

**ARGUS SA**

**STAND ALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AS AT DECEMBER 31, 2022**

**Prepared in accordance with Minister of Public Finance of Romania Order No  
1802/2014 and subsequent amendments**



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MANAGEMENT REPORT	

COUNTY Constanța  
 LEGAL PERSON ARGUS SA  
 ADDRESS Constanța, sector -  
1, bl. -  
 Sc. -, ap. -  
 PHONE 0241.676.840 FAX 0241.634.367  
 TRADE REGISTER NUMBER  
 J13/550/1991

FORM OF OWNERSHIP 34  
 PREPONDERANT ACTIVITY  
 (CAEN group name) Production Industrială Street no.  
 of vegetable and animal oils and fats  
 Legal Entity Identifier):315700M31ZOTBZMMBE46  
 CAEN GROUP CODE 154  
 FISCAL COD RO1872644  
 UNIQUE REGISTRATION CODE 1872644

	Row	Note	December 31, 2021 (lei)	December 31, 2022 (lei)
<b>A. FIXED ASSETS</b>				
<b>I. INTANGIBLE ASSETS</b>				
3. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets	03		6,231	7,314
<b>TOTAL</b>	07	3(a)	6,231	7,314
<b>II. TANGIBLE ASSETS</b>				
1. Land and construction	08		78,143,013	68,725,971
2. Equipment and machinery	09		6,882,778	7,858,787
3. Other installations, equipment and furniture	10		403,850	343,566
5. Tangible assets in the process of execution	12		11,262	383,952
9. Advances	16		289,127	-
<b>TOTAL</b>	17	3(b)	85,730,030	77,312,275
<b>III. FINANCIAL ASSETS</b>				
1. Shares held in subsidiaries	18	3(c)	15,100,286	23,885,860
3. The shares owned in the associated entities and joint controlled entities	20	3(c)	6,592	33,584
6. Other loans	23	7	13,119	13,119
<b>TOTAL</b>	24		15,119,997	23,932,563
<b>FIXED ASSETS - TOTAL</b>	25		<b>100,856,258</b>	<b>101,252,153</b>
<b>B. CURRENT ASSETS</b>				
<b>I. STOCKS</b>				
1. Raw materials and consumables	26	4	69,819,543	115,261,181
2. Production in progress	27		28,550,286	50,565,924
3. Finished goods and merchandise	28		13,545,491	12,764,604
4. Advances	29		119,551	157,881
<b>TOTAL</b>	30		<b>112,034,871</b>	<b>178,749,589</b>
<b>II. RECEIVABLES</b>				
1. Trade receivables	31		23,684,008	14,321,265
2. Amounts to be received from affiliated entities	32			
4. Other receivables	34		120,748	1,888,965
<b>TOTAL</b>	36	5	<b>23,804,756</b>	<b>16,210,230</b>
<b>IV. CASH AND BANK ACCOUNTS</b>				
<b>CURRENT ASSETS - TOTAL</b>	42	6	<b>141,967,235</b>	<b>218,322,584</b>
<b>C. PREPAYMENTS</b>				
Amounts of resumed in a period of up to one year	44		68,559	75,323
Amounts of resumed in a period longer than one year	45		2,014	1,534

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 CAEN GROUP CODE 154  
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	<u>Row</u>	<u>Note</u>	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
<b>D. DEBTS: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR</b>				
2. Amounts owed to credit institutions	<b>46</b>		110,000,000	157,921,978
3. Advances collected for orders	<b>47</b>		476,387	183,407
4. Commercial debts - suppliers	<b>48</b>		10,533,746	6,869,048
6.Amounts owed to entities of the group	<b>50</b>			
8. Other liabilities, including tax debts and debts regarding social insurances	<b>52</b>	<b>7</b>	3,265,533	1,927,188
<b>TOTAL</b>	<b>53</b>		<b><u>124,275,666</u></b>	<b><u>166,901,622</u></b>
<b>E. NET CURRENT ASSETS/NET CURRENT LIABILITIES</b>				
	<b>54</b>		<b>17,757,125</b>	<b>51,496,117</b>
<b>F. TOTAL ASSETS MINUS CURRENT LIABILITIES</b>				
	<b>55</b>		<b>118,615,397</b>	<b>152,749,803</b>
<b>G. DEBTS: AMOUNTS TO BE PAID OVER A PERIOD OF MORE THAN ONE YEAR</b>				
			0	0
2. Amounts owed to credit institutions	<b>57</b>		0	1,158,674
<b>TOTAL</b>	<b>64</b>	<b>7</b>	<b><u>0</u></b>	<b><u>1,158,674</u></b>
<b>H. PROVISIONS</b>				
2. Provisions for employee benefits	<b>65</b>		0	349,377
2. Provisions for taxes	<b>66</b>		11,094	11,094
3. Other provisions	<b>67</b>		1,682,040	6,412,314
<b>TOTAL</b>	<b>68</b>	<b>8</b>	<b><u>1,693,134</u></b>	<b><u>6,772,785</u></b>
<b>I. DEFERRED INCOME</b>				
1. Investment grants	<b>69</b>		3,003	2,835
Amounts of resumed within a period of up to one year	<b>70</b>		0	168
Amounts of resumed in a period longer than one year	<b>71</b>		3,003	2,667
<b>TOTAL</b>	<b>79</b>		<b>3,003</b>	<b>2,835</b>

**ARGUS SA**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2022**

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	<u>Row</u>	<u>Note</u>	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
<b>J. CAPITAL AND RESERVES</b>				
<b>I. CAPITAL</b>				
1. Subscribed paid capital	80	9	53,670,699	53,670,699
<b>TOTAL</b>	<b>85</b>		<b><u>53,670,699</u></b>	<b><u>53,670,699</u></b>
<b>II. SHARE PREMIUM</b>	<b>86</b>		<b>97,248</b>	<b>97,248</b>
<b>III. REVALUATION RESERVE</b>	<b>87</b>		<b>73,801,332</b>	<b>69,829,779</b>
<b>IV. RESERVES</b>				
1. Statutory reserves	88		7,269,813	9,035,786
3. Other reserves	90		1,873,159	1,900,151
<b>TOTAL</b>	<b>91</b>		<b><u>9,142,972</u></b>	<b><u>10,935,937</u></b>
Losses related to equity instruments	94		578,989	578,989
<b>V. LOSS CARRIED FORWARD</b>				
<u>C BALANCE</u>	95		0	0
<u>D BALANCE</u>	96		21,552,992	19,210,998
<b>VI. PROFIT OR LOSS AT THE END OF REPORTING PERIOD</b>				
<u>C BALANCE</u>	97		2,465,257	31,837,975
<u>D BALANCE</u>	98			
Profit distribution	99		123,263	1,765,974
<b>SHAREHOLDERS EQUITY - TOTAL</b>	<b>100</b>		<b>116,922,264</b>	<b>144,815,677</b>
<b>EQUITY-TOTAL</b>	<b>103</b>		<b>116,922,264</b>	<b>144,815,677</b>

Approved and signed on behalf of the Board of Directors on March 17th, 2023 by:

ADMINISTRATOR  
Name and surname George-Gabriel Visan  
Signature \_\_\_\_\_

Stamp

DRAFTED,  
Name and surname Mihaela Zamfir  
As Chief Financial Officer  
Signature \_\_\_\_\_  
Registration No. in professional body

**ARGUS SA**  
**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Row</u>	<u>Note</u>	<u>Financial year ended December 31,2021 (lei)</u>	<u>Financial year ended December 31,2022 (lei)</u>
<b>1. Net turnover</b>	<b>01</b>	<b>10.a)</b>	<b><u>183,296,204</u></b>	<b><u>360,593,131</u></b>
Production sold	02		<u>188,383,766</u>	<u>364,770,216</u>
Revenue from the sale of goods	03		615,264	1,247,811
Trade discounts granted	04		5,702,826	5,424,896
2. Revenue related to the cost of production of work in progress				
Balance C	07		11,718,172	19,718,059
Balance D	08			
3. Income from production of tangible and intangible assets	09		51,600	0
4. Income from reevaluation of tangible assets	10		27,345	54,604
6. Income from operating subsidies	12		0	1,326,997
7. Other operating revenue	13		<u>82,918</u>	<u>151,450</u>
- of which, income from investments subsidies	15		<u>168</u>	<u>168</u>
<b>OPERATING INCOME - TOTAL</b>	<b>16</b>		<b><u>195,176,239</u></b>	<b><u>381,844,241</u></b>
<b>8. a) Expenses with raw materials and consumables</b>	<b>17</b>		<b><u>164,272,723</u></b>	<b><u>285,049,877</u></b>
Other material expenses	18		179,302	428,305
<b>b) Other external expenses (with energy and water)</b>	<b>19</b>		<b><u>3,869,994</u></b>	<b><u>11,628,887</u></b>
- Expenses with power	19 a)		2,872,110	8,593,293
- Expenses with gas	19 b)		369,999	1,879,001
c) Expenses regarding goods	20		114,659	3,564
Commercial discounts received	21		0	901
<b>9. Personnel expenses,of which:</b>	<b>22</b>	<b>11</b>	<b><u>10,985,530</u></b>	<b><u>14,924,884</u></b>
a) Salaries and allowances	23		10,414,762	14,092,870
b) Social security contributions	24		570,768	832,014
<b>10. a) Value adjustments of tangible and intangible assets</b>	<b>25</b>	<b>3 a), b)</b>	<b><u>3,328,007</u></b>	<b><u>7,736,762</u></b>
a.1) Expenses	26		3,593,066	7,736,762
a.2)Revenue	27		265,059	0
<b>b) Value adjustments of current assets</b>	<b>28</b>		<b><u>(398,622)</u></b>	<b><u>(1,841,783)</u></b>
b.1) Expenses	29		620,135	518,847
b.2) Revenue	30		1,018,757	2,360,630
<b>11. Other operating expenses</b>	<b>31</b>		<b><u>10,405,994</u></b>	<b><u>16,851,472</u></b>
11.1 Expenditure on external services	32		7,470,438	12,892,519
11.2 Other taxes, fees and similar liabilities	33		955,754	866,466
11.3 Environmental protection expenses			3,558	1,425
11.4 Expenses with reevaluation of tangible assets	35		230,566	80,370
11.6 Other expenses	37		1,745,678	3,010,691

