

**REPORT FOR SEMESTER I 2021,  
ACCORDING TO A.S.F. REGULATION NO.5/2018**

**Date of the report: 30.06.2021**

**S.C. ARTEGO S.A TG-JIU**

**Headquarter: Ciocarlau Street, no. 38, Tg-Jiu**

**Telephone: 0253/226066, fax: 0253/226066**

**Unique registration code at the Trade Registry Office:2157428**

**Registration no. at ORC: J 18/1120/1991**

**Subscribed and paid-up share capital: 22.390.413 lei**

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

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

Name of indicators	<u>31.12.2020</u>	<u>30.06.2021</u>
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>41.680.492</b>	<b>40.114.611</b>
<i>Tangible assets</i>	31.180.619	30.470.529
<i>Intangible assets</i>	10.499.873	9.644.082
<i>Financial assets</i>		
<b>Current assets</b>	<b>83.361.272</b>	<b>75.264.839</b>
<i>Stocks</i>	47.606.147	42.859.690
<i>Commercial receivables</i>	33.617.206	30.550.381
<i>Financial assets of which</i>	14.397	14.397
<i>available for sale</i>	14.397	14.397
<i>Cash and cash equivalents</i>	1.799.336	1.585.290
<i>Prepayments</i>	324.186	255.081
<b>TOTAL ASSETS</b>	<b>125.041.764</b>	<b>115.379.450</b>
<b>OWN CAPITAL AND LIABILITIES</b>		
<b>Own capitals</b>		
<i>Subscribed and paid-up share capital</i>	22.390.413	22.390.413
<i>Other equity items</i>	767.251	739.499
<i>Reserves from reevaluation</i>	28.570.141	28.512.216
<i>Legal reserves</i>	4.478.083	4.478.083
<i>Other reserves</i>	25.000.607	29.262.699
<i>Own actions</i>	-6.529.411	-6.529.411
<i>Social Capital Adjustment</i>	89.052.449	89.052.449
<i>Reported result ( without IAS 29)</i>	1.372.906	1.937.302
<i>Reported result (with IAS 29)</i>	-89.052.449	-89.052.449
<i>Current profit</i>	10.531.639	3.490.379
<i>Profit Distribution</i>	-381.690	-
<b>Total own capitals</b>	<b>86.199.939</b>	<b>84.281.180</b>
<b>Long-term debt</b>		
<i>Investment grants</i>	9.610	13.771
<i>Other long-term debts</i>	7.743	7.759
<i>Long-term provisions</i>		
<b>Total long-term debts</b>	<b>17.353</b>	<b>21.530</b>
<b>Current debts</b>		
<i>Investment grants</i>	12.494	12.525
<i>Commercial and other debts</i>	7.960.850	7.784.058
<i>Short-term loans</i>	23.159.579	15.423.178
<i>Tax and current tax liabilities</i>	7.691.549	7.856.979
<i>Short-term provisions</i>		
<b>Total current debts</b>	<b>38.824.472</b>	<b>31.076.740</b>
<b>Total debts</b>	<b>38.841.825</b>	<b>31.098.270</b>

**TOTAL PASSIVE****125.041.764****115.379.450**

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

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

Elements	30 june2020	30 june 2021
<b>1. State budget</b>	<b>1.038.444</b>	<b>521.403</b>
- tax on profit	398.034	130.547
- tax on dividends	-	-
- tax on salaries	364.342	297.556
- the insurance contribution for work	89.831	93.300
- VAT on payment	186.237	-
<b>2. Special fund budgets</b>	<b>584.359</b>	<b>462.274</b>
- CASS	527.332	413.210
- average fund	7.922	4.766
- solidarity fund for people with disabilities	49.105	44.298
<b>3. Social security budgets</b>	<b>1.325.903</b>	<b>1.045.299</b>
- CAS	1.325.903	1.045.299
<b>4. Other taxes, fees, payments</b>	<b>-</b>	<b>-</b>

**1.b. PROFIT AND LOSS ACCOUNT  
at 30 june 2021**

- lei-

Crt. No.	NAME OF INDICATORS	30.06.2020	30.06.2021
1.	Net turnover of which	57.234.839	73.137.893
	Revenues from the sold production	56.287.704	71.928.062
	Revenues from the sale of goods	1.085.215	1.316.464
	Commercial discounts granted	(138.080)	(106.633)
2.	Revenues from stored production	9.040.457	4.767.535
3.	Revenues from the production of fixed assets	229.478	445.608
4.	Revenues from fixed assets intended for sale	-	-
5.	Revenues from operating grants	4.063.196	2.009.220
6.	Other revenues from exploitation	289.146	511.582
I.	REVENUES FROM EXPLOITATION	70.857.116	80.871.838
7.	Expenditures on goods	1.022.676	1.314.050
8.	Material expenditures	38.525.824	44.164.498
9.	Expenditures on works and services performed by third parties	2.148.388	3.154.432
10.	Expenses with taxes and fees	685.393	700.900
11.	Staff costs	20.911.364	24.840.280
12.	Other expenses with exploitation	377.328	375.052
13.	Expenses with depreciation and provisions	2.206.078	2.076.990
II.	EXPENSES FOR EXPLOITATION	65.877.051	76.626.202
A.	RESULT FROM EXPLOITATION		
	- PROFIT	4.980.065	4.245.636
	- LOSS		

III.	FINANCIAL REVENUES	208.406	227.635
IV.	FINANCIAL EXPENSES	873.511	460.505
B.	FINANCIAL RESULT	(665.105)	(232.870)
V.	EXCEPTIONAL REVENUES		
VI.	EXCEPTIONAL EXPENSES		
C.	EXCEPTIONAL RESULT (LOSS)		
VII.	TOTAL REVENUES	71.065.522	81.099.473
VIII	TOTAL EXPENSES	66.750.562	77.086.707
D.	GROSS RESULT		
	- PROFIT	4.314.960	4.012.766
	- LOSS		
	TAX	581.603	550.139
E	REVENUES FROM BENEFIT FROM PROFIT	27.852	27.752
F.	NET RESULT		
	- PROFIT	3.761.209	3.490.379
	- LOSS		
G.	Number of shares	8.956.165	8.956.165
H.	Output per share	0,420	0,390

