AROBS GROUP

CONSOLIDATED FINANCIAL STATEMENTS

**AS AT AND FOR THE YEAR ENDED
DECEMBER 31, 2021**

**Prepared in compliance with
Order of the Minister of Public Finance No. 1802/2014 as subsequently amended**

(TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT)

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AROBS GROUP
BALANCE SHEET
AS AT DECEMBER 31, 2021
(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2021	Balance as at December 31, 2021
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
1 Start-up costs (acc. 201 - 2801)	**1**	-	-
2 Development expenditure (acc. 203 - 2803 - 2903)	**2**	4,782,579	2,928,601
3 Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	**3**	6,592,127	10,984,463
4 Goodwill (acc. 2071 - 2807)	**4**	3,706,829	16,866,014
5 Intangible assets for exploration and evaluation of mineral resources (206 - 2806 - 2906)	**5**	-	-
6 Advances (acc. 4094)	**6**	-	-
TOTAL (row 01 to 06)	**7**	**15,081,535**	**30,779,078**
II. TANGIBLE ASSETS			
1 Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	**8**	1,465,216	1,001,001
2 Plant and machinery (acc. 213 + 223 - 2813 - 2913)	**9**	3,086,363	3,879,820
3 Other plant, machinery and furniture (acc. 214 + 224 - 2814 - 2914)	**10**	1,015,540	1,075,690
4 Investment property (acc. 215 - 2815 - 2915)	**11**	-	
5 Property, plant and equipment in progress (acc. 231 - 2931)	**12**	85,072	496,790
6 Investment property in progress (acc. 235 - 2935)	**13**	-	-
7 Tangible assets for exploration and evaluation of mineral resources (acc. 216 - 2816 - 2916)	**14**	-	-
8Productive biological assets (acc. 217 + 227 - 2817 - 2917)	**15**	-	-
9 Advances (acc. 4093)	**16**	-	-
TOTAL (row 08 to 16)	**17**	**5,652,191**	**6,453,301**
III. FINANCIAL ASSETS			
1 Shares held in subsidiaries (acc. 261 - 2961)	**18**	1,049	1,050
2 Loans granted to group entities (acc. 2671 + 2672 - 2964)	**19**	-	-
3 Shares held in associated and jointly controlled entities (acc. 262 + 263 - 2962)	**20**	9,130	9,130
4 Loans granted to associated and jointly controlled entities (acc. 2673 + 2674 - 2965)	**21**	-	-
5 Other fixed assets (acc. 265 + 266 - 2963)	**22**	560,104	-
6 Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	**23**	1,427,881	2,303,496
TOTAL (row 18 to 23)	**24**	**1,998,164**	**2,313,676**
NON-CURRENT ASSETS - TOTAL (row 07 + 17 + 24)	**25**	**22,731,890**	**39,546,055**

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2021	Balance as at December 31, 2021
B. CURRENT ASSETS			
I. INVENTORIES			
1 Raw materials and consumables (acc. 301 + 302 + 303 +/- 308 +321 + 322 + 323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	**26**	1,725,126	1,968,919
2 Work in progress (acc. 331 + 332 +341 +/- 348* - 393 - 3941 - 3952)	**27**	518,416	575,164
3 Finished products and goods (acc. 327 + 345 + 346 + 347 +/- 348* + 354 + 356 + 357 + 361 + 326 +/- 368 + 371 +/- 378 - 3945 - 3946 - 3947 - 3953 - 3954 - 3955 - 3956 - 3957 - 396 - 397 - from acc. 4428)	**28**	2,181,418	2,378,290
4 Advances (acc. 4091)	**29**	836,701	120,352
TOTAL (row 26 to 29)	**30**	**5,261,661**	**5,042,725**
II RECEIVABLES (amounts to be collected after more than one year must be shown separately for each item)			
1 Trade receivables (acc. 2675* + 2676* + 2678* + 2679* - 2966* - 2968 + 4092 + 411 + 413 + 418 - 491)	**31**	36,343,076	40,064,494
2 Receivables from related entities (acc. 451** - 495*)	**32**	29,904,606	20,524,942
3 Receivables from related and jointly controlled entities (acc. 453 - 495*)	**33**	-	-
4 Other receivables (acc. 425 + 4282 + 431** + 437** + 4382 + 441** + 4424 + from acc. 4428** + 444** + 445 + 446 ** + 447** + 4482 + 4582 + 4662 + 461 + 473** - 496 + 5187)	**34**	355,760	1,269,785
5 Subscribed and unpaid capital (acc. 456 – 495*)	**35**	40	-
TOTAL (row 31 to 35)	**36**	**66,603,482**	**61,859,221**
III SHORT-TERM INVESTMENTS			
1 Shares held in related entities (acc. 501 - 591)	**37**	113,763	-
2 Other short-term investments (acc. 505 + 506 + 507 + from acc. 508 - 595 - 596 - 598 + 5113 + 5114)	**38**	-	-
TOTAL (row 37 + 38)	**39**	**113,763**	**-**
IV CASH AND BANK ACCOUNTS (from acc. 508 + acc. 5112 + 512 + 531 + 532 + 541 + 542)	**40**	**46,508,476**	**102,212,818**
CURRENT ASSETS - TOTAL (row 30 + 36 + 39 + 40)	**41**	**118,487,382**	**169,114,764**
C PREPAYMENTS (acc. 471) (row 43 + 44)	**42**	**1,179,507**	**1,824,159**
Amounts to be reversed within one year (from acc. 471)	**43**	1,175,693	1,819,965
Amounts to be reversed after one year (from acc. 471)	**44**	3,814	4,194