Notes attached form an integral part of the financial statements.

**ARGUS SA**  
**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Row</u>	<u>Note</u>	<u>Financial year ended December 31, 2021 (lei)</u>	<u>Financial year ended December 31, 2022 (lei)</u>
<b>Adjustments for provisions</b>	<b>39</b>		<b><u>483,829</u></b>	<b><u>5,079,651</u></b>
Expenses	40		768,949	7,161,393
Revenue	41		285,120	2,081,742
<b>OPERATING EXPENSES –TOTAL</b>	<b>42</b>		<b>193,241,416</b>	<b>339,860,718</b>
<b>OPERATING PROFIT</b>				
- Profit	43		1,934,823	41,983,523
- Loss	44		0	0
12. Income from participating interests	45		1,384,000	0
- of which, revenue from affiliated entities	46		1,384,000	0
13. Interest income	47		12,502	251,772
15. Other financial income	50		<u>1,117,584</u>	<u>7,349,102</u>
<b>FINANCIAL INCOME – TOTAL</b>	<b>52</b>		<b>2,514,086</b>	<b>7,600,875</b>
16. Value adjustments of financial assets and investments held as current assets	53		0	0
-Expenses	54		0	0
- Revenue	55		0	0
17. Interest expenses	56		1,879,082	6,821,935
- Of which expenses in relation to affiliated entities	57		0	0
Other financial expenses	58		<u>104,570</u>	<u>7,442,984</u>
<b>FINANCIAL EXPENSES – TOTAL</b>	<b>59</b>		<b>1,983,652</b>	<b>14,264,919</b>
<b>FINANCIAL PROFIT OF LOSS</b>				
- Profit	60		530,434	0
- Loss	61		0	6,664,044
<b>TOTAL INCOME</b>	<b>62</b>		<b>197,690,325</b>	<b>389,445,116</b>
<b>TOTAL EXPENDITURE</b>	<b>63</b>		<b>195,225,068</b>	<b>354,125,637</b>
<b>18.GROSS PROFIT OF LOSS</b>				
- Profit	64		2,465,257	35,319,479
- Loss	65		0	0
19. Income taxes	66	12 d)	<u>0</u>	<u>3,481,504</u>
<b>21. NET PROFIT OR LOSS OF THE REPORTING PERIOD</b>				
- Profit	68		2,465,257	31,837,975
-Loss	69		0	0

Approved and signed on behalf of the Board of Directors on March 17th, 2023 by:

ADMINISTRATOR  
Name and surname George-Gabriel Visan  
Signature \_\_\_\_\_

Stamp

DRAFTED,  
Name and surname Mihaela Zamfir  
As Chief Financial Officer  
Signature \_\_\_\_\_  
Registration No. in professional body

**ARGUS SA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Note</u>	<u>Financial year ended December 31, 2021</u> (lei)	<u>Financial year ended December 31, 2022</u> (lei)
<b>Cash flow from operating activities:</b>			
Net cash flow (used in)/generated from operating activities	16	(47,813,057)	(9,403,877)
Interest paid		(1,879,082)	(6,821,935)
Interest received		<u>12,502</u>	<u>225,368</u>
Profit tax paid		<u>0</u>	<u>(3,829,327)</u>
<b>Net cash from operating activities</b>		<b>(49,679,636)</b>	<b>(19,829,771)</b>
<b>Cash flow from investing activities:</b>			
Cash payments for purchase of tangible and intangible fixed assets		(3,131,098)	(3,473,779)
Cash proceeds from the sale of tangible and intangible assets		0	0
Acquisitions of equity		0	(8,785,574)
Collected dividends		1,384,000	0
<b>Net cash from investing activities</b>		<b>(1,747,098)</b>	<b>(12,259,353)</b>
<b>Cash flow from financing activities:</b>			
Decrease / increase of bank loans		34,394,663	47,921,978
Decrease / increase of the long term bank loans		0	1,158,674
Decrease / increase of the financial leasings		0	243,628
<b>Net cash used in financing activities</b>		<b>34,394,663</b>	<b>49,324,280</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(17,032,072)</b>	<b>17,235,156</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>23,159,680</b>	<b>6,127,608</b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>6,127,608</b>	<b>23,362,764</b>

Approved and signed on behalf of the Board of Directors on March 17th, 2023 by:

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As Chief Financial Officer  
Signature \_\_\_\_\_  
Registration No. in professional body

ARGUS SA

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2022

Element of equity	Balance at Jan 1,2022 (lei)	Total Increase (lei)	Increase through transfer (lei)	Total Decrease (lei)	Decrease through transfer (lei)	Balance at Dec 31,2022 (lei)
Subscribed capital (note 9)	53,670,699	-	-	-	-	53,670,699
Share premium	97,248	-	-	-	-	97,248
Revaluation reserves	73,801,332	5,227,946	-	9,199,499	-	69,829,779
Legal reserves	7,269,813	1,765,974	1,765,974	-	-	9,035,786
Reserves representing the revaluation surplus	1,823,212	-	-	-	-	1,823,212
Other reserves	1,873,159	26,992	-	-	-	1,900,151
Own shares – debit balance	-	-	-	-	-	-
Losses related to equity instruments	(578,989)	-	-	-	-	(578,989)
Reported result representing retained earnings or uncovered loss –	-	-	-	-	-	-
Credit balance	-	-	-	-	-	-
Debit balance	(17,915,528)	2,341,994	2,341,994	-	-	(15,573,534)
The result carried forward from the adoption for the first time of IAS, less IAS 29 – Debit balance	-	-	-	-	-	-
The result carried forward from the transition to the application of accounting Regulations in accordance with the EEC IV Directive – Debit balance	(82,110)	-	-	-	-	(82,110)
Profit or loss for the financial year	-	-	-	-	-	-
Credit balance	(1,939,680)	-	-	-	-	(1,939,680)
Debit balance	2,465,257	31,837,975	-	2,465,257	2,465,257	31,837,975
Allocation of profit	(123,263)	(1,765,974)	(1,765,974)	(123,263)	(123,263)	(1,765,974)
Debit balance	-	-	-	-	-	-
Retained earning- correction of fundamental errors	(3,438,885)	-	-	-	-	(3,438,885)
<b>Total equity</b>	<b>116,922,262</b>	<b>39,434,908</b>	<b>2,341,994</b>	<b>11,541,493</b>	<b>2,341,994</b>	<b>144,815,677</b>

Approved and signed on behalf of the Board of Directors on March 17th, 2023 by:

ADMINISTRATOR

Name and surname George-Gabriel Vişan

Signature \_\_\_\_\_

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DRAFTED,

Name and surname Mihaela Zamfir

As Chief Financial Officer

Signature \_\_\_\_\_

Notes attached form an integral part of the financial statements.