#### *Economic, financial and market activity of SC ARTEGO SA*

*During this period one of the priorities of our Company is the health of our employees. In accordance with the Emergency Ordinance no. 132/2020 with subsequent amendments and completions, the Company reduced the working time of employees by 50%, respectively 80% of the duration provided in the individual employment contract and requested from AJOFM Gorj the allowances provided by this ordinance. in the amount of 218,233 lei for February 2021, the amount of 443,461 lei for April 2021 and the amount of 1,347,526 lei for May 2021. The company received from AJOFM Gorj the amount of 1,931,694 lei.*

*The epidemic caused by coronavirus is a major shock to the European and world economy. The spread of the coronavirus epidemic is causing turmoil in financial markets, with significant effects on the world economy expected as a result of measures taken to manages the global crisis.*

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

*The lack of the possibility to make coherent and correct predictions led to maintaining the volatility of the Romanian business climate, the main commercial organizations in the steel, oil and energy fields continuing to focus on reducing costs and implicitly carrying out procurement activities characterized by pursuing procurement prices. the lowest.*

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

*The late approval of the budgets for 2021 related to the economic operators in the mining and energy fields, the postponement of the initiation of public procurement procedures, the decrease of the funds allocated to these acquisitions, all this led to the decrease of the possibility of obtaining a large volume of orders. would have been the result of winning auctions.*

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

to the loss of tenders, given that the contracting authorities continued to opt for the award criterion "lowest price ", Which led to the passing of the aspects of quality criteria on a background. This aspect of the price level as the only award criterion produces both the favoring of the presence on the market of some products of a doubtful quality level, and the diminution of the company's market share on the afferent niches. On the other hand, in the field of electricity distribution, for the acquisition of specific products can be found in the award documents a series of additional criteria to the legal conditions met, regarding the composition of eligibility and / or qualification documents (environment, health and occupational safety). , etc.), the specific and differentiated technical conditions of the products, the required delivery terms, the methods of making the imposed payments, finally representing barriers that lead to the impossibility of participation and finally to the decrease of sales potential to these organizations.

In other words, the turbulence of the economic environment adversely affects the ability to make payments by customers, with long delays in the collection of money for deliveries, which leads to a negative impact on cash flows and the possibility of making payments to suppliers on time.

For the next period, the evolution on the market will be influenced by the impact, on which the measures that will be taken starting with July 2021 at macroeconomic level (increase of natural gas prices, evolution of fuel price, evolution of the leu / euro exchange rate, development and / or the conclusion of the privatization processes in the fields of railway and air transport, the expected organizational evolutions in the energy field, the insolvency status of some organizations in the energy and petrochemical fields) will have it on the dynamics of acquisitions, investments, modernizations, maintenance.

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

**We mention the fact that the financial statements prepared on 30.06.2021 were not audited / revised.**

## STATEMENT OF CASH FLOWS

on June 30, 2021

- lei -

INDICATORS LEI (RON)	ACHIEVED 2020	ACHIEVED 30.06.2021
A. LIQUIDITY AT THE BEGINNING OF THE PERIOD	<b>992.778</b>	<b>1.799.336</b>
In accounts	514.213	1.537.545
Cash	4.534	2.865
Other Values	474.031	258.576
Treasury advances	-	-
Values to receive	-	350
<b>REVENUE FROM OPERATING ACTIVITIES</b>	<b>191.048.048</b>	<b>100.880.134</b>

Customer encashments	154.895.352	80.789.997
Other encashments	36.152.696	20.090.137
<b>PAYMENT FOR THE EXPLOITATION ACTIVITY</b>	<b>189.812.095</b>	<b>100.981.890</b>
Provider payments	83.989.135	44.524.131
Payments for staff	39.997.148	21.908.319
Payments on taxes and fees	22.185.417	11.806.771
Tax / Advantage	1.877.724	755.259
Interest payments	1.112.054	265.869
Other payments	40.650.617	21.721.541
<b>CASH FLOW FROM OPERATING ACTIVITY</b>	<b>1.235.953</b>	<b>-101.756</b>
<b>INCOME FROM THE INVESTMENT ACTIVITY</b>	746.970	163.454
Proceeds from the sale of land, fixed assets and intangible assets	746.970	163.454
Proceeds from the sale of equity instruments and receivables of other enterprises	-	-
Receipts from the repayment of advances and loans to other parties	-	-
<b>PAYMENTS FROM THE INVESTMENT ACTIVITY</b>	1.176.365	275.744
Payments for the acquisition of land, fixed assets and intangible assets	1.176.365	275.744
Receipts for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>	<b>-429.395</b>	<b>-112.290</b>
<b>RECEIPTS FROM THE FINANCING ACTIVITY</b>	-	-
<b>PAYMENTS FOR FINANCING ACTIVITY</b>	-	-
<b>CASH FLOW FROM FINANCING ACTIVITY</b>	-	-
<b>CASH FLOW - TOTAL</b>	<b>806.558</b>	<b>-214.046</b>
<b>B. CASH FLOWS AT THE END OF THE PERIOD</b>	<b>1.799.336</b>	<b>1.585.290</b>
In accounts	1.537.545	1.452.662
Cash	2.865	20.910

Other Values	258.576	92.939
Treasury advances	-	18.394
Values to receive	350	385

## 2. ANALYSIS OF THE ACTIVITY OF THE COMMERCIAL COMPANY

### 2.1. *Liquidity indicators*

- % -

Crt. No.	Name of indicators	Calculation formula	30.06.2020	30.06.2021
1.	Current patrimonial liquidity	[Current assets /DTS]	1,83	2,41
2.	Active (fast) liquidity	[Current assets.-Stocks]/DTS	75,47%	103,50%
3.	Speed of rotation fixed assets	Turnover /Intangible assets	1,31	1,82
4.	Speed of rotation of total assets	Turnover / total assets	0,42	0,63
5.	Interest rate cover indicator	Profit before payment of interest and profit tax / Expenses with interests	7,64	16,09
6.	Profitability of the Committed capital	Profit before interest and profit tax / Committed capital	0,0574	0,0508
7.	Gross margin from sales	Gross profit from sales / Turnover	8,70%	5,80%

### 2.2 *Capital expenditures*

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

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

#### **Operating income**

-lei-

Elements	30 iunie 2020	30 iunie 2021
Production sold	56.287.704	71.928.062
Income from sale of goods	1.085.215	1.316.464
Commercial discounts granted	(138.080)	(106.633)
Revenues related to the costs of product stocks	9.040.457	4.767.535
Income from the production of fixed assets	229.478	445.608
Income from fixed assets intended for sale	-	-