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2021	Balance as at December 31, 2021
D. DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR			
1 Bond loans, loans from convertible bonds issue being presented separately (acc. 161 +1681 - 169)	**45**	-	-
2 Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	**46**	19,064,438	2,226,645
3 Advances received on account of orders (acc. 419)	**47**	442,048	740,727
4 Trade payables - Suppliers (acc. 401 + 404 + 408)	**48**	4,594,766	5,693,380
5 Trade accounts payables (acc. 403 + 405)	**49**	-	-
6 Amounts owed to group entities (acc. 1661 + 1685 + 2691 + 451***)	**50**	225,062	3,783,039
7 Amounts owed to associated and jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***)	**51**	-	-
8 Other accounts payable, including tax liabilities and social security liabilities for social insurance (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431* * + 437 ** + 4381 + 441** + 4423 + 4428** + 444** + 446** + 447** + 4481 + 455 + 456** + 457 + 4581 + 462 + 4661 + 473** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	**52**	9,441,656	9,815,206
TOTAL (row 45 to 52)	**53**	**33,767,970**	**22,258,997**
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES (row 41 + 43 - 53 - 70 - 73 - 76)	**54**	**80,531,163**	**142,773,286**
F. TOTAL ASSETS LESS CURRENT LIABILITIES (row 25 + 44 + 54)	**55**	**103,266,867**	**182,323,535**
G. LIABILITIES: AMOUNTS PAYABLE WITHIN A PERIOD OF UP TO ONE YEAR			
1 Bond loans, loans from convertible bonds issue being presented separately (acc. 161 + 1681 - 169)	**56**	-	-
2 Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	**57**	2,191,230	-
3 Advances received on account of orders (acc. 419)	**58**	-	-
4 Trade payables - Suppliers (acc. 401 + 404 + 408)	**59**	-	-
5 Trade accounts payables (acc. 403 + 405)	**60**	-	-
6 Amounts due to group entities (acc. 1661 + 1685 + 2961 + 451***)	**61**	-	-
7 Amounts owed to associated and jointly controlled entities (acc. 1663 + 1686 + 2692 + 2693 + 453***)	**62**	-	-

