



# Board of Director's Report for 2021

AROBS Transilvania Software S.A.  
SMT-AeRO Listed Company, on the Bucharest Stock Market  
Symbol: AROBS

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## INFORMATION ABOUT THE ISSUER

### INFORMATION ON THIS FINANCIAL REPORT

|                                   |                                       |
|-----------------------------------|---------------------------------------|
| Report type                       | 2021 Director Report                  |
| For FY                            | 01 January 2021 – 31 December 2021    |
| Date of publication of the report | 29th of April 2022                    |
| According to                      | Annex 15 to the ASF Regulation 5/2018 |

### INFORMATION ON THE ISSUER

|                           |  |
|---------------------------|--|
| Name                      | AROBS Transilvania Software S.A.   |
| Tax Identification Number | RO 11291045  |
| Trade Register No.        | J12/1845/1998  |
| Registered Office         | Str. Donath nr. 11, bl. M4, sc. 2, et. 3, ap. 28, Cluj-Napoca, Cluj, Romania |

### INFORMATION ON SECURITIES

|                                       |                   |
|---------------------------------------|-------------------|
| Subscribed and paid-up capital        | RON 91,139,498.80 |
| Market on which securities are traded | SMT-AeRO Premium  |
| Total number of shares                | 911,394,988       |
| Symbol                                | AROBS             |

### CONTACT DETAILS FOR INVESTORS

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The financial statements for 2021 presented in the following pages are **individual**, for AROBS Transilvania Software and are **audited**.

## MESSAGE FROM THE CEO

Dear Shareholders,

We are delighted to make available to you the audited individual annual financial report of AROBS Transilvania Software, the first report of its kind since our start on the Aero market of the Bucharest Stock Exchange. Our track record to date, being the largest technology company publicly traded on the Stock market acknowledges that the AROBS team is doing very well and that our investors believe in our financial stability and in the strategy we have decided to follow.

Although we have partners in 14 countries and over 10,000 customers, we don't wish to stop there! Our main objective is to continue our growth on the four strategic directions and to become the most important international player based in Cluj in the IT industry, with innovative products and services.

On the M&A strategic direction we have made rapid progress by taking over Berg Software Timișoara, a company that joined AROBS Grup in December 2021, being the first acquisition made by us in which we used part of the capital raised in the private placement successfully completed in October 2021. Our colleagues from Berg have 30 years of experience in the software development services market in Romania and are extremely well positioned in the German, Austrian and Swiss markets.

In April 2022, we celebrated another historic moment, the most significant acquisition in the history of AROBS: the takeover of the team and the Software Development Services business line from Enea in Sweden. Our new colleagues are located in Bucharest, Iași and Craiova, but also in the USA and with this acquisition we have opened new opportunities for the growth of our software services and embedded business in the United States, but also in very interesting industries such as medical, maritime, embedded devices.

The success of AROBS Transilvania Software is thanks to our colleagues and partners. For this reason, in parallel with the preparation for the stock exchange listing, we have implemented a Stock Option Plan programme dedicated to them. I wanted very much to continue the success of AROBS together with them, and as a result, the company bought back from the majority shareholder a stake that now represents 8.8% of shares, which we will use for such a programme. It is important for a service and product company such as AROBS that they become partners in the firm and why not, active investors on the Bucharest Stock Exchange.

We ended 2021 with individual operating revenues of RON 172.05 million (+10% growth vs. 2020), turnover of RON 169.34 million (+10% growth vs. 2020), EBITDA of RON 47.74 million (+2% vs. 2020) and net profit of RON 43.20 million (+8% vs. 2020). The software services contributed 75% of turnover, products 24% and other services 1%.

Our customer portfolio grew in 2021 by attracting new partners from Europe as well as the United States and we saw increases in services and projects requested by customers. The software development industry is in a state of continuous growth in the constant need to have access to excellent resources in increasing numbers globally. In the area of software products such as fleet management, business optimisation and digital payments, the market is also growing due to



accelerated digitisation processes of companies and organisations. For future growth forecasts we rely on the idea that high demand for digitisation will boost the company's growth rate, both for the software services business lines, and for our software products.

As this is our first annual audited financial report, I would like to briefly describe our work. First of all, it is important to mention that in over 24 years of presence on the IT market we have constantly sought to have diversified activity, we have always tested new solutions for companies and not only, some of them being stable on the European and Asian markets. In 2021, we also entered the mobile digital payments market with a new payment solution, MonePOS, launched in partnership with Banca Transilvania.

We provide fleet management and monitoring solutions such as TrackGPS, we help companies in retail, HoReCA and distribution to automate their work processes through the Optimall suite of solutions, and for the hospitality industry we have RateWizz, a solution that has made an impact in the Nordic countries. We also have a solution for digitising school textbooks, as well as a mobile POS, contactless and paperless payment solution, which I mentioned above.

Through our group companies, whose financial results will be presented at a consolidated level later, we are also active in the area of human resources and payroll processes through two solutions, True HR and dpPayroll through UCMS by AROBS, and also in the CRM field through SoftManager. We are currently also involved in various innovative projects, such as in the Intelligent Automation - RPA sector for logistics and TMS through CoSo Netherlands. SAS Grup, another Group company to be included in the consolidated reporting, completes our presence in the Romanian fleet management market.

All these solutions and products represent our openness to diversify our business, to enter new market segments, but also the high potential we have by continuing to support investments in research, innovation and to develop new areas of expertise. We are not a technology company dependent on one or two economic sectors, but a globally relevant player with all the necessary ingredients to develop technology solutions and products for the most complex industries.

In terms of future plans, this year and in the years to come, we plan to increase our M&A activity by acquiring IT companies, especially those in the area of software services, fleet management and business optimisation solutions. Following the private placement in October 2021, we achieved a strong cash position of RON 88.2 million, 135% more than at the end of 2020, and this facilitates these projects.

The companies we target are those run by exceptional entrepreneurs who want to cash out in part or in full, who are keen to keep their entrepreneurial spirit and share the same desire to grow and develop as we do. We look at companies that have a strong management team, stable customers, steady profitability and untapped growth opportunities, but have reached that point where they need a partner to support them in becoming significant players in their field.

The M&A strategy is based on our significant experience in this field and our successes to date. An eloquent example of this is the takeover of UCMS in 2019, the statements of which will be included in the consolidated financial reporting. At the time, it was a company with 23 years of experience on the Romanian market in developing payroll and HR software solutions. Today, three years after completion of the acquisition, UCMS is at the top of HR and payroll solutions nationwide, with a portfolio of hundreds of successful collaborations, and continues to constantly innovate to meet the needs of Romanian companies. Digital signature or automatic sick leave registration are some of the modules that have been added to the existing product, in parallel with the migration of the solution to Cloud or mobile.

In the area of services and software products, we want to develop both nationally and internationally to accelerate our growth and strengthen our position in the markets where we are present. At the

same time, we plan to expand our geographic footprint by strengthening our subsidiaries in Germany and the UK and by opening an AROBS office in North America.

Our long-term strategy is therefore built on four major pillars:

1. Concentrated diversification based on research and innovation
2. Development of new areas of expertise
3. Acquisitions through integration of existing players operating in the same industry that can enable synergies and are easy to integrate, expansion into Europe, North America and South East Asia.
4. Employees incentives and retention

We are aware of the geopolitical risks in the region in which we operate, and in the hope that the current circumstances will rapidly improve, we want to assure you that we will remain focused on our development plans for this year.

We would like to invite you to browse through our first annual financial report to learn more about the performance of AROBS Transilvania Software in 2021. If you have any questions about our business or capital market activities, please contact us at [ir@arobs.com](mailto:ir@arobs.com).

**VOICU OPREAN**  
**CEO**

## ABOUT AROBS TRANSILVANIA SOFTWARE

### BRIEF HISTORY

AROBS Transilvania Software S.A. is a Romanian IT company run by Voicu Oprean, founder & CEO. It was established in 1998. The company is focused on custom software development with high expertise in automotive, IoT, travel & hospitality, life sciences, enterprise solutions, FinTech, as well as the creation of software solutions and products - for which the Issuer owns the intellectual property - for fleet management and GPS tracking, business optimisation (SFA, WMS, CRM, contactless mobile payments and more), HR and payroll management, channel management for the hospitality industry and more.

Since 1998, AROBS Transilvania Software has relied on excellent specialists and fine-tuned yet flexible processes to consistently deliver custom software, products, and software applications of the highest quality.

The excellence of our services and the dedication of our specialists have helped us establish strong, long-term partnerships with hundreds of companies around the world. We are proud that we have now become an international software development company with European and Romanian roots.

Our passion for technology, combined with sustained efforts in acquiring new skills and aligning with market trends, has transformed AROBS in one of the leading Romanian software development companies.

Since 2003, the Issuer has created its own solutions and products, and acquired companies that develop their own products, the most important of which are:

- **TrackGPS** – fleet management and monitoring solution
- **SasFleet** – GPS monitoring of car fleets
- **TrueHR and dpPayroll** – HR management and payroll solutions
- **Optimall** – sales force automation solution;
- **RateWizz** – channel manager for the hotel industry
- **Solution for digitising school textbooks**
- **MonePOS**- contactless and paperless solution for mobility industries
- **SoftManager** – CRM+ solution



The company is based in Cluj-Napoca and has regional operational offices in Bucharest, Iași, Târgu Mureș, Baia Mare, Suceava, Timișoara, Oradea, Lugoj and Arad. The company has over 24 years of experience developing custom software solutions for customers in Europe, Asia and America.

The Issuer is amongst the top companies offering fleet management solutions in the Central and South-Eastern European market, and those aimed at optimising business and human resources are well positioned in the Romanian market.

Since 2011, the Issuer has expanded its activity to international markets by opening branches in Budapest și Chișinău, and later in Jakarta (the companies in Hungary and the Republic of Moldova will be included in the Group from 2022).

In 2018, the Issuer continues to expand on the international market through the acquisition of CoSo from Belgium and the Netherlands, specialising in logistics, education and RPA - process automation. The acquisition has opened up the opportunity for a new specialisation in the AROBS Group: Robotic Process Automation sub-sector, clearly targeting the Benelux market.

In the same year, the Issuer was ranked 4th out of 10 in the Top Romanian IT Companies.

Another very important acquisition in 2018 was SAS Grup, headquartered in Bucharest, the third player on the fleet management and monitoring market in Romania, the Issuer thus consolidating its leading position in this market segment and reaching to monitor over 80,000 vehicles.

In 2019, the Issuer reached more than 800 employees and collaborators, 7 offices in Romania and international offices and was one of the winners of the Made in Romania programme, implemented by the Bucharest Stock Exchange.

Also in 2019, AROBS acquired a majority stake in SoftManager, a company that develops and implements one of the most complex CRM+ (Customer Relationship Management) solutions on the Romanian market.

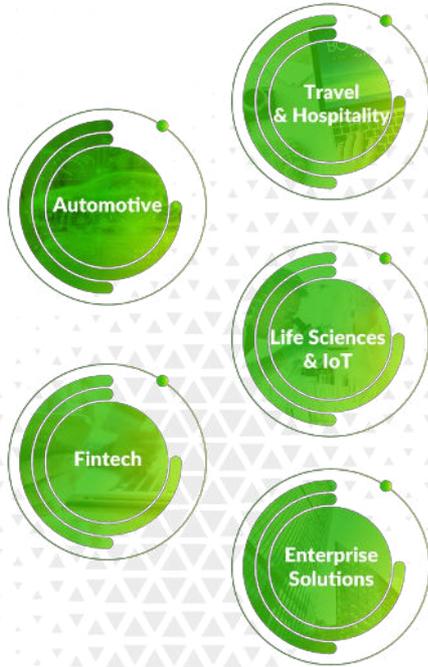
AROBS ranked 4th in the National Top Companies 2020 in the Research, Development and High-Tech section - large companies. This prestigious award was granted by the Romanian Chamber of Commerce and Industry.

At the end of 2021, the Issuer conducted a private placement whereby it offered for sale 54.7 million shares, and at the end of the first day of subscription investors had placed subscription orders for 154.5 million shares, resulting in a 2.82-fold oversubscription. The offer price was RON 1.357 per share, which means that total subscriptions amounted to RON 209.7 million.

The Issuer announced on 19 November the full acquisition of Berg Software, a local custom software development and outsourcing company with offices in Timișoara, Lugoj and Oradea. Following completion of the transaction, the AROBS Group has strengthened its presence in Western Romania and is consolidating its position in the German, Austrian and Swiss markets. To carry out this transaction, AROBS used some of the capital attracted from BVB investors during the private placement as well as bank financing. The Issuer's shares were admitted to trading on the AeRO segment of the Bucharest Stock Exchange on 06 December 2021.

## DESCRIPTION OF THE ISSUER'S ACTIVITY

### SOFTWARE SERVICES AND PRODUCTS



Since its inception, AROBS Transilvania Software has relied on excellent specialists and fine-tuned yet flexible processes to consistently deliver custom software, as well as products and software applications of the highest quality.

The excellence of our services and the dedication of our specialists have helped us establish strong, long-term partnerships with over 10,000 partners in Romania and around the world. We are proud that we have now become an international software development company with European and Romanian roots.

Our passion for technology, combined with sustained efforts in acquiring new skills and aligning with market trends, has transformed AROBS in one of the leading Romanian software development companies.