**ARGUS SA**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>Element of equity</b>	<b>Balance at Jan 1,2021 (lei)</b>	<b>Total Increase (lei)</b>	<b>Increase through transfer (lei)</b>	<b>Total Decrease (lei)</b>	<b>Decrease through transfer (lei)</b>	<b>Balance at Dec 31,2021 (lei)</b>
Subscribed capital (note 9)	53,670,699	-	-	-	-	53,670,699
Share premium	97,248	-	-	-	-	97,248
Revaluation reserves	30,911,127	44,029,257	-	1,139,052	685,780	73,801,332
Legal reserves	7,146,550	123,263	123,263	-	-	7,269,813
Reserves representing the revaluation surplus	1,137,432	685,780	685,780	-	-	1,823,212
Other reserves	1,873,159	-	-	-	-	1,873,159
Own shares – debit balance	-	-	-	-	-	-
Losses related to equity instruments	(578,989)	-	-	-	-	(578,989)
Reported result representing retained earnings or uncovered loss –	-	-	-	-	-	-
Credit balance	-	-	-	-	-	-
Debit balance	(19,783,287)	1,867,759	1,867,759	-	-	(17,915,528)
The result carried forward from the adoption for the first time of IAS, less IAS 29 – Debit balance	-	-	-	-	-	-
The result carried forward from the transition to the application of accounting Regulations in accordance with the EEC IV Directive – Debit balance	(82,110)	-	-	-	-	(82,110)
Profit or loss for the financial year	-	-	-	-	-	-
Credit balance	(1,939,680)	-	-	-	-	(1,939,680)
Debit balance	1,966,065	2,465,257	-	1,966,065	1,966,065	2,465,257
Allocation of profit	(98,306)	(123,263)	(123,263)	(98,306)	(98,306)	(123,263)
Debit balance	-	-	-	-	-	-
Retained earning- correction of fundamental errors	(83,096)	(3,355,789)	-	-	-	(3,438,885)
<b>Total equity</b>	<b>74,236,810</b>	<b>45,692,264</b>	<b>2,553,539</b>	<b>3,006,812</b>	<b>2,553,539</b>	<b>116,922,262</b>

Approved and signed on behalf of the Board of Directors on March 17th, 2023 by:

ADMINISTRATOR

Name and surname George-Gabriel Vişan

Signature \_\_\_\_\_

Stamp

DRAFTED,

Name and surname Mihaela Zamfir

As Chief Financial Officer

Signature \_\_\_\_\_

Registration No. in professional body \_\_\_\_\_

Notes attached form an integral part of the financial statements.

**ARGUS SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022**  
**(all amounts are expressed in RON, unless otherwise specified)**

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**REPORTING ENTITY**

These financial statements are presented by Argus SA ("Company"). The company has a shareholdings in three subsidiaries and a jointly controlled entity, as described in Note 2 (c). These financial statements do not include the results of companies in which the Company holds equity. The Company will make a separate set of consolidated financial statements.

**1. PRESENTATION OF THE COMPANY**

The company Argus SA was established in 1948 in Constanța, with the core business activity the production of vegetable oils and fats, sale of crude, and refined sunflower oil, meal and fatty acids.

In 1990, the Company was organized as a joint stock company under the name of S.C. Argus S.A. according to Law 15/1990 based on GD 1353/1990 and on August 31st, 1994 the Company became a 100% private joint-stock company, according to Law 58/1991. Currently Argus S.A. is one of the main producers of vegetable oils in Romania.

**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS**

The main accounting policies adopted in the preparation of these financial statements are set out below.

**A Basis of preparation of the financial statements**

**(1) General information**

These financial statements have been prepared in accordance with:

- (i) Accounting Law 82/1991 republished in June 2015
- (ii) Accounting regulations compliant with European directives approved by the Minister of Public Finance of Romania Order 1802/2014 as amended („OMF 1802”).

These regulations transpose partially the provisions of Directive 2013/34/ EU of the European Parliament and Council on the annual financial statements, consolidated financial statements and related reports of certain types of companies amending Directive 2006/43/ EC of the European Parliament and Council and repealing Directives 78/660/EEC and 83/349/EEC, published in the official Journal of the European Union no. L 182 of 29 June 2013.

These financial statements have been drawn up based on the historical cost convention, with the exceptions set out below in the accounting policies.

The Company belongs to the category of large companies. The financial statements are individual and do not belong to a group.

**(2) Business Continuity**

The company carries out its activity based on the principle of continuity of activity. This principle assumes that the entity continues its normal operation, without entering a state of liquidation or significant reduction of activity.

**(3) The permanence of methods**

Accounting policies and valuation methods were consistently applied from one financial year to another.

**ARGUS SA**  
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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

(4) Use of estimates

Preparation of financial statements in accordance with OMF 1802 requires management to make estimates and assumptions that affect the reported values of assets and liabilities, the presentation of contingent assets and liabilities at the date of preparation of the financial statements and the income and expenses reported for that period. Although these estimates are made by management based on the best available information at the date of the financial statements, actual results may differ from these estimates.

(5) The principle of prudence.

When preparing the annual financial statements, the recognition and evaluation were carried out on a prudent basis and, in particular:

- a) the profit and loss account includes only the profit realized on the balance sheet date;
- b) debts incurred during the current financial year or a previous year are recognized, even if they become evident only between the date of the balance sheet and the date of its preparation;
- c) depreciations are recognized, regardless of whether the result of the financial year is loss or profit. The recording of adjustments for depreciation or loss of value is carried out on account of expense accounts, regardless of their impact on the profit and loss account.

All foreseeable liabilities and potential losses that occurred during the respective financial year or during a previous year are recognized, even if they become evident only between the date of the balance sheet and the date of its preparation.

(6) The principle of continuity

The present financial statements were drawn up based on the going concern principle, which assumes that the Company will continue its activity in the foreseeable future. To assess the applicability of this assumption, the management analyzes the forecasts regarding the future cash inflows.

Based on these analyses, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of continuity of activity in the preparation of the financial statements is justified.

(7) The principle of accrual accounting

The effects of transactions and other events are recognized when the transactions and events occur (and not as cash or its equivalent is received or paid) and are booked in the accounts and reported in the financial statements of the related periods.

(8) The principle of intangibility

- (1) the opening balance sheet for each financial year must correspond to the closing balance sheet of the previous financial year.
- (2) in case of changes in accounting policies and correction of errors related to previous periods, the balance sheet of the period prior to the reporting period shall not be changed.
- (3) recording on the retained earnings account the correction of significant errors related to previous financial years, as well as the change in accounting policies, is not considered a violation of the principle of intangibility

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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

(9) The principle of separate assessment of assets and liabilities.

The components of assets and liabilities are evaluated separately.

(10) Principle of non-compensation

Any offset between assets and liabilities or between income and expenses is prohibited. Possible offsets between receivables and debts towards the same entity carried out in compliance with the legal provisions can only be registered in line with the principle of non-compensation. Any offset between assets and liabilities or between income and expenses is prohibited. Possible offsets between receivables and debts towards the same entity carried out in compliance with the legal provisions can be registered only after the accounting of receivables and revenues, respectively of the corresponding debts and expenses.

In the above situation, the explanatory notes present the gross value of the receivables and payables that were the object of compensation.

In the case of the exchange of assets, the sale/removal and the purchase/entry into in the books are separately highlighted in the accounting, based on the supporting documents, with the registration of all revenues and expenses related to the operations. The accounting treatment is similar in the case of reciprocal services.

(11) The accounting and presentation of the elements of the balance sheet and the profit and loss account taking into account the economic background of the transaction or commitment in question.

The compliance with this principle is aimed at recording in accounting and faithfully presenting the economic-financial operations, in accordance with the economic reality, highlighting the rights and obligations, as well as the risks associated with these operations.

Economic-financial events and operations must be highlighted in accounting as they occur, based on supporting documents. The supporting documents that form the basis of the accounting registration of the economic-financial operations must reflect exactly how they are produced, respectively must be in accordance with reality. Also, the contracts concluded between the parties must provide for the way the operations are carried out and respect the existing legal framework. Entities have the obligation to take into account all the available information when drawing up supporting documents and accounting for economic-financial operations, so that there are extremely rare situations in which the economic nature of the operation is different from the legal form of the documents underlying them .

(12) The principle of the significance threshold

The company may deviate from the requirements contained in these regulations regarding the presentation of information and publication, when the effects of their compliance are insignificant.

(13) The currency of the financial statements

The accounting is prepared in the Romanian language and in the national currency. The all elements of the financial statements are in romanian leu.

**B Conversion of foreign currency transactions**

The company's transactions in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("NBR") for the date of the transactions. At the end of each month, the balances in foreign currency are converted into "Lei" at the conversion rates communicated by the National Bank of Romania on the last banking day of the month. Gains and losses resulting from the settlement of transactions in a foreign currency and from the conversion of monetary assets and debts denominated in foreign currencies are recognised in the profit and loss account, within the framework of the financial results.

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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

**1. Intangible assets**

*Other intangible assets*

Licenses and other intangible assets are recognized at the acquisition cost. Intangible assets are not revalued.

Licenses and other intangible assets are amortized using the straight-line method over their useful life, but not more than 3 years.

**2. Tangible assets**

**(1) Cost/ valuation**

Tangible assets are originally valued at acquisition cost and then subjected to periodically re-evaluation, as follows: Until 31 December 2003 tangible assets were revalued based on government decisions ("GD") providing for indexing the historical cost indices prescribed in government decisions and those indexed value were adjusted compared to the value in use and market value.