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2021	Balance as at December 31, 2021
8 Other accounts payable, including tax liabilities and social security liabilities for social insurance (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431* * + 437 ** + 4381 + 441** + 4423 + 4428** + 444** + 446** + 447** + 4481 + 455 + 456** + 4581 + 462 + 4661 + 473** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	**63**	585,576	913,364
TOTAL (row 56 to 63)	**64**	**2,776,806**	**913,364**
H. PROVISIONS			
1 Provision for employee benefits (acc. 1515 + 1517)	**65**	-	-
2 Provisions for taxes (acc. 1516)	**66**	-	-
3 Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518)	**67**	1,214,411	1,216,647
TOTAL (row 65 to 67)	**68**	**1,214,411**	**1,216,647**
I. DEFERRED INCOME			
1 Investment grants (acc. 475) (row 70 + 71)	**69**	**1,164,964**	**774,396**
Amounts to be reversed within one year (from acc. 475*)	**70**	393,818	392,319
Amounts to be reversed after one year (from acc. 475*)	**71**	771,146	382,077
2 Deferred income (acc. 472) - total (row 73 + 74), out of which:	**72**	**5,606,300**	**6,020,901**
Amounts to be reversed within one year (from acc. 472*)	**73**	4,970,124	5,510,127
Amounts to be reversed after one year (acc. 472*)	**74**	636,176	510,774
3 Deferred income on assets received on transfer from customers (acc. 478) (row 76 + 77)	**75**	**-**	**-**
Amounts to be reversed within one year (from acc. 478*)	**76**	-	-
Amounts to be reversed after one year (from acc. 478*)	**77**	-	-
Negative goodwill (acc. 2075)	**78**	785,306	230,973
TOTAL (row 69 + 72 + 75 + 78)	**79**	**7,556,570**	**7,026,270**
J. SHARE CAPITAL AND RESERVES			
I. SHARE CAPITAL			
1 Subscribed paid-in share capital (acc. 1012)	**80**	100,000	45,569,749
2 Subscribed unpaid share capital (acc. 1011)	**81**	-	-
3 Patrimonial assets of the public corporation (acc. 1015)	**82**	-	-
4 Patrimonial assets of national research and development institutes (acc. 1018)	**83**	-	-
5 Other owners equity items (acc. 1031)	**84**	-	229,123
TOTAL (row 80 +81 + 82 + 83 + 84)	**85**	**100,000**	**45,798,872**
No.	**No. of Row**	**Balance as at January 1, 2021**	**Balance as at December 31, 2021**

(all amounts are expressed in RON unless otherwise stated)

II. CAPITAL PREMIUMS (acc. 104)	**86**	**-**	**68,754,750**
III. REVALUATION RESERVES (acc. 105)	**87**	**-**	**-**
IV RESERVES			
1 Legal reserves (acc. 1061)	**88**	352,848	2,753,451
2 Statutory or contractual reserves (acc. 1063)	**89**	373	373
3 Other reserves (acc. 1068 + 107)	**90**	2,387,268	344,035
TOTAL (row 88 to 90)	**91**	**2,740,489**	**3,097,859**
Own shares (acc. 109)	**92**	-	4,010,000
Gains related to equity instruments (acc. 141)	**93**	-	-
Losses related to equity instruments (acc. 149)	**94**	-	-
V. RETAINED PROFIT OR LOSS (acc. 117)			
- Credit balance	**95**	55,270,437	22,560,066
- Debit balance	**96**	-	-
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (acc. 121), related to the parent company			
- Credit balance	**97**	39,265,725	45,631,862
- Debit balance	**98**	-	-
Profit distribution (acc. 129)	**99**	282,073	2,721,793
SHAREHOLDERS' EQUITY - TOTAL (row 85 + 86 + 87 + 91 - 92 + 93 - 94 + 95 - 96 + 97 - 98 - 99)	**100**	**97,094,578**	**179,111,615**
VII. NON-CONTROLLING INTERESTS			
Profit or loss for the financial year			
- Credit balance	**101**	301,256	101,056
- Debit balance	**102**	-	-
Other equity	**103**	(312,812)	(142,972)
CAPITAL - TOTAL (row 100 + 101 + 102 + 103)	**104**	**97,083,022**	**179,069,700**

These Financial Statements have been signed and approved on June 30, 2022, by:

Director,

Surname and First Name:

Oprean Voicu

Signature
Seal of the Establishment

Prepared by,

Surname and First Name:

Nistor Iuliana
Chief Accountant

Signature

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial year ended December 31, 2020	Financial year ended December 31, 2021
1. Net Turnover (row 02 + 03 - 04 + 05 + 06)	**1**	**173,104,541**	**190,066,243**
Production sold (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708)	**2**	157,931,222	175,439,437
Revenue from the sale of goods (acc. 707)	**3**	16,014,210	15,328,887
Trade discounts granted (acc. 7090	**4**	840,891	702,081
Income from interests recorded by entities deregistered from the General Register with outstanding leases in progress (acc. 766*)	**5**	-	-
Income from operating subsidies related to net turnover (acc. 7411)	**6**	-	-
2 Revenue related to the cost of production in progress (acc. 711 + 712)			
- Credit balance	**7**	-	56,748
- Debit balance	**8**	394,570	-
3 Income from the production of intangible and tangible assets (acc. 721 + 722)	**9**	2,404,214	1,853,263
4 Revenue from tangible assets revaluation (acc. 755)	**10**	-	-
5 Revenue from production of investment property (acc. 725)	**11**	-	-
6 Income from operating subsidies (acc. 7412 + 7413 + 7414 + 7415 +7416 + 7417 + 7419)	**12**	181,848	42,050
7 Other operating income (acc. 751 + 758 + 7815)	**13**	910,220	1,823,889
- Out of which, negative goodwill income (acc. 7815)	**14**	554,333	554,333
- Out of which, investment grant income (acc. 7584)	**15**	-	390,568
OPERATING INCOME - TOTAL (row 01 + 07 - 08 + 09 + 10 + 11 + 12 + 13)	**16**	**176,760,586**	**193,842,193**
8 a) Expenditure on raw materials and consumables (acc. 601 + 602)	**17**	1,385,756	1,232,284
Other material EXPENDITURE (acc. 603 + 604 + 606 + 608)	**18**	1,108,940	977,934
b) Other external expenditure (including energy and water) (acc. 605)	**19**	1,382,852	1,215,866
c) Expenditure on goods (acc. 607)	**20**	10,728,492	10,427,749
Trade discounts received (acc. 609)	**21**	286,546	81,836
9. Staff expenditure (row 23 + 24)	**22**	**57,657,171**	**61,260,441**
a) Salaries and allowances (acc. 641 + 642 + 643 + 644)	**23**	55,714,988	59,240,462
b) Social security and welfare expenses (acc. 645 + 646)	**24**	1,942,183	2,019,979
10.a) Value adjustments of tangible and intangible fixed assets (row 26 - 27)	**25**	**6,140,919**	**6,042,045**
a. 1) Expenditure (acc. 6811 + 6813 + 6817)	**26**	6,140,919	6,042,045
a.2) Revenue (acc. 7813)	**27**	-	-

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial year ended December 31, 2020	Financial year ended December 31, 2021
b) Value adjustments on current assets (row 29 - 30)	**28**	**138,784**	**195,487**
b. 1) Expenditure (acc. 654 + 6814)	**29**	1,803,054	2,054,005
b. 2) Revenue (acc. 754 + 7814)	**30**	1,664,270	1,858,518
11 Other operating expenses (row 32 to 38)	**31**	**51,449,596**	**63,745,663**
11.1. Expenditure on external services (acc. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	**32**	48,890,890	61,345,164
11.2. Other fees, taxes and similar expenses; Expenses representing transfers and due contributions based on special regulatory documents (acc. 635 + 6586*)	**33**	1,002,889	864,031
11.3. Expenses related to environmental protection (acc. 652)	**34**	-	-
11.4 Expenses on the revaluation of tangible assets (acc. 655)	**35**	-	-
11.5. Expenses related to disasters and other similar events (acc. 6587)	**36**	-	-
11.6. Other expenses (acc. 651 + 6581 + 6582 + 6583 + 6588)	**37**	1,555,817	1,536,468
Costs related to refinancing interests recorded by entities deregistered from the General Register, which have leases in progress (acc. 666*)	**38**	-	-
Adjustments relating to provisions (row 40 - 41)	**39**	**430,683**	**(245,298)**
- Expenditure (acc. 6812)	**40**	1,276,889	879,115
- Revenue (acc. 7812)	**41**	846,206	1,124,413
OPERATING EXPENSES - TOTAL (row 17 to 20 - 21 + 22 + 25 + 28 + 31 + 39)	**42**	**130,136,647**	**144,770,335**
OPERATING PROFIT OR LOSS:			
- Profit (row 16 - 42)	**43**	46,623,939	49,071,858
- Loss (row 42 - 16)	**44**	-	-
12 Income from participating interests (acc. 7611 + 7612 + 7613)	**45**	(403)	123,073
- Out of which, income obtained from related entities	**46**	-	-
13 Interest income (acc. 766)	**47**	1,420,241	1,743,712
- Out of which, income obtained from related entities	**48**	-	-
14 Income from operational subsidies related to interest receivable (acc. 7418)	**49**	-	-
15 Other financial income (acc. 7615 + 762 + 764 + 765 + 767 + 768)	**50**	2,450,938	3,056,429
- Out of which, income from other financial fixed assets (acc. 7615)	**51**	-	-
FINANCIAL REVENUE - TOTAL (row 45 + 47 + 49 + 50)	**52**	**3,870,776**	**4,923,214**