Income from operating subsidies	4.063.196	2.009.220
Other operating revenues	289.146	511.582
<b>Total operating income</b>	<b>70.857.116</b>	<b>80.871.838</b>

*In the next period, in the short and medium term, taking into account the difficulty of predicting the evolution of the Romanian economy, but also relying on a possible stability, it can be estimated for S.C. ARTEGO SA. a constant tendency of the existing situation, as well as productive activity and level of sales.*

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

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

*3.2. During the analyzed period of time, there were no changes regarding the rights of the holders of securities issued by the company. The shareholding structure as of June 30, 2021 is as follows:*

<b>Shareholders</b>	<b>Nominal value per share</b>	<b>Number of shares held</b>	<b>Total value</b>	<b>% of the social capital</b>
<b>ASSOCIATION OF THE EMPLOYEES PAS ARTEGO</b>	2,50	6.968.820	17.422.050,00	77,8103%
<b>Other legal entities</b>	2,50	878.109	2.195.273,00	9,8045%
<b>Other individuals</b>	2,50	1.109.234	2.773.085,00	12,3851%
<b>THE ROMANIAN STATE THROUGH THE AUTHORITY FOR THE ADMINISTRATION OF STATE ASSETS</b>	2,50	2	5,00	0,0000%
<b>TOTAL</b>	<b>2,50</b>	<b>8.956.165</b>	<b>22.390.413,00</b>	<b>100,000%</b>

According to the EGMS decision of 16.04.2019, SC ARTEGO SA repurchased in 2020 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. By EGMS decision no. 2 / 29.03.2021, the mentioned share capital reduction was approved.



## SC ARTEGO SA Tg-Jiu

### Individual Financial Statements

#### SITUATION OF THE FINANCIAL POSITION AT 31.12.2019 and 30.06.2020

(Amounts are expressed in RON unless otherwise stated)

Name of indicators	<u>31/12/2020</u>	<u>30/06/2021</u>
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>41,680,492</b>	<b>40,114,611</b>
<i>Tangible assets</i>	31,180,619	30,470,529
<i>Intangible assets</i>	10,499,873	9,644,082
<i>Financial assets</i>		
<b>Current assets</b>	<b>83,361,272</b>	<b>75,264,839</b>
<i>Stocks</i>	47,606,147	42,859,690
<i>Commercial receivables</i>	33,617,206	30,550,381
<i>Financial assets of which</i>	14,397	14,397
<i>available for sale</i>	14,397	14,397
<i>Cash and cash equivalents</i>	1,799,336	1,585,290
<i>Prepayments</i>	324,186	255,081
<b>TOTAL ASSETS</b>	<b>125,041,764</b>	<b>115,379,450</b>
<b>OWN CAPITAL AND LIABILITIES</b>		
<b>Own capitals</b>		
<i>Subscribed and paid-up share capital</i>	22,390,413	22,390,413
<i>Other equity items</i>	767,251	739,499
<i>Reserves from reevaluation</i>	28,570,141	28,512,216
<i>Legal reserves</i>	4,478,083	4,478,083
<i>Other reserves</i>	25,000,607	29,262,699
<i>Own actions</i>	-6,529,411	-6,529,411
<i>Social Capital Adjustment</i>	89,052,449	89,052,449
<i>Reported result ( without IAS 29)</i>	1,372,906	1,937,302
<i>Reported result (with IAS 29)</i>	-89,052,449	-89,052,449
<i>Current profit</i>	10,531,639	3,490,379
<i>Profit Distribution</i>	-381,690	
<b>Total own capitals</b>	<b>86,199,939</b>	<b>84,281,180</b>
<b>Long-term debt</b>		
<i>Investment grants</i>	9,610	13,771
<i>Other long-term debts</i>	7,743	7,759
<i>Long-term provisions</i>		
<b>Total long-term debts</b>	<b>17,353</b>	<b>21,530</b>
<b>Current debts</b>		
<i>Investment grants</i>	12,494	12,525
<i>Commercial and other debts</i>	7,960,850	7,784,058

Short-term loans	23,159,579	15,423,178
Tax and current tax liabilities	7,691,549	7,856,979
Short-term provisions		
<b>Total current debts</b>	<b>38,824,472</b>	<b>31,076,740</b>
<b>Total debts</b>	<b>38,841,825</b>	<b>31,098,270</b>
<b>TOTAL OWN CAPITALS AND DEBTS</b>	<b>125,041,764</b>	<b>115,379,450</b>

**SITUATION OF THE GLOBAL RESULT  
at 30 june 2021**

- lei-

<b>Crt. No.</b>	<b>NAME OF INDICATORS</b>	<b>30.06.2020</b>	<b>30.06.2021</b>
1.	Net turnover of which	57.234.839	73.137.893
	Revenues from the sold production	56.287.704	71.928.062
	Revenues from the sale of goods	1.085.215	1.316.464
	Commercial discounts granted	138.080	106.633
2.	Revenues from stored production	9.040.457	4.767.535
3.	Revenues from the production of fixed assets	229.478	445.608
4.	Revenues from fixed assets intended for sale	-	-
5.	Revenues from operating grants	4.063.196	2.009.220
6.	Other revenues from exploitation	289.146	511.582
I.	<b>REVENUES FROM EXPLOITATION</b>	<b>70.857.116</b>	<b>80.871.838</b>
7.	Expenditures on goods	1.022.676	1.314.050
8.	Material expenditures	38.525.824	44.164.498
9.	Expenditures on works and services performed by third parties	2.148.388	3.154.432
10.	Expenses with taxes and fees	685.393	700.900
11.	Staff costs	20.911.364	24.840.280
12.	Other expenses with exploitation	377.328	375.052
13.	Expenses with depreciation and provisions	2.206.078	2.076.990
II.	<b>EXPENSES FOR EXPLOITATION</b>	<b>65.877.051</b>	<b>76.626.202</b>
A.	<b>RESULT FROM EXPLOITATION</b>		
	- PROFIT	4.980.065	4.245.636
	- LOSS		
III.	<b>FINANCIAL REVENUES</b>	<b>208.406</b>	<b>227.635</b>
IV.	<b>FINANCIAL EXPENSES</b>	<b>873.511</b>	<b>460.505</b>
B.	<b>FINANCIAL RESULT</b>	<b>(665.105)</b>	<b>(232.870)</b>
V.	<b>EXCEPTIONAL REVENUES</b>		
VI.	<b>EXCEPTIONAL EXPENSES</b>		
C.	<b>EXCEPTIONAL RESULT (LOSS)</b>		
VII.	<b>TOTAL REVENUES</b>	<b>71.065.522</b>	<b>81.099.473</b>
VIII.	<b>TOTAL EXPENSES</b>	<b>66.750.562</b>	<b>77.086.707</b>
D.	<b>GROSS RESULT</b>		
	- PROFIT	4.314.960	4.012.766
	- LOSS		

