, control and regulating machines and installations	2.260.067	29.199	33.441	2.255.825	1.984.328	98.283	33.442	2.049.169
5. Transport means	6.558.059	824.566	262.817	7.119.808	5.329.055	505.079	262.817	5.571.317
6. Furniture, equipment, office and other tangible assets	658.403	8.079	-	666.482	440.836	23.480	-	464.316
7. Advances and tangible assets in progress	143.455	383.091	358.221	168.325	-	-	-	-
TOTAL:	110.973.803	1.611.567	1.213.302	111.372.068	78.235.277	2.544.898	588.726	80.191.449
III. FINANCIAL ASSETS								
1. Holdings held by the group companies	-	-	-	-	-	-	-	-
2. Receivables on the group companies	-	-	-	-	-	-	-	-
3. Securities in the form of participation interests	-	-	-	-	-	-	-	-
4. Interest debts	-	-	-	-	-	-	-	-
5. Titles held as fixed assets	-	-	-	-	-	-	-	-
6. Other debts	-	-	-	-	-	-	-	-
7. Own actions	-	-	-	-	-	-	-	-
TOTAL:	-	-	-	-	-	-	-	-
FIXED ASSETS – TOTAL	143.333.622	1.701.772	1.214.022	143.821.372	98.399.201	4.331.125	589.446	102.140.880

Fixed assets in the Company's assets are amortized using the straight-line method. The last revaluation was carried out at the end of 2012 by the authorized ANEVAR Valuer who changed the gross carrying amount of the asset after revaluation using the proportionate treatment of the cumulative depreciation. On December 31, 2018, the valuation of the buildings for the determination of the taxable value was made.

Provisions for risks and expenses

NOTE NO. 2
- lei -

Provision	Balance at 1 january 2020	Transfers		Balance at 31 december 2020
		In account	In account	
0	1	2	3	4=1+2-3
Provisions for depreciation of receivables - clients	430.319	590.369	10.046	1.010.642
Provisions for depreciation of receivables - various debtors	261.355	-	-	261.355

NOTE NO. 3

Distribution of profit la 31.12.2020

- lei -

Profit destination	Suma
Net profit to be distributed:	10.531.639
- covering the accounting loss resulting from corrections	381.690
- legal reserve	506.470
- dividends	-
- other reservations	5.381.387
- UNDISTRIBUTED PROFIT	4.262.092
Net profit to be distributed:	-

Analysis of operating result

NOTE NO. 4

lei

Indicator	Previous exercise – 2019	Current exercise – 2020
0	2	
1. Net turnover	181.088.888	131.914.607
2. Cost of goods sold and services (3 + 4 + 5 + 6), of which:	159.609.975	115.791.079
3. Expenditure on core business	96.561.645	62.639.740
4. Expenditure on ancillary activities	26.291.119	21.086.874
5. Indirect Production Expenses	32.858.313	29.084.897
6. Expenditure on goods and packaging sold	3.898.898	2.979.568

7. Gross turnover figure (1-2)	21.478.913	16.123.528
8. Expenditure on disposal	3.448.815	2.577.665
9. General administration expenses	3.650.799	7.124.479
10. Other operating income	16.201.318	25.245.032
11. Expenses related to other operating income	14.511.657	18.418.190
12. Total operating income (1 + 10)	197.290.206	157.159.639
13. Total operating expenses (2 + 8 + 9 + 11)	181.221.246	143.911.413
14. Operating result (12-13)	16.068.960	13.248.226

Debt and Debt Situation

NOTE NO. 5
- lei -

Debt	Balance at 31 december 2020 (col. 2+3)	Liquidity deadline	
		sub 1 an	over one year
0	1	2	3
Total	33.617.206	33.617.206	-
From which:			
Suppliers - debtors	780.614	780.614	-
Customers	23.609.747	23.609.747	-
Other claims	9.226.845		-

- lei -

Debts	Balance at 31 december 2020 (col. 2+3+4)	Exigible term		
		under 1 year		
0	1	2	3	4
Total	38.819.721	38.811.978	7.743	-
From which:				
1. The state budget	1.344.853	1.344.853	-	-
- tax	335.667	335.667	-	-
- dividend tax	31.472	31.472	-	-
- income tax on salaries	338.676	338.676	-	-
- VAT on payment	639.038	639.038	-	-
2. Special Fund Budgets	436.723	436.723	-	--
- CASS	390.267	390.267	--	-
- average fund	1.254	1.254	-	-
- solidarity fund for people with disabilities	45.202	45.202	-	-

3. Social insurance budgets	1.075.688	1.075.688	-	-
- CAS	987.618	987.618	-	-
- 2.25% insurance contribution for The work	88.070	88.070	-	-
4. Other taxes, fees, payments	2.617	2.617	-	-
5. Other assimilated loans and debts - leasing	-	-	-	-
6. Loans related to other assimilated loans and debts - leasing	-	-	-	-
7. Staff - due wages	32.957	32.957	-	-
8. Personal - Medical leave	-	-	-	-
9. Unmanned personnel rights	1.271	1.271	-	-
10. Deductions from wages due to foreigners	1.002.442	1.002.442	-	-
11. Managed guarantors	7.743	-	7.743	
12. Ineligible VAT	649	649		
13. Various creditors	14.763	14.763	-	-
14. Dividends	3.758.927	3.758.927	-	-
15. Loans	23.159.579	23.159.579	-	-
16 Suppliers	7.736.495	7.736.495	-	-
17. Creditors	224.355	224.355	-	-
18. Dobanzi de platit	20.659	20.659	-	-
19. Credite pe termen lung	-	-	-	-