The company's software services division is the largest one of the Issuer and is organised into two pillars:

**Automotive and High-Level Industries.** The High-Level Industries specialisation consists of the Travel & Hospitality, IoT, Life Sciences, Enterprise Solutions and Fintech divisions.

- **Automotive** - the Issuer's automotive software and engineering solutions are an integral part of its DNA and are based on extensive domain expertise through long-standing projects with leading global companies.
- **Travel Technology** - the combination of niche know-how and technical skills has helped the company to build long-lasting and strong partnerships with customers. To date, end-to-end solutions have been created and delivered for companies in the US, France, Spain, Germany and the Netherlands.
- **Life Sciences** – the Issuer has built a strong expertise in recent years around collaborations with large US pharmaceutical companies. During this period, medical software solutions have been developed that simplify the clinical study of new drugs launched on the niche market.
- **IoT** - the IoT systems that the Issuer develops define its more **than 10 years of expertise** in finding the perfect solutions for its customers.
- **Enterprise Solutions** - high proficiency in Cloud-based application development, real-time or reactive applications, Big Data, and more. The portfolio is built around projects for clients in countries such as the US, UK, Germany, Finland, Norway and the Netherlands.
- **Fintech** - built on the knowledge and experience gained in partnership with **leading banks and financial institutions**.

In the area of software services, the **Robotic Process Automation** specialisation of the subsidiary in Benelux, CoSo by AROBS.

A big plus for the Software services business line is the joining of the company **BERG** in the AROBS group, which has very consistent expertise in industries such as Manufacturing, Retail, Office automation, IT, Storage and Cloud.

Separate from the software services division, the Issuer also provides its customers with fleet management solutions, IT solutions for business optimization, human resources management solutions and innovative projects - a dedicated research department.

Since 2003, the Issuer has created its own solutions and products, and acquired companies that develop their own products, the most important of which are:

- **TrackGPS** – fleet management and monitoring solution
- **SasFleet** – GPS monitoring of car fleets
- **TrueHR and dpPayroll** – HR management and payroll solutions
- **Optimall** – sales force automation solution;
- **RateWizz** – channel manager for the hotel industry
- **Solution for digitising school textbooks**
- **MonePOS**- contactless and paperless solution for mobility industries
- **SoftManager** – CRM+ solution

## CERTIFICATIONS

Certifications are the key way to ensure company credibility in the market, especially for companies providing services.

The Issuer's main certificates are:

- **Information privacy and security** - an information security management system has been implemented - ISMS. This system is designed in accordance with some of the most rigorous international standards, **ISO 27001 and TISAX**;
- **ISO 27001 certification** - is an international management standard (International Organisation for Standardisation) that provides requirements for an information security management system. Therefore, this management standard regulates how to operate in a secure way when it comes to information. This demonstrates that the Issuer operates according to the strictest international disclosure standards;
- **TISAX** - Trusted Information Security Assessment Exchange - is the most prestigious information security standard in the automotive industry. This certification is obtained through the international ENX ASSOCIATION platform. This platform hosts the online information interaction of automotive level companies, from product and service providers to international audits;
- **ORDA Certificate** - Certificate issued by the Romanian Copyright Office;
- **HU-GO Certificate** - National Toll Payment Services Plc. - Hungary;
- **ISO 9001:2015** - Quality management systems;
- **ISO 45001:2018** - Occupational health and safety management systems;
- **ISO 14001:2015** - Environmental management systems;
- **ISO 9001:2015** - Providing software and services in terms of application development, consulting, implementation and support activities;
- **ISO/IEC 27001:2013** - Providing software and services in terms of application development, implementation and support activities;



## EXPERIENCE

Given the timing of the formation of the Issuer, as well as the collaboration it has with numerous customers and suppliers in various fields, corresponding to the business lines of AROBS, the Issuer's experience is vast, the most relevant aspects being:

- The issuer consists of IT professionals with a good reputation in the market of over 24 years,
- Expertise in multiple lines of business,
- Flexibility in adopting client-specific standards and processes,
- Diverse customers from over 14 countries on 3 continents,
- Dedicated, challenge-oriented team and new technologies,
- Focus on customers, employees and collaborators,
- Expertise in software solutions including high growth industries: Automotive, IoT, Fintech, LifeSciences, Travel Technology, Enterprise Solutions, RPA, Transportation & Logistics, Retail, Manufacturing, Retail, Office automation, IT, Storage and Cloud, and many more.
- Software solutions for companies and organisations well positioned on the Romanian market as well as in Central and South-East Europe and Asia,

## COMPREHENSIVE PORTFOLIO OF SERVICES AND SOLUTIONS

The software services business line saw an increase in demand and therefore turnover across all industries in the expertise portfolio in 2021 compared to 2020. For 2022, we estimate that the demand for software services will grow, based on existing expertise but also on new industries and specialisations. One example would be electric vehicle charging platforms in the Automotive - Embedded area.

Moreover, through the Berg acquisition, AROBS has a stronger exposure on the DACH market (Germany, Austria, Switzerland). The acquisition made in April 2022 (the Software Development Services business of Enea, specializing in the medical, maritime and embedded industries), as well as the other acquisitions in preparation for 2022, are in line with the strategic directions taken by AROBS, i.e. the development of new areas of expertise that are in high demand in the global software services market, whilst continuously transferring in-house knowledge to future generations of programmers and hardware specialists and horizontal integration (inorganic development) through acquisitions of existing players operating in the same industry that can

enable synergies and are easy to integrate, with solid EBITDA, as well as expansion in Europe, America and Asia.

The risks the Issuer is considering regarding the software services business line are related to the geopolitical situation in the region, but also by the over-heated recruitment market for software specialists in Romania.

Regarding the fierce competitive situation on the labour market, in Romania and in the region, at Group level, one of the strategic directions undertaken is **motivating and retaining employees** by increasing professional development opportunities, increasing the level of integration and communication between employees, and very importantly, involving employees in the company’s well-being through the “stock option plan” financial mechanism.

The Issuer’s software services division is the strongest, with steady growth every year and the largest team of specialists in the AROBS group. It is structured on two pillars: Automotive and High-Level Industries.

The Automotive industry is the main specialisation, with hundreds of software developers in Romania, Moldova and Hungary.



The AROBS expertise in automotive engineering encompasses both software and hardware expertise. Moreover, the Issuer’s projects benefit from more than ten years of experience in providing software services to leading companies in the industry from Germany, France, Japan, Romania, China, USA.

The High-Level Industries specialisation consists of the Travel & Hospitality, IoT, Life Sciences, Enterprise Solutions and Fintech divisions.

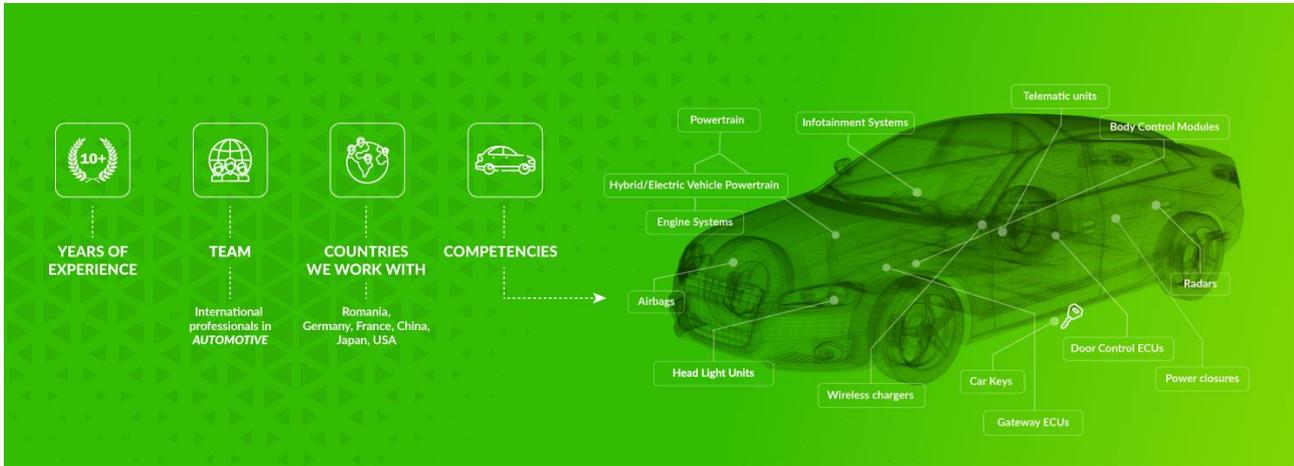
**Automotive** - Expertise in the automotive industry is based on delivering advanced automotive software and hardware services from leading brands. Engineers with automotive expertise and know-how develop essential components and modules such as: Body Control Modules, Gateway ECUs, Door Control ECUs, Power closures, Powertrain, Radars, Car Keys, Wireless chargers, Instrument Clusters, Head-Up Displays, Secondary Displays, Infotainment Systems and Telematic units.

The expertise includes both elements of internal combustion vehicle architecture and modules for electric vehicles or plug-in hybrid vehicles (PHEV).

The Issuer follows the AUTOSAR (AUTomotive Open System Architecture) standards and is TISAX (Trusted Information Security Assessment Exchange) certified. TISAX is the most prestigious information security standard in the automotive industry. This certification is obtained through the international ENX ASSOCIATION platform. This platform facilitates online interaction between companies, from product and service providers to international audits.

AUTOSAR capacities: Classic platform.

Customised configuration tools AUTOSAR, EB Tresos Studio. Vector DaVinci, AUTOSAR Builder  
 Projects: Body Control Modules (BCM), Car Access ECUs, Gateways, Transmissions, Infotainment, Car Radar Sensors, Keys, Instrument Clusters.



**Travel Technology** - the combination of niche knowledge and technical capabilities have helped the Issuer to build long-term partnerships with customers. To date, end-to-end solutions have been created and delivered for companies in the USA, France, Spain, Germany and the Netherlands. Experience in the travel software and hospitality industry gives AROBS specialists an overview of the market, adaptability in delivering solutions that are customised for each customer.



**Life Science & IoT** - the issuer has developed projects in areas such as clinical trials, IoT, home automation, smart agriculture and more.

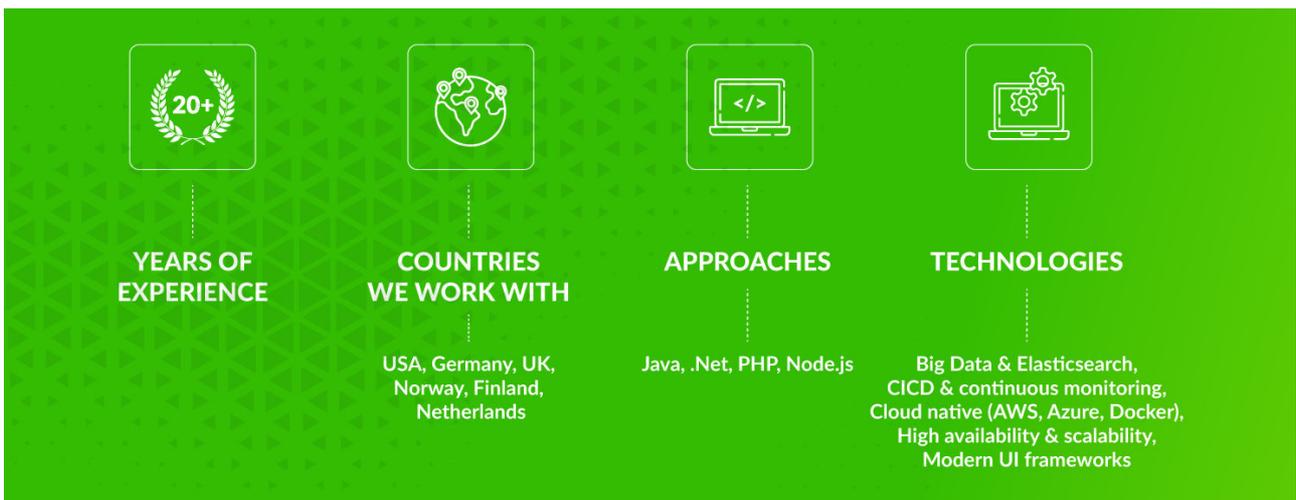
With regard to the Life Sciences specialisation, the Issuer has built a solid expertise in recent years around long-standing collaborations with major US pharmaceutical companies. During this period, medical software solutions have been developed that simplify the clinical study of new drugs launched on the market.

The IoT systems created by AROBS are intuitive, user friendly thanks to optimised interfaces and processes. However, although the team’s expertise is predominantly in the area of creating systems and architectures for home automation and building monitoring, the Issuer provides effective IoT solutions for several market segments.



**Enterprise Solutions** - this business group has expertise in Cloud-based, real-time or reactive applications, Big Data, NoSQL or any other advanced software technology on the basis of which custom solutions can be built to run companies and organisations.

The Issuer develops enterprise Cloud applications with specific challenges, created by professionals with many years of experience, that are focused on ease of use.



**Fintech** - the Issuer has developed software audit projects, Cloud solutions, SaaS and integration services, security, artificial intelligence and machine learning.

Also in banking, the Issuer collaborates with one of the leading players in the Romanian banking sector and one of the largest financial service providers in Central and Eastern Europe on specific modules such as: day-to-day banking, insurance, notifications, QA automation for various internal and user-oriented processes.

The Fintech expertise is also reflected in the MonePOS solution - a contactless and paperless digital payment solution, launched in March 2021. MonePOS is already used by companies and institutions in Romania, mostly in mobility services. This product provides complete digitisation of payment operations for businesses in industries such as passenger transport, taxis, food delivery, markets, retail, etc.