At 31 December 2003, tangible assets were revalued under Government Decision 1553/2003. GD 1553/2003 provides that the revaluation of tangible assets is made to determine their fair value, taking into account inflation, value goods, their condition and market value. The increase in book value resulting from such revaluation was credited to revaluation reserve. From January 1st 2004, land and buildings are subjected periodically to reassessment and other tangible assets acquired after that date are recorded at acquisition cost.

Fair values of land and buildings revalued in accordance with the order 1802 are updated with sufficient regularity, in such a way that the book should not differ substantially from the one that would be determined using fair value at the date of the balance sheet. If there is no information from the market relating to the fair value, the fair value is estimated on the basis of net cash flows or depreciated replacement cost.

At December 31, 2021, the land and the buildings were revalued by an independent external evaluator based on Order 1802 which provides that the revaluation of property, plants and equipment is carried out at the fair value determined based on the appraisal performed, ordinarily, by qualified appraisal professionals. The revaluation surplus was booked in the revaluation reserve account, within equity. The method used to determine the revaluation reserve was net value, as the difference from the revaluation report (fair value) and net book value at the valuation date, December 31, 2021.

When the company sells or disposes revalued assets, revaluation differences are transferred to the "Reserves representing surplus from revaluation reserve". At 31.12.2021, the Company transferred the amount of RON 685.780, representing revaluation differences related to disposed and sold assets between 2003 and 2015.

At December 31, 2022, the land and the buildings were revalued by an independent external evaluator based on Order 1802 which provides that the revaluation of property, plants and equipment is carried out at the fair value determined based on the appraisal performed, ordinarily, by qualified appraisal professionals

If a fully depreciated tangible asset can still be used, with the occasion of the re-evaluation a new value and economic use are set, proper to the estimated period of use.

Maintenance and repairs of tangible assets are put on expenses when they occur and the significant improvements made to tangible assets that grow value or the duration of their lifetime, or which significantly increase the capacity to generate economic benefit, are capitalized.

**(2) Depreciation**

Depreciation is calculated at entry value, using the straight-line method over the estimated useful life of the assets as follows:

<u>Assets</u>	<u>Years</u>
Constructions	20 - 50
Equipment and machinery	6 - 14
Other installations, equipment and furniture	3 - 15

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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

Depreciation is calculated from the month following commissioning and until full recovery of their input. Land is not depreciated as it is deemed to have an indefinite life.

**(3) Sale/scraping tangible assets**

Tangible assets which are scrapped or sold are removed from the balance sheet together with the accumulated depreciation. Any profit or loss resulted as difference between the revenue generated by removing from the register and its undepreciated value, including expenditure incurred on such operation, is included in the profit and loss account in "Other operating revenue" or "Other operating expenses".

When the company recognizes in the accounting value of the tangible assets (in general those constituted in installations) the cost of a partial replacement (replacing a component), the accounting value of the replaced section with corresponding depreciation, is removed from the register.

**3. Borrowing costs**

Interest expenses related to all loans are put on expenses when they are carried out.

**E. Impairment of assets**

Tangible and other long term assets shall be reviewed for the identification of the loss of impairment whenever events or changes in the circumstances indicate that the accounting value can no longer be recovered. An impairment loss is the difference between the accounting value and inventory value.

**1. Financial assets**

Financial assets include shares in affiliated entities, loans granted to affiliated entities, interest of participation, loans to entities with which the company is linked by virtue of participating interest and other investments held as fixed assets.

**(1) Shares held in affiliated entities**

Subsidiaries are those entities in which the company holds more than half the voting rights or has the power to decide on operational or financial policies.

The existence and effect of potential voting rights that are currently exercitable are taken into account in order to assess whether the company controls another entity.

In the individual financial statements of the company, investments in subsidiaries are recorded at cost. If it is considered that investments in subsidiaries suffered impairment of permanent nature, there is an adequate provision for impairment of financial assets.

**(2) Participating interest**

In the individual financial statements of the company, participating interest are recorded at cost. Participating interest are held in entities in which the company holds a significant share, but it does not exercise control. Significant share is determined by holding directly or indirectly by the company of a percentage between 20% and 50% of the voting rights.

**2. Inventories**

Inventories are recorded and valued in accounting as follows:

- a) at purchase cost – for goods procured for consideration;
- b) at production cost – for the goods produced in the entity;
- c) at the fair value - for the assets ascertained plus the inventory;

Inventories of finished goods are recorded at net realizable value, which is estimated based on the selling price less completion costs. The cost of raw materials is determined based on the weighted average cost method calculated after each reception and monthly. The cost of finished goods and work in progress include materials, labor and related indirect manufacturing costs. Where necessary, provisions are made for slow-moving, physically or morally worn-out stocks.

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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

**3. Trade receivables**

Trade receivables are recorded at the invoice value less impairment provision of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms. The provision is calculated as the difference between the value recorded in the accounts and the recoverable value, value that represents future cash flows using the effective discount rate related to a similar financial instrument.

**4. Short-term financial investments**

These include short-term deposits at banks and other short-term investments with high liquidity and treasury bills.

**5. Cash and cash equivalents**

Cash and cash equivalents are shown in the balance sheet at cost. For the cash flow statement, cash and cash equivalent include cash in hand, bank accounts, short-term financial investments and cash advances.

**6. Share capital**

Joint stocks are classified in the capital and reserves. Expenditure relating to the issued of equity instruments are reflected directly in capital and reserves in the losses related to equity instruments.

The amount paid to repurchase the company's shares will decrease equity. When these shares are subsequently re-issued, the amount received (net of transaction costs) is recognised in equity.

**7. Dividends**

Dividends related to joint stocks are recognised in equity in the period in which they are declared.

**8. Loans**

Short and long term loans are initially recorded at the amount received.

The short-term portion of long-term loans is classified as "debts: amounts to be paid over a period of up to one year" and included in the "Amounts owed to credit institutions" under current liabilities.

**9. Leasing contracts in which the company is the lessee**

**(1) Finance lease**

Leasing contracts for tangible assets in which the company shall bear all risk and benefits of the property are to be classified as financial leasing. Finance leases are capitalized at the estimated present value of the payments. Each payment is divided between the capital and interest in order to obtain a constant interest rate for the duration of the refund. The amount due are included in the short or long term debt. The element of interest is passed in the profit and loss account for the duration of the contracts. Assets held under finance leases are capitalised and amortised over their useful life.

**(2) Operating leases**

Leases in which a significant portion of the risks and benefits associated with property are retained by lessor, are classified as operating leases.

Payments made under such contract (net of any facilities granted by the locator) are recognized in the profit and loss accounts on a straight-line basis over the duration of the contract.

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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

**10. Commercial debts**

Commercial debts are recorded at the amount to be paid for goods and services received.

**11. Provisions**

Provisions are recognized at the time that company has a legal obligation generated by an earlier event, when for the settlement of the obligation is likely to be an output of resources and it can be made a reliable estimate in terms of the amount of the obligation

Provisions for taxed are constructed for obligations as deferred tax, based on the company's management estimates.

**12. Employee benefits**

*Pensions and other benefits after retirement*

In the normal course of activity, the company makes payments to pension, health and unemployment funds on behalf of its employees at statutory rates. All employees of the company are members of the pension plan of the Romanian state. These cost can be found in the profit and loss account together with the related salary.

According to the employment agreement in effect at the balance sheet date, the company is obliged to pay upon retirement equivalent to 1-2 monthly gross wages. These obligations of the company are applicable to the employees which will retire during the period of the collective employment agreement. The company considered that these expenses are not significant enough to record a provision related to these obligations.

**13. Grants**

(1) Grants related to assets

Grants received for acquisition of assets such as tangible assets are recorded as investment grants in the balance sheet and recognised in the profit and loss account as depreciation expenses, scrapping or disposal of assets acquired from the grant.

(2) Grants for revenue

Grants for revenue are shown as income in the profit and loss account during this period in which for related expenses that these grants are intended to offset.

**14. Taxation**

*Income tax*

The company records income tax according to the Romanian legislation.

**15. Revenue recognition**

Incomes relate to the sold goods and provided services.

Revenue from sales of goods are recognized at the time at which the company has transferred to the buyer the main risks and benefits associated with the ownership of the goods.

Related services revenues are recognized on the basis of services rendered up to the date of balance sheet.

Revenues from royalties are recognized on the basis of accounting principles in accordance with economic contracts.

Interest income is recognized periodically and proportionally as the income in question is generated on an accrual basis.

Dividends are recognized as income when legal right to receive such amounts is established.

In these financial statements, the income and expenses are presented at the gross amount. In the balance sheet, liabilities and receivables from the same partners are presented at net value when there is a right to compensation.

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**2. PRINCIPLES, POLICIES AND ACCOUNTING METHODS (CONTINUED)**

**16. Turnover**

Turnover represents amounts invoiced and being invoiced for goods delivered and services rendered to third parties, net of VAT, rebates, commercial discounts and volume bonuses granted to customers.

**17. Operating expenses**

Operating expenses are recognized in the period to which they relate.