Stocks

On 31 December 2020 compared to 31 December 2019 stocks are presented as follows

Elements	31 dec 2019	31 dec 2020
1. Raw materials and consumables	35.155.370	33.340.830
2. Fixed assets held for sale	1.749.463	149.495
3. Production under execution	112.884	59.651
4. Finished goods and commodities	8.176.077	13.414.931
5. Advances	1.081.198	641.240
TOTAL	46.274.992	47.606.147

The Company's method of assessing outputs is the FIFO method.

The Company does not have pledged stocks in the debt account. Stocks are reflected in company records at their acquisition cost, which includes the purchase price, import duties and other non-recoverable taxes, transportation costs, handling and other costs that can be directly attributed

Clients and assimilated accounts

On 31 December 2020, compared to 31 December 2019, the clients and assimilated accounts are shown as follows:

Elements	31 dec 2019	31 dec 2020
1. Commercial receivables	44.245.073	31.456.896
2. Paid advances	650.495	780.614
3. Other debts	874.888	1.379.696
TOTAL	45.770.456	33.617.206

The deliveries made by the Company during the year 2020 at the domestic level amount to 68.897.394 lei, of which the main clients are:

Complexul Energetic Oltenia	43.448.602 lei
Apenin Tg Jiu	2.662.260 lei
BVH Rubber Trade Tg Jiu	2.206.983 lei
CET Govora	1.792.490 lei
CRH Ciment Romania	1.085.819 lei
Lekavex Tg Jiu	672.230 lei
Liberty Galati	576.801 lei
Elastimpex Tg Jiu	546.638 lei
Min.Apararii UM 02574	454.915 lei
Rompotmen Galati	429.890 lei
Scorta Comprest Tg Jiu	259.729 lei
Arelot Tg Jiu	181.657 lei

Between 1 January 2020 and 31 December 2020, the Company recorded exports as follows:

Total Deliveries to Export 15.200.491 EURO (73.566.105 ron) of which:

Outside the European Union 383.070 euros

Within the European Union 14.817.421 euros

EURO

ENGLAND	3.378.633,14
AUSTRIA	169.262,38
BELARUS	3.883,88
BELGIUM	91.424,65
BOSNIA & HERZEGOVINA	44.180,02
BULGARIA	100.350,17
CZECH REPUBLIC	4.741,76
Egipat	33.565,39
ESTONIA	2.531,62
FINLAND	492.021,60
FRANCE	1.419.709,52
GERMANY	4.151.773,06
GREECE	156.532,60
ITALY	274.257,47
LATVIA	895,00
LITHUANIA	2.674,19
MACEDONIA	2.792,40
NORWAY	5.375,00
NETHERLANDS	1.480.772,69
POLAND	61.680,17
RUSSIA	18.268,87
bondage	255.499,64
SPAIN	2.911.316,56
SLOVAKIA	30.770,15
TURKEY	9.542,80
UKRAINE	9.962,29
HUNGARY	88.074,42
TOTAL	15.200.491,44

Financial assets available for sale

On 31 September 2020, as compared to 31 December 2019, short-term investments are as follows:

:

Elements	31 dec.2019	31 dec. 2020
Short-term investments	14.397	14.397
TOTAL	14.397	14.397

The balance on 31 December 2020 in the amount of 14.397 lei is the equivalent of the shares acquired in previous years from IFB Invest Tg-Jiu, which in the meantime dissolved.

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

The company does not hold interests in other companies. In this respect, the company has not received dividends from other companies.

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Prepayments

On 31 December 2020, compared to 31 December 2019 prepayments are as follows:

Elements	31 dec. 2019	31 dec. 2020
Prepayments	335.616	324.186
TOTAL	335.616	324.186

The balance on 31 December 2020 in the amount of 324.186 lei, represents the expenses made in advance for: insurance in favor of the banks for the granted credits, automobile diagrams, vocational training courses, rents paid in advance for renting various equipments.

Cash and cash equivalents

On 31 December 2020, compared to 31 December 2019 cash and cash equivalents are presented in this way:

Elements	31 dec 2019	31 dec 2020
Current accounts at banks and deposits	514.213	1.537.545
Cash - lei	4.534	2.865
Cash - foreign currency		
Other equivalents in cash	474.031	258.926
TOTAL	992.778	1.799.336

On 31 December 2020 and 31 December 2019, the share capital includes the effects of the restatements recorded in previous years, according to the application of the "SIC" 29 "Financial Reporting in Hyperinflationary Economies. Reconciliation of social capital is as follows:

Social capital (nominal value)	22.390.413
Differences related to the retratation according to SIC 29	89.052.449
The balance of social capital (restated)	111.442.862

At the end of each reporting period, the subscribed and paid-up share capital of the company in the amount of 22.390.413 is divided into 8.956.165 ordinary shares with a nominal value of 2,5 lei per share and corresponds to the one registered with the Trade Registry Office.