(all amounts are expressed in RON unless otherwise stated)

No.	**Row No.**	**Financial year ended December 31, 2020**	**Financial year ended December 31, 2021**
16 Value adjustments on financial fixed assets and investments held as current assets (row 54 - 55)	**53**	**-**	**-**
- Expenditure (acc. 686)	**54**	-	-
- Revenue (acc. 786)	**55**	-	-
17 Interest expense (acc. 666*)	**56**	292,871	165,365
- Out of which, expenses related to related entities	**57**	-	-
Other financial charges (acc. 663 + 664 + 665 + 667 + 668)	**58**	3,824,206	1,399,691
FINANCIAL EXPENDITURE - TOTAL (row 53 + 56 + 58)	**59**	**4,117,077**	**1,565,056**
FINANCIAL PROFIT OR LOSS			
- Profit (row 52 - 59)	**60**	-	3,358,158
- Loss (row 59 - 52)	**61**	246,301	-
TOTAL REVENUE (row 16 + 52)	**62**	**180,631,362**	**198,765,407**
TOTAL EXPENDITURE (row 42 + 59)	**63**	**134,253,724**	**146,335,391**
18 GROSS PROFIT OR LOSS			
- Profit (row 62 - 63)	**64**	46,377,638	52,430,016
- Loss (row 63 - 62)	**65**	-	-
19. INCOME TAX (acc. 691)	**66**	**6,803,157**	**6,684,657**
20 Other taxes not shown under items above (acc. 698)	**67**	7,501	12,422
21 NET PROFIT OR LOSS FOR THE REPORTING PERIOD OF THE PARENT COMPANY			
- Profit (row 64 - 66 - 67)	**68**	39,265,725	45,631,862
- Loss (row 65 + 66 + 67); (row 66 + 67 - 64)	**69**	-	-
22 NET PROFIT OR LOSS FOR THE REPORTING PERIOD OF NON-CONTROLLING INTERESTS			
- Profit	**70**	-	101,056
- Loss	**71**	(301,256)	

These Financial Statements have been signed and approved on June 30, 2022, by:

Director,

Surname and First Name:

Oprean Voicu
Signature
Seal of the Establishment

Prepared by,

Surname and First Name:

Nistor Iuliana
Chief Accountant
Signature

1. FINANCIAL REPORTING

These Consolidated Financial Statements of the AROBS Group (the Group – as defined in Note 2) have been based on the Separate Financial Reports of each entity included in the Group, prepared in accordance with the provisions of Order of the Ministry of Public Finance 1802/2014 compliant with the Seventh Directive of the European Economic Community. These Financial Reports are the responsibility of the Parent Company Arobs Transilvania Software S.A. (the "Parent Company").

The purpose of preparing the Consolidated Financial Reports is to present a consolidated financial position of the Group as at December 31, 2021 and the financial performance of the Group for the financial year then ended.

2. GROUP STRUCTURE

Companies in which the Parent Company (AROBS Transilvania Software S.A.) holds at least 50% of the share capital were considered for inclusion in the scope of consolidation. The exclusion criteria from the scope of consolidation according to the accounting regulations in force were also analysed. Following this analysis, in the financial year ended December 31, 2020, a company in which the Parent Company's participation was held for sale and which was sold during the financial year 2021 was excluded. The percentages taken into account aggregate the holdings held by the Parent Company, directly or indirectly, through other companies owned by it.

The AROBS Group is composed of 11 companies from 6 countries on 2 continents, with software development services, GPS fleet monitoring services as its core business. The year 2020 was the first year in which the Parent Company prepared Consolidated Financial Statements. The main activity of the 11 separate economic entities within AROBS Group is the development of software services, in accordance with the business lines of AROBS Transilvania Software S.A.

The wide-group target is to increase turnover by 18% during 2022 compared to 2021. In addition, the aim is to achieve an increase in the number of employees in order to ensure that all new projects can be delivered. The aim is to develop subsidiaries by capturing larger market shares in the countries in which they operate and to support organic growth for these companies. As most of the turnover comes from custom software development services, the main challenge is to attract new employees and retain existing employees in a dynamic labour market characterised by aggressive IT competition. Companies outside Romania face additional barriers to market penetration and for this reason, the group wants to support them in attracting new customers and developing innovative solutions for them.

