

REPORT

regarding the activity carried out in 2021 according to the balance sheet concluded on 31.12.2021 in keeping with Order no. 2844/2016 with subsequent amendments and completions - for the approval of the compliant accounting regulations with International Financial Reporting Standards

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

Shareholding structure as of December 31st, 2021

Shareholder name	No. actions	Value (RON)	Total share of social capital (%)
PAS ARTEGO Employees Association	6,968,820	17,422,050.00	85.8785
Legal Entities	36,612	91,530.00	0.4512
Individuals	1,109,312	2,773,280.00	13.6703
The Romanian State through the Authority for the administration of state assets	2	5.00	0.0000
TOTAL	8,114,746	20,286,865.00	100.00

According to the EGMS decision of 16.04.2019, SC ARTEGO SA repurchased in 2020 a number of 841,419 own shares in order to cancel them and reduce the share capital from 22,390,412.50 RON to 20,286,865 RON. By EGMS decision no.2 /29.03.2021, the mentioned capital reduction was approved.

In 2021, the production activity and the economic-financial activity carried out by the company and reflected in the balance sheet concluded on 31.12.2021, are as follows:

CHAPTER I. PRODUCTION ACTIVITY

In 2021, the production of technical articles was 13,165 tons.

In 2021, the production for export was 6,598 tons of conveyor belts and 1,890 tons of technical sheets. Table 1 shows some comparative data for the years 2017, 2018, 2019, 2020 and 2021.

Table 1

	2017	2018	2019	2020	2021
Commodity production, RON	133,845,491	160,781,296	174,382,899	133,069,906	166,390,564
Conveyor belts, MT, of which:	9,185	10,400	11,157	8,345	9,855
- export	5,306	6,104	5,927	4,625	6,598
RON, of which	108,484,056	130,314,565	142,666,404	106,471,797	130,819,654
- export	63,914,243	76,294,082	77,566,256	61,611,034	87,027,887
Technical sheets, MT, of which:	1,785	2,049	1,918	1,766	2,771
- export	1,052	1,348	1,339	1,001	1,890
RON, of which	14,004,148	17,113,441	17,622,727	14,266,865	21,567,887
- export	8,122,398	10,928,944	11,708,552	8,536,477	15,480,578
Pressed gaskets, MT	674	597	757	502	539
RON	6,215,133	7,372,035	8,542,478	7,862,762	7,407,575
Total Export RON	75,009,965	90,397,674	94,788,398	73,566,105	105,305,989
Total EURO	16,405,915.83	19,421,370.91	19,967,318.52	15,200,491.44	21,406,669.23

During 2021, the export value reached 21,406,669.23 EURO, the export representing 63.29% of the production of technical rubber articles. The most stable markets where the goods were exported are Germany, England, Spain, France, the Netherlands. It has also been exported to Italy, Finland, Slovakia, Serbia, Austria, Bulgaria. ARTEGO is currently the largest producer of technical rubber articles in Romania (95% of the country's need for conveyor belts) and one of the largest producers in Europe.

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

The country	2017	2018	2019	2020	2021
Italy	958,131.93	475,077.86	247,672.14	274,257.47	640,898.00
England	3,058,162.47	3,481,413.73	2,960,298.58	3,378,633.14	4,924,681.66
Argentina	75,590.56	-	-	-	-
Austria	11,173.05	52,026.53	27,597.83	169,262.38	229,836.04