The shareholding structure on 31 December 2020 is as follows

Shareholders	Nominal value per share	Number of shares held	Total value	% of the social capital
<i>ASSOCIATION OF THE EMPLOYEES PAS ARTEGO</i>	2,50	6.968.820	17.422.050,00	77,8103%
<i>Other legal entities</i>	2,50	1.128.202	2.820.505,00	12,5969%
<i>Other individuals</i>	2,50	859.141	2.147.853,00	9,5927%
<i>THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS</i>	2,50	2	5,00	0.0000%
TOTAL	2,50	8.956.165	22.390.413,00	100,000%

According to the EGMS decision of 16.04.2019, SC ARTEGO SA repurchased a number of 841,419 treasury shares in order to cancel them and reduce the share capital from 22,390,412.50 lei to 20,286,865 lei.

Legal reserves

The legal reserves amount to 4,478,083 lei as of December 31, 2020. The company transferred to the legal reserve 5% of the annual accounting profit (Law 571/2003) the cumulative balance reaching 20% of the paid up share capital.

Revaluation reserves

The revaluation reserve amounts to 28,570,141 lei as of December 31, 2020.

Other reservations

As of December 31, 2020, compared to December 31, 2019, other reserves have the following levels:

Elements	31 dec.2019	31 dec.2020
Other reserves	19.354.308	25.000.607
Total	19.354.308	25.000.607

Other elements of equity

As of December 31, 2020, the amount of 767.251 lei represents the deferred tax related to the revaluations in balance made after January 1, 2004, diminished by the deferred tax related to the depreciation of the revaluation recorded on costs during the 12 months of 2020.

Investment grants

The income recorded in advance is represented by the subsidies received for investments as reimbursable for the project carried out in the previous years through the axis of the Increasing of the Economic Competitiveness and records the following decreasing levels until the full amortization of the objectives put into operation, as follows:

Elements	31 dec. 2019	31 dec.2020
1. Investment grants	82.306	22.104
Total	82.306	22.104

Short-term loans

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

	31.12.2019			31.12.2020	
Bank	Approved	Used	Banca	Approved	Used
GARANTI lei	922.000	922.000	GARANTI lei	922.000	922.000
GARANTI(SGB)lei	2.078.000	2.077.924	GARANTI(SGB)lei	2.078.000	394.445
UNICREDIT lei	28.300.000	9.270.931	UNICREDIT lei	28.300.000	5.305.000
UNICREDIT(SGB)lei	2.200.000	2.165.306	UNICREDIT(SGB)lei	2.200.000	1.842.411

INTESA lei	11.000.000	10.619.462	INTESA lei	11.000.000	9.356.872
ING BANK lei	400.000	363.431	ING BANK EUR	400.000	340.237
CREDIT EUROPE lei	8.900.000	8.736.823	CREDIT EUROPE lei	8.900.000	5.918.957

Long-term loans

The company has not contracted long-term loans with banking units or other financial institutions.

Output per share

On 31 December 2020 compared to 31 December 2019, the earnings per share is:

	_____	_____
	31 dec. 2019	31 dec. 2019
	_____	_____
Profit of the period	12.149.812	10.531.639
Number of ordinary shares at the beginning and the end of the period	8.956.165	8.956.165
	_____	_____
The base and diluted earnings per share (lei/share)	1,36	1,18

Dividende

According to the GMS Decision of 30.03.2020, the amount of 6,222,206 lei was distributed to dividends due to the shareholders for 2019, returning a net dividend of 0.66 lei per share.

Other taxes and obligations for the state budget and social insurance

Elements	31 dec.2019	31 dec.2020
1. The state budget	2.335.744	1.344.853
- tax	750.101	335.667
- income tax from salaries	352.517	338.676
-dividend tax	28.648	31.472
- VAT payable	1.204.478	639.038

2. Special funds budgets	564.342	436.723
- CASS	513.104	390.267
- medium background	4.064	1.254
- solidarity fund for people with disabilities	47.174	45.202
3. Social security budgets	1.410.923	1.075.688
- CAS	1.295.234	987.618
-2,25% CASM	115.689	88.070
4. Other taxes, fees, payments	2.616	2.616

Profit tax

The current and deferred profit tax of the Company for 2020 and 2019 is determined at a statutory rate of 16%, being in force in the financial year 2020 and 2019 respectively.

The income tax expense for 2020 and 2019 is as follows:

	2019	2020
Current income tax	2.016.142	1.548.082
Profit tax deferred		
Total	2.016.142	1.548.082
<i>Reconciliation of the effective tax rate</i>	2019	2020
Profit before tax on profit	14.109.381	12.024.029
Income tax at the statutory rate of 16%	2.257.501	1.923.845
The effect of non-deductible expenses	368.756	225.420
The effect of non-taxable income		
Reserve from taxable revaluation		
Legal reserve		
Deferred tax reversal		
Other effects	-610.115	-601.183
Total	2.016.142	1.548.082