The companies included in the consolidation are as follows:

- AROBS TRANSILVANIA SOFTWARE S.A., Romania, Cluj-Napoca, str. Donath, nr. 11/28, Cluj County
- PT AROBS Solutions, Indonesia, Puri Indah Financial Tower, et. 8 809-810, Jalan Puri Lingkar Dalam Blok T8, Jakarta Barat
- CABRIO INVEST B.V., The Netherlands, Tolweg 7, 4851SJ, Ulvenhout
- COSO TEAM UK LTD, United Kingdom, 10 Bridge Street Christchurch Dorset BH23 1EF, UK
- COSO BY AROBS BVBA, Belgium, De Vis 20, code 2930, Brasschaat
- COSO BY AROBS B.V., The Netherlands, Tolweg 7, 4851SJ, Ulvenhout
- AROBS Software Solutions GmbH, Germany, Leopold Strasse 23, 80801, Munich
- UCMS GROUP ROMANIA S.R.L., Romania, Cluj-Napoca, str. Câmpului 84-86 Cluj
- SAS GRUP S.R.L., Romania, Bucharest, Sector 6, Bld. Ghencea, nr. 43b, Ghencea Business Center, et. 5
- SOFTMANAGER S.R.L, Romania, Ploiești, str. Zmeului, nr. 21, Prahova County
- BERG COMPUTERS SRL, Romania, Giroda Commune, Ghiroda Village, str. Lugoj, nr.4, Timiș County

(all amounts are expressed in RON unless otherwise stated)

2. GROUP STRUCTURE (continued)

The structure of the Group is as shown in the following table:

Company	Percentage of Control (AROBS)	Percentage of Minority Interest
PT AROBS SOLUTIONS INDONESIA	70%	30%
CABRIO INVEST B.V.	90%	10%
COSO TEAM UK LTD	90%	10%
COSO BY AROBS BVBA	90%	10%
COSO BY AROBS B.V.	90%	10%
AROBS SOFTWARE SOLUTIONS GMBH	60%	40%
UCMS GROUP ROMANIA S.R.L.	97.67%	2.33%
SAS GRUP S.R.L.	100%	0%
BERG COMPUTERS S.R.L.	100%	0%
SOFTMANAGER S.R.L.	70%	30%

Consolidation of UCMS Group Romania in the scope of consolidation of the Parent Company (related to the financial year ended December 31, 2020)

In October 2020, AROBS assigned 30 shares to third party individuals, the percentage of ownership of AROBS becoming 23.26%.
As a result of the fact that the contractual objectives set at the time of the assignment of the shares were not met within 1 year, it was decided to repurchase the shares of UCMS, in November 2021, AROBS becoming the majority shareholder of UCMS with a share of 97.67% of the share capital, together with Voicu Oprean who has a 2.33% stake.

According to the provisions of Law 31/1990, republished and updated, the rights of the non-affiliated party shareholder could only be exercised through a meeting of the General Meeting of Shareholders.
Thus, in the period October 2020 to October 2021, the non-affiliated party shareholder did not exercise any of its rights due to the fact that the procedure of the General Meeting, as provided for in Article 16 of the Articles of Incorporation, was not exercised and because the shareholders Arobs and Voicu Oprean did not want any change in the company's activity, both in terms of organisational, management and business structure.
The General Meeting of Shareholders, according to the provisions of the Articles of Incorporation, has a series of duties that could have been taken with a simple majority of 50%+1 but decisions with a major impact on the company's activity, namely:

a) The merger or division of the company;
b) The modification of the share capital, including by share capital increase or by assignment of shares or the co-opting of new shareholders;
c) Distribution of dividends;
d) The appointment or dismissal of the directors and the determination or modification of their remuneration;
e) The alienation, pledge, lease of the company's assets;
f) Changing the legal form of the company;
g) The relocation of the company's headquarters
h) could only be taken by a majority of 80% (according to Article14 of the Articles of Incorporation).

For these reasons, it was established that the decision-making power was exercised through the other two shareholders, Voicu Oprean and AROBS.

According to the provisions of the Order of the Minister of Public Finance 1802/2014, article 494 paragraph (1), sections (c) and (d), UCMS was considered to be disclosed in the Consolidated Financial Statements of the AROBS Group as a subsidiary to ensure the reality and accuracy of transactions.
Article 57, paragraph (3) of the Order of the Minister of Public Finance 1802/2014 describes the principle of economic over legal prevalence, "when there are differences between the substance or economic nature of an operation or transaction and its legal form, the entity shall record these operations in the accounting books, in compliance with their economic substance".