	TAX	581.603	550.139
E	REVENUES FROM BENEFIT FROM PROFIT	27.852	27.752
F.	NET RESULT		
	- PROFIT	3.761.209	3.490.379
	- LOSS		
G.	Number of shares	8.956.165	8.956.165
H.	Output per share	0,420	0,390



Profit for the year			3,490,379										3,490,379
<b>Other elements of the overall result of which:</b>													
Surplus from revaluation of property, plant and equipment													
Decrease of the reserve from revaluation-registration of deferred tax													
<b>Total other elements of the overall result</b>													
<b>Total overall result for the period</b>			3,490,379										3,404,702
<b>Other items</b>													
Resumption of the revaluation reserve at the carried forward result													
Increasing the legal reserve													
Other items			-10,531,639				4,262,092	5,887,857					381,690
<b>Total other items</b>			-10,531,639				4,262,092	5,945,783					381,690
<b>Transactions with shareholders recognized directly in equity</b>													0
Dividend distribution													
<b>Total transactions with owners</b>													-5,381,387
<b>Balance as of June 30, 2021</b>	22,390,413	89,052,449	3,490,379	4,478,083	28,512,216	29,262,699	1,937,302	-89,052,449	0	739,499	-6,529,411	0	84,281,180

## STATEMENT OF CASH FLOWS AS OF JUNE 30, 2021

Indicator LEI (RON)	ACCOMPLI SHED 2020	ACCOMPLI SHED 30.06.2021
<b>A. CASH FLOWS AT THE BEGINNING OF THE PERIOD</b>	<b>992.778</b>	<b>1.799.336</b>
In the accounts	514.213	1.537.545
Home	4.534	2.865
Other values	474.031	258.576
Advances on treasury	-	-
Values receivable	-	350
	<b>191.048.048</b>	<b>100.880.134</b>
<b>REVENUE FROM OPERATING ACTIVITIES</b>		
Customer receipts	154.895.352	80.789.997
Other receipts	36.152.696	20.090.137
	<b>189.812.095</b>	<b>100.981.890</b>
<b>PAYMENTS FOR OPERATING ACTIVITY</b>		
Supplier payments	83.989.135	44.524.131
Payments for staff payments	39.997.148	21.908.319
Payments in taxes and fees	22.185.417	11.806.771
Tax profit	1.877.724	755.259
Interest payments	1.112.054	265.869
Other payments	40.650.617	21.721.541
	<b>1.235.953</b>	<b>-101.756</b>
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
	746.970	163.454
<b>INCOME FROM THE INVESTMENT ACTIVITY</b>		
Proceeds from the sale of land, fixed assets and intangible assets	746.970	163.454
Proceeds from the sale of equity instruments and receivables of other enterprises	-	-
Receipts from the repayment of advances and loans to other parties	-	-
	1.176.365	275.744
<b>PAYMENTS FROM THE INVESTMENT ACTIVITY</b>		
Payments for the acquisition of land, fixed assets and intangible assets	1.176.365	275.744
Receipts for the acquisition of equity instruments and receivables of other enterprises	-	-
Advances and loans made to other parties	-	-
	<b>-429.395</b>	<b>-112.290</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITY</b>		
<b>RECEIPTS FROM THE FINANCING ACTIVITY</b>	-	-
<b>PAYMENTS FOR FINANCING ACTIVITY</b>	-	-
	-	-
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
	<b>806.558</b>	<b>-214.046</b>
<b>CASH FLOW - TOTAL</b>		

<b>B. CASH FLOWS AT THE END OF THE PERIOD</b>	<b>1.799.336</b>	<b>1.585.290</b>
In the accounts	1.537.545	1.452.662
Home	2.865	20.910
Other values	258.576	92.939
Cash advances	-	18.394
Values receivable	350	385

## **Notes to the financial statements**

### ***For the financial year ended 30 June 2020***

#### **1. Reporting entity**

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

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

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

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

#### **2. Basics of preparation**

##### **(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 OMFP 2844/2016 as subsequently amended and supplemented.

The Company applies the International Financial Reporting Standards as approved by the European Union when preparing the separate financial statements concluded on June 30, 2021 in accordance with OMF no. 881/2012. This order specifies that starting with the financial year 2012, the annual financial statements will be prepared in accordance with IFRS, this order being applicable to companies whose securities are admitted to trading on a regulated market.

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

##### **(b) Presentation of financial statements**

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

##### **(c) Basics of evaluation**

The separate financial statements are prepared 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 December 31, 2003.

The management considers that the Company will carry out its activity in the foreseeable future and, consequently, the application of the principle of continuity of activity in the preparation of the financial statements is considered adequate. The separate financial statements are presented in accordance with the requirements of IAS 1 "Presentation of



Financial Statements". The Company has adopted a presentation based on liquidity in the balance sheet and a presentation of income and expenses according to their nature in the profit and loss account, considering that these presentation methods provide information that is credible and more relevant than those that would have been presented.

#### **(d) Functional and presentation currency**

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate fluctuations", is LEI or RON. The separate financial statements are presented in lei, rounded to the nearest leu, the currency that the Company's management has chosen as the presentation currency.

#### **(e) Use of estimates and judgments**

The preparation of financial statements in accordance with IFRS adopted by the European Union involves the use by management of estimates, judgments and assumptions that affect the application of accounting policies and the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments regarding the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of the estimates. The estimates and assumptions underlying them are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period in which the estimate is revised and future periods if the revision affects both the current period and future periods. The judgments performed by management from the application of IFRS have a significant effect on the financial statements as well as the estimates that imply a significant risk.

### **3. Significant accounting policies**

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

#### **(a) Subsidiaries and associated entities**

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

The company does not own associated companies.