Revenues from exploitation

Elements	Elemente	31 dec. 2019	31 dec. 2020
Sold production	Productia vanduta	178.254.955	129.814.897
Revenues from sale of goods	Venituri din vanzarea marfurilor	3.735.886	2.733.628
Commercial discounts granted	Reduceri comerciale acordate	901.953	633.918
Revenues related to the cost of product stocks	Venituri aferente costurilor stocurilor de produse	14.203.886	16.299.252
Revenues from the production of fixed assets	Venituri din productia de imobilizari	711.324	386.966
Revenues from fixed assets for sale	Venituri din activele imobilizate destinate vanzarii	251.939	886.762
Revenues from operating grants	Venituri din subventii de exploatare	-	6.632.344
Other revenues from exploitation	Alte venituri din exploatare	1.034.169	1.039.708
Total revenues from exploitation	Total venituri din exploatare	197.290.206	157.159.639

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

- evaluated at the fair value of the consideration received or receivable;
- to take into account the value of any commercial discounts and quantity discounts allowed;
- the difference between the fair value and the nominal value of the consideration must be recognized as interest income;
- the exchange of goods and services, is not a transaction that generates income, and therefore each transaction must be recognized separately;
- in most cases the transfer of risks and benefits coincides with the transfer of the title of ownership or the transfer of the assets in possession buyer;
- if the entity keeps the significant risks related to the property, the transaction is not a sale and the revenues are not recognized;
- if an entity keeps only an insignificant risk arising from the property right, then the respective transaction represents a sale, and revenues are recognized;
- when an uncertainty arises regarding the collection of an amount that cannot be collected, it will be recognized rather as an expense than as an adjustment to the value of initially recognized income;
- the revenues and expenses that refer to the same transaction or other event, are recognized simultaneously, this process being commonly called the correlation of incomes with expenses.

Operating expenses

Elemente	31 dec. 2019	31 dec. 2020
Expenses on raw materials and consumables	108.525.692	75.515.872
Other material expenses	889.441	971.670
Other external costs (energy and water)	6.547.511	6.353.305
Expenditure on goods	3.274.898	2.436.087
Trade discounts received	1.033	4.470
Expenses with the staff of which:	47.348.645	45.156.860
- Salaries and allowances	45.266.800	42.969.257
- Insurance and social protection	2.081.845	2.187.603
Adjustment of tangible assets of which:	4.805.138	4.331.127
-Expenses	4.805.138	4.331.127
-Revenues	-	-
Current active adjustments of which:	189.531	19.312
-Expenses	189.531	29.358
-Revenues	-	10.046
Other operating expenses of which	9.641.423	9.131.650
Expenses on external benefits	6.678.154	4.864.454
Expenses with other taxes and fees	1.660.221	1.459.513
Expenses on assets immobilized for sale	234.643	1.652.991
Other expenses	1.068.405	1.154.692
Total expenses for exploitation	181.221.246	143.911.413

Rezultat din exploatare

Elements	31 dec. 2019	31 dec. 2020
Result from exploitation (Profit)	16.068.960	13.248.226
Total Profit from exploitation	16.068.960	13.248.226

Net financial result

Elements	31 dec. 2019	31 dec. 2020
Revenues from exchange rate fluctuations	655.816	312.616
Interest revenues	2.033	4.382
Other financial revenues	1.898	3.617
Total financial revenues	659.747	320.615
Interest expenses	1.925.598	1.112.054
Other financial expenses	693.728	432.758
Total financial expenses	2.619.326	1.544.812
Net financial result (Loss)	-1.959.579	-1.224.197

Provisions

During 2020, the Company set up provisions for uncertain customers in the amount of 590,369 lei and transferred from the account of provisions for uncertain customers the amount of 10,046 lei, remaining in the balance the amount of 1,010,642 lei on December 31, 2020.

During 2020, no provisions were made for the depreciation of various debtors, remaining in the balance on December 31, 2010 the amount of 261,355 lei.

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 the revision and corrections of the fiscal authorities, generally for a period of five years after the date of their completion. Management considers that it has adequately recorded the tax liabilities in the attached financial statements, however, the risk persists that the tax authorities may take different positions on the interpretation of these issues. Their impact could not be determined at this time.

Garantii

The company as of December 31, 2020 has mortgaged the following assets in favor of the financing banks to which it has committed credit lines as follows.

INTESA SANPAOLO BANK

- SITUATION OF REAL ESTATE PROPERTIES -

CADASTRAL NO	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
1315/2/1/1/1/4 CF 41172	- land area of 11.243 sqm + self-metrology platform made up of: 1. storage - 254,62 mp (C15); 2. toilet -6,30 mp (C16); 3. loaded extinguisher station - 56,97 mp (C17); 4. workshop - 619,46 mp (C28); 5. metrology laboratory - 134,59 mp (C29); 6. drinking water station - 99,73 mp (C30); 7. drinking water basin - 146,17 mp (C31); 8. metal storage - 106,87 mp (C60); 9. storage -146,17 mp (C70); 10. auto workshop - 359,24 mp (C73);
1315/2/1/1/1/7 CF 40067	- land area of 18.910 mp + constructions: 1. locker room -199,59 mp (C54); 2. silo raw material - 195,60 mp (C55); 3. mixtures and annexes workshop - 437,91 mp (C58); 4. hot water station and condensate recirculation - 48,88 mp (C57); 5. monobloc hall -10.808,88 mp (C56/2/1); 5. storage - 2.225,98 mp (C69).
1315/2/1/1/1/9 CF 41169	-land area of 4.114 mp + constructions: 1. finished warehouse - 657,25 mp (C56/4).
1315/2/1/1/1/10 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).