**3. FIXED ASSETS**

<b>Intangible assets</b>	<b>Licenses and other intangible <u>assets</u> (lei)</b>
<b>Gross value</b>	
Balance at January 01, 2022	319.477
Increases	4.967
Balance at Decembre 31, 2022	319.477 324.444
<b>Cumulative depreciation</b>	
Balance at January 01, 2022	313.246
Depreciation recorded during the year	3.883
Balance at Decembre 31, 2022	319.477 317.129
<b>Net book value at January 01, 2022</b>	<b>6.231</b>
<b>Net book value at Decembre 31, 2022</b>	<b>7.314</b>

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 NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS  
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3. FIXED ASSETS (CONTINUED)

a) Tangible assets

	Land (lei)	Construction (lei)	Investment property (lei)	Equipment and machinery (lei)	Installations, and equipment and furniture (lei)	Other advances tangible assets in progress (lei)	Total
<b>Gross value</b>							
Balance at January 01, 2022	35,072,133	43,070,881	-	58,355,296	740,852	300,389	137,539,551
Total Increases, out of which:	-	9,550	-	3,214,793	4,537	1,643,964	4,872,844
Transfers				1,480,850			1,480,850
Total disposal, transfers and other discounts, out of which:	-	-	-	-	1	1,560,402	1,560,402
Transfers						1,480,850	1,480,850
Balance at December 31, 2022	276,546	(9,703,139)	-	-	-	-	(9,426,593)
<b>Accumulated amortization and impairment adjustments</b>							
Balance at January 01, 2022	35,348,679	33,377,292	-	61,570,089	745,388	383,952	131,425,399
Depreciation recorded during the year	-	-	-	51,472,518	337,002	-	51,809,520
Reductions or reversals	-	5,429,275	-	2,238,784	64,820	-	7,732,879
Balance at December 31, 2022	-	5,429,275	-	-	-	-	5,429,275
	-	-	-	53,711,302	401,822	-	54,113,124
<b>Net book value at January 01, 2022</b>	<b>35,072,133</b>	<b>43,070,881</b>	<b>-</b>	<b>6,882,778</b>	<b>403,850</b>	<b>300,389</b>	<b>85,730,031</b>
<b>Net book value at Decembre 31, 2022</b>	<b>35,348,679</b>	<b>33,377,292</b>	<b>-</b>	<b>7,858,787</b>	<b>343,566</b>	<b>383,952</b>	<b>77,312,275</b>

Revaluation of the tangible assets

Land and buildings were revaluated at December 31, 2022 by Neoconsult Valuation SRL, an associate member of the National Association of Romanian Authorized Valuers (ANEVAR), having the certificate no. 0377/ 2021.

The following methods were applied for the assesment of the property, plant and equipment:

- method of direct comparisons for estimating the market value of the land;
- the income approach for estimating the market value of real estate (land and buildings);
- the cost approach for estimating the market value of real estate (land and buildings).

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**3. FIXED ASSETS (CONTINUED)**

Changes from revaluation reserve during the financial year are as follows:

	<u>2021</u> (lei)	<u>2022</u> (lei)
Revaluation reserve at the beginning of the financial year	30,911,127	73,801,332
Amounts representing surplus transferred in the revaluation reserves	44,029,257	5,227,946
Amounts representing surplus from revaluation reserves	1,139,052	9,199,499
Revaluation reserve at the end of financial year	73,801,332	69,829,779

As described in Note 1 D, tangible assets were revalued at December 31, 2022.

At 31.12.2022, the accumulated depreciation was eliminated from the gross book value of the asset and the net valued, determined and the result of the correction with the value adjustments, was recalculated at the revalued value of the assets.

	Net book value	Fair value	Difference from revaluation	Revaluation surplus (105)	Revenues from revaluation (acc. 755)	Expenses from revaluation (acc. 655)
Lands	35,072,132	35,348,678	276,546	276,546	0	0
Buildings	37,651,156	33,377,292	(4,273,864)	(4,248,098)	54,604	80,370
<b>Total</b>	<b>72,723,288</b>	<b>68,725,970</b>	<b>(3,997,318)</b>	<b>(3,971,552)</b>	<b>54,604</b>	<b>80,370</b>

**Treatment for tax purposes of the revaluation reserve**

According to tax legislation in Romania, until May 1, 2009 revaluation reserves of tangible assets became taxable only when the destination was changed. Following the amendment of the tax code, as of May 1, 2009 revaluation reserves of fixed assets made after January 1, 2004, which are deducted from taxable income through depreciation or expenditure on assets transferred and/or scrapped, shall be taxed simultaneously with the deduction of tax depreciation at the moment of the decrease in management of these assets.

**Pledged and restricted tangible assets**

The company has guaranteed bank loans with tangible assets with a net book of **RON 25.768.699 lei (31 decembrie 2021: RON 33.766.705)**.

**Fully depreciated tangible assets**

At December 31, 2022 the cost for fully depreciated tangible assets was RON 20.167.099 lei (December 31, 2021: RON 17.211.046).

**b) Financial assets**

*Shares held in affiliated entities*

On December 31, 2021 the company held shares in the following affiliated entities:

<u>Company</u>	<u>Business line</u>	<u>December 31, 2021</u>		<u>December 31, 2022</u>	
		<u>Percentage held</u> (%)	<u>Cost</u> (lei)	<u>Percentage held</u> (%)	<u>Cost</u> (lei)
<i>Entities</i>					
Comcereal SA Tulcea	Agriculture services	95.36	13,265,914	95.36	13,265,914
Argus Trans SRL					
Constanța	Transport services	100.00	2,126,000	100	2,126,000
Aliment Murfatlar SRL	Renting and sublease of own or				
Constanța	rented real estate	55.04	<u>1,111,414</u>	100	<u>9,896,988</u>
			<u>16,503,328</u>		<u>25,288,902</u>

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**3. FIXED ASSETS (CONTINUED)**

In the individual financial statements of the company, shares held in subsidiaries are presented at net cost (deducting impairment provision) as follows:

	<u>Decembre 31, 2021</u> (lei)	<u>Decembre 31, 2022</u> (lei)
Cost	16,503,328	25,288,902
Provision for impairment	<u>(1,403,042)</u>	<u>(1,403,042)</u>
	<u>15,100,286</u>	<u>23,885,860</u>

The provision amounting 1,403,042 lei refers to the adjustment for the decrease in value of the shares held by the Company in Argus Trans SRL.

*Equity interests*

In December 31, 2021 the company held equity interests in the following unlisted entities:

<u>Company</u>	<u>Business line</u>	<u>December 31, 2021</u>		<u>December 31, 2022</u>	
		<u>Percentage held</u> (%)	<u>Cost</u> (lei)	<u>Percentage held</u> (%)	<u>Cost</u> (lei)
ECO-ROM Ambalaje SA București	Packaging waste recovery services	7.69	<u>6,592</u>	7.69	<u>33,584</u>
			<u>6,592</u>		<u>33,584</u>

Argus SA did not assumed any obligation and does not make any payments on behalf of companies in which it holds equity interests.

**4. INVENTORIES**

	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
Raw materials and consumables out of which:	69,819,543	115,261,181
a. In custody at intercompany	10,198,386	32,102,447
Work in progress	28,550,286	50,565,924
Finished products and goods	14,097,893	16,629,735
b. Sunflower meal at third party	7,946,402	0
Price difference in finished products	(552,402)	(3,865,132)
Advances	119,551	157,881
TOTAL	112,034,871	178,749,589

Raw materials, semi-finished products and finished products (sunflower, crude oil, refined oil, bottled oil, fatty acids, sunflower meal) are part of the mortgage established in favor of Transilvania bank, in force until the full fulfillment of the resulting obligations from the loan contract contracted by the company in 2022 for the purchase of raw materials.

On 31.12.2021, the Company registered provisions for the depreciation of crude oil inventories, for a quantity of 59,96 tons of oil deposited in the form of residues/poorly concentrated fatty acids that are to be recovered, in the total amount of RON 258,680.

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**5. RECEIVABLES**

<u>Receivables</u>	<u>Balance at</u> <u>December 31, 2021</u>	<u>Liquidity</u>	
	(lei) 1=2+3	<u>Under 1 year</u> (lei) 2	<u>Over 1 year</u> (lei) 3
Trade receivables	31.035.466	31.035.466	-
Provisions for the impairment of receivables	(7.358.958)	(7.358.958)	-
Advances	7.500	7.500	-
Profit imposit	-	-	-
VAT	40.050	40.050	-
Debtors and other receivables	128.364	128.364	-
Provisions for the impairment of other receivables	(47.666)	(47.666)	-
Other immobilized receivables	13.119	-	13.119
<b>Total</b>	<b>23.817.875</b>	<b>23.804.756</b>	<b>13.119</b>

<u>Receivables</u>	<u>Balance at</u> <u>December 31, 2022</u>	<u>Liquidity</u>	
	(lei) 1=2+3	<u>Under 1 year</u> (lei) 2	<u>Over 1 year</u> (lei) 3
Trade receivables	19.852.770	19.852.770	-
Provisions for the impairment of receivables	(7.307.755)	(7.307.755)	-
Advances	1.776.249	1.776.249	-
Profit imposit	428.393	428.393	-
VAT	56.836	56.836	-
Debtors and other receivables	1.410.729	1.410.729	-
Provisions for the impairment of other receivables	(6.993)	(6.993)	-
Other immobilized receivables	13.119	2.719	10.400
<b>Total</b>	<b>16.223.349</b>	<b>16.212.949</b>	<b>10.400</b>

As of December 31st, 2022 the Company is having a reverse factoring contract (without recourse) signed for a maximum amount of 3 million lei, contract valid until 09.02.2024, with a period of use until 09.08.2023.