There are three particularly valuable cross-cutting areas of expertise in the Software services division: Embedded systems, Cybersecurity and Quality Assurance.



Expertise in **embedded software and systems** is based on over 20 years of engineering excellence and expertise gained from global projects with partners in Europe and the US, specialising in Automotive, Domotics, Industrial IoT and Smart City.

In addition to providing state-of-the-art software development for business partners worldwide, AROBS has created a strong team of cybersecurity experts who can assess, analyse data, recommend and implement a security strategy to protect the organisations with which they work.

The quality assurance (QA) services that AROBS offers are delivered by teams of professionals specialised in manual and automated testing. The QA team of AROBS has extensive experience in testing on a variety of devices, including testing web apps, mobile and desktop apps.

The expertise that Berg Software brings to the table is very important and completes the service offering of the AROBS Group's software services business line. **Berg Software** has experience on projects in industries such as Manufacturing, Retail, Office automation, IT, Storage and Cloud, for large customers in Germany, Austria and Switzerland.



**Intelligent Automation through RPA** - business automation is one of the key points of CoSo by AROBS, perfected in over 26 years of experience in this field. CoSo by AROBS specialises in software development, highly skilled in process automation, TMS and educational software. Since 2019, RPA has been one of the key elements of CoSo.



2021 was the year when the RPA specialisation successfully delivered the first major projects. The focus is on the Logistics and Transport industry in Benelux, where CoSo has a strong presence as a software solutions provider.

With the support of CoSo, the company's traditional customers in the logistics industry in the Netherlands and Belgium continued, and thus the digitisation efforts moved to the stage of automating processes with high volumes of repetitive activities.

For 2022, CoSo aims to strengthen its position as a provider of intelligent automation as a service for companies in the logistics sector in the Netherlands and Belgium and to develop its specialisation in automation for the insurance industry.

## **DIFFERENTIATION FROM THE COMPETITION**

### **At the level of the services delivered by the Issuer:**

- Proven global expertise in dynamic industries: automotive, travel technology, IoT, Clinical trials, Enterprise Solutions and Fintech;
- Hundreds of software development specialists using the latest technologies, tools and languages;
- International certifications;
- Management team with experience and seniority in the company;
- Sustainable partnerships with major global companies in industries of expertise;

- Strategic business positioning in Western Europe, North America, DACH and Asia through subsidiaries already set up or to be set up;
- Presence in international and national rankings, both as expertise in various technologies and as one of the most sought-after employers;
- Internal culture based on open communication, involvement, innovation, intrapreneurship and flexibility;
- Increased capacity to integrate new generations of students and recent university graduates (through internship programmes).

## RESEARCH AND OWN PRODUCTS



## AROBS solutions for digitisation and efficiency

### Fleet management solutions

AROBS has been active in the fleet management market since April 2006, when the first contract was signed with the first customer. Through its fleet management business line, in particular through the TrackGPS fleet management solutions, AROBS is the leading provider of this type of complex services on the Romanian market.

Through market acquisitions and consolidations, AROBS is amongst the relevant players in Central and Eastern Europe. Over 10,000 customers - companies and organisations, public institutions - in several countries in Europe, but also in Asia (Indonesia) - use every day the fleet management solutions of AROBS.



**TrackGPS** - is the main Fleet Management brand developed and owned by AROBS. TrackGPS is a comprehensive fleet management and monitoring solution that helps companies reduce maintenance and operating costs, improve the efficiency of resource allocation and utilisation, increase driver professionalism and safety, and improve service delivery.

In 2021, the TrackGPS division saw an increase in the number of customers and turnover compared to 2020. Also in 2021, version 4.0 of the same app was launched and the process of migrating of customers to the new platform will be completed in 2022.

Thus, a considerable increase in the use of the mobile version of TrackGPS, as well as an increased interest in fuel control solutions were seen.

Strategic directions of the TrackGPS division are focused on further consolidation in Central and Eastern Europe and Indonesia; identifying and launching on new markets; continued investment in research and development; launching new, more complex, user-friendly versions that optimise both the financial and time resources of fleet managers, as well as implementing new solutions that bring added value to users and real benefits to the ecosystem and communities at large.

TrackGPS will continue to invest, in 2022, in the development of new solutions and facilities for safe and green driving, as well as in monitoring solutions for electric cars - elements specific to IoT and sustainable transport.



**SASFleet – also known as alarma.ro** - is the second fleet management brand owned by AROBS. SASFleet offers complete monitoring solutions through a wide range of GPS systems - fleet monitoring.

The market position in Romania of SAS Grup continued the path of consolidation, and in 2021, the quality of fleet monitoring services as well as customer services supported the steady growth in customer numbers and turnover compared to 2020.

SAS Grup launched in 2021 the Fleet Care module, which has specific Business Intelligence functionality, and supports fleet managers in collecting performance metrics of the fleets they manage. The mode provides predictability in fleet maintenance and is an essential tool in fleet cost management.

In 2022, SAS Grup will continue to invest in research and development by launching new modules in the Business Intelligence and Predictive Maintenance category.

## HR management and payroll solutions

- **TrueHR** - is a software solution created by the company UCMS by AROBS, with 25 years of experience, for human resources management that automates all industry-specific processes and facilitates employee recruitment, administration and training. Carefully built with multiple functionalities, its purpose is to help facilitate the management of tasks in HR departments, much of it through automation. It currently consists of 19 modules.
- **Dp-Payroll** - is a professional payroll management solution that automates payroll processes to eliminate human error. The Dp-Payroll solutions simplifies financial processes with a payroll programme and helps to get a real view of the business with accurate and fast reports generated by the system. It provides efficient and comprehensive management of employee contract data and collects and processes timekeeping data, leave, delegations, deductions, etc., with 19 separate modules. The multitude of functionalities that are part of the dp-Payroll holistic payroll department solution that reduces costs and optimises the company's financial-accounting processes.



UCMS by AROBS continued its growth in 2021, with a 21% higher turnover than in 2020 and a 10% larger customer portfolio compared to the previous year. The company has consolidated its position in the corporate and enterprise market as one of the leading providers of integrated payroll and HR management systems. The main sectors where UCMS has strengthened its position are Production & Automotive, BPO, banking, retail, IT.

In 2021, the UCMS team developed the Work From Home functionality, which makes hybrid working much easier, helps to manage the team, schedule changes, shifts and the location where employees work more efficiently. Through this functionality of the True HR app, timekeeping is done electronically and helps the employer to have a clearer record of how employees are deployed

Also, the Electronic Signature module was another important development, through which all documents in the employer-employee relationship can be signed by qualified or advanced digital electronic signatures. This new functionality comes with a number of benefits. Documents can be signed in a single approval workflow, with each person involved in the e-signing process having the ability to approve or reject the signing of a document. Signing can be either individual or collective for the entire document flow. The module interface allows the configuration of several types of signature flows, depending on the needs of the company and the type of documents to be signed. Signing documents is done securely whilst saving time and money.

In 2022, UCMS aims to strengthen its leading position in the market for integrated HR and payroll solutions.

UCMS will continue to invest in research and development by developing a functionality to digitise SSM and SU records, a Business Intelligence system to deliver analytical data taken from the integrated HR management and payroll system, and a sick leave automation solution.

## Business optimisation solutions



**AROBS Optimall** - a complete suite of optimisation through automation and management systems. From sales force automation, warehouse inventory management, TMS systems to the business intelligence software, Optimall SFA incorporates all the optimisation tools for a company.

The Optimall division saw an increase in turnover as well as a doubling of requests for new project development from current and prospective customers. Most new projects concerned OptimallSFA (sales force automation solution), Logistics (for route optimisation), but also Optimall ConnectoR, the data transfer automation service for connecting EPR with e-commerce platforms.

For 2022, the Optimall team is focused on research and development to finalise the new version of the SFA solution, as well as increasing the market footprint of the ConnectoR service which has very good potential for development.



**MonePOS** - In addition to the obvious security, protection and hygiene benefits for operators and customers, MonePOS supports the complete digitisation of operations for companies in several industries: passenger transport, taxi, FMCG, deliveries, virtually any type of business whose activity can be enhanced by contactless and paperless payments.

The contactless and paperless payment solution was launched in March 2021, with an initial focus on the taxi market in

Romania's major urban centres, such as Cluj, Timișoara, Iași, Bucharest, etc., which accounted for over 85% of the customer portfolio accessed during 2021. We have taken the first steps towards penetrating the Public Transport industry, developing projects in Turda and Caransebeș.

In 2021, the hardware and software integrations with our partners Selirom SRL, Ectra Electronic Craiova, and Romlogic Technology SA have brought us a definite differentiator from the competition, especially in the taxi market.

Another important differentiator is the paperless payments functionality, which we achieved by developing a QR code (electronic POS receipt).

For 2022, the MonePOS team will continue to focus on developing releases and integrations with other solutions to grow its portfolio of customers and collaborators. MonePOS will follow the direction of consolidation on the sectors of public transport, distribution, store in store concept, essentially mobility industries.



**SoftManager CRM+** - is a platform comprising a set of strategies, tools and procedures designed to improve relationships and interactions with an organisation's existing or potential customers. The developed functionalities facilitate the processes of production, service, finance, marketing, project management, analysis.

## **Innovative projects - a dedicated research department**

In addition to its success with project management processes in the private sector, the Innovative Projects division has extensive experience in delivering reliable solutions to Romania's public sector at municipal and national level. Moreover, the Issuer's innovative projects support the education sector and the "smart city" concept by digitising existing processes and services.



**Solution for digital textbooks - AROBS leads learning in the Digital Age:** Since 2014, at the initiative of the Ministry of Education, digital textbooks have become compulsory for first and second grade. The Issuer, in partnership with Aramis, has produced and contributed to the digitisation of almost 3 million electronic textbooks for grades I to VIII to date.

The tablets are pre-installed with interactive apps, which will help children reinforce or summarise the knowledge they have learned in school. In addition, they will also help parents keep track of their children's academic progress. With the costs of printing physical textbooks eliminated, these electronic textbooks and tablets made available by AROBS will result in substantial savings.

In 2021, more than 554 thousand digital textbooks were delivered, and for 2022 the forecast is a 50% increase for reprinted digital textbooks, which is in line with the strategic direction of consolidation in the digital textbook market, as one of the main suppliers in Romania.



**RateWizz Channel Manager** is a white label solution that can be integrated with any property management software, such as hotel PMS; it allows hoteliers to manage all booking management channels, providing the interface between booking software and ADS solutions: Booking, Expedia, Sabre/ SynXis, Travelport. Over 200 **hotels already use RateWizz in the Nordic countries.**

Thanks to the stability of existing partnerships, the business model used, and the adaptability to market requirements affected by the pandemic context, the Ratewizz customer portfolio is stable and project profitability is on a positive trend. From 2022, the RateWizz product will continue to expand its coverage and footprint in the Nordic hotel market through strategic partnerships. RateWizz is also looking forward to positioning itself on the Romanian market by starting the integration process with hotel management software products.

## DIFFERENTIATION FROM THE COMPETITION

The Issuer differentiates itself from the competition through its business model and the integrated way in which the group companies operate, as well as the synergies that are created between them, creating a complete package of digitisation and business efficiency solutions. In this respect, the elements that differentiate the Issuer from its competitors are:

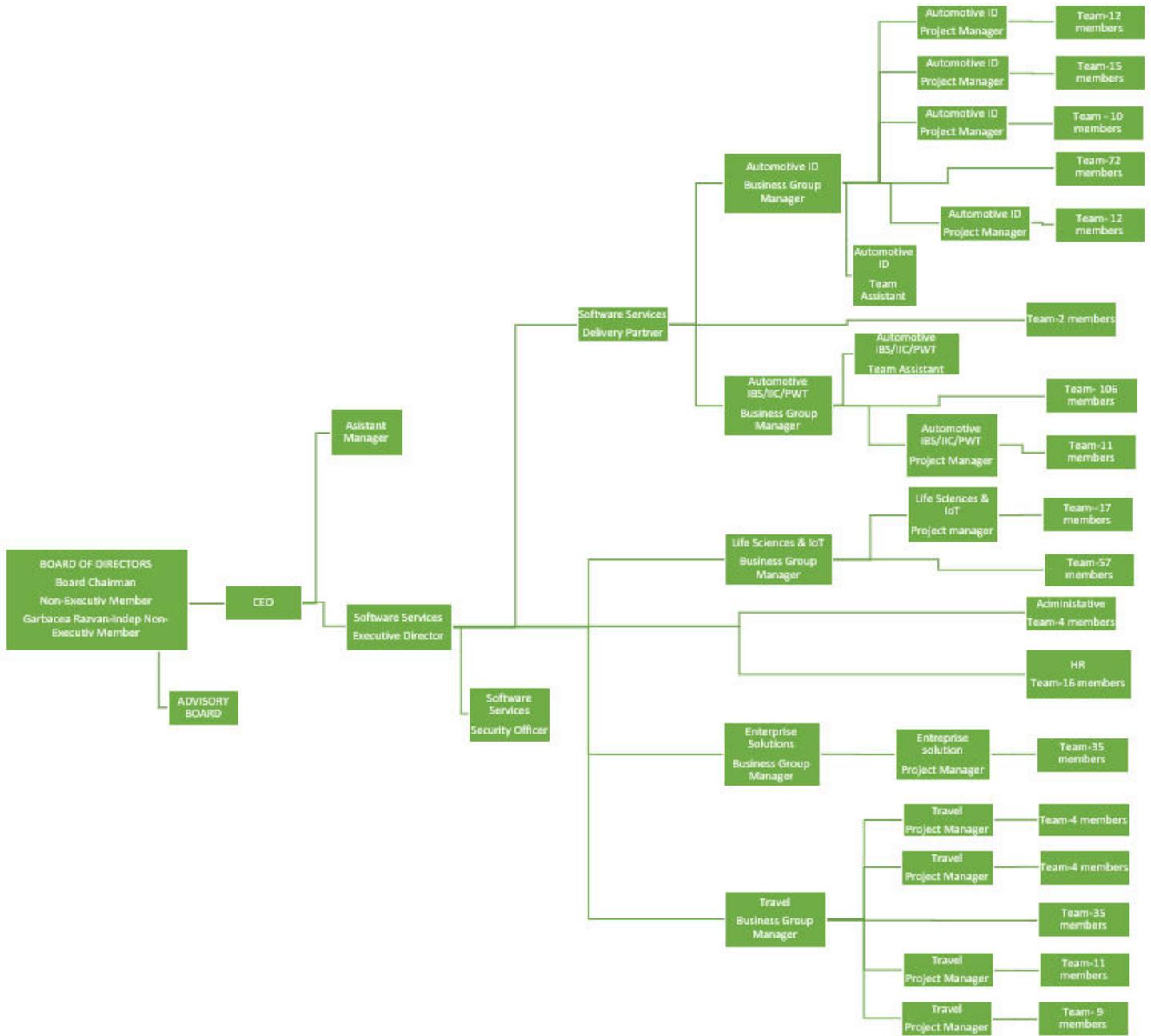
### At the level of the software products delivered by the Issuer:

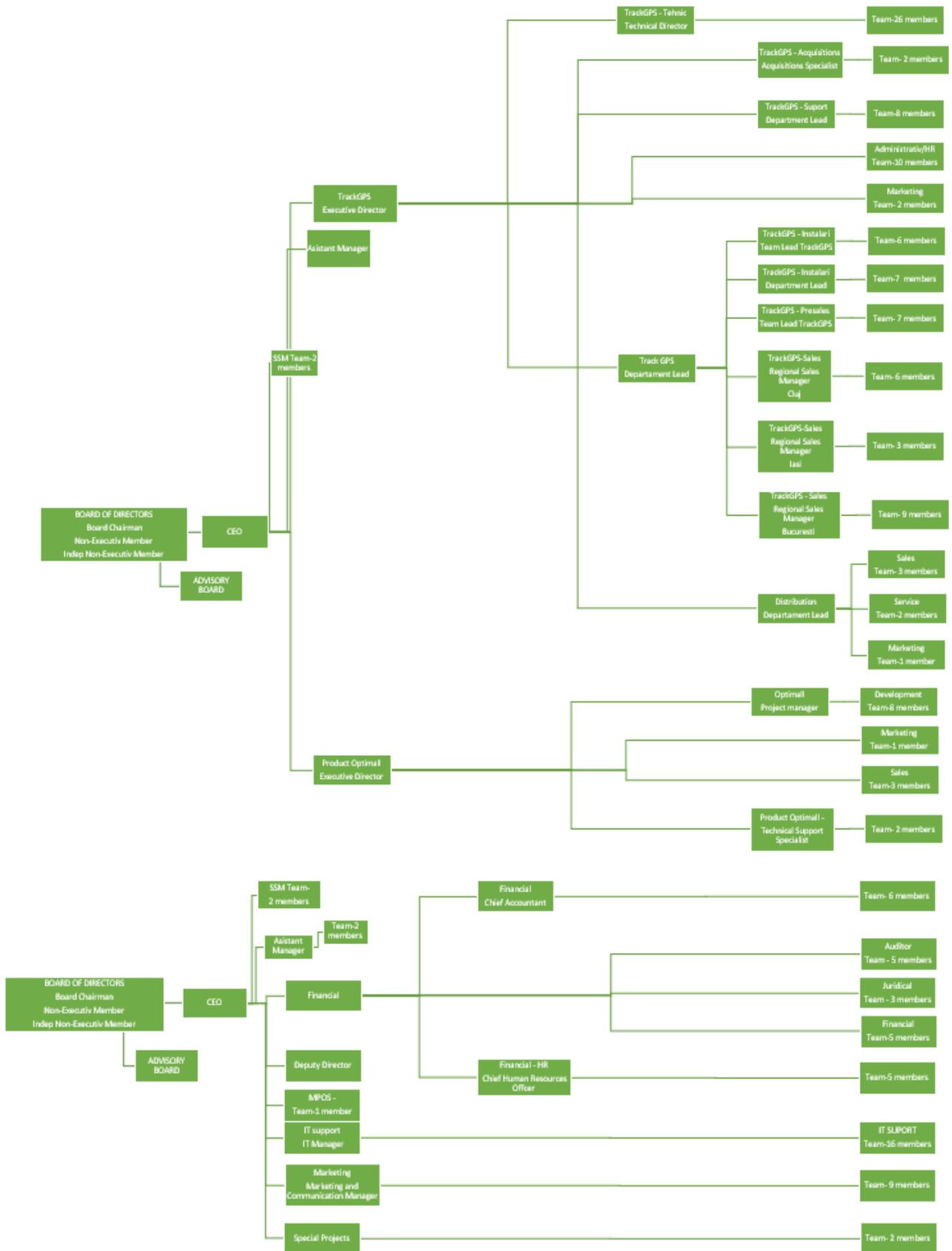
- Experience in developing proprietary software solutions since 2003;
- Research and development teams;
- Dedicated teams with extensive product development experience: Dozens of specialists in web application development, mobile, and complete solutions for dynamic industries;
- Experienced management team;
- Sustainable partnership with thousands of companies in Central and South East Europe and Asia;

- Presence in the European rankings as a representative company in fleet management at European level;
- Continuous innovation of solutions, agility and adaptability, after analysing the needs identified in the market;
- Frequent launch of new software solutions, testing on the Romanian market before expanding into Central and South-East Europe;
- Organic growth, but also through strategic acquisitions to strengthen business lines and complete the solutions portfolio.

## **EMPLOYEES**

- As at 31 December 2021, out of the total number of employees (638), 31% are aged between 25 and 29, and 85% of the total have a university degree and 15% secondary education. Compared to 2020, the number of employees has decreased by 2%, from 649 to 638. 40% of the employees and collaborators are female.
- The organigram of the Issuer is shown below





## DIRECTORS AND EXECUTIVE MANAGEMENT

From October 11, 2021, until December 31, 2021, the Issuer's **Board of Directors** met in 4 meetings.

**The Board of Directors** of the Issuer consists of:



### **Voicu Oprean – Chairman of the Board of Directors and CEO**

He founded AROBS in 1998, and, today, the AROBS team has 950+ specialist in the offices based in Romania and all around the world. Voicu Oprean mentors and coaches many startups and generations of entrepreneurs.

Voicu Oprean is a graduate of the Technical University of Cluj-Napoca with a Bachelor's degree in Computer Automation and a Master's degree in Business Administration from Babeş Bolyai University. He also completed an EMBA at Wu Wien in 2008, as well as the London Executive Business School in 2018 and the OMP YPO at Harvard Business School in 2021.

### **Additional information according to legal regulations:**

- Currently, Voicu Oprean is an active partner in companies/associations: I.M. AROBS SOFTWARE SRL, AROBS TRACKGPS SRL, AROBS PANONIA SOFTWARE KFT, AROBS SOFTWARE DOO, AROBS TRADING&DISTRIBUTION GMBH, B.A.R. AROBS INTERNATIONAL SRL, CABRIO INVEST B.V., NEWCAR4FUTURE SRL., AROBS BUSINESS CENTER S.R.L., AXISPOINT SOLUTIONS S.R.L., AROBS BUSINESS CENTER PLUS S.R.L., AROBS BUSINESS SERVICES S.R.L., AROBS TRADING & DISTRIBUTION SRL, MED CONTROL SOLUTIONS S.R.L., TINN TECH AS, UCMS GROUP ROMANIA S.R.L., VISION PLUS MOBILE S.R.L., ONLINE DISTRIBUTION SERVICES S.R.L., OOMBLA TRAVEL MANAGEMENT S.R.L., CLEVERAGE VENTURE CAPITAL S.R.L., TRANSILVANIA SOFTWARE RECRUITMENT S.R.L.
- In the last 5 years, Voicu Oprean has not been prohibited by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies whose boards of directors or supervisors include Voicu Oprean.
- Voicu Oprean is not engaged in a business that competes with that of the Issuer and is not a party to any agreement, arrangement or family relationship with a third person by virtue of which he would be appointed as a director.



### **Mihaela Cleja – Member of the Board of Directors and CFO**

She joined the Issuer's team in 2008, since when she has held the position of Chief Financial Officer (CFO). Prior to this position, she held successive positions of economist and economic director in several companies, with more than 28 years of professional experience.

She graduated in 1993 from the Faculty of Economics of the Babeş Bolyai University, and in 2008, she obtained a Master's degree in Management of Credit Institutions and Commercial Companies. Since 2000, she has been a C.E.C.C.A.R. accredited chartered accountant, and, in 2006, she earned the Manager in Human Resources, Finance and Marketing certification, from the Polytechnic University of Timişoara.

**Additional information according to legal regulations:**

- Currently, Mihaela Cleja is an active partner in the NEWCAR4FUTURE SRL company.
- In the last 5 years, Mihaela Cleja has not been prohibited by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies whose boards of directors or supervisors include Mihaela Cleja.
- Mihaela Cleja is not engaged in a business that competes with that of the Issuer and is not a party to any agreement, arrangement or family relationship with a third person by virtue of which she would be appointed as a director.



**Răzvan-Dimitrie Gârbacea – Member of the Board of Directors**

He was co-opted as an independent member of the Board of Directors out of the Issuer's desire to align itself with the best corporate governance practices. Mr Răzvan Gârbacea has 20 years of experience in the banking sector, holding management positions in BCR (Regional Corporate Director), BRD (Regional Corporate Director) and currently holds the position of Corporate Executive Director in EXIMBANK Romania.

**Additional information according to legal regulations:**

- Currently, Răzvan-Dimitrie Gârbacea is not an active partner in any company.
- In the last 5 years, Răzvan-Dimitrie has not been prohibited by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies whose boards of directors or supervisors include Răzvan-Dimitrie Gârbacea.
- Răzvan-Dimitrie Gârbacea is not engaged in a business that competes with that of the Issuer and is not a party to any agreement, arrangement or family relationship with a third person by virtue of which he would be appointed as a director.

## AROBS SHARES ON THE BUCHAREST STOCK EXCHANGE

The AROBS' shares were admitted to trading on the SMT segment of the Bucharest Stock Exchange on 06 December 2021.

Previously, the Issuer conducted a private placement whereby it offered for sale 54.7 million shares, and at the end of the first day of subscription investors had placed subscription orders for 154.5 million shares, resulting in a 2.82-fold oversubscription. The offer price was RON 1.357 per share, which means that total subscriptions amounted to RON 209.7 million.

From 06 December 2021 to 29 April 2022, investors traded 90.535.052 AROBS shares during 19.183 transactions, amounting to more than RON 100.773.968,2 million.

As of 31 December 2022, the ownership structure of the company was as follows:

| Shareholder               | Number of shares   | Percentage  |
|---------------------------|--------------------|-------------|
| OPREAN VOICU              | 288,389,386        | 63.2853%    |
| other shareholders/others | 167,308,108        | 36.7147%    |
| <b>TOTAL</b>              | <b>455,697,494</b> | <b>100%</b> |

## KEY EVENTS IN 2021

### MONEPOS LAUNCH



In 2021, AROBS, in collaboration with Banca Transilvania, created the contactless and paperless payment solution MonePOS. MonePOS is based on a small device that interfaces directly with various devices, and payment is made in just 10 seconds. As an mPOS solution, it addresses mobility industries such as taxi, courier, food delivery and more.

### PRIVATE PLACEMENT

In October 2021, AROBS closed, early, on the first day the largest private placement in the history of the AeRO market, attracting RON 74.2 million from investors. The funds attracted will support the company's expansion strategy, through the acquisition of national and international IT companies, the opening of new subsidiaries in major markets in Europe and the United States, and the development of the company's expertise and specialisations.



### BERG SOFTWARE TAKEOVER



In November 2021, AROBS announced that it will take over the entire Berg Software, a custom software development and outsourcing company, with offices in Timișoara, Lugoj and Oradea. Following completion of the transaction in December 2021, the AROBS Group will strengthen its presence in Western Romania and aims to increase its presence in the German, Austrian and Swiss markets. To carry out this transaction, AROBS used some of the capital attracted from the BVB investors during the private placement for its shares, which took place in October 2021. The financial statements of Berg Software and those of the other Group companies at consolidated level will be communicated at a later stage.

### LISTING ON THE AeRO MARKET OF THE BUCHAREST STOCK EXCHANGE

On 06 December 2021, the Issuer's shares were listed on the AeRO market of the Bucharest Stock Exchange under the AROBS symbol, at a market capitalisation of RON 884 million.



### SOP LAUNCH



**In parallel with preparations for the stock exchange listing,** the issuer has implemented the first phase of the Stock Option Plan (SOP) programme to stimulate and retain employees in the Group companies. Through this programme, AROBS aims to turn employees into partners of the company and, in the medium term, into active investors on the Bucharest Stock Exchange.

