

S.C. ARTEGO S.A.

TG. JIU

REPORT

regarding the activity carried out in 2024 according to the balance sheet concluded on 31.12.2024 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,2024

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

In 2024, the production activity and the economic-financial activity carried out by the company and reflected in the balance sheet concluded on 31.12.2024, are as follows:

CHAPTER I. PRODUCTION ACTIVITY

In 2024, the production of technical articles was of 9.300 tone .

In 2024, the production for export was of 5.631 tons of conveyor belts and of 1.044 tons of technical sheets. Table 1 shows some comparative data for the years 2020, 2021, 2022,2023 si 2024.

Table 1

	2020	2021	2022	2023	2024
Commodity production, RON	133.069.906	166.390.564	200.934.353	155.964.970	141.314.746
Conveyor belts,MT, of which:	8.345	9.855	9.097	7.744	7.089
- export	4.625	6.598	6.277	5.565	5.631
RON, of which	106.471.797	130.819.654	165.911.879	121.508.941	109.268.828
- export	61.611.034	87.027.887	103.168.014	87.459.935	88.618.853
Technical sheets, MT, of which:	1.766	2.771	1.980	1.645	1.741
- export	1.001	1.890	1.338	874	1.044
RON, of which	14.266.865	21.567.887	19.920.421	17.967.753	16.406.419
- export	8.536.477	15.480.578	12.797.003	9.307.304	9.444.819
Pressed gaskets, MT	502	539	489	591	470
RON	7.862.762	7.407.575	7.702.883	8.098.059	6.031.688
Total Export RON	73.566.105	105.305.989	114.115.626	103.823.057	101.217.678
Total EURO	15.200.491,44	21.406.669,23	23.130.441,72	20.997.363,58	20.346.914,56

During 2024, the export value reached 20.346.915,56 EURO, the export representing 71,63% of the production of technical rubber articles. The most stable markets where the goods were exported are Germany, England, Spain, the Netherlands. It has also been exported to Poland,Sweden, Italy,France, Finland, Slovakia, Serbia, Austria. ARTEGO is currently the largest producer of technical rubber articles in Romania (95% of the country's need for conveyor belts) and one of the largest producers in Europe.

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

The country	2020	2021	2022	2023	2024
Italy	274.257,47	640.898,00	761.516,02	894.151,79	291.357,88
England	3.378.633,14	4.924.681,66	3.245.759,62	2.267.899,53	2.469.368,23
Austria	169.262,38	229.836,04	287.188,26	413.451,19	558.248,29

Finland	492.021,60	595.590,48	724.904,20	754.954,84	370.606,23
Spain	2.911.316,56	3.501.717,70	5.038.474,32	5.135.939,52	4.750.093,44
Netherlands	1.480.772,69	1.752.367,69	3.226.146,65	1.635.612,73	1.425.064,83
France	1.419.709,52	2.180.879,07	792.786,73	722,887,03	42.314,85
Germany	4.151.773,06	6.165.628,98	7.643.714,52	5.358.096,09	5.916.642,65
Poland	61.680,17	63.905,99	112.478,98	1.153.513,24	874.001,35
Bulgaria	100.350,17	200.843,84	110.652,80	13.703,35	7.930,80
Bosnia & Herzegovina	44.180,02	5.585,51	83.231,60	16.350,46	21.556,08
Turkey	9.542,80	-	6.800,00	-	-
Estonia	2.531,62	2.274,84	14.580,00	-	5.720,37
Russia	18.268,87	770,00	-	-	-
Serbia	255.499,64	206.023,84	416.074,03	564.998,01	829.069,22
Belgium	91.424,65	164.657,40	83.099,94	91.092,88	160.761,89
Hungary	88.074,42	186.411,22	211.894,37	124.496,67	87.262,60
Czech Republic	4.741,76	8.821,12	16.688,64	6.208,00	2.652,00
Ireland	-	-	-	-	21.776,00
Ukraine	9.962,29	83.606,03	70.560,11	201.731,74	141.249,47
Greece	156.532,60	45.278,27	2.116,00	2.270,40	-
Egypt	33.565,39	114.380,77	25.145,94	-	12.900,00
Lithuania	2.674,19	1.769,20	4.020,61	-	-
Slovakia	30.770,15	302.112,09	78.516,31	55.653,20	77.849,20
Slovenia	-	2.671,19	-	-	-
Macedonia	2.792,40	-	-	3.079,80	-
Norway	5.375,00	-	-	-	-
Belarus	3.883,88	-	-	-	-
Latvia	895,00	-	-	-	4.878,18
Azerbaijan	-	25.958,30	-	-	-
Switzerland	-	-	15.383,26	-	-
Sweden	-	-	158.708,71	1.581.263,11	2.264.111,00
Tunisia	-	-	-	-	11.500,00
TOTAL	19.967.318,52	15.200.491,44	21.406.669,23	23.130.441,72	20.997.363,58