UNICREDIT TIRIAC BANK

SITUATION OF REAL ESTATE PROPERTIES-

CADASTRAL NO	REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION
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1315/2/1/1/2 CF 40066 RANG I	land area of 20.616 mp + constructions: 1.transport bands hall (C56/1).
3003 CF 41266	-land area of 15.446 mp with Jiu Capture Station consisting of: pump room, dosing tower, water settling basins 1 and 2, water treatment plants, filters + annexes, thermal power station, gate cabin, located in Tg Jiu, Vădeni district.
1315/1 CF 41260	-land area of 2.262,39 mp with administrative office P + 4, located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/1/5 CF 41270 1315/2/1/1/6 CF 41263	--land area of 996 mp with bread workshop (C11/2) -land area of 1.063 mp with milk workshop (C11/1), located in Tg Jiu, Ciocârlău street, no. 38.
1315/2/1/2 CF 40061	-land area of 13.589 mp with regenerated rubber section (C6);
1315/2/1/3 CF 41264	-land area of 6.361 mp with hall molds and annexes (C9), located in Tg Jiu, Ciocârlău street, no. 38.

UNICREDIT BANK

<i>CADASTRAL NO</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
1315/2/1/1/2 CF 40066 RANG II	-land with an area of 20,616 sqm + constructions: 1st belt conveyor belt (C56 / 1)
1315/2/1/1/1/2 CF 44426	- urban land with an area of 14,478 sqm + constructions: 1. sanitary group - 4.13 sqm C3 2nd store - 81.27 sqm C38 3. industrial hall - 119.85 sqm (C39); 4th store - 484.78 sqm (C65); 5.store - 111.31 sqm (C66); 6.store - 360.73 sqm (C67); 7-storey - 44.72 sqm (C68).

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

- SITUATION OF REAL ESTATE PROPERTIES –

CADASTRAL NO	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION (REAL ESTATE RANK I AND II)</i>
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.
1315/2/1/1/8 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.
1315/2/1/1/3 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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- SITUATION OF REAL ESTATE PROPERTIES

<i>NR. CADASTRAL</i>	<i>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</i>
1315/1/1/12 CF 47071	-land area of 3611 mp with a construction of 16,67 mp (weighing cabin)
1315/2/1/1/8 CF 39574	- land area of 531 with a construction of 215,14 mp (commercial space)
4327 CF 47079	- land area of 1000 mp
4296 CF 47074	- land area of 4760 mp with a construction of 12,42 mp (deep well)
3201 CF 39572	- land area of 10073,17 mp
37200 CF 37200	- land area of 1395 mp
37202 CF 37202	- land area of 9632 mp

Affiliated parties

The company has no affiliated parties.

Situation of disputes in progress

S.C. ARTEGO S.A. – complainant

Nr. crt.	Nr. Folder	Parade company	Object	Request/ The requested amount	Stage file / Notifications
1	3319/95/2010	Vectra Impex Targu-Jiu	Insolvency procedure	- - admission to the debtor's creditor' s mass with the amount of 300.000 lei	- in progress ; we were admitted to the credit table with the amount of 300,000.00 lei, of which we recovered the amount of 38,645.00 lei; The Court of Appeal quashed the judgment of the court of first instance concerning the closure of the proceedings and ordered the case to be remanded for retrial; the judicial liquidator filed an appeal for annulment against this decision
2	8207/62/2011	CET Brasov	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 46.887,93 lei	- ongoing; we were admitted to the credentials table with the sum of 46.887,93 lei ; continue the bankruptcy procedure
3	60833/3/2011	Munplast Bucuresti	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.457,81 lei	- ongoing; we were admitted to the credentials table with the sum of 19.457,81 lei, from which we recovered the amount of 5.000 lei during the judicial reorganization; continue the bankruptcy procedure
4	4163/95/2012	Gastrom Group Targu -Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 52.777,37 lei	- ongoing; we were admitted to the credentials table with the sum of 52.777,37 lei; continue the bankruptcy procedure
5	887/90/2013	Oltchim Ramnicu-Valcea	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 19.946,68 lei	- ongoing; we were admitted to the credentials table with the sum of 19.946,68 lei; continue the bankruptcy procedure
6	9089/101/2013	Regia Autonoma Pentru Activitati Nucleare Severin	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.439.815,78 lei	- ongoing; we were admitted to the credentials table with the sum of 1.439.815,78 lei; continue the bankruptcy procedure
7	2570/63/2014	Servicii Energetice Oltenia Craiova	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 3.188,77 lei	- ongoing; we were admitted to the credentials table with the sum of 2.486,37 lei; continue the reorganization procedure