USA	-	35,226.29	34,769.68	-	-
Finland	709,050.10	614,785.52	848,463.14	492,021.60	595,590.48
Spain	3,782,901.20	3,351,839.72	3,924,233.85	2,911,316.56	3,501,717.70
Netherlands	1,386,720.03	1,877,567.63	1,552,207.44	1,480,772.69	1,752,367.69
France	597,426.55	2,331,047.92	2,572,580.19	1,419,709.52	2,180,879.07
Germany	3,889,839.95	5,567,764.48	6,409,113.48	4,151,773.06	6,165,628.98
Poland	72,657.61	103,673.55	40,847.33	61,680.17	63,905.99
Bulgaria	373,236.82	409,987.75	295,444.82	100,350.17	200,843.84
Bosnia & Herzegovina	32,635.98	2,372.74	5,125.04	44,180.02	5,585.51
Turkey	8,078.25	17,935.00	40,689.33	9,542.80	-
Cyprus	10,338.57	-	-	-	-
Algiers	156,889.52	-	-	-	-
Estonia	32,176.86	39,791.18	10,582.60	2,531.62	2,274.84
Russia	-	-	11,871.32	18,268.87	770.00
Serbia	246,774.54	398,455.23	270,536.37	255,499.64	206,023.84
Belgium	540,683.01	203,108.06	188,320.82	91,424.65	164,657.40
Hungary	127,633.19	74,463.93	247,477.86	88,074.42	186,411.22
Czech Republic	10,579.84	18,992.00	10,579.84	4,741.76	8,821.12
Ireland	96,574.78	49,826.20	-	-	-
Ukraine	2,891.40	11,652.16	48,753.54	9,962.29	83,606.03
Greece	56,381.36	32,066.43	57,104.73	156,532.60	45,278.27
Egypt	83,648.98	83,905.96	33,477.72	33,565.39	114,380.77
Lithuania	12,236.60	30,607.91	10,679.83	2,674.19	1,769.20
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	302,112.09
Morocco	-	15,520.18	-	-	-
Qatar	-	34,477.49	-	-	-
Slovenia	-	8,594.44	7,758.68	-	2,671.19
Macedonia	-	-	10,412.70	2,792.40	-
Norway	-	-	5,495.00	5,375.00	-
Belarus	-	-	-	3,883.88	-
Latvia	-	-	-	895.00	-
Azerbaijan	-	-	-	-	25,958.30
TOTAL	16,405,915.83	19,421,370.91	19,967,318.52	15,200,491.44	21,406,669.23

An essential aspect to the achievements of our company is brought by the good professional training of the specialists and the management team who have always sought and found solutions not only for maintaining on the market the technical

rubber articles, but also for its expansion. Solutions were found for the production of new parts that, until recently, were only in the portfolio of renowned companies, such as DUNLOP, CONTINENTAL, METSO MINERALS, etc.

The training of the technical staff and its involvement in finding solutions regarding the improvement of technologies, modern equipment and the reduction of production costs was materialized by obtaining over 66 patents in the period 1985-2021. Other technical solutions are under examination at OSIM for patent, and others are in the industrial testing phase. The patented technical solutions are very diverse, some of them being made in cooperation with companies from outside Romania.

CHAPTER II. FINANCIAL STATEMENT - EQUITY

The financial statement is based on the internal correlations existing between the elements of the patrimony from the balance sheet assets in the form of assets (economic means) available to ARTEGO SA for its production activity and in the liabilities of the balance sheet as financial sources for the formation of fixed or current assets. and the financial result of the company.

A. 1. Economic means

Economic means or direct patrimonial elements consist of fixed assets and current assets.

The assets are organized in the balance sheet, in assets with acyclic use (allocation) which includes the group of "Fixed assets" and assets with cyclical use (allocation) which includes the group of "Current assets".

INDICATOR		Beginning of 2021 (IRON)	End of 2021 (RON)
Fixed assets - total		41,680,492	38,666,360
a) Intangible assets		10,499,873	8,773,917
b) Tangible fixed assets of which:		31,180,619	29,892,443
-	land	12,779,181	12,775,919
-	Fixed assets at inventory value	98,424,562	98,304,407
-	Fixed assets at the remaining value	18,366,534	17,047,718
-	Corporal immobilizations in progress	168,325	202,227
c)	Financial fixed assets	-	-

A. 2. CURRENT ASSETS

In order to achieve its goal SC ARTEGO SA TG. JIU, must have cars, buildings and other tools. In order to make this production device work, the company had to: - buy raw materials;

- to ensure stocks at different stages of the production process;
- to sell in order to recover the resources spent.

Current assets consist of inventories, short-term realizable values and available values.

The value of current assets at 31.12. 2021 according to the balance sheet is of 98,332,713 RON structured as follows:

Indicator		Total (RON)	%
1. STOCKS of which:		56,523,078	57.48
-	raw materials, materials	37,303,806	
-	finished product	13,995,741	
-	products in progress	81,319	
-	Assets held for sale	50,289	
-	overtures	5,091,923	
2. MONEY AVAILABILITY		1,053,305	1.07
3. RECEIVABLES		40,741,933	41.43
-	Trade receivables	39,997,101	
-	other receivables	744,832	
4. SHORT-TERM FINANCIAL INVESTMENTS		14,397	0.02

B. PATRIMONY SITUATION

During 2021, an inventory program and fund management control was carried out.