## CONTRACT WITH BRK FINANCIAL GROUP FOR MARKET-MAKING SERVICES

On **14 January 2022**, the Issuer informed the market about the signing of a contract with BRK Financial Group (“BRK”) for the provision of market-making services as of 18 January 2022. For market-making services, the minimum cumulative volume corresponding to firm bid-ask quotes provided by BRK is the equivalent of EUR 60,000, with a maximum bid-ask spread of 3%. BRK provides market-making services during at least 95% of a trading session.



## ACQUISITION OF BERG COMPUTERS S.R.L.



On **28 February 2022**, the Issuer informed the market about the signing of the contract for the acquisition by the Issuer of 100% of the share capital of Berg Computers S.R.L., the price at which the transaction was completed thus exceeding 10% of the Issuer’s assets at the contract signing date, i.e. 16 December 2021.

The acquisition price is to be paid in two instalments, the first, amounting to EUR 2,848,800, to be paid on the date of the signature of the contract, the remaining 20% of the contract value to be paid within 18 months of the conclusion of the contract subject to the fulfilment of certain requirements included in the contract.

## SOFTWARE SERVICES DEVELOPMENT BUSINESS LINE OF ENEA ACQUISITION

On **April 7th, 2022**, the Issuer informed the market about signing the acquisition contract of the entire package of Enea Services Romania S.R.L. shares, with offices in Romania and the United States. The acquisition represents the software development services team of the Enea AB group of companies. The purchase price of EUR 17.9 million, which will be adjusted according to the acquired entity's net debt and working capital, will be paid upon completion of the transaction. The transaction's completion depends on the fulfillment of previous conditions.

Enea Services Romania S.R.L. offers a full-service mix of I.T. outsourcing and custom software development and research and development capabilities for embedded technologies and business applications in various fields such as medical, maritime, and embedded devices.

With a total turnover of approx. E.U.R. 12 million in 2021, Enea Services Romania S.R.L. has built an exceptional management team and approximately 160 engineers over the years. The headquarters are in Bucharest, with two additional offices in Iasi and Craiova and a group of about 10 specialists located in the United States. AROBS consolidates its presence in Romania and the



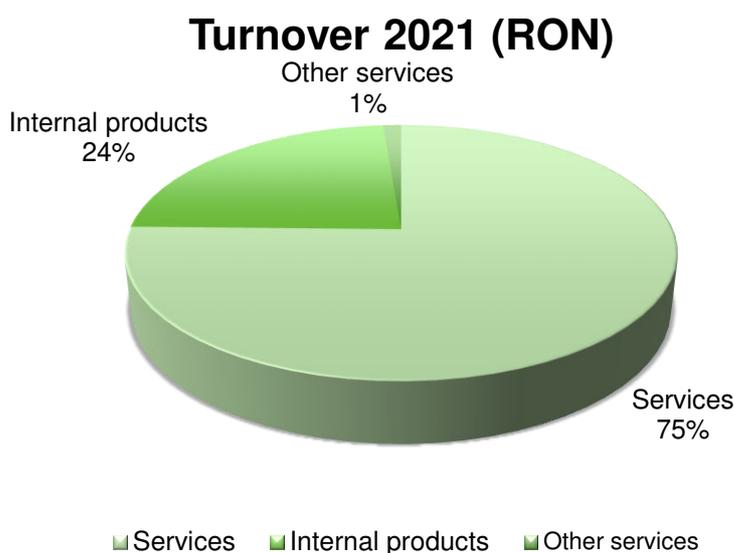
United States and expands its customer base in Western Europe and the United States through this transaction. Following this acquisition, AROBS is taking further steps in pursuing its growth strategy by accessing additional business opportunities for several attractive new industries, such as medical, maritime, and embedded devices.

## INDIVIDUAL FINANCIAL RESULTS ANALYSIS

### P&L ANALYSIS

At the individual level, in 2021, AROBS Transilvania Software S.A. generated an operating revenue amounting to 172.05 million lei, a 10% increase compared to the previous year. The turnover related to the financial year ended on December 31<sup>st</sup>, 2021, was 169.34 million lei, registering an increase of 10% compared to the financial year ended on December 31<sup>st</sup>, 2020. The contribution of the company's business lines in the total turnover is presented below:

| Business Lines<br>2021   | Turnover (RON)<br>2020 | Ratio %<br>2020 | Turnover (RON)<br>2021 | Ratio %<br>2021 |
|--------------------------|------------------------|-----------------|------------------------|-----------------|
| <b>Services</b>          | 110,803,639            | 72%             | 127,553,881            | 75%             |
| <b>Internal products</b> | 40,648,423             | 26%             | 39,647,186             | 24%             |
| <b>Other services</b>    | 3,094,248              | 2%              | 2,135,051              | 1%              |
| <b>Total</b>             | <b>154,546,310</b>     | <b>100%</b>     | <b>169,336,118</b>     | <b>100%</b>     |



The client portfolio has expanded with new partners from Europe and the United States, and the company observed an increase in the services and projects demanded by the clients. The software development industry is continuously growing and in constant need to access excellent resources, at a global level.

In software products such as fleet management, business optimization, and digital payments, the market is also growing due to the accelerated digitalization processes of companies and organizations. For future growth forecasts, AROBS relies on the idea that high demand for digitalization will boost the company's growth rate.

The development of fleet management products which represents internally generated intangible assets has also contributed to the total operating revenue of the company.

The operating expenses evolved similarly to the operating revenue, reaching 126.23 million lei, compared to the 112.8 million lei of the previous year. The most significant expenses were generated by the costs of employees and services contracted from third parties. The evolution is in line with the expansion of the business and the development of new internal products.

As a result of those mentioned above, the operating result for the financial year ended on December 31<sup>st</sup>, 2021, registered a value of 45.82 million lei, an increase of 4% compared to the previous year. The financial result reported a rise of 59% compared to last year, reaching a profit of 3.37 million lei, based on the increase in the efficiency of foreign exchange transactions compared to 2020 and the appreciation of the main currencies.

The gross result recorded by the company at the end of 2021 was 49.19 million lei, representing an increase of 6% compared to last year's gross result. The fiscal facilities provided by GEO 153/2020 for the increase of equity compared to 2020 led to a decrease in corporate income tax by 12% for 2021.

In 2021, the company reached a net result of 43.20 million lei, 7% higher compared to the 2020 net result.

| Profit & Loss Statement (lei) | 31.12.2020  | 31.12.2021  | Δ % |
|-------------------------------|-------------|-------------|-----|
| Turnover                      | 154,546,310 | 169,336,118 | 10% |
| Operating revenue             | 157,004,448 | 172,053,933 | 10% |
| Operating result              | 44,247,713  | 45,820,643  | 4%  |
| Financial result              | 2,119,753   | 3,367,186   | 59% |
| Gross result                  | 46,367,466  | 49,187,829  | 6%  |
| Net result                    | 40,391,242  | 43,199,268  | 7%  |
| EBITDA                        | 46,902,153  | 47,741,672  | 2%  |

## RESULTS VS ESTIMATES

The financial results recorded in 2021 were in line with the estimates for this financial year. A summary of the main financial indicators is presented below:

| Profit & Loss Statement (lei)   | Estimate 2021 | Result 2021 | Δ % |
|---|---------------|-------------|-----|
| Operating revenue   | 171,000,000   | 172,053,933 | 1%  |
| Operating expenses (excluding depreciation, amortization, and provisions) | 122,640,000   | 124,312,261 | 1%  |
| EBITDA  | 48,360,000    | 47,741,672  | -1% |
| EBITDA margin (%)   | 28%           | 28%         | 0%  |
| Operating result (EBIT)   | 45,581,000    | 45,820,643  | 1%  |
| Net result (EAT)  | 38,690,000    | 43,199,268  | 12% |
| Net profit margin   | 23%           | 25%         | 2%  |

## BUSINESS AND SALES STRATEGY

Three of the strategic directions followed by AROBS are designed to strengthen the company as a global software services provider and creator of innovative software products for diverse industries, markets, and geographies in Europe, America, and Asia.

Thus, the business and sales strategy encompass the three pillars of the Group's overall strategy:

1. **Concentrated diversification strategy based on research and innovation** and based on the following elements (organic development):
  - Research projects in the areas of IoT, Transport, Telematics, Automotive, and Business Optimization,
  - Launching innovative new products and disruptive versions of proprietary enterprise, telematics, and automotive products,
  - Enhancing the existing product portfolio by adding new features to the current product line,
  - Testing products on the Romanian market before global implementation.
2. **Service strategy by developing new areas of expertise** in high demand in the global software services market while continuously transferring in-house knowledge to future generations of programmers and hardware specialists.
3. **Horizontal integration strategy** in areas where the company is already present by applying the following measures (inorganic development):
  - Acquisitions of existing players operating in the same industry that can enable synergies and are easy to integrate, with solid EBITDA,
  - Expansion in Europe - development of newly opened subsidiaries,
  - Expansion into North America,
  - Expansion into South-East Asia.

## SIGNIFICANT CUSTOMERS

The following table shows the dispersion of customers according to the line of business:

| <b>Business segments</b> | <b>Top clients<br/>2020</b> | <b>% Of turnover</b> | <b>Top clients<br/>2021</b> | <b>% Of turnover</b> |
|--------------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| Automotive               | Client 1                    | 16.8%                | Client 1                    | 29.06%               |
|                          | Client 2                    | 6.7%                 | Client 2                    | 5.49%                |
|                          | Client 3                    | 5.6%                 | Client 3                    | 5.43%                |
|                          | Client 4                    | 4.7%                 | Client 4                    | 3.93%                |
|                          | Client 5                    | 4.5%                 | Client 5                    | 3.22%                |
| Fleet management         | Client 1                    | 0.8%                 | Client 1                    | 0.62%                |
|                          | Client 2                    | 0.5%                 | Client 2                    | 0.51%                |
|                          | Client 3                    | 0.4%                 | Client 3                    | 0.47%                |
| Life sciences            | Client 1                    | 6.6%                 | Client 1                    | 9.59%                |
|                          | Client 2                    | 2.0%                 | Client 2                    | 2.06%                |
|                          | Client 3                    | 1.1%                 | Client 3                    | 0.89%                |
|                          | Client 4                    | 0.8%                 | Client 4                    | 0.80%                |
|                          | Client 5                    | 0.8%                 | Client 5                    | 0.74%                |
| Products & Enterprise    | Client 1                    | 1.0%                 | Client 1                    | 1.77%                |
|                          | Client 2                    | 0.5%                 | Client 2                    | 1.34%                |
|                          | Client 3                    | 0.3%                 | Client 3                    | 0.65%                |
| Retail                   | Client 1                    | 1.0%                 | Client 1                    | 0.87%                |
|                          | Client 2                    | 0.9%                 | Client 2                    | 0.65%                |
|                          | Client 3                    | 0.5%                 | Client 3                    | 0.50%                |
| Travel                   | Client 1                    | 2.7%                 | Client 1                    | 2.75%                |
|                          | Client 2                    | 0.7%                 | Client 2                    | 0.83%                |
|                          | Client 3                    | 0.5%                 | Client 3                    | 0.44%                |

## MAIN OPERATIONAL INDICATORS

Regarding the performance of the Issuer's operational activity, the monitoring of the evolution of the profit, the profit margin, the level of operating income and expenses, as well as the level of EBITDA are considered. At the same time, the company monitors on each line of business the number of ongoing projects, the technologies used, as well as the skills of the members of each team.

In 2021, the value of total reported revenues was 176,686,300 lei. The net profit registered by the company had an ascending evolution, reaching in 2021 the value of 43,199,268 lei, increasing by 7% compared to 2020 when the value of the net profit was 40,391,242 lei. The net profit margin is 25% in 2021 and registered a slight decrease from the level recorded in 2020, of about 26%.

The level of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), which measures the overall financial performance of the company, is positive and increasing compared to 2020 (+ 2%), reaching in 2021 the value of 47,741,672 lei, with an EBITDA margin of over 28% in 2021.

Regarding the Issuer's business segments, the number / complexity of the projects carried out, the technologies used, the services offered, their degree of innovation and adaptation to the market, their global presence, their team, and expertise in various fields of interest are considered.

## BALANCE SHEET ANALYSIS

In 2021, the total assets registered a value of 204.6 million lei determined by a 92% increase in fixed assets reaching a total value of 52.5 million lei and a 31% increase in current assets, which recorded a total value of 150.5 million lei. The value of fixed assets was higher in 2021 due to the transfer of work in progress intangible assets and due to increase of financial assets.

Regarding intangible assets, the development of a new mobile application and other internal products was completed in 2021.

At the end of 2021, AROBS Transilvania Software consolidated its presence in the Western part of Romania, taking over Berg Software SRL, a local customized software development and outsourcing company. The decision to acquire this company is part of the AROBS strategy to increase its presence nationally and internationally in the German, Austrian and Swiss markets. This transaction increased participation in affiliated entities of approximately 14 million lei. The consolidated financial statements of AROBS Group will be communicated at a later date.

Current assets increased by 31% in 2021, reaching 150.46 million lei, mainly due to favorable variations in receivables and cash. Trade receivables increased by 3% in 2021, reaching 35.25 million lei, due to the growth of the business. Cash position increased significantly in 2021, registering a variation of 135% compared to the previous year due to the contribution of new investors following the private placement in October 2021.