#### **(b) Foreign currency transactions**

Transactions denominated in foreign currency are recorded in lei at the official exchange rate from the settlement date of transactions. Monetary assets and liabilities recorded in foreign currencies at the balance sheet date are translated into functional currency at the exchange rate on that day. from the conversion using the exchange rate at the end of the month or at the end of the financial year the monetary assets and liabilities denominated in foreign currency are recognized in the profit and loss account.

## **c) Financial Instruments**

### **Financial risk management**

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

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

### **Interest rate risk**

The Company's operating cash flows are affected by changes in interest rates, mainly due to foreign currency loans contracted by the financing banks. The cash risk determined by the interest rate is the risk that the interest, and therefore the expense with it, will fluctuate.

### **Currency risk**

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

The currency used on the domestic market is the Romanian leu. The company is exposed to currency risk in cash and cash equivalents from purchases and loans 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. Foreign currency loans are subsequently expressed in lei, at the exchange rate on the last banking day of each month, communicated by the National Bank of Romania. The resulting differences are included in the income statement.

### **Credit risk**

Credit risk is the risk in which the Company will incur a financial loss as a result of the breach of contractual obligations by a client or a counterparty to a financial instrument, and this risk results mainly from trade receivables and cash and cash equivalents.

As of June 30, 2021, the Company holds cash and cash equivalents in the amount of 1,585,290 lei. Cash and cash equivalents are held at banks of which we list: Unicredit, Intesa, ING Bank, Credit Europe, Garanti, BRD.

### **Liquidity risk**

Liquidity risk is the risk according to which the Company will encounter difficulties in fulfilling the obligations associated with financial debts that are settled in cash or by transferring another financial asset.

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

### **Fair value of financial instruments**

Fair value is the value at which financial instruments can be exchanged in ordinary transactions, other than those determined by liquidation or forced sale. Fair values are obtained from quoted market prices or cash flow models as appropriate. As of June 30, 2021, cash and other cash, customers and similar accounts, trade payables and other payables are approaching their actual value due to their short maturity. Management considers that the estimated value of these instruments is close to their carrying amount.

### **Capital risk management**

The Company's objectives when managing capital are to maintain the Company's ability to continue its operations in order to obtain benefits for shareholders and other interested parties and to maintain an optimal capital structure in order to reduce the cost of capital.

### **Accounting for the effect of hyperinflation**

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current unit of measurement at the balance sheet date (non-monetary items are restated using a general price index from the date of acquisition or contribution).

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

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

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

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

### **Tangible fixed assets**

Property, plant and equipment are assets that: are held by an entity for use in the production of goods or services, leased to third parties or used for administrative purposes, and are used for a period of more than one year. .The acquisition cost includes the purchase price, import duties and other taxes (except those that the legal person may recover from the tax authorities), transport, handling and other expenses that may be directly attributable to the purchase of the goods.

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

Depreciation periods are as follows:

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

### **Intangible assets**

An intangible asset is an identifiable, non-monetary asset that has no material support and is 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 meets the criterion of being identifiable when:

- is separable, ie can be separated or divided by the entity and sold, transferred, authorized, leased or exchanged, either individually or together with a corresponding contract, an identifiable asset or an identifiable debt or arises from contractual or other legal rights , whether those rights are transferable or separable from the entity or other rights and obligations.

Intangible assets acquired by the Company are presented at cost less accumulated depreciation and the provision for impairment of intangible assets. Depreciation is recognized in the income statement based on the straight-line method over the estimated life of the intangible assets.

### **Receivables**

Trade receivables are initially recorded at the invoiced value and later those in foreign currency are valued at the exchange rate communicated by the National Bank of Romania on the last banking day of the month. at the set deadline.

### **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.

#### **Deffered 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. indeplinite.

### **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 SIC 33 "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.

## **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 30 June 2021*

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.

## **Fixed assets at 30 june 2021**



Name of the asset	Gross amount				Ajustări de valoare (depreciation and amortization or impairment)			
	Sold there 1st January 2021	increases	Assignments, transfers and other reductions	Sold there 30th of June 2021	Sold there 1st January 2021	Adjustments recorded during the year	Discounts or resumes	Sold there 30th of June 2021
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	28.336.785	36.563	-	28.373.348	17.836.912	892.354	-	18.729.266
4. Commercial fund	-	-	-	-	-	-	-	-
5. Advances and intangible assets in progress	-	-	-	-	-	-	-	-
TOTAL:	32.449.304	36.563	-	32.485.867	21.949.431	892.354	-	22.841.785
II. TANGIBLE ASSETS								
1. Lands	12.779.181	-	632	12.778.549	133.421	-	-	133.421
2. Constructions	43.614.185		3.570	43.610.615	30.775.648	585.821	1.379	31.360.090
3. Technological equipments	44.768.262	303.477	264.044	44.807.695	41.197.578	292.763	263.460	41.226.881
4. Measuring, control and regulating machines and installations	2.255.825	30.517	33.626	2.252.716	2.049.169	40.045	31.889	2.057.325
5. Transport means	7.119.808	57.721	71.142	7.106.387	5.571.317	253.694	71.141	5.753.870
6. Furniture, equipment, office and other tangible assets	666.482	59.659	140.687	585.454	464.316	12.312	10.688	465.940
7. Advances and tangible assets in progress	168.325	453.530	295.215	326.640	-	-	-	-
TOTAL:	111.372.068	904.904	808.916	111.468.056	80.191.449	1.184.635	378.557	80.997.527
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:	-	-	-	-	-	-	-	-
<b>FIXED ASSETS – TOTAL</b>	<b>143.821.372</b>	<b>941.467</b>	<b>808.916</b>	<b>143.953.923</b>	<b>102.140.880</b>	<b>2.076.989</b>	<b>378.557</b>	<b>103.839.312</b>

## Stocks

On 30 June 2021, compared to 30 June 2020 stocks are presented as follows:

<b>ElementS</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
<b>1. Raw materials and consumables</b>	40.347.835	29.713.323
<b>2. Fixed assets held for sale</b>	1.749.463	149.495
<b>3. Production under execution</b>	21.499	156.431
<b>4.Finished goods and commodities</b>	12.255.829	12.266.729
<b>5.Advances</b>	889.112	573.712
<b>TOTAL</b>	<b>55.263.738</b>	<b>42.859.690</b>

## Clients and assimilated accounts

On 30 June 2021 compared to 30 June 2010,the clients and assimilated accounts are shown as follows:

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
<b>1. Commercial receivables</b>	32.823.839	27.395.187
<b>2. Paid advances</b>	638.549	150.336
<b>3. Other debts</b>	2.834.683	3.004.858
<b>TOTAL</b>	<b>36.297.071</b>	<b>30.550.381</b>

In period 01.01.2021-30.06.2021 the company recorded exports as follows:

### **EURO**

ENGLAND	2.371.456,83
AUSTRIA	184.270.54
AZERBAIJAN	9.746,30

BELGIUM	50.126,38
BOSNIA	3.059,70
BULGARIA	57.272,39
EGYPT	46.830,56
FINLAND	192.375,12
FRANCE	1.066.881,34
GERMANY	2.729.978,00
GREECE	33.730,49
ITALY	135.808,34
LITHUANIA	1.769,20
NETHERLANDS	911.879,27
POLAND	40.306,48
bondage	67.428,28
SLOVAKIA	274.796,82
SPAIN	1.456.389,90
HUNGARY	75.997,68
UKRAINE	54.751,64
<b>TOTAL</b>	<b>9.764.855,26</b>

#### **Financial assets of which available for sale**

As of June 30, 2021, compared to June 30, 2020, short-term investments are as follows:

:

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
<b>Short-term investments</b>	14.397	14.397
<b>TOTAL</b>	<b>14.397</b>	<b>14.397</b>

The balance on 30 june 2021 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.

### **Prepayments**

As of June 30, 2021, compared to June 30, 2020, short-term investments are as follows:

<b>ElementS</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
<b>Prepayments</b>	278.271	255.081
<b>TOTAL</b>	278.271	255.081

The balance on 30 June 2021 in the amount of 255.081 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 30 June 2021, as compared to 30 June 2020 cash and cash equivalents are presented in this way

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
<b>Current accounts at banks and deposits</b>	2.173.600	1.452.662
<b>Cash - lei</b>	6.627	20.910
<b>Cash - foreign currency</b>		
<b>Other equivalents in cash</b>	256.761	111.718
<b>TOTAL</b>	<b>2.436.988</b>	<b>1.585.290</b>

### ***Social capital***

On 30 June 2021 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)	<b><u>111.442.862</u></b>

At the end of the reporting period, the fully subscribed and paid-in share capital of the Company in the amount of 22,390,413 lei is divided into 8,956,165 ordinary shares with a nominal value of 2.5 lei per share and corresponds to the one registered at the Trade Register Office.

The shareholding structure as of June 30, 2021 is as follows:

<b>Shareholders</b>	<b>Nominal value per share</b>	<b>Number of shares held</b>	<b>Total value</b>	<b>% of the social capital</b>
<b>PAS ARTEGO EMPLOYEES ASSOCIATION</b>	2,50	6.968.820	17.422.050,00	77,8103%
<b>Other legal entities</b>	2,50	878.109	2.195.273,00	9,8045%
<b>Other individuals</b>	2,50	1.109.234	2.773.085,00	12,3851%
<b>ROMANIAN STATE BY THE AUTHORITY PT. ADMINISTRATION OF STATE ASSETS</b>	2,50	2	5,00	0,0000%
<b>TOTAL</b>	<b>2,50</b>	<b>8.956.165</b>	<b>22.390.413,00</b>	<b>100,000%</b>

According to the EGMS decision of 16.04.2019, ARTEGO SA repurchased in 2020 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. By the EGMS decision no. 2 / 29.03.2021, the mentioned share capital reduction was approved.

#### ***Legal reserves***

The legal reserves amount to 4.478.083 lei at 30 june 2021.

#### ***Revaluation reserves***

The revaluation reserve is in the amount of 28.512.216 lei at 30 june 2021.

#### ***Other reserves***

On 30 June 2021, compared to 30 June 2020, other reserves recorded the following levels:

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Elements	30 june 2020	30 june 2021
Other reserves	24.618.917	29.262.699
<b>Total</b>	<b>24.618.917</b>	<b>29.262.699</b>

### **Other elements of own capital**

On 30 June 2021, the amount of 739.499 lei, is the deferred tax related to revaluations in the balance after 1 January 2004, decreased by deferred tax related to revaluation amortization recorded on cost in the first semester of 2021.

### **Grants for investments**

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

Element	30 june 2020	30 june 2021
Investment subsidies	29.255	26.296
<b>Total</b>	<b>29.255</b>	<b>26.296</b>

### **Short-term loans**

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

Bank	30.06.2020		Bank	30.06.2021	
	Approved	Used		Approved	Used
UNICREDIT lei	28.300.000	5.363.855	UNICREDIT lei	-	-
UNICREDIT (SGB) lei	2.200.000	1.567.485	UNICREDIT (SGB) lei	2.200.000	913.684

INTESA lei	11.000.000	10.371.225	INTESA lei	11.000.000	8.584.033
ING BANK lei	400.000	399.548	ING BANK EUR	400.000	362.879
CREDIT EUROPE lei	8.900.000	8.769.654	CREDIT EUROPE lei	8.900.000	6.630.981
GARANTI lei	922.000	922.000	GARANTI lei	-	-
GARANTI (SGB) lei	2.078.000	1.413.302	GARANTI (SGB) lei	2.078.000	315.661

### *Long-term loans*

The company does not have long-term loans with banks or other financial institutions.

### **Output per share**

On 30 June 2021, as compared to 30 June 2020 the earnings per share is:

:

	<b>30 june 2020</b>	<b>30 june 2021</b>
<b>Profit of the period</b>	<b>3.761.209</b>	<b>3.490.379</b>
Number of ordinary shares at beginning and end periods	8.956.165	8.956.165
<b>Basic and diluted result per action (lei/action)</b>	<b>0,420</b>	<b>0,390</b>

### **Other taxes and obligations for social insurance**

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
1 State budget	<b>1.038.444</b>	<b>521.403</b>
- tax on profit	398.034	130.547
- tax on dividends	-	-
- tax on salaries	364.342	297.556

- the insurance contribution for the work	89.831	93.300
- VAT on payment	186.237	-
- increases	-	-
- penalties	-	-
<b>2. Special fund budgets</b>	<b>584.359</b>	<b>462.274</b>
- CASS	527.332	413.210
medium background	7.922	4.766
- solidarity fund for people with disabilities	49.105	44.298
-majorari	-	-
-penalties	-	-
<b>3. Social security budgets</b>	<b>1.325.903</b>	<b>1.045.299</b>
- CAS	1.325.903	1.045.299
-majorari	-	-
-penalties	-	-
<b>4. Other taxes, fees, payments</b>	<b>-</b>	<b>-</b>