8	28428/3/2014	CFR IRLU S.A. Intretinere si Reparatii Locomotive si Utilaje Bucuresti	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 41.524,48 lei	- ongoing; we were admitted to the credentials table with the sum of 41.524,48 lei, from which we recovered the amount of 5.120 lei ; continue the reorganization procedure
9	528/95/2015	Succes Nic Com Targu - Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 34.155,80 lei	- ongoing; we were admitted to the credentials table with the sum of 34.155,80 lei; continue the bankruptcy procedure
10	2575/85/2015	Ambient Sibiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.240 lei	- ongoing; we were admitted to the credentials table with the sum of 1.240 lei; continue the bankruptcy procedure
11	3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 4.783,92 lei	- ongoing; we were admitted to the credentials table with the sum of 4.783,92 lei; continue the bankruptcy procedure
12	1396/90/2016	CET Govora	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 1.665.256,19 lei	- ongoing; we were admitted to the credentials table with the sum of 1.665.256,19 lei; continue the bankruptcy procedure
13	5114/95/2016	Instalatii Revizii Utilitati Pentru Minerit Targu-Jiu	Insolvency procedure	admission to the debtor's creditor' s mass with the amount of 41.307,71 lei	- ongoing; we were admitted to the credentials table with the sum of 41.307,71 lei; continue the bankruptcy procedure
14	1248/95/2018	Intreprinderea de Drumuri si Poduri Targu-Jiu	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 2.783,39 lei	- ongoing; we were admitted to the credentials table with the sum of 2.783,39 lei; continue the bankruptcy procedure
15	5075/97/2016	Societatea Complexul Energetic Hunedoara	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 580.000,00 lei	- in progress ; I was admitted to the credit table with the amount of 580.000.00 lei; continue the insolvency proceedings
16	1214/54/2020	ANAF – DGSC Bucuresti ANAF – AJFP Vâlcea	Contestatie acte administrative fiscale	Obligation of the defendants to pay the amount of 19,778,066 lei	- in progress ; - trial term: 26.01.2021

17	2867/121/2020	Liberty Galati S.A.	claims	Obligation of the defendant to pay the amount of 576,801.11 lei	- in progress ; paid 306,380.19 lei - trial term: 24.02.2021
18	9130/182/2020	Abres S.R.L. Baia Mare	Payment ordinance	Obligation of the defendant to pay the amount of 52,197.79 lei;	- in progress ; he paid 3000 lei - trial term: 25.01.2021
19	2709/241/2020	JPM Construct S.R.L. Costesti	Low value application	Obligation of the defendant to pay the amount of 1,665.99 lei;	- in progress ; paid the full debit - trial term: 06.04.2021

S.C. ARTEGO S.A. – defendant

Nr. crt.	Nr. Folder	Parade company	Object	Request/ The requested amount	Stage file / Notifications
1	6274/95/2017	Club Sportiv Pandurii Lignitul Targu-Jiu	claims	Appeal against the Civil Decision no.698 / 18.09.2019 pronounced by the Craiova Court of Appeal	- in progress; - the case is pending before the High Court of Cassation and Justice; - deadline: 03.02.2020
2	2983/95/2019	Asociatia Club Sportiv Energia Tg-Jiu	claims	Obligation of the defendant to pay the amount of 235,000.00 lei	- in progress; according to the conclusion of the hearing of 09.09.2020, the court admitted the exception of the material right to action for the claims requested for the years 2014, 2015 (120,000 lei). - trial term: 27.01.2021

Subsequent events

After the reporting completed on December 31, 2020, there were no events whose effects would have been significant and would influence the data contained in the current financial statements.

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

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

Being a joint stock company, it is led by the General Meeting of Shareholders and administered by a Board of Directors consisting of 5 members of which 1 executive member and 4 non-executive members, respectively 3 members starting with 26.10.2020, of which 1 executive member and 2 non-executive members.

In 2020, the supervision of the company's management was performed by an audit firm.

The members of the Board of Directors were remunerated in 2020 as follows:

1. An executive member with a gross monthly allowance according to the Management Contract of 24,000 lei until 25.10.2020, respectively 30,000 lei starting with 26.10.2020.
2. 1 non-executive member with a gross monthly allowance of 12,000 lei and 3 non-executive members with a gross monthly allowance according to the Administration Contract of 9,000 lei until 25.10.2020.
3. Starting with 26.10.2020 1 non-executive member with a gross monthly allowance of 15,000 lei and a non-executive member with a gross monthly allowance of 13,000 lei.

SC ARTEGO S.A. Tg Jiu, at the end of 2020, had no contractual obligations regarding the payment of pensions to former directors and administrators.

During 2020 S.C. ARTEGO S.A. did not grant advances and loans to directors and administrators.

The average number of employees for 2020 was 824 employees.

During 2020 S.C. ARTEGO S.A. paid salaries in the amount of 40,716,977 lei, and the expenses with insurance and social protection were in the amount of 2,187,603 lei.

SC ARTEGO S.A. Tg Jiu granted for its employees during 2020 meal vouchers in the total amount of 2,252,280 lei and gift vouchers in the amount of 636,000 lei.

In 2020 one of the priorities of our Company was the health of our employees. Between 01.04.2020-31.05.2020 the Company was in technical unemployment supported by AJOFM. The adequate restart of the activity represented a great challenge for the period immediately following the exit from the state of emergency, in the idea of diminishing the risks related to COVID-19.

In accordance with the Emergency Ordinance no. 32/2020 on amending and supplementing GEO no. 30/2020 for amending and supplementing normative acts, as well as for establishing measures in the field of social protection in the context of the epidemiological situation caused by the spread of SARS-CoV coronavirus -2 and for establishing additional social protection measures The company received from the County Agency for Employment Gorj amounts representing technical unemployment as follows: in May for employment contracts suspended in April 2020 the amount of 1,812,111 lei for 781 employees, in June for the employment contracts suspended in May 2020 the amount of 1,287,782 lei for 755 employees.