Loans to affiliated entities decreased by 42% compared to the previous year due to both repayments during the year and the reconsideration of long-term loans.

In 2021, the total liabilities decreased to 16.77 million lei, with the amount of 17.18 million lei compared to 2020's balance, due to the full repayment of the working capital line. Revenues recorded in advance in 2021 were 2.56 million lei, a decrease of 6% compared to the previous year and represent revenues related to medium and long-term contracts and revenues from subsidies.

During 2021, equity increased by 75% due to the share capital increase from 100,000 lei to 45.6 million lei by incorporating the result carried forward for 2018 and 2019 and other reserves and by

issuing new shares. The share premiums also contributed to the increase of equity, which registered the value of 68.8 million lei due to the private placement. Following the legal provisions in force, 5% of the gross result from 2021 was distributed to the legal reserves, which registered, at the end of the year, a value of 2.5 million lei. For the retention of employees and the implementation of a Stock Option Plan, AROBS Transilvania Software redeemed 8.8% of the company's share capital.

| Balance sheet (lei)                 | 2020               | 2021               | Δ %        |
|-------------------------------------|--------------------|--------------------|------------|
| <b>Fixed assets</b>                 | 27,397,089         | 52,531,580         | 92%        |
| <b>Current assets</b>               | 114,596,735        | 150,464,564        | 31%        |
| <b>Prepaid expenses</b>             | 1,135,709          | 1,632,277          | 44%        |
| <b>TOTAL ASSETS</b>                 | <b>143,129,533</b> | <b>204,628,421</b> | <b>43%</b> |
| <b>Current liabilities</b>          | 31,089,646         | 15,892,296         | -49%       |
| <b>Non-current liabilities</b>      | 2,857,116          | 874,938            | -69%       |
| <b>Provisions</b>                   | 942,108            | 596,879            | -37%       |
| <b>Deferred revenue</b>             | 2,714,807          | 2,556,593          | -6%        |
| <b>Total liabilities</b>            | 37,603,677         | 19,920,706         | -47%       |
| <b>Equity</b>                       | 105,525,856        | 184,707,715        | 75%        |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>143,129,533</b> | <b>204,628,421</b> | <b>43%</b> |
| <b>Net assets</b>                   | <b>105,525,856</b> | <b>184,707,715</b> | <b>75%</b> |

## FIXED ASSETS OF THE ISSUER

To conduct its daily activities, AROBS also owns assets such as laptops, computers, mobile phones, multifunction printers, as well as furniture. All these are at the company's headquarters. The degree of physical depreciation of the fixed assets owned by the company does not have significant impact on the entity's activity. The IT equipment owned by the company has a small degree of physical depreciation specific to office activity. There are no issues of ownership of the company's tangible assets.

## DIVIDEND POLICY

At the time of writing this annual report, the Company has not formalized and implemented a dividend policy.

## PROPOSAL FOR PROFIT DISTRIBUTION

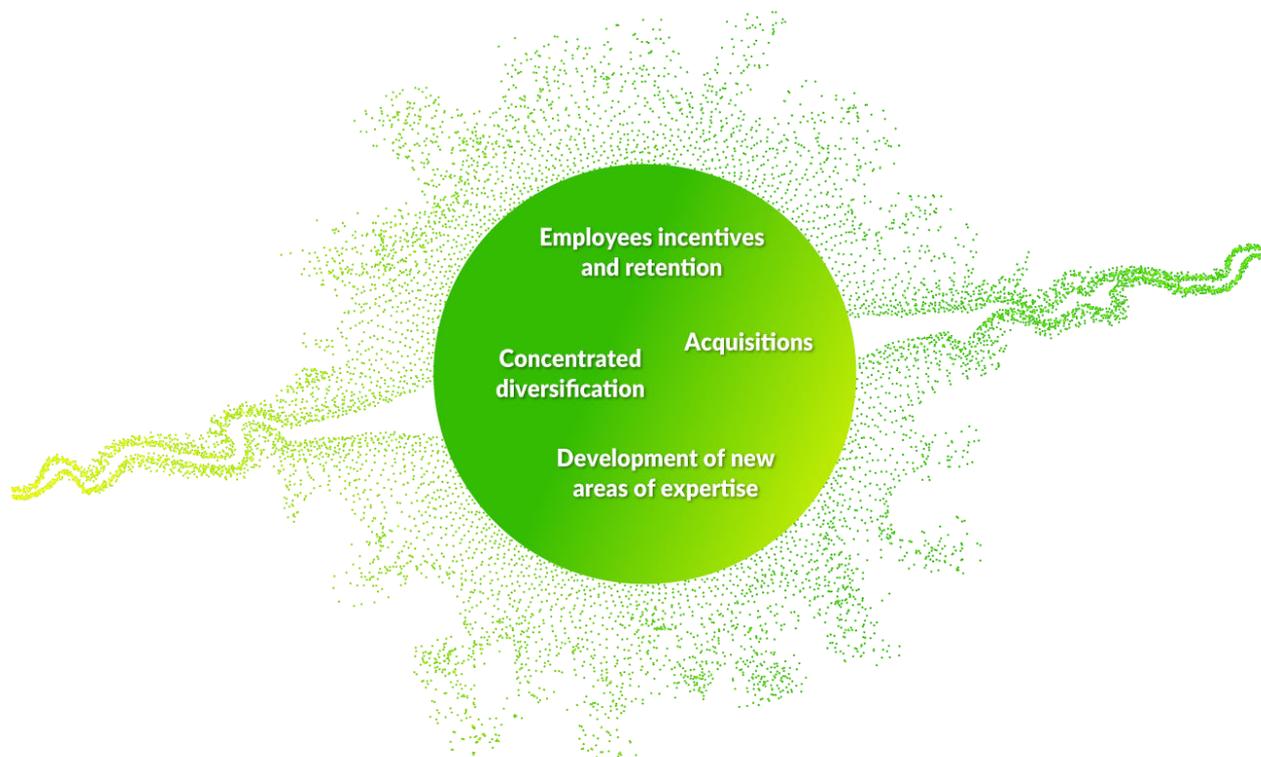
The proposal of the Board of Directors regarding the distribution of the profit related to the financial year ended December 31, 2021, in the amount of 43,199,268 lei, determined in accordance with applicable laws, is as follows: the amount of 40,477,475 lei net undistributed profit (result carried forward), of 2,459,391 lei distributed to legal reserve and the amount of 262,402 lei distributed to other reserves.

## ELEMENTS OF PERSPECTIVE REGARDING THE ISSUER'S ACTIVITY

**INDIVIDUAL BUDGET OF REVENUE AND EXPENDITURE FOR 2022**

| <b>PROFIT AND LOSS</b>             | <b>AMOUNT (LEI)</b> |
|------------------------------------|---------------------|
| <b>Net Turnover, out of which:</b> | <b>197,300,000</b>  |
| Services rendered                  | 162,300,000         |
| Revenue from internal products     | 32,500,000          |
| Other services                     | 2,500,000           |
| Other operating revenues           | 2,800,000           |
| <b>Total Operating Revenues</b>    | <b>200,100,000</b>  |
| Goods for resale                   | 5,500,000           |
| Personnel expenses                 | 66,800,000          |
| Third party services               | 62,700,000          |
| Other operational expenses         | 12,200,000          |
| <b>Total Operational Expenses</b>  | <b>147,200,000</b>  |
| <b>Operational Profit</b>          | <b>52,900,000</b>   |
| <b>EBITDA</b>                      | <b>54,900,000</b>   |
| <b>EBITDA Margin</b>               | <b>27%</b>          |
| <b>Financial Profit</b>            | <b>1,800,000</b>    |
| <b>Gross Profit</b>                | <b>54,700,000</b>   |
| <b>Gross Profit Margin</b>         | <b>28%</b>          |
| <b>Net Profit Margin</b>           | <b>47,300,000</b>   |
| <b>Net Profit Margin</b>           | <b>24%</b>          |
| Number of shares                   | 911,394,988         |
| <b>Net Result/share</b>            | <b>0.05</b>         |

The Issuer's strategic objectives are developed along 4 lines of action and also relate to the next period, both from the perspective of organic development and through strategic acquisitions:



**Concentrated diversification strategy based on research and innovation** and based on the following elements (organic development):

- Research projects in the areas of IoT, Transport, Telematics, Automotive and Business Optimisation,
- Launching innovative new products and disruptive versions of proprietary enterprise, telematics and automotive products,
- Enhancing the existing product portfolio by adding new features to the existing product line,
- Testing products on the Romanian market before global implementation.

**Service strategy by developing new areas of expertise** in high demand in the global software services market, whilst continuously transferring in-house knowledge to future generations of programmers and hardware specialists

**Horizontal integration strategy** in areas where the company is already present by applying the following measures (inorganic development):

- Acquisitions of existing players operating in the same industry that can enable synergies and are easy to integrate, with solid EBITDA,
- Expansion in Europe - development of newly opened subsidiaries,
- Expansion into North America,
- Expansion into South-East Asia.

**Strategy to motivate and retain employees** by pursuing the following options:

- Increase professional development opportunities by supporting the costs of their studies through various programmes,
- Increase the level of integration and communication between employees by organising regular team-building events,
- Employee involvement in the company's operations through the "stock option plan" financial mechanism based on the remuneration policy adopted at the group's level.

## **ELEMENTS OF PERSPECTIVE REGARDING THE AROBS GROUP ACTIVITY**

The Issuer is considering adopting policies that will allow the company to expand rapidly, both in terms of revenue and profit. Benefiting from a strong financial position as well as experience and expertise in integrating business lines, the company will adopt external growth policies in the coming period through mergers and acquisitions.

At the date of this financial report, the Issuer is in an advanced stage of negotiations for the acquisition of three companies operating in the field of software services, or owning and operating business optimisation solutions and fleet management products.

Also, through the Software services division, the Issuer aims to strengthen its global presence by consolidating existing specialisations, developing new expertise in response to both global industry trends and portfolio customer requests. The Issuer aims to establish its position as the global partner of choice for IT outsourcing and custom software development.

The Issuer plans to expand its operational activity in the US market in the coming period. And integration into the AROBS Group of the Software Development Services business line - around 160 specialists, including 10 in the United States -, an acquisition announced in April 2022, is a first step to strengthen the presence in the US based also on the new customer portfolio.

Subsidiaries in Germany and England play a major role in connecting with these two highly valuable markets through direct access to strategic prospects. The BERG Software acquisition at the end of 2021 consolidates the AROBS mark on the DACH market.

The subsidiaries in Hungary and the Republic of Moldova are of great strategic importance for the Issuer and will be included in the group from 2022.

The TrackGPS line of business, which manages fleet monitoring platforms, aims to expand its activity in the countries where it is present through the development of additional services such as the expansion of Automatic Toll Collection systems for Bulgaria and Poland, the development of Safety Driving, Green Driving and Predictive Maintenance solutions, as well as the improvement of After Sales Services through the localisation of IT systems and investments in specialised personnel.

In conjunction with these initiatives, TrackGPS aims to continue its consolidation in the South-East European market by acquiring new fleet management and monitoring companies and completing at least two new acquisitions in 2022.

SAS Grup aims to constantly improve the SASFleet application by adding new modules for fleet management activities, increasing the number of customers in Romania and stabilising the perception of the target segment as one of the fastest and most stable solutions on the market.

In terms of business optimisation solutions, the company aims to position Optimall as the partner of choice for process automation in the retail, FMCG and HoReCa industries by building a stronger

online and offline presence by developing institutional partnerships and attracting a steady stream of new customers.

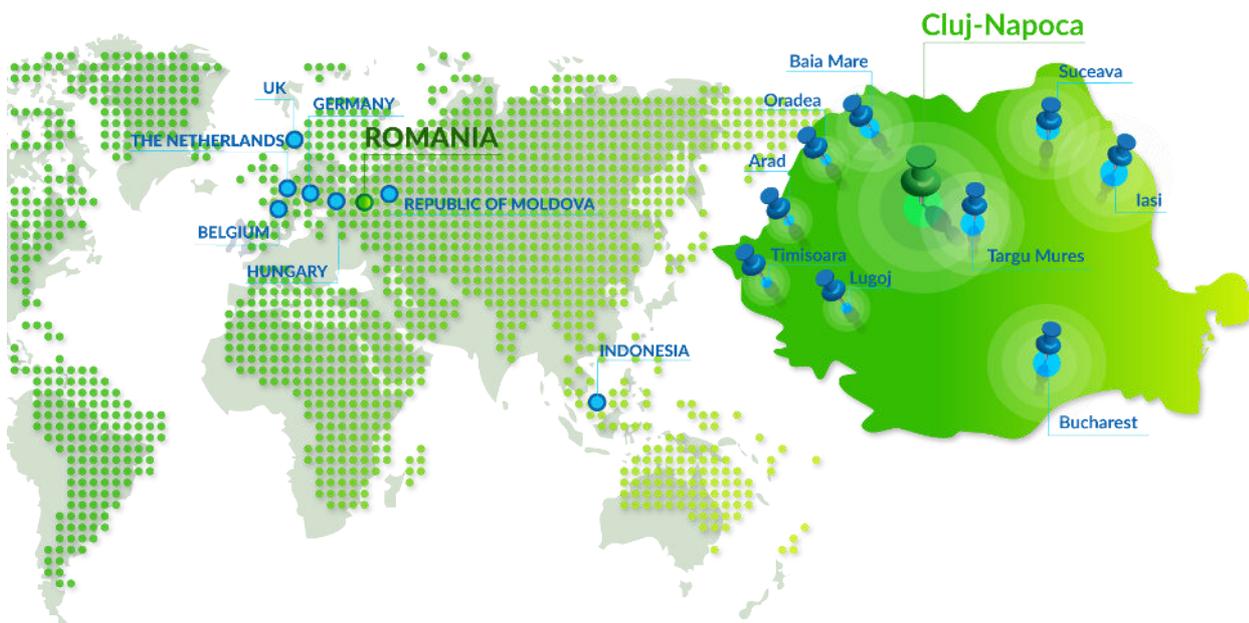
At the same time, it aims to position the paperless and contactless fintech solution developed by the company, MonePOS, as the most innovative, fast and environmentally friendly contactless and paperless payment solution.