**Operating income**

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
Production sold	56.287.704	71.928.062
Income from sale of goods	1.085.215	1.316.464
Commercial discounts granted	(138.080)	(106.633)
Revenues related to the costs of product stocks	9.040.457	4.767.535
Income from the production of fixed assets	229.478	445.608
Income from fixed assets for sale	-	-
Income from operating subsidies	4.063.196	2.009.220
Other operating revenues	289.146	511.582
<b>Total operating income</b>	<b>70.857.116</b>	<b>80.871.838</b>



### Operating expenses

<b>Elemente</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
Expenditures on raw materials and consumables	35.155.870	40.474.832
Other material expenses	423.612	599.062
Other external expenses (energy and water)	2.946.847	3.090.650
Expenditure on goods	1.022.676	1.314.050
Trade discounts received	505	46
Staff costs of which:	20.911.364	24.840.280
-Salaries and allowances	20.222.639	23.861.549
-Insurance and social protection	688.725	978.731
Property, plant and equipment adjustments:	2.206.078	2.076.990
-Costs	2.206.078	2.076.990
-Income	-	-
Current asset adjustments of which:	-	-
-Costs	-	-
-Income	-	-
Other operating expenses of which	3.211.109	4.230.384
Expenditures on external services	2.148.388	3.154.432
Expenses with other taxes and fees	685.393	700.900
Asset expenses	5.238	222
fixed assets for sale	372.090	374.830
<b>Total Operating Expenses</b>	<b>65.877.051</b>	<b>76.626.202</b>

### Operating result

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june 2021</b>
Perating profit (Profit)	4.980.065	4.245.636
<b>Total operating profit</b>	<b>4.980.065</b>	<b>4.245.636</b>

### Net financial result

<b>Elements</b>	<b>30 june 2020</b>	<b>30 june e 2021</b>
Income from exchange rate differences	204.391	226.998
Interest income	2.781	637
Other incomes	1.234	-
<b>Total Financial Income</b>	<b>208.406</b>	<b>227.635</b>
Interest charges	649.541	265.869
Other financial expenses	223.970	194.636
<b>Total Financial Expenses</b>	<b>873.511</b>	<b>460.505</b>
<b>Net financial result (Loss)</b>	<b>(665.105)</b>	<b>(232.870)</b>

### 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. Profit tax returns are subject to review and correction by the tax 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 accompanying financial statements, however, there is a risk that the tax authorities will take different positions on the interpretation of these issues. Their impact could not be determined at this time.

### **Guarantees**

As of June 30, 2021, the company 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 -**

<b>CADASTRAL NO</b>	<b>REAL ESTATE PROPERTY (LAND + CONSTRUCTION) - DESCRIPTION</b>
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1315/2/1/1/1/4 CF 41172	<b>-- land area of 11.243 sqm + self-metrology platform made up of:</b> 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	<b>- land area of 18.910 mp + constructions:</b> 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	<b>-land area of 4.114 mp + constructions:</b> 1. finished warehouse - 657,25 mp (C56/4).
1315/2/1/1/1/10 CF 41170	<b>-land area of 1.575 mp + constructions:</b> 1. Administrative group gate 3 - 123,44 mp (C63).
1315/2/1/1/1/11 CF 41165	<b>-land area of 22.150 mp + constructions:</b> 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**

<b>CADASTRAL NO.</b>	<b>IMOBIL IPOTECAT (TEREN + CONSTRUCȚII) - DESCRIERE</b>
1315/2/1/1/2 CF 40066 RANG I	<b>-land area of 20.616 mp + constructions:</b> 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	-land area of 996 mp with bread workshop (C11/2)
1315/2/1/1/6 CF 41263	-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 with an area of 13,589 sqm together with regenerated rubber section (C6);
1315/2/1/3 CF 41264	land surface of 6,361 sqm together with the hall of molds and annexes (C9), located in Tg Jiu, str. Ciocârlău, no. 38.în

**UNICREDIT TIRIAC BANK**

<i>CADASTRAL NO</i>	<i>MORTGAGED PROPERTY (LAND + CONSTRUCTIONS) - DESCRIPTION</i>
1315/2/1/1/2 CF 40066 RANG II	<b>land with an area of 20,616 sqm + constructions:</b> 1.transport hall (C56 / 1).
1315/2/1/1/1/2 CF 44426	<b>-land area of 14.478 mp + constructions:</b> 1.toilet - 4,13 mp C3 2.storage - 81,27 mp C38 3. industrial hall - 119,85 mp (C39); 4.storage - 484,78 mp (C65); 5. storage - 111,31 mp (C66); 6. storage - 360,73 mp (C67); 7- storage - 44,72 mp (C68).

<b>1315/2/1/1/6</b> <b>CF 47076</b>	<b>-land area of 6.843 mp + constructions:</b> 1.workshop - 651,14 mp (C18) 2. workshop - 626,59 mp (C19) 3. school lab -384,47 mp (C20) 4.toilet - 12,93 mp (C21) 5.basin -88,76 mp (C22) 6.basin - 26,3 mp (C23) 7.storage (C58) 8. auto workshop - 359,245 mp (C73)
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**CREDIT EUROPE BANK**

**- MORTGAGE REAL ESTATE SITUATION -**

<b>CADASTRAL NO</b>	<b>MORTGAGED PROPERTY (LAND + CONSTRUCTIONS) - DESCRIPTION (RANGES I AND II MORTGAGES)</b>
<b>1315/2/1/1/3</b> <b>CF 39568</b>	<b>- land area of 1.271 mp</b> 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.
<b>1315/2/1/1/4</b> <b>CF 37455</b>	<b>-land area of 6.705 mp</b> with Oxygen factory (C1), located in Tg Jiu, Ciocârlău street, no. 38.
<b>1315/2/1/1/7</b> <b>CF 39567</b>	<b>- land area of 1.859 mp</b> with tailoring section (C1)+gate group, with ground surface built by 667,87mp located in Tg Jiu, Ciocârlău street, no. 38.
<b>1315/2/1/1/9</b> <b>CF 39579</b>	<b>- land area of 5047 mp</b> with reconditioned drums section (C59), located in Tg Jiu, Ciocârlău street, no. 38.
<b>1315/2/1/1/10</b> <b>CF 39564</b>	<b>- land area of 3.744 mp</b> , located in Tg Jiu, Ciocârlău street, no. 38.
<b>1315/2/1/1/8</b> <b>CF 39562</b>	<b>- land area of 9.538 mp</b> with construction C1-Industrial hall- Section of gaskets with ground surface of 6.429,15 mp , located in Tg Jiu, Ciocârlău street, no. 38.
<b>1315/2/1/1/3</b> <b>CF 47078</b>	<b>- land area of 9.280 mp + constructions:</b> <b>1. demineralization station (C1)</b> <b>2. demineralization station annexes (C2)</b> <b>3. demineralization station basin (C3)</b> <b>4.locker room (C4)</b> <b>5. heating plant (C5)</b> <b>6.compressor station storage (C6)</b>