An essential aspect to the achievements of our company is brought by the good professional training of the specialists and the management team who have always sought and found solutions not only for maintaining on the market the technical rubber articles, but also for its expansion. Solutions were found for the production of new parts that, until recently, were only in the portfolio of renowned companies, such as DUNLOP, CONTINENTAL, METSO MINERALS, etc.

The training of the technical staff and its involvement in finding solutions regarding the improvement of technologies, modern equipment and the reduction of production costs was materialized by obtaining over 67 patents in the period 1985-2024. Other technical solutions are under examination at OSIM for patent, and others are in the industrial testing phase. The patented technical solutions are very diverse, some of them being made in cooperation with companies from outside Romania.

CHAPTER I I. FINANCIAL STATEMENT - EQUITY

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

A. 1. Economic means

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

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

INDICATOR	Beginning of 2024 (RON)	End of 2024 (RON)
Fixed assets - total	34.566.695	35.621.382
a) Intangible assets	6.206.136	5.225.122
b) Tangible fixed assets of which:	28.360.559	30.396.260
- land	11.857.343	11.824.402
- Fixed assets at inventory value	98.130.557	101.900.460
- Fixed assets at the remaining value	16.070.656	18.244.059
- Corporal immobilizations in progress	565.981	461.220
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 31.12.2024 according to the balance sheet is of 78.345.694 RON structured as follows:

Indicator		Total (RON)	%
1. STOCKS of which:		51.902.595	66.25
-	raw materials, materials	29.616.696	
-	finished product	22.057.442	
-	products in progress	-	
-	Assets held for sale	50.289	
-	overtures	178.168	
2. MONEY AVAILABILITY		7.309.228	9.33
3. RECEIVABLES		19.119.474	24.40
-	Trade receivables	17.595.884	
-	other receivables	1.523.590	
4. SHORT-TERM FINANCIAL INVESTMENTS		14.397	0,02

B. PATRIMONY SITUATION

During 2024, 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	2020	2021	2022	2023	2024
Fixed assets	RON	41.680.492	38.666.360	38.205.805	34.566.695	35.621.382
Current assets	RON	83.037.086	98.332.713	98.381.653	96.956.009	78.345.694
Total Assets	RON	124.717.578	136.999.073	136.587.458	131.522.704	113.967.076
Total Debts	RON	38.819.721	49.745.718	43.363.720	30.574.332	19.580.270
Own capital	RON	86.199.939	87.536.120	93.530.664	99.008.253	92.396.743

ECONOMIC-FINANCIAL RESULTS

In the period 2020-2024, the economic-financial indicators were achieved as follows:

	2020	2021	2022	2023	2024 (RON)
I Operating income	157.159.639	191.637.944	226.489.237	186.142.044	157.762.684
a) Turnover	131.914.607	172.531.341	199.727.280	162.994.877	144.842.306
b) Variation of stocks	16.299.252	15.424.470	20.473.730	12.530.099	10.982.605
c) Income from fixed assets production	386.966	570.395	1.419.048	334.336	424.279
d) Other income	8.558.814	3.111.738	4.869.179	10.282.732	1.513.494
II Operating expenses	143.911.413	177.107.829	210.717.065	175.624.369	155.812.383
- operating profit / loss (+/-)	13.248.226	14.530.115	15.772.172	10.517.675	1.950.301
III Financial income	320.615	374.197	1.038.733	893.728	96.754
IV Financial expenses	1.544.812	985.376	2.697.199	1.735.859	567.764
- loss	1.224.197	611.179	1.658.466	842.131	471.010
VII Total income	157.480.254	192.012.141	227.527.970	187.035.772	157.859.438
VIII Total expenses	145.456.225	178.093.205	213.414.264	177.360.228	156.380.147
- the gross result of the exercise	12.024.029	13.918.936	14.113.706	9.675.544	1.479.291
- tax	1.548.082	1.924.253	1.848.098	994.872	187.436
NET INCOME	10.531.639	12.050.173	12.315.948	8.746.511	1.332.223

In the period 01.01.-31.12.2024, SC ARTEGO SA TG. JIU, delivered to the majority state-owned companies products worth 20.459.056 RON ,as follows:

C.E.OLTENIA	18.518.976	RON
CNCFR SA BUCURESTI	1.372.101	RON
SOCIETATEA NATIONALA A SARI	567.979	RON

The balance of uncollected invoices at 31.12.2023 was of 7.377.126 RON from majority state-owned companies, as follows:

C.E.OLTENIA	6.677.944	RON
SOCIETATEA NATIOANLA A SARI	679.077	RON

At 31.12.2024 the amounts receivable from majority state-owned companies were of 2.719.719 RON , as follows:

C.E.OLTENIA	2.689.507	RON
S. NAT. A SARI	3.508	RON
ELECTROCENTRALE CRAIOVA	26.704	RON

From the total amount of 175.854.829 RON owed by the majority state-owned companies and other clients, (the balance on 31.12.2023 plus the deliveries between 01.01.-31.12.2024) the following amounts were collected:

a) through liquidity:	175.761.237	RON,	meaning	99,95 %
b) by compensations:	93.592	RON,	meaning	0,15 %

thus:

BENEFICIARY	M.U.	COMPENSATIONS	%	LIQUIDITY	%	TOTAL
CE OLTENIA	RON	78.290	0,35	22.507.413	99,65	22.585.703
Others	RON	15.302	0,03	49.404.800	99,97	49.420.102
Export	RON	-	-	103.849.024	100	103.849.024
T O T A L	RON	93.592	0,05	175.761.237	99,95	175.854.829

HUMAN POTENTIAL

The average number of employees in 2024 was 523 compared to 626 in 2023 having a decrease of 16,45%, and the actual number at the end of 2024 was 505 employees, compared to 572 at the end of 2023.

The total salary fund achieved in 2024 was of 41.334.235 RON.

The expenses regarding the insurance and social protection were of 1.548.909 RON, meal vouchers were granted in the total amount of 4.265.330 RON.

DEPRECIATION OF FIXED ASSETS

SC ARTEGO SA used as depreciation regime - linear depreciation.

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

The depreciation included in the operating expenses was in the amount of 3.553.929 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 31.12.2024, the gross profit was of 1.479.291 RON, respectively the net profit was of 1.332.223 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. 2024 in the amount of 19.580.270 RON of which:

	RON
1. The state budget	609.151
- tax	102.958
- income tax from salaries	325.600
-dividend tax	77.848
- VAT payable	-

2.25% CASM	102.745
2. Special funds budgets	25.900
-solidarity fund for people with disabilities	19.777
- environment fund	6.123
3. Social security budgets	1.636.592
CAS	1.148.878
-CASS	487.714
Credits	-
Suppliers	9.433.146
Customer creditors	342.711

Chairman of the Board of Directors,
Eng. David Viorel