The SoftManager CRM+ solution will aim to consolidate in the data automation market for micro and small businesses.

As regards the HR management business line, represented by UCMS Group România S.R.L., its main strategic objectives are to consolidate its position at the top of HR and payroll solutions nationwide, consolidate its position as the most experienced and innovative HR management software company, enter the SME segment and increase its market share in the current segment.

The issuer wants to grow the Scandinavian market for the solution RateWIZZ and improvement of the AROBS offer in the digital textbook segment to increase its current market share.

As far as CoSo Netherlands and Belgium are concerned, the aim is to stabilise the Robotic Process Automation market through new partnerships with companies and public organisations for intelligent automation in the logistics and insurance areas.



## RISKS

Risk factors are presented randomly. The company representatives are aware of these risks and, through the internal risk management system, try to anticipate and neutralise them before any potential consequences arise. However, many of the risks to which the Issuer is subject are beyond its control.

**General economic risks** - the Issuer's business may be influenced by the respective economic cycles and general economic conditions. International financial and geopolitical crises, and the unstable economic environment may have significant negative effects on the Issuer's business, or operating results and financial position. Socio-political turmoil can also impact company business.

**Key person risk** – The Issuer carries out an activity requiring advanced knowledge or specific specialisation. The company depends on recruiting and retaining skilled management, employees and collaborators. The medium- and long-term profitability of the company depends to a large extent on the performance of qualified employees and collaborators, personnel and executive management, each of whom is particularly important for its development.

**Tax and legal risk** - The Issuer is governed by the Romanian law. Although the Romanian legislation has been largely harmonised with the EU legislation, further changes may occur at any time, i.e. new laws and regulations may be introduced, which may affect the company's business. The Romanian legislation is often unclear, subject to different interpretations and implementations and frequent amendments. Both the change in tax and legal laws and the possible events generated by their application may result in possible fines or lawsuits against the company, which may impact the business of the Issuer.

**Risk generated by company litigation** - Although the Issuer pays particular attention to compliance with all legal provisions, in the context of the conduct of its business, it is subject to the risk of litigation and other legal proceedings. It is possible that the Issuer may be affected by contractual or non-contractual claims, complaints, including from counterparties in contractual relationships, customers, competitors or regulators. Any negative publicity associated with such an event can also have a certain impact.

Litigation in which the company is involved concerns the recovery of outstanding debts with regard to which AROBS is a creditor. The amounts covered by the legal files do not have a significant impact on the company's business. Risks from a possible increase in litigation could affect the company's financial performance.

**Risk of seizure of company accounts** - seizure of accounts is a foreclosure measure that may be applied to a company. Thus, the company's accounts may be blocked as a result of the seizure if its creditors request this measure to recover their debts. The seizure of the company's accounts entails the freezing of the amounts in the seized accounts and may make it difficult or impossible for the company to meet its subsequent obligations on the agreed terms.

**Risk of loss of reputation** - this is a risk inherent to the company's activity, the reputation being particularly important in the business environment, especially if the company wishes to expand into other markets. The ability to expand its portfolio in order to grow the business is linked to the company's brand recognition and product penetration in target markets.

**Risk associated with interest rates and funding sources** - in the event of a deterioration in the economic environment in which the Issuer operates, the Issuer could find itself unable to take out a new loan on the terms from which it had previously benefited and this could lead to increased financing costs and adversely affect the Issuer's financial situation.

**Price risk** – this is the risk that the market price of products and services sold by the company will fluctuate so that existing contracts become unprofitable. The company carefully monitors market prices and, if necessary, can withdraw from contracts that may become unfavourable.

**Personal data protection risk** – In the course of its business, the company collects, stores and uses data that is protected by personal data protection laws. Although the Issuer takes precautions to protect customer data in accordance with legal requirements on privacy protection, especially in the context of the implementation of the General Data Protection Regulation (EU) 2016/79 in Romania (as of 25 May 2018), the risks of data leakage cannot be completely eliminated.

**Cash-flow risk** – this is the risk that the Issuer may not be able to meet its payment obligations when due.

**Liquidity risk** – includes the risk of possible non-recovery of receivables. Due to the specific nature of its business, the Issuer shall maintain a level of receivables and payables that enables it to conduct its business in an optimal manner.

**Counterparty risk** – this is the risk in case a third party, either a natural or a legal person, fails to meet its obligations under a financial instrument or customer contract, thus resulting in a financial loss. The Company is exposed to credit risk as a result of its operating activities (mainly for external trade receivables) and its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Risk associated with insolvency and bankruptcy** - Romanian bankruptcy and enforcement law does not offer the same level of rights, remedies and projections enjoyed by creditors under legal regimes in other EU jurisdictions. In particular, Romanian bankruptcy and enforcement law and practice may make recovery by the Company of amounts related to secured and unsecured claims in Romanian courts more difficult and time-consuming than in other countries. Insolvency in Romania has experienced unfavourable dynamics in recent years, with insolvent companies, as well as companies reporting net losses, largely responsible for worsening payment behaviour across the economy.

**Pandemic risk** - Although ignored in recent decades, this risk (in particular the risk of global epidemics and pandemics) has relatively recently returned to the public eye. Although for some companies these may become opportunities, at least in the short term, the overall economic impact is considered to be negative. Thus, there are views that, depending on the nature and severity of the epidemic/pandemic, it can induce recessions lasting a quarter or even several years.

**Political and military instability in the region** - Political and military instability in the region, such as the invasion of Ukraine by the Russian Federation and the subsequent war in Ukraine, can lead to deeply unfavourable economic conditions, social unrest or, at worst, military confrontation in the region. The effects are largely unpredictable, but may include a fall in investment, significant currency fluctuations, increases in interest rates, reduced availability of credit, trade and capital flows and increases in energy prices. These and other unforeseen adverse effects of the crises in the region could have a material adverse effect on the Issuer's business, prospects, results of operations and financial position.

**Other risks** - Potential investors should note that the risks outlined above are the most significant risks of which the company is aware at the time of writing the document. However, the risks presented in this section do not necessarily include all those risks associated with the Company's business, and it cannot guarantee that it includes all relevant risks. There may be other risk factors and uncertainties of which the Company is not aware at the time of writing that could change the Company's actual results, financial condition, performance and achievements in the future and cause the Company's share price to decline. Investors should also undertake the necessary due

diligence in order to make their own assessment of the suitability of the investment. Therefore, the decision of potential investors as to whether an investment in financial instruments issued by the company is appropriate should be made after a careful assessment of both the risks involved and the other information about the issuer included or not in this document.

#### **ENVIRONMENTAL IMPACT**

The business of AROBS does not impact the environment. There is no litigation and no litigation related to environmental protection is expected.

## INDIVIDUAL PROFIT & LOSS STATEMENT

|   | 2020A              | 2021A              | Δ %         |
|---|--------------------|--------------------|-------------|
| <b>NET TURNOVER</b>   | <b>154,546,310</b> | <b>169,336,118</b> | <b>10%</b>  |
| Sales of services and goods   | 139,669,322        | 154,803,315        | 11%         |
| Sales of merchandise  | 15,530,059         | 15,090,356         | -3%         |
| <i>Discounts granted</i>  | <i>653,071</i>     | <i>557,553</i>     | <i>-15%</i> |
| Variation of the inventory of finished goods and capital work in progress | (517,585)          | 56,748             | -           |
| Revenue from production of fixed assets                                   | 1,869,466          | 1,420,199          | -24%        |
| Revenue from subsidy  | 4,054              | 12,046             | 197%        |
| Other operating revenue   | 1,102,203          | 1,228,822          | 11%         |
| <b>OPERATING REVENUE – TOTAL</b>  | <b>157,004,448</b> | <b>172,053,933</b> | <b>10%</b>  |
| Expenses with raw materials and consumables                               | 1,265,645          | 1,085,115          | -14%        |
| Other materials expenses  | 1,002,822          | 896,746            | -11%        |
| Other utilities expenses (water, energy)                                  | 1,244,592          | 1,130,834          | -9%         |
| Purchases of goods held for resale  | 10,856,145         | 10,727,135         | -1%         |
| <i>Discounts received</i>   | <i>283,209</i>     | <i>79,799</i>      | <i>-72%</i> |
| Personnel expenses  | 49,905,408         | 53,059,043         | 6%          |
| Depreciation and impairment of tangible and intangible assets             | 2,373,627          | 2,386,605          | 1%          |
| Impairment of current assets  | 280,811            | (120,346)          | -143%       |
| Other operating expenses  | 45,825,819         | 57,493,186         | 25%         |
| Adjustments of provisions for risks and charges                           | 285,075            | (345,229)          | -221%       |
| <b>OPERATING EXPENSES - TOTAL</b>   | <b>112,756,735</b> | <b>126,233,290</b> | <b>12%</b>  |
| <b>OPERATING RESULT</b>   | <b>44,247,713</b>  | <b>45,820,643</b>  | <b>4%</b>   |
| Financial revenues  | 5,762,932          | 4,632,367          | -20%        |
| Financial expenses  | 3,643,179          | 1,265,181          | -65%        |
| <b>FINANCIAL RESULT</b>   | <b>2,119,753</b>   | <b>3,367,186</b>   | <b>59%</b>  |
| Total revenues  | 162,767,380        | 176,686,300        | 9%          |
| Total expenses  | 116,399,914        | 127,498,471        | 10%         |
| Gross result  | 46,367,466         | 49,187,829         | 6%          |
| Income tax  | 5,976,224          | 5,988,561          | 0%          |
| <b>NET RESULT</b>   | <b>40,391,242</b>  | <b>43,199,268</b>  | <b>7%</b>   |

A = Audited

## INDIVIDUAL BALANCE SHEET

|   | 01.01.2021         | 31.12.2021         | Δ %         |
|---|--------------------|--------------------|-------------|
| <b>INTANGIBLE ASSETS</b>  | <b>5,470,968</b>   | <b>8,066,279</b>   | <b>47%</b>  |
| Development expenses  | 3,837,933          | 539,216            | -86%        |
| Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets | 1,094,937          | 7,527,063          | 587%        |
| Advances  | 538,098            | -                  | -100%       |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>  | <b>4,704,710</b>   | <b>4,879,066</b>   | <b>4%</b>   |
| Land and buildings  | 1,390,492          | 997,736            | -28%        |
| Installations and machinery   | 2,437,967          | 2,880,807          | 18%         |
| Other equipment and furniture   | 788,082            | 793,304            | 1%          |
| Tangible assets under construction  | 88,169             | 207,219            | 135%        |
| <b>FINANCIAL ASSETS</b>   | <b>17,221,411</b>  | <b>39,586,235</b>  | <b>130%</b> |
| Investments in related parties  | 17,212,281         | 31,262,135         | 82%         |
| Loans granted to related parties  | -                  | 6,823,060          | 100%        |
| Equity investment   | 9,130              | 9,130              | 0%          |
| Other long-term receivables   | -                  | 1,491,910          | 100%        |
| <b>NON-CURRENT ASSETS - TOTAL</b>   | <b>27,397,089</b>  | <b>52,531,580</b>  | <b>92%</b>  |
| <b>INVENTORIES</b>  | <b>4,922,783</b>   | <b>4,474,772</b>   | <b>-9%</b>  |
| Raw materials and consumables   | 1,497,460          | 1,588,330          | 6%          |
| Work in progress  | 518,416            | 575,164            | 11%         |
| Finished goods and commodities  | 2,070,294          | 2,223,258          | 7%          |
| Advances  | 836,613            | 88,020             | -89%        |
| <b>RECEIVABLES</b>  | <b>72,158,385</b>  | <b>57,785,108</b>  | <b>-20%</b> |
| Trade receivables   | 34,064,616         | 35,248,149         | 3%          |
| Receivables from affiliated entities  | 36,823,863         | 21,499,494         | -42%        |
| Other receivables   | 1,269,906          | 1,037,465          | -18%        |
| <b>PETTY CASH AND BANK ACCOUNTS</b>   | <b>37,515,567</b>  | <b>88,204,684</b>  | <b>135%</b> |
| <b>CURRENT ASSETS - TOTAL</b>   | <b>114,596,735</b> | <b>150,464,564</b> | <b>31%</b>  |
| <b>PREPAYMENTS</b>  | <b>1,135,709</b>   | <b>1,632,277</b>   | <b>44%</b>  |
| <b>TOTAL ASSETS</b>   | <b>143,129,533</b> | <b>204,628,421</b> | <b>43%</b>  |
| <b>CURRENT LIABILITIES</b>  | <b>31,089,646</b>  | <b>15,892,296</b>  | <b>-49%</b> |
| Amounts owed to credit institutions   | 19,064,438         | 2,226,645          | -88%        |
| Clients creditors   | 311,100            | 268,070            | -14%        |
| Trade payables suppliers  | 4,150,267          | 4,920,046          | 19%         |
| Amounts owed to affiliated entities   | 348,258            | 1,178,181          | 238%        |
| Other debts, including fiscal debts and other debts related to social securities                  | 7,215,583          | 7,299,354          | 1%          |
| <b>NON-CURRENT LIABILITIES</b>  | <b>2,857,116</b>   | <b>874,938</b>     | <b>-69%</b> |
| Amounts owed to credit institutions   | 2,191,230          | -                  | -100%       |