**6. CASH AND BANK ACCOUNTS**

	<u>December 31, 2021</u>	<u>December 31, 2022</u>
	(lei)	(lei)
<b>Cash:</b>		
- RON	4,185	6,695
- foreign currency	0	0
	<u>4,185</u>	<u>6,695</u>
<b>Current accounts at banks:</b>		
- RON	4,270,484	1,502,461
- foreign currency	1,852,938	21,853,607
	<u>6,123,423</u>	<u>23,356,069</u>

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**7. LIABILITIES**

Datorii	Balance at <u>December 31, 2021</u>	<u>Under 1</u> <u>year</u>	Maturities		
			1- 5 years	Over 5 years	
	1=2+3+4	2	3	4	
Amounts owed to credit institutions	110,000,000	110,000,000	0	0	
Advances collected for orders	476,387	476,387	0	0	
Commercial debts - suppliers	10,394,894	10,394,894	0	0	
Datorii comerciale, facturi nesosite	138,853	138,853	0	0	
Amounts owed to entities of the group	0	0	0	0	
Debts to employees	464,611	464,611	0	0	
Imposit, taxes and social securities	2,355,668	2,355,668	0	0	
Other liabilities, including tax payable and debts relating to social security	445,253	445,253	0	0	
<b>Total</b>	<b>124,275,666</b>	<b>124,275,666</b>	<b>0</b>	<b>0</b>	

Datorii	Balance at <u>December 31, 2022</u>	<u>Under 1</u> <u>year</u>	Maturities		<u>Over 5</u> <u>years</u>
			1 - 5 years	3	
	1=2+3+4	2	3	4	
Amounts owed to credit institutions	159,080,652	157,921,978	-	-	1,158,674
Advances collected for orders	183,407	183,407	-	-	-
Commercial debts - suppliers	5,557,200	5,557,200	-	-	-
Commercial debts – not yet invoiced	1,311,848	1,311,848	-	-	-
Amounts owed to entities of the group	-	-	-	-	-
Debts to employees	652,929	652,929	-	-	-
Imposit, taxes and social securities	582,954	582,954	-	-	-
Other liabilities, including tax payable and debts relating to social security	691,304	691,304	=	=	=
<b>Total</b>	<b>168,060,296</b>	<b>166,901,622</b>	<b>-</b>	<b>-</b>	<b>1,158,674</b>

**7.1 AMOUNTS OWED TO CREDIT INSTITUTIONS**

	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
Short-term loans	110,000,000	157,921,978
Long-term deposit		1,158,674
<b>Total loans</b>	<b><u>110,000,000</u></b>	<b><u>159,080,652</u></b>

Short-term loans are analyzed below:

<u>Lender</u>	<u>Currency</u>	<u>Maturity</u>	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
<i>Working capital loans</i>				
Banca Transilvania	Lei	27.08.2023	110,000,000	152,921,978
BRD	Lei	31.07.2024	-	5,000,000
<i>Credit line for working capital and letters of guarantee</i>				
BRD	Lei	24.06.2028	-	1,158,674
			<b>110,000,000</b>	<b>157,921,978</b>

(a) For the purchase of raw material - sunflower seeds, Argus SA contracted a loan with a limit of RON 220 million. The contract was signed on August 18, 2022 with the final maturity as at August 27, 2023. As at December 31, 2022 the payment amount was 152,921,978 lei (2021: 110,000,000 lei)

**ARGUS SA****NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS****FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022****(all amounts are expressed in RON, unless otherwise specified)****7. LIABILITIES (CONTINUED)**

(b) A working capital contract loan through the Rural Invest program at BRD – Groupe Societe Generale in the amount of 5,000,000 lei with subsidized interest from the state budget for a period of 24 months, signed on July 27, 2022.

(c) A contract for investments through the Rular Invest program at BRD – Groupe Societe Generale with a maximum value of the facility of 3,132,000 lei, subsidized interest from the state budget for a period of 24 months from the first use, signed on July 27, 2022. As of December 31, 2022 the outstanding amount due was 1,158,674 lei

**7.2 Pledged assets**

Company loans are secured by mortgages on fixed assets and raw materials, semi-finished and finished products presented in Note no. 3.

**7.3 Unused loan facilities.**

As at December 31, 2022 the company has the following credit facilities contracted and unused:

<b>Bank</b>	<b>Currency</b>	<b>Approved amount in loan currency</b>	<b>Unused amount in loan currency</b>	<b>Unused amount in RON</b>
Banca Transilvania (working capital)	Lei	7,250,000	7,250,000	7,250,000
BRD (working capital)	Lei	5,000,000	5,000,000	5,000,000
BRD (investment)	Lei	3,132.000	1,973,326	1,973,326

**8. PROVISIONS**

<b>Provision</b>	<b>Balance at January 1, 2022 (lei) 1</b>	<b>Transfers into account (lei) 2</b>	<b>from account (lei) 3</b>	<b>Balance at December 31, 2022 (lei) 4=1+2-3</b>
Provisions for taxes	11,094	-	-	11,094
Provisions for litigation	-	832,777	-	832,777
Provisions for the decommissioning of tangible assets and other similar actions related to them	692,025	230,675	-	922,700
Other provisions for risk and expenses	990,015	6,097,941	2,081,742	5,006,214
<b>Total</b>	<b>1,693,134</b>	<b>7,161,393</b>	<b>2,081,742</b>	<b>6,772,785</b>

As at December 31, 2022, the company recorded provisions in the amount of RON 6.772.785 as follows:

- RON 5,006,214 amounts due to employees, administrators and board of directors for vacatins nor performed, premium for retirements and bonuses for the year end result;
- RON 922,700 for expenses for decommissioning a technological waste deposit;
- RON 832,777 provisions for litigations.

**9. EQUITY****a) Share capital**

The value of the share capital as at December 31, 2022 and December 31, 2021 is RON 53.670.699 representing 35,780,466 shares. All shares are common, have been subscribed and fully paid on December 31, 2022. All shares have equal voting rights and a nominal value of 1.5 lei/share.

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**9. EQUITY (continued)**

**b) Shareholder structure**

Shareholding structure on December 31,2021 was as follows:

	<u>Number of shares</u>	<u>Nominal Value (lei)</u>	<u>Percentag held (%)</u>
Legal entities, of which:	<u>32,755,591</u>	<u>49,133,387</u>	<u>91,55</u>
SIF Oltenia	30,920,056	46,380,084	86,42
SIF Banat-Crisana	1,790,432	2,685,648	5,00
Other legal entities	45,103	67,655	0,13
Individuals	3,024,875	4,537,313	8,45
Total	35,780,466	53,670,699	<u>100,00</u>

Shareholding structure on December 31,2022 was as follows:

	<u>Number of shares</u>	<u>Nominal value (lei)</u>	<u>Percentage held (%)</u>
Legal entities, of which:	<u>32,749,639</u>	<u>49,124,459</u>	<u>91,53</u>
SIF OLTENIA	30,920,056	46,380,084	86,42
SIF BANAT-CRISANA	1,790,432	2,685,648	5,00
Other legal entities	39,151	58,727	0,11
Individuals	3,030,827	4,546,241	8,47
Total	35,780,466	53,670,699	<u>100,00</u>

**c) Bonds**

The company had no bonds issued as at December 31, 2021 and December 31, 2022.

**d) Allocation of profit and loss**

Distributions below were made by the company according to regulations on mandatory distributions that are made according to Law 31/1990.

<u>Destination</u>	<u>Financial year ended December 31, 2021 (lei)</u>	<u>Financial year ended December 31, 2022 (lei)</u>
Net profit/loss to be distributed	2,465,257	31,837,975
Legal reserve	123,263	1,765,974
Retained earnings	<u>2,341,994</u>	<u>30,072,001</u>

Board of Directors proposal for the General meeting of Shareholders in 2023 will be to distribute the profit of the financial year 2022 at the legal reserve according to the legislation in force, to cover the losses from the previous years and the remaining at the other reserves.