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

- MORTGAGE REAL ESTATE SITUATION -

<i>CADASTRAL NO</i>	<i>MORTGAGED PROPERTY (LAND + CONSTRUCTIONS) - DESCRIPTION</i>
1315/1/1/1/12 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

## Situation of disputes in progress

### ARTEGO S.A. - complainant

Nr. crt.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications	File no.
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	<b>- ongoing;</b> we were admitted to the credentials table with the sum of 300.000 lei from which we recovered the amount of 38.645 lei during the judicial reorganization; continue the bankruptcy procedure
2	8207/62/2011	CET Brasov	Insolvency procedure	- admission to the debtor's creditor' s mass with the amount of 46.887,93 lei	<b>- ongoing;</b> 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	<b>- ongoing;</b> 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	<b>- ongoing;</b> 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	<b>- ongoing;</b> 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	- the admission to the creditor's table of the debtor with the amount of 3,188.77 lei	<b>- ongoing;</b> we were admitted to the credit table with the amount of 2,486.37 lei; continue the bankruptcy proceedings

8	528/95/2015	Succes Nic Com Targu - Jiu	Insolvency procedure	- the admission to the credit table of the debtor with the amount of 34,155.80 lei	<b>- ongoing;</b> we were admitted to the credit table with the amount of 34,155.80 lei; the procedure of judicial reorganization continues
9	2575/85/2015	Ambient Sibiu	Insolvency procedure	he admission to the creditor's table of the debtor with the amount of 1,240.00 lei	<b>- ongoing;</b> we were admitted to the credit table with the amount of 1,240.00 lei; the procedure of judicial reorganization continues
10	3520/95/2015	Ignifug Prest Targu-Jiu	Insolvency procedure	the admission to the credit table of the debtor with the amount of 4,783.92 lei	<b>-ongoing;</b> we were admitted to the credit table with the amount of 4,783.92 lei; continue the bankruptcy proceedings
11	1396/90/2016	CET Govora	Insolvency procedure	- the admission to the creditor's table of the debtor with the amount of 1,665,256.19 lei	<b>-ongoing;</b> we were admitted to the credit table with the amount of 1,665,256.19 lei; the procedure of judicial reorganization continues
12	5114/95/2016	Instalatii Revizii Utilitati Pentru Minerit Targu-Jiu	Insolvency procedure	- the admission to the credit table of the debtor with the amount of 41,307.71 lei	<b>-ongoing;</b> we were admitted to the credit table with the amount of 41,307.71 lei; continue the bankruptcy proceedings (capitalization of goods and recovery of receivables)
13	1248/95/2018	Intreprinderea de Drumuri si Poduri Targu-Jiu	Insolvency procedure	the admission to the creditor's table of the debtor with the amount of 2,783.39 lei	<b>-ongoing;</b> I was admitted to the credit table with the amount of 2,783.39 lei; the procedure of judicial reorganization continues
14	5075/97/2016	Societatea Complexul Energetic Hunedoara	Insolvency procedure	- the admission to the creditor's table of the debtor with the amount of 580,000.00 lei	<b>-ongoing;</b> I was admitted to the credit table with the amount of 580,000.00 lei; continue the procedure
15	1214/54/2020	ANAF – DGSC București ANAF – AJFP Valcea	Contestation of fiscal administrative act	Obligation of the defendants to pay the amount of 19,778,066 lei	<b>-ongoing;</b> the court granted a trial term on 07.07.2021 for issuing an address to AJFP Gorj



16	2867/121/2020	Liberty Galați S.A.	claims	Obligation of the defendant to pay the amount of 576,801.11 lei	<b>-ongoing;</b> after the date of filing the lawsuit, the debtor paid the amount of 306,380.19 lei; - the court granted a term on 21.07.2021 in order to pay the expert's fee and perform the expertise
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**Artego S.A. – parade**

File no.	Defendant society	Object	Request/ The requested amount	Stage file / Notifications	File no.
1	2983/95/2019	Asociatia Club Sportiv Energia Tg-Jiu	Claims	Obligation of the defendant to pay the amount of 235,000.00 lei	<b>-ongoing;</b> - the court granted a deadline on 13.10.2021 for performing the expertise
2	5412/182/2021	Abres S.R.L. Baia Mare	Application for cancellation	Cancellation of the payment order issued by the civil sentence no. 4013 / 10.05.2021	<b>-ongoing;</b> after the date of filing the lawsuit, he paid the amount of 14,599.00 lei; - the court did not grant a trial term

**Affiliated parties**

The company has no affiliated parties.

**Subsequent events**

After the preparation of the reports concluded on June 30, 2021, no events took place whose effects would have been significant and would have influenced the data contained in the current financial statements.

**Information regarding the employees and members of the management, administration and supervision 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 managed by the General Meeting of Shareholders and administered by a Board of Directors consisting of 3 members of which 1 executive member and 2 non-executive members who are not part of the management of other companies.*

**Other information**

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.

ARTEGO S.A. is a joint stock company being with fully private capital, the majority shareholder being the "PAS ARTEGO" Employees Association which 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 225/2015 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

According to the stipulations of art..223, item B, paragraph (1), letter c) of the Regulation No. 5/2018 on issuers of financial instruments and market operations we declare that, to our knowledge, the financial statements at 30 June 2021 offers a true and fair view of the assets, liabilities, financial position and profit and loss account. Also, the Report of the Board of Directors, prepared in accordance with the stipulations of Annex no. 14, presents fairly and completely the information about the company.

Signature,

General Manager,  
Viorel David