|  |                    |                    |             |
|--|--------------------|--------------------|-------------|
| Other debts, including fiscal debts and other debts related to social securities | 665,886            | 874,938            | 31%         |
| <b>TOTAL LIABILITIES</b>   | <b>33,946,762</b>  | <b>16,767,234</b>  | <b>-51%</b> |
| <b>PROVISIONS</b>  | <b>942,108</b>     | <b>596,879</b>     | <b>-37%</b> |
| <b>DEFERRED INCOME</b>   | <b>2,714,807</b>   | <b>2,556,593</b>   | <b>-6%</b>  |
| Investment subsidies   | 1,164,964          | 774,396            | -34%        |
| Deferred income  | 1,549,843          | 1,782,197          | 15%         |
| <b>EQUITY</b>  | <b>105,525,856</b> | <b>184,707,715</b> | <b>75%</b>  |
| Share capital subscribed and paid in   | 100,000            | 45,569,749         | 45.470%     |
| Share premium account  | -                  | 68,754,750         | 100%        |
| Reserves   | 2,446,871          | 2,741,793          | 12%         |
| Own shares   | -                  | (4,010,000)        | -100%       |
| Profit carried forward   | 62,869,816         | 30,944,825         | -51%        |
| Profit for the period  | 40,391,242         | 43,199,268         | 7%          |
| Distribution of profit   | (282,073)          | (2,721,793)        | 865%        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>143,129,533</b> | <b>204,628,421</b> | <b>43%</b>  |

## CASH-FLOW

| CASH FLOW FROM OPERATING ACTIVITIES                               | 31.12.2020          | 31.12.2021          |
|---|---------------------|---------------------|
| <b>Profit before tax</b>  | <b>46,367,466</b>   | <b>49,187,829</b>   |
| Adjustments for:  |                     |                     |
| Depreciation charge of tangibles and intangibles assets           | 2,373,627           | 2,386,605           |
| Correction of errors  | -                   | (197,873)           |
| Expense/(Income) related to fixed assets impairment               | -                   | 2,172,278           |
| Expense/(Income) related to allowance for inventory               | (152,047)           | (380,464)           |
| Expense/(Income) related to allowance for receivables             | 513,840             | (2,091,297)         |
| Expenses / (Income) related to provisions for risks and expenses  | 204,095             | (345,229)           |
| Net (gain)/loss on disposal of fixed assets                       | 541,800             | (443,839)           |
| Income subsidies  | (4,054)             | (390,568)           |
| Interest expense  | 281,991             | 152,774             |
| Interest income   | (1,614,278)         | (1,973,432)         |
| Expenses on disposal of financial investments                     | -                   | 214,913             |
| Revenue related to dividends/on disposal of financial investments | (1,848,900)         | (231,474)           |
| <b>Operating profit before working capital adjustments</b>        | <b>46,663,540</b>   | <b>48,060,222</b>   |
| (Increase)/Decrease of receivables                                | (13,288,379)        | 7,857,187           |
| (Increase)/Decrease of prepaid expenses                           | (11,871)            | (496,568)           |
| (Increase)/Decrease of inventory                                  | 982,933             | 828,475             |
| Increase/(Decrease) of liabilities                                | 71,619              | 2,998,682           |
| Increase/(Decrease) of deferred revenues                          | 1,510,908           | (158,214)           |
| Interest paid   | (281,991)           | (152,774)           |
| Interest received   | 1,614,278           | 93,572              |
| Income tax paid   | (6,291,717)         | (6,911,811)         |
| <b>Net cash from operating activities</b>                         | <b>30,969,334</b>   | <b>52,118,771</b>   |
| <b>Cash flows from investing activities</b>                       |                     |                     |
| Purchase of tangible assets                                       | (5,874,382)         | (4,011,591)         |
| (Increase)/Decrease in loans granted and other financial assets   | -                   | (14,264,767)        |
| Receipts from sale of fixed assets                                | 1,151,724           | 525,915             |
| (Purchase)/Sale of own shares                                     | (330,428)           | (4,010,000)         |
| Other short term financial investments                            | 21,043              | -                   |
| Dividend receipts/ disposal of financial investments              | 1,848,900           | 231,474             |
| <b>Net cash from investing activities</b>                         | <b>(3,183,143)</b>  | <b>(21,528,968)</b> |
| <b>Cash flows from financing activities</b>                       |                     |                     |
| Increase/(Decrease) in overdraft utilization                      | -                   | (16,142,798)        |
| Long-term loans received/(repaid)                                 | 458,672             | (2,886,225)         |
| Long-term loans received/(repaid) from owners                     | -                   | -                   |
| Leasing (payments)/receipts                                       | (951,431)           | (1,062,126)         |
| Dividends paid  | (11,826,958)        | (34,263,158)        |
| Share capital increase/(decrease) in cash                         | -                   | 74,453,622          |
| <b>Net cash from financing activities</b>                         | <b>(12,319,717)</b> | <b>20,099,315</b>   |
| Net increase/(decrease) in cash and cash equivalents              | 15,466,474          | 50,689,117          |
| Cash and cash equivalents at the beginning of the period          | 22,049,093          | 37,515,567          |
| Cash and cash equivalents at the end of the period                | 37,515,567          | 88,204,684          |

## CORPORATE GOVERNANCE PRINCIPLES

Statement on alignment with the BVB Corporate Governance Principles for the multilateral trading facility - AeRO market.

| CODE  | PROVISIONS TO BE OBSERVED  | FULLY OBSERVES | DOES NOT OBSERVE | EXPLANATIONS  |
|---|--|----------------|------------------|---|
| <b>SECTION A – RESPONSIBILITIES OF THE BOARD OF DIRECTORS (THE BOARD)</b> |  |                |                  |   |
| A1.   | The company must have an internal Board charter that includes terms of reference regarding the Board and key management functions of the company. The conflict of interest management at Council level should also be addressed in the Council Regulation  |                |                  | The issuer is in the process of adopting such a regulation.   |
| A2.   | Any other professional commitments of Board members, including executive or non-executive Board membership in other companies (excluding subsidiaries of the Company) and non-profit institutions, shall be disclosed to the Board prior to appointment and during the term of office.   | √              |                  | The issuer shall fully observe this provision. All professional commitments of the directors can also be found in the company's annual report.                        |
| A3.   | Each member of the Board shall inform the Board of any relationship with a shareholder that directly or indirectly holds shares representing not less than 5% of the total number of voting rights. This obligation shall cover any connection which may affect the position of the member concerned on matters relating to Council decisions. | √              |                  | The Issuer is fully compliant with this provision.  |
| A4.   | The annual report will inform whether an evaluation of the Council has taken place under the leadership of the President. The annual report must include the number of Council meetings.   |                |                  | The Issuer is fully compliant with this provision.  |
| A5.   | The procedure for cooperation with the Authorised Consultant for a period during which such cooperation is applicable shall comprise at least the following:   | √              |                  | The issuer has signed a contract with Cornerstone Communications S.R.L. for the provision of Authorised Consultant services, post-listing, for a period of 12 months. |
| A5.1.   | Contact person for the Authorised Consultant   | √              |                  |   |

|        |  |   |  |  |
|--------|--|---|--|--|
| A.5.2. | Frequency of meetings with the Authorised Consultant, which will be at least once a month and whenever new events or information involve the submission of current or periodic reports so that the Authorised Consultant can be consulted; | √ |  |  |
| A.5.3. | The obligation to inform the Bucharest Stock Exchange of any malfunctioning occurring in the cooperation with the Authorised Consultant, or change of the Authorised Consultant.   | √ |  |  |

### SECTION B – INTERNAL CONTROL/AUDIT

|     |   |   |  |   |
|-----|---|---|--|---|
| B1. | The Board will adopt a policy such that any transaction of the Company with a subsidiary representing 5% or more of the Company's net assets, as per the most recent financial report, is approved by the Board   |   |  | The issuer is in the process of adopting such a regulation. |
| B2. | The internal audit must be carried out by a separate organisational structure (internal audit department) within the company or through the services of an independent third party that will report to the Board and, in the company, report directly to the CEO. | √ |  | In 2021, AROBS had an internal auditor.                     |

### SECTION C – FAIR REWARDS AND MOTIVATION

|     |  |  |   |   |
|-----|--|--|---|---|
| C1. | The Company will publish in the annual report a section that will include the total income of the Board members and the CEO and the total amount of all bonuses or any variable compensation, including the key assumptions and principles for calculating them. |  | √ | The issuer did not include this information in the annual report. |
|-----|--|--|---|---|

### SECTION D – BUILDING VALUE THROUGH INVESTOR RELATIONSHIP

|     |   |   |  |   |
|-----|---|---|--|---|
| D1. | In addition to the information required by law, the company's website will contain an Investor Relationship section, in both Romanian and English, with all relevant information of interest to investors, including: | √ |  | AROBS complies with all the rules relating to the IR function, as detailed below. The company has a dedicated investor relationship section on the websites <a href="http://arobs.com">arobs.com</a> and <a href="http://www.arobsgrup.ro">www.arobsgrup.ro</a> . |
|-----|---|---|--|---|

|      |  |   |  |   |
|------|--|---|--|---|
| D1.1 | The main regulations of the company, in particular the articles of association and the internal regulations of the statutory bodies  | √ |  | The key regulations of AROBS can be found on the issuer's website.  |
| D1.2 | CVs of members of statutory bodies   | √ |  | CVs and biographies of management personnel can be found on the AROBS website, as well as in the annual reports.  |
| D1.3 | Current and regular reports;   | √ |  | All the current and regular reports of AROBS are available on the issuer's website.   |
| D1.4 | Information on general meetings of shareholders: agenda and related materials; resolutions of general meetings;  | √ |  | All the information related to the AROBS GMS are available on the issuer's websites <a href="http://arobs.com">arobs.com</a> and <a href="http://www.arobsgrup.ro">www.arobsgrup.ro</a> .                               |
| D1.5 | Information on corporate events such as the payment of dividends or other events that result in obtaining or limiting a shareholder's rights, including time limits and principles for such transactions;  | √ |  | If this is the case, such information will be published by the company on the AROBS website, as well as in current report sent to BVB.  |
| D1.6 | Other information of an extraordinary nature that should be made public: cancellation/modification/initiation of cooperation with an Authorised Consultant; signing/renewal/termination of an agreement with a Market Maker.                       | √ |  | If this is the case, such information will be published by the company on the AROBS website, as well as in current report sent to BVB.  |
| D1.7 | The company must have an Investor Relationship function and include in the dedicated section of the company's website the name and contact details of a person who is able to provide the relevant information upon request                        | √ |  | The contact data for the IR Department of AROBS may be found in the "Investors" section on the company's websites <a href="http://arobs.com">arobs.com</a> and <a href="http://www.arobsgrup.ro">www.arobsgrup.ro</a> . |
| D2.  | The company must have adopted a company dividend policy, as a set of guidelines for the distribution of net profits, which the company declares it will observe. The principles of the dividend policy must be published on the company's website. | √ |  | To this date, the company had not formalised and implemented the dividend policy.   |

|     |  |   |   |
|-----|--|---|---|
| D3. | <p>The company must have a policy adopted on forecasts and whether or not they will be provided. Projections are the quantified conclusions of studies aimed at determining the total impact of a list of factors relating to a future period (so-called assumptions). The policy should specify the frequency, the period considered and the content of the forecasts. The forecasts, if published, will be part of the annual, half-yearly or quarterly reports. The forecast policy must be published on the company's website.</p> | √ | <p>To this date, the company had not formalised and implemented the policy on forecasts.</p>  |
| D4. | <p>The company must set the date and place of a general meeting so as to allow as many shareholders as possible to attend.</p>   | √ | <p>AROBS organises and will continue to organise AGMs on working days, at the company's headquarters in Bucharest or Cluj-Napoca, as well as online.</p>                                    |
| D5. | <p>The financial reports will include information both in English and in Romanian on the main factors influencing changes in sales, operating profit, net profit or any other relevant financial indicator.</p>  | √ | <p>AROBS issues all investor information, including financial reports, both in English and in Romanian.</p>   |
| D6. | <p>The company will hold at least one meeting/conference call with analysts and investors each year. Information presented on these occasions will be published in the investor relationship section of the company's website at the time of the respective meeting/conference call.</p>   | √ | <p>AROBS will organise at least once a year the "AROBS Investor Day" - an event to which all stakeholders will be invited, including the investors, analysts and media representatives.</p> |

# MANAGEMENT STATEMENT

Cluj-Napoca, 29th of April, 2022

I would like to confirm that, according to the best possible information available, the individual financial results for the period between 01 January 2021 and 31 December 2021 show a true and fair view of the assets, liabilities, financial position and profit and loss account of AROBS Transilvania Software S.A. and that the management report gives a true and fair view of the significant events that occurred in 2021 and their impact on the company's financial statements.

**Voicu Oprean**

**CEO**