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**10. OPERATING RESULT AND TURNOVER**

**i. Operating result**

<u>Indicator</u>	<u>Financial year ended December 31, 2021</u> (lei)	<u>Financial year ended December 31, 2022</u> (lei)
<b>1. Net turnover</b>	183,296,204	360,593,131
2. Cost of sold goods and rendered services (3+4)	<u>169,945,624</u>	<u>294,804,368</u>
3. Expenditure on basic activity	164,548,498	280,968,416
4. Expenditure on ancillary activities	5,397,126	13,835,952
<b>5. Gross profit related to net turnover (1-2)</b>	13,350,579	65,788,763
6. Selling and distribution expenses	4,023,227	7,891,380
7. General administrative expenses	7,554,392	16,119,914
8. Other operating income	<u>161,863</u>	<u>206,054</u>
<b>9. Operating result (6-7-8+9)</b>	<b>1,934,823</b>	<b>41,983,523</b>

**ii. Turnover**

	<u>Financial year ended December 31, 2021</u> (lei)	<u>Financial year ended December 31, 2022</u> (lei)
Sales of finished goods	187,959,915	364,464,234
- Domestic market	168,564,610	301,064,836
- Foreign market	19,395,306	63,399,399
- Commercial discounts	(5,702,826)	(5,424,896)
Merchandise sales	615,264	1,247,811
Service sales	0	0
Sales of residual products	221,730	155,998
Others	202,121	149,983
	<b>183,296,204</b>	<b>360,593,131</b>

**11. INFORMATIONS ABOUT EMPLOYEES, BOARD OF DIRECTORS AND MANAGEMENT**

At 31 December 2022, the Board of Directors of Argus SA consisted of 3 members:

- George Gabriel VIȘAN – Chairman of the Board of Directors
- Bogdan STAN – Member of the Board of Directors
- Carmen Iulia VASILE - Member of the Board of Directors

At 31 December 2022 the executive management of Argus SA is exercised by Dorel RADU as Chief Executive Officer and Mihaela ZAMFIR as Chief Financial Officer.

**a) Board of Directors and Management remuneration**

	<u>Financial year ended December 31, 2021</u> (lei)	<u>Financial year ended December 31, 2022</u> (lei)
<i>Salaries and allowance expenses</i>		
Administrators	122,099	137,793
Directors	613,561	1,367,729
Total	735,660	1,505,523

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**11. INFORMATIONS ABOUT EMPLOYEES, BOARD OF DIRECTORS AND MANAGEMENT (CONTINUED)**

	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
<i>Salaries and allowances to be paid at the end of the year :</i>		
Administrators	0	0
Directors	19,581	31,650
<b>Total</b>	<b>19,581</b>	<b>31,650</b>

**b) Advances and loans granted to Board of Director and management**

The company has not granted any loans or advances to members of the Board of Directors or management in the course of the financial year ended on December 31, 2022.

**c) Employees**

Average number of employees during the year was as follows:

	<u>Financial year ended</u> <u>December 31, 2021</u>	<u>Financial year ended</u> <u>December 31, 2022</u>
Administrators and directors	5	5
Administrativ personnel	30	31
Production personnel	185	191
<b>Total</b>	<b>220</b>	<b>227</b>

	<u>Financial year ended</u> <u>December 31, 2021</u> (lei)	<u>Financial year ended</u> <u>December 31, 2022</u> (lei)
Employee salaries expense (excluding directors and administrators)	10,153,120	13,419,362
<b>Salaries to be paid at the end of the year</b>	<b>288,509</b>	<b>483,924</b>

**12. OPERATING EXPENSES**

<b>Other operating expenses</b>	<u>Exercițiul financiar încheiat la</u> <u>31 decembrie 2021 (lei)</u>	<u>Exercițiul financiar încheiat la</u> <u>31 decembrie 2022 (lei)</u>
Maintanance and repair expenses	204,497	716,274
Royalties and rental expenses	412,944	943,080
Insurances	160,641	228,666
Commissions and fees	40,927	114,160
Advertising and protocol expenses	13,923	47,607
Transport of goods and personnel	2,582,239	4,752,112
Travel expenses	9,149	4,288
Postage and courier	48,829	55,207
Bank fees	225,021	386,559
Other services provided by third parties	3,772,268	5,644,568
<b>Total</b>	<b>7,470,438</b>	<b>12,892,519</b>

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13. FINANCIAL REVENUES AND EXPENSES

	<u>December 31, 2021</u>	<u>December 31, 2022</u>
Income from exchange rate differences	1.116.994	7.348.210
Expenses from exchange rate differences	104.570	7.442.984
Other financial revenues (discounts, etc)	590	893

14. ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS

1. Liquidity indicators

a)	Current liquidity	<u>December 31, 2021</u>	<u>December 31, 2022</u>
	$\frac{\text{Current assets}}{\text{Current liabilities}} =$	1.14	1.30
b)	Immediate liquidity indicator	<u>December 31, 2021</u>	<u>December 31, 2022</u>
	$\frac{\text{Current assets - inventories}}{\text{Current liabilities}} =$	0.24	0.24

2. Risk indicators

a)	Interest coverage		
	$\frac{\text{Earnings before interest and tax}}{\text{Interest expenses}}$	2.02	6.18

3. Activity indicators (management indicators)

a)	Inventory turnover		
		<b>Financial year ended <u>December 31, 2021</u></b>	<b>Financial year ended <u>December 31, 2022</u></b>
	$\frac{\text{Sales cost}}{\text{Average age of inventory}} = \text{Number of times}$	2.09	2.48
b)	Debit speed rotation -customers		
		<b>Financial year ended <u>December 31, 2021</u> (zile)</b>	<b>Financial year ended <u>December 31, 2022</u> (zile)</b>
	$\frac{\text{Average customer balance}}{\text{Turnover}} \times 365 =$	51.21	20.22

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**14. ANALYSIS OF THE MAIN ECONOMIC AND FINANCIAL INDICATORS (CONTINUED)**

c) Rotation speed – tangible assets

	<b>Financial year ended <u>December 31, 2021</u></b>	<b>Financial year ended <u>December 31, 2022</u></b>
$\frac{\text{Turnover}}{\text{Tangible assets}} =$	2.14	4.66

d) Rotation speed – total assets

	<b>Financial year ended <u>December 31, 2021</u></b>	<b>Financial year ended <u>December 31, 2022</u></b>
$\frac{\text{Turnover}}{\text{Total assets}} =$	0.75	1,13

**4. Profitability indicators**

a) Gross Profit margin

	<b>Financial year ended <u>December 31, 2021</u> (%)</b>	<b>Financial year ended <u>December 31, 2022</u> (%)</b>
$\frac{\text{Gross Profit}}{\text{Turnover}} =$	1.34	9.79

**15. OTHER INFORMATIONS**

**a) Informations regarding the company's presentation**

Argus SA Constanta was created as a joint stock company as Law 15/1990, based on HG 1353/1990, by taking over the assets of „Oil Company Constanta”, located in Industrial Street no. 1.

In 1990, the company was organised as joint stock company under the name SC ARGUS SA.

At 31 August 1994, the company became a private limited company in a proportion of 100%, as per Law 58/1991.

The company operates in the production of oils and vegetable and animal fats, its main activity being the manufacturing and commercialization of crude and refined oils and fats, and also animal meal feeds.

**b) Informations regarding the relationships of the entity with subsidiaries, affiliated entities or other entities that own strategic equity investments**

Informations regarding subsidiaries, associate enterprises and companies where strategic equity investments are owned are presented in Note 2 (c). Details regarding transactions with affiliated parties and the nature of relations with these are presented in Note 12 i).

**c) Conversion bases used for expression in national currency of the active and passive elements, incomes and expenses highlighted initially in a foreign currency**

The method used for expression in national currency of the patrimonial elements, incomes and expenses highlighted in a foreign currency is presented in Note 1 B.

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**15 OTHER INFORMATIONS (CONTINUED)**

The main exchange rates used for the lei conversion of the balances denominated in foreign currency are:

<u>Foreign currency</u>	<u>Abbreviation</u>	<u>Exchange rate</u> <u>(RON for 1 unit of foreign currency)</u>	
		<u>December 31, 2021</u>	<u>December 31, 2022</u>
US Dollar	USD	4.3735	4.6346
Euro	EUR	4.9486	4.9474

**d) Information regarding the current income tax**

	<u>Financial year</u> <u>ended</u> <u>December 31, 2021</u> <u>(lei)</u>	<u>Financial year</u> <u>ended</u> <u>December 31, 2022</u> <u>(lei)</u>
<b>Net profit/Loss</b>	2,465,257	31,837,975
Non-taxable income and deductions	6,241,013	13,945,107
Non-deductible expenses and similar items of revenue	<u>8,087,579</u>	<u>29,939,507</u>
<b>Fiscal profit/loss</b>	4,311,823	41,832,375
Reported fiscal loss	<u>(22,429,628)</u>	<u>(18,117,809)</u>
Reported fiscal loss from Rex Agra	-	-
Fiscal profit after deferral	(18,117,805)	23,714,556
<b>Calculated tax on income</b>	-	3.794.331
Tax on income discounts	=	<u>312.826</u>
<b>Current tax on income</b>	=	<u>3.481.504</u>
<b>Tax on income payable at the end of the period</b>	-	(428.393)

**e) Expenses with rents and lease payments under an operating lease contract**

The Company recorded the following expenses:

	<u>Financial year</u> <u>ended</u> <u>December 31, 2021</u> <u>(lei)</u>	<u>Financial year</u> <u>ended</u> <u>December 31, 2022</u> <u>(lei)</u>
Rents	412,944	943,080

**f) Fees paid to auditors**

The Company paid during year 2022 to auditors fees for the financial audit of the individual financial statements as at 31 December 2021.