Net Assets = Fixed Assets + Current Assets - Liabilities

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

INDICATOR	M / U	2017	2018	2019	2020	2021
Fixed assets	RON	49,483,635	47,883,466	44,934,421	41,680,492	38,666,360
Current assets	RON	81,434,182	92,542,155	93,052,623	83,037,086	98,332,713
Total Assets	RON	130,917,817	140,425,621	137,987,044	124,717,578	136,999,073
Total Debts	RON	53,665,497	57,866,515	49,258,275	38,819,721	49,745,718
Own capital	RON	76,908,447	82,545,357	88,982,079	86,199,939	87,536,120

ECONOMIC-FINANCIAL RESULTS

In the period 2017-2021, the economic-financial indicators were achieved as follows:

	2017	2018	2019	2020	2021 (RON)
I Operating income	152,597,599	183,846,345	197,290,206	157,159,639	191,637,944
a) Turnover	152,597,599	169,013,285	181,088,888	131,914,607	172,531,341
b) Variation of stocks	16,275,950	11,678,571	14,203,886	16,299,252	15,424,470
c) Income from fixed assets production	805,849	806,501	711,324	386,966	570,395
d) Other income	1,719,167	2,347,988	1,286,108	8,558,814	3,111,738
II Operating expenses	144,514,715	170,648,117	181,221,246	143,911,413	177,107,829
- operating profit / loss (+/-)	8,082,884	13,198,228	16,068,960	13,248,226	14,530,115
III Financial income	1,095,294	406,760	659,747	320,615	374,197
IV Financial expenses	2,059,723	2,569,168	2,619,326	1,544,812	985,376
- loss	964,429	2,162,408	1,959,579	1,224,197	611,179
VII Total income	153,692,893	184,253,105	197,949,953	157,480,254	192,012,141
VIII Total expenses	146,574,438	173,217,285	183,840,572	145,456,225	178,093,205
- the gross result of the exercise	7,118,455	11,035,820	14,109,381	12,024,029	13,918,936
- tax	1,043,181	1,627,827	2,016,142	1,548,082	1,924,253
NET INCOME	6,134,163	9,465,069	12,149,812	10,531,639	12,050,173

In the period 01.01.-31.12. 2021, SC ARTEGO SA TG. JIU, delivered to the majority state-owned companies products worth 50,437,851 RON, as follows:

CEOLTENIA 50,436,395 RON

CE HUNEDOARA 1,456 RON

The balance of uncollected invoices from majority state-owned companies on 31.12.2020 was 10,157,217 RON, as follows:

CEOLTENIA 1 0.157.217 RON

On 31.12.2021, the amounts receivable from majority state-owned companies were of 18,686,773 RON, as follows:

CEOLTENIA 18,686,773 RON

From the total amount of 206,316,103 RON owed by the majority state-owned companies and other clients, (the balance on 31.12.2020 plus the deliveries between 01.01.-31.12.2021) the following amounts were collected:

a) through liquidity: 156,438,069 RON, ie 91.02%

b) by compensations: 15,429,396 RON, ie 8.98%

so :

BENEFICIARY	MU	compensations	%	liquidity	%	TOTAL
CE OLTENIA	RON	14,821,924	35.73	26,666,710	64.27	41,488,634
CE Hunedoara	RON	-	-	1,456	100.00	1,456
Others	RON	607,472	2.23	26,693,701	97.77	27,301,173
Export	RON	-	-	103,076,202	100.00	103,076,202
TOTAL	RON	15,429,396	8.98	156,438,069	91.02	171,867,465

HUMAN POTENTIAL

The average number of employees in 2021 was 753 compared to 824 in 2020, having a decrease of 8.62%, and the actual number at the end of 2021 was 727 employees, compared to 809 at the end of 2020.

The total salary fund achieved in 2021 was 45,017,489 RON.

The expenses regarding the insurance and social protection were of 2,710,400 RON, meal vouchers were granted in the total amount of 3,390,820 RON and gift vouchers in the amount of 717,850 RON.

DEPRECIATION OF FIXED ASSETS

SC ARTEGO SA used as depreciation regime - linear depreciation.

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

The depreciation included in the operating expenses was in the amount of 4,240,763 RON.

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

PROFIT

As at 31.12.2021, the gross profit was 13,918,936 RON, respectively the net profit was 12,050,173 RON.

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

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

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

SC ARTEGO SA Tg-Jiu had total debts at 31.12. 2021 in the amount of 49,745,718 RON, of which:

	RON
1. The state budget	1,013,363
- tax	511,942
- income tax from salaries	377,561
-dividend tax	30,013
- VAT payable	93,847
2. Special funds budgets	457,532
-CASS	436,109
-solidarity fund for people with disabilities	20,689
- environment fund	734
3. Social security budgets	1,205,087
CAS	1,106,807
2.25% CASM	98,280
Credits	25,869,952
Suppliers	15,045,699
Customer creditors	694,448

Chairman of the Board of Directors,
Eng. David Viorel