Due to the fact that the employees had their individual employment contracts suspended during the state of emergency in accordance with the provisions of art. 52 paragraph 1 letter c of Law no. 53/2003 - Labor Code, republished, with the amendments and completions of art. XI of the Government Emergency Ordinance no. 30/2020, approved with amendments and completions by Law no. 59/2020, with the subsequent completions, the Company benefited for a period of three months, respectively June 2020-August 2020, from the settlement of a part of the salaries, supported from the unemployment insurance budget, representing 41.5% of the corresponding gross basic salary employed, but not more than 41.5% of the average gross salary provided by the Law on the state social insurance budget for 2020 no. 6/2020, with subsequent amendments. The amount collected by the Company according to GEO no. 92/2020 was 2,899,155 lei.

During 01.09.2020-30.09.2020, the company reduced the working time of employees by 50% of the duration provided in the individual employment contract according to GEO no. 132/2020. During the reduction of working time, the employees affected by the measure benefited from an indemnity of 75% of the difference between the gross basic salary provided in the individual employment contract and the gross basic salary related to the hours actually worked as a result of the reduced working time, in addition to the due salary rights, calculated at the actual time worked. The amount requested from AJOFM for the indemnity provided by this ordinance was of 666,960 lei, the amount collected of 633,296 lei.

ANALYSIS OF THE MAIN ECONOMIC-FINANCIAL INDICATORS IN 2020

Liquidity indicators

1. Current liquidity indicator

$$\frac{\text{Current assets}}{\text{Current debts}} = \frac{83.037.086}{38.811.978} = 2,14$$

2. Immediate liquidity

$$\frac{\text{Current assets} - \text{Stocks}}{\text{Current debts}} = \frac{83.037.086 - 47.606.147}{38.811.978} * 100 = \frac{35.430.939}{38.811.978} * 100 = 91,29\%$$

Activity indicators

1. Speed of rotation of fixed assets

$$\frac{\text{Fiscal value}}{\text{Fixed assets}} = \frac{131.914.607}{41.680.492} = 3,16$$

2. Speed of rotation of fixed assets

$$\frac{\text{Fiscal value}}{\text{Total assets}} = \frac{131.914.607}{125.041.764} = 1,05$$

Risk indicators

a) Interest coverage indicator

$$\frac{\text{Profit before interest and income tax}}{\text{interest expenses}} = \frac{13.191.775}{1.112.05} = 11,86$$

Profitability indicators

a) Return on capital employed

Profit before interest and payment

$$\frac{\text{profit tax } 13.191.775}{\text{Employee capital } 86.199.939} = 0,15$$

b) Gross sales margin

Gross sales profit

$$\frac{13.248.226}{\text{Fiscal value } 131.914.607} \times 100 = 10,04\%$$

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 Register Office under no. J18 / 1120/1991, having the fiscal code RO2157428.

SC ARTEGO S.A. is a joint stock company being with fully private capital, the majority shareholder being the Employees Association "PAS ARTEGO" which on 31.12.2020 holds 77.8103% of the share capital.

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

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

Statement

In accordance with the provisions of art.223, point B, paragraph (1), letter c) of Regulation no.5 / 2018 on issuers and operations with securities we declare that, to our knowledge, the financial statements as of December 31, 2020 provide a correct and consistent image of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors prepared in accordance with the provisions of annex no. 14 presents correctly and completely the information about the company.

Signature,

Executive president,

David Viorel

Independent auditor's report

To the Shareholders of SC ARTEGO SA TG JIU

Report on the audit of financial statements

Opinion

1 I audited the attached individual financial statements of the company SC ARTEGO SA ("The Company"), headquartered in Tg Jiu, str. Ciocarlau, no. 38, identified by the unique fiscal registration code RO 2157428, which includes the balance sheet at 31 December 2020, the profit and loss account, the statement of changes in equity and the statement of cash flows for the financial year ended on this date, as well as a summary of significant accounting policies and explanatory notes.

2 The individual financial statements as of December 31, 2020 are identified as follows:

- Total equity: 86,199,939 lei
- Net profit for the financial year: 10,531,639 lei
- Subscribed capital: 22,390,413 lei³

3 In our opinion, the attached individual financial statements provide a true and fair view of the Company's financial position as at 31 December 2020 as well as its financial performance and cash flows for the financial year ended, in accordance with the Order of the Minister of Public Finance no. . 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards ("OMFP no. 2844/2016").

Basis for opinion

4 We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation no. 537 of the European Parliament and of the Council (hereinafter "the Regulation") and Law no. 162/2020 ("the Law"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report. We are independent of the Company, according to the Code of Ethics for Professional Accountants issued by the Council for International Standards of Ethics for Accountants (IESBA code), according to ethical requirements that are relevant for auditing financial statements in Romania, including the Regulation and Law, and we have met ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issues

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

Key audit issues	The approach in the audit mission
Revenues mainly include revenues from sales related to the manufacture of rubber products to a range of customers both internally and externally. The income is recognized upon delivery of the goods sold, and sales are adjusted	Our audit procedures for assessing the recognition of sales revenue included the following: <ul style="list-style-type: none">• testing the effectiveness of the Company's main controls to prevent and detect fraud and errors in revenue recognition. This procedure included testing controls for revenue recognition based on deliveries made, by reference to a sample of transactions;