**g) Probable liabilities and granted commitments**

At December 31, 2022 the company hasn't any granted commitments.

**h) Received commitments**

As at December 31st, 2022, the company has no commitments received in the form of letters of guarantee and promissory notes from clients.

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**15 OTHER INFORMATIONS (CONTINUED)**

**i) Transactions with the affiliated / related entities**

The affiliated parties are the ones described in Note 2 c) at „Shares owned at affiliated entities” .

The related parties are the ones described in Note 2 c) at „Participation Interests” in which the company exerts a significant influence, as well as entities from the group of companies presumed to act in concert described in Note 8; other related parties are represented by companies in which the ARGUS SA management members or members of their families exert a significant influence.

The following transactions with the affiliated and related parties occurred during the financial years closed at December 31st 2021 and December 31st 2022 and the following balances for this data have resulted from these transactions:

**Sales of goods and services**

	<b>Financial year ended <u>December 31, 2021</u> (lei)</b>	<b>Financial year ended <u>December 31, 2022</u> (lei)</b>
Sales of services – Affiliated parties	5,645	2,072
Sales of services – Related parties	0	
Sales of goods, total of which	<u>5,030</u>	<u>3,670</u>
- affiliated parties	5,030	3,670
- related parties		
	<u>10,675</u>	<u>5,742</u>

**Purchases of goods and services**

	<b>Financial year ended <u>December 31, 2021</u> (lei)</b>	<b>Financial year ended <u>December 31, 2022</u> (lei)</b>
Purchases of services	<u>2,124,783</u>	<u>4,504,182</u>
- Affiliated parties	2,124,783	4,504,182
- Related parties	0	0
Purchases of goods	558,435	<u>0</u>
- Affiliated parties	558,435	0
- Related parties	0	0

**Balances resulted from sales/purchases of goods/services**

	<b><u>December 31, 2021</u> (lei)</b>	<b><u>December 31, 2022</u> (lei)</b>
<i>Debit balances</i> – Trade receivables		
- Affiliated parties	0	0
- Related parties	0	0
	<u>0</u>	<u>0</u>
	<b><u>December 31, 2021</u> (lei)</b>	<b><u>December 31, 2022</u> (lei)</b>
<i>Credit balances</i> – Providers		
- Affiliated parties	422,172	14,713
- Related parties	<u>0</u>	
	422,172	14,713

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15. OTHER INFORMATIONS (CONTINUED)

Dividends from related parties

	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
Dividends collected from related parties	<u>1,384,000</u>	<u>0</u>

Loans granted

	<u>December 31, 2021</u> (lei)	<u>December 31, 2022</u> (lei)
<i>Credit balances</i>		
- Affiliated parties	0	0
- Related parties	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

16. NET CASH FLOW FROM THE OPERATING ACTIVITIES

	<u>Financial year ended</u> <u>December 31, 2021</u> (lei)	<u>Financial year ended</u> <u>December 31, 2022</u> (lei)
<b>Operating activities:</b>		
Gross profit	2,465,257	35,319,479
Adjustments to reconcile net income with net cash used in operating activities:		
Adjustment of value for tangible and intangible assets	3,531,228	7,762,528
Adjustment of value for financial assets	-	-
Adjustment of value of receivables	6,081	(91,877)
Adjustment of value for inventories	(404,703)	(1,895,173)
Adjustments regarding risk and expenses provisions	203,472	5,079,651
Gain on sales of tangible assets	-	-
Incomes from equity and other financial investments	(1,384,000)	-
Interest incomes	(12,502)	(251,772)
Interest expenses	1,879,082	6,821,935
Subsidy income	(168)	(1,327,165)
<b>Increase of operating cash flow before changes in working capital</b>	<b>6,283,747</b>	<b>51,417,606</b>
<b>Changes of the working capital:</b>		
Increase in balances of trade receivables and other receivables	4,026,524	7,680,118
(Increase)/decrease in inventory balances	(49,365,896)	(64,819,546)
Increase in balances of trade liabilities and other liabilities	<u>(8,757,432)</u>	<u>(3,682,056)</u>
<b>Cash flows from operating activities</b>	<b>(47,813,057)</b>	<b>(9,403,877)</b>

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**17. CONTINGENCIES**

**(a) Court proceedings**

The company is subject to a number of court proceedings. The Company's management considers that these proceedings will not have a significant adverse effect on the economic and financial results of the Company.

**(b) Taxation**

The Romanian tax system has undergone multiple changes in the last years and is in an adaption phase to the European Union case law. As a result, there are still different interpretations of the tax laws. In some cases, the tax authorities may approach differently some aspects, by doing calculations to some additional taxes and to related interests and penalties for late payments (presently, the penalties determined by the length of delay are plus interest of 0.02% per late day). In Romania, the fiscal year remains opened for tax verification for 5 years. The Company's Management considers that these tax liabilities included in the financial statements are adequate.

**(c) Transfer price**

The Romanian tax legislation includes the "market value" principle, according to which the transactions between the affiliated parties must be done at the market value. The local taxpayers who carry transactions with the affiliated parties must prepare and make available to the Romanian tax authorities, at their written request, the transfer price documentation file. When the transfer price documentation file is not presented or is incomplete can lead to penalties for non-compliance; in addition to the contents of the transfer price documentation file, the tax authorities can interpret the transactions and circumstances differently as against the company's management and, therefore, can impose additional tax liabilities resulted from the price transfer adjustments. The Company's management considers that will not suffer losses during a tax audit on account of the transfer price verification. However, the impact of the different interpretations done by the tax authorities cannot be estimated reliably. These can be meaningful for the company's financial position and/or operations.

**(d) Financial risks**

The company is exposed through its operations to the following financial risks:

- Credit risk
- Currency exchange risk
- Liquidity risk

The goal of management is to establish policies that try to reduce risks as much as possible without unduly affecting the competitiveness and flexibility of the Company.

Also, the volatility of the exchange rate of the leu and the main currencies used in international exchanges was very high. Currently, the full impact of the current financial crisis is still impossible to anticipate and prevent completely.

Management cannot estimate with sufficient accuracy the effects on the Company's financial position following the increase in volatility of the RON/USD exchange rate from the last half of 2022 and inflation in Romania and the EU. The management believes that it has taken all the necessary measures to ensure the continuity of the Company under the current conditions.

**(e) Liquidity risk**

Liquidity risk arises from the Company's management of working capital and financing expenses and principal repayments for its debit instruments.

The Company's policy is to ensure that it will have sufficient cash on hand to enable it to meet its obligations as they **become due**.

**ARGUS SA**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022**  
**(all amounts are expressed in RON, unless otherwise specified)**

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**17. CONTINGENCIES (continued)**

**(f) Operational risk**

Operational risk is the risk of direct or indirect losses arising from a wide range of causes associated with the Company's processes, personnel, technology and infrastructure, as well as from external factors, other than credit, market and liquidity risk, such as coming from legal and regulatory requirements and generally accepted standards of organizational behavior. Operational risks come from all the Company's operations.

**(g) Revaluation of properties held at fair value**

The real estate market in Romania was seriously affected by the volatility of the financial markets, which resulted in the restriction of access to loans for companies and individuals. As a result, the accounting value of the tangible assets valued at fair value was updated on 31 December 2022 to reflect the market conditions at the balance sheet date.

**(h) Capital Commitments**

There are no significant situations to be presented.

**(i) Subsequent Events**

The effects of the war in Ukraine and the sanctions against Russia, the situation of the grain corridor in the Black Sea will continue to have a strong impact on the evolution of the price of grains (implicitly also of sunflower seeds), respectively on the evolution of the price of crude and refined sunflower oil .

Obviously the impact of the war on the global economy is a negative one, but we cannot determine at the time of writing this report the total impact of this context.

The Company's management constantly monitors economic and political developments and seeks ways to minimize the impact on Argus SA.

Approved and signed on behalf of the Board of Directors on March 17th, 2023 by:

ADMINISTRATOR

Name and surname George-Gabriel Vişan

Signature \_\_\_\_\_

Stamp

DRAFTED,

Name and surname Mihaela Zamfir

As Chief Financial Officer

Signature \_\_\_\_\_

Registration No. in professional body