<p>by commercial discounts, in accordance with contracts concluded with customers.</p>	<ul style="list-style-type: none"> • inspecting contracts with customers, based on a sample, to understand the terms of sales transactions, including the ways in which discounts are applied, to assess whether the Company's revenue recognition criteria were in accordance with applicable accounting requirements and standards;
<p>We have identified revenue recognition as a key audit aspect, as revenue is one of the Company's key performance indicators and, therefore, there is an inherent risk in connection with its recognition by management for meeting specific objectives or expectations.</p>	<ul style="list-style-type: none"> • evaluation, based on a sample, of the recognition in the corresponding financial period of the revenues registered near the end of the financial year, by comparing the selected transactions with the relevant documentation, including issuance notices; • obtaining confirmations of customer balances at the end of the year, based on a sample; • examining the sales register after the end of the financial year to identify significant credit notes issued and inspecting the relevant documentation to assess whether the related revenues were accounted for in the corresponding financial period.

Other information - Directors' report and Non-financial statement

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

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

In connection with the audit of the financial statements for the financial year ended 31 December 2020, our responsibility is to read that other information and, in doing so, to assess whether that other information is significantly inconsistent with the financial statements, or with the knowledge we have. we obtained during the audit, or if they appear to be significantly distorted.

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

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

a) The information presented in the Directors' Report and the Non-Financial Statement for the financial year for which the financial statements have been prepared are consistent, in all material respects, with the financial statements;

b) The directors' report and the non-financial statement were prepared, in all significant aspects, in accordance with the requirements of the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union with subsequent amendments.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the financial statements for the financial year ended December 31, 2020, we are

required to report whether we have identified material misstatements in the Directors' Report and Statement. non-financial. We have nothing to report on this issue.

Responsibilities of management and of persons responsible for governance for financial statements

7 The Company's management is responsible for preparing the financial statements provides a true picture in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations compliant with the Standards International Financial Reporting ("OMFP no. 2844/2016") and for that control internal that the management deems necessary to allow the preparation of situations free from significant misstatement, caused by either fraud or error.

8 In preparing the financial statements, management is responsible for the evaluation the Company's ability to continue its activity, for the presentation, if applicable, of aspects related to the continuity of the activity and for the use of accounting on the basis of business continuity, unless management intends to liquidate the Company or stop operations, or have no other alternative realistic outside of them.

9 The persons responsible for governance are responsible for supervision the Company's financial reporting process.

The auditor's responsibilities in an audit of financial statements

10 Our objectives are to obtain a reasonable assurance regarding the measure in that the financial statements, as a whole, are free of significant distortions caused either fraud or error, and in issuing a report to the auditor who includes our opinion. Reasonable insurance is a high level of insurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect significant distortion, if any. Distortions can be caused by either fraud or error and are considered significant if possible reasonably anticipate that these, individually or cumulatively, will influence decisions economic conditions of users, taken on the basis of these financial statements.

11 As part of an audit in accordance with the ISA, we exercise professional judgment and we maintain professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of the financial statements, caused by either fraud or error, design and perform audit procedures in response to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant misstatement caused by fraud is higher than the risk of not detecting a significant misstatement caused by error, as fraud may involve secret agreements, forgery, intentional omissions, false statements and avoidance of internal control.
- We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the related disclosures made by management.
- We formulate a conclusion regarding the adequacy of the management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant capacity concerns. The company to continue its activity. If we conclude that there is significant uncertainty, we must draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, change our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to discontinue its business based on the principle of business continuity.

- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

12 We communicate to the people responsible for governance, among other aspects, the area planned and timely scheduling of the audit, as well as the main findings of audit, including any significant deficiencies in internal control, which they identify during the audit.

13 We also provide a statement to the persons responsible for governance regarding our compliance with the ethical requirements regarding independence and them communicate all relationships and other matters that may reasonably be considered as it could affect our independence and, where appropriate, the related security measures.

14 Of the issues I have communicated to those charged with governance, we establish those aspects that had a greater importance in the audit on financial statements for the current period and therefore represent key aspects of audit. We describe these issues in our audit report, unless legislation or regulations prevent the public presentation of that aspect or of the case in which, in extremely rare circumstances, we consider that an aspect would not must be communicated in our report because it is reasonably expected that the benefits of the public interest to be outweighed by its negative consequences communication.

Report on other legal and regulatory provisions

15 We were appointed by the General Meeting of Shareholders on 31.03.2020 we audit the financial statements of SC ARTEGO SA TG-JIU for the year financially concluded on December 31, 2020. Total uninterrupted duration of Our commitment is 6 years covering the financial years ended 31 December 2015 until December 31, 2020.

We confirm that:

- In conducting our audit, we maintained our independence from the audited entity.
- We did not provide for the Company the prohibited non-audit services, referred to in Article 5 (1) of

EU Regulation no. 537/2014.

In the name
SC EXPERT ACNT SRL
Tg-Jiu, Gorj.

Registered with the Chamber of Financial Auditors
from Romania with number 658/2006

Giubalca Andrei
registered with the Chamber of Financial Auditors
from Romania with the number 3039 / 22.07.2009 Tg-Jiu, February 27, 2021