Following these considerations, as well as those presented in section C. *Associated entities and jointly controlled entities,* the Parent Company decided to consolidate UCMS as a subsidiary, fully integrating the financial position and performance of the company as at December 31, 2020.
AROBS is assigned the percentage held in the share capital of UCMS plus the potential voting rights, as a result of the option to purchase the shares assigned no later than December 31, 2021. Thus, the controlling percentage of AROBS is 74.42%, and the percentage of minority interest is 25.58%.

During the financial year 2021, the Parent Company acquired shares in UCMS, with a 97.67% stake at the end of the year.

Deconsolidation of AROBS Trading & Distribution GmbH from the scope of consolidation of the Parent Company (related to the financial year ended December 31, 2020)

The Parent Company, AROBS Transilvania Software, through its majority shareholders, decided, at the end of 2020, to assign the shares it held in AROBS Trading & Distribution GmbH to Mr Voicu Oprean and took specific concrete actions to achieve it.

Based on this intention to sell the stake held by AROBS Transilvania Software in AROBS Trading & Distribution GmbH, the management decided to classify the holding in this subsidiary as available for sale.
When preparing the Consolidated Financial Statements of the Parent Company for the financial year ended December 31, 2020, the provisions of the Order of the Minister of Public Finance 1802/2014 regarding the exemptions from the consolidation obligation will be taken into account. According to Article No. 504, **"An entity, including a public-interest entity, may be excluded from the Consolidated Annual Financial Statements if at least one of the following conditions is met:**
a) In extremely rare cases where the information required to prepare the Consolidated Annual Financial Statements in accordance with these regulations cannot be obtained without disproportionate expense or undue delay;
b) The shares of the entity in question are held exclusively with a view to their subsequent sale; or
c) Severe long-term restrictions substantially prevent the Parent Company from exercising its rights over the assets or management of the entity concerned".
In accordance with section b) of the above-mentioned provision, the management of the Parent Company decided to exclude the subsidiary AROBS Trading & Distribution GmbH from the scope of consolidation.
Please note that at the date of the decision to sell the stake in this subsidiary, it was also decided to change the name of the company from AROBS GmbH to AROBS Trading & Distribution GmbH. The resolution on the change of shareholder structure and the name of AROBS Trading & Distribution was prepared to serve the competent authorities of Germany to operate these changes in the company's Articles of Association.

During the financial year 2021, the Parent Company sold its entire stake in the Company AROBS Trading & Distribution GmbH.

Changes in the Group structure 2021

At the end of 2021, the Parent Company AROBS acquired 100% of the share capital of the company Berg Computers SRL.

During the financial year 2021, AROBS divested 15% of its stake in PT AROBS Solutions Indonesia to the minority shareholder.

3. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

A. Basis of preparation of the Consolidated Financial Statements

A.1. General Information

These Consolidated Financial Statements are the responsibility of the management of the Parent Company and have been prepared in accordance with the requirements of the accounting rules in Romania, namely the Accounting Law 82/1991, republished and Order of the Minister of Public Finance ("OMF") No. 1802/2014 as subsequently amended.

These regulations partially transpose the provisions of the Directive 2013/34/EU of the European Parliament and of the Council on the Annual Financial Statements, Consolidated Financial Statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, published in the Official Journal of the European Union No. L 182 dated 29 June 2013.

Order of the Minister of Finance No. 1802/2014 as subsequently amended is harmonised with the European Directives IV and VII and differs from the International Financial Reporting Standards. As a result, these Financial Statements are not consistent with the International Financial Reporting Standards.

These Consolidated Financial Statements, prepared in accordance with the Order of the Minister of Finance No. 1802/2014 as subsequently amended, should not be used by third parties or by users of the Financial Statements who are not familiar with the Order of the Minister of Finance No. 1802/2014 applicable in Romania.

The Parent Company and its subsidiaries are part of the category of large groups.

Financial Statements belong to a Group. In accordance with Law 82/1991 republished, Article 31, and with the requirements of Order of the Minister of Public Finance No. 1802/2014 a Parent Company must prepare both Separate Annual Financial Statements for its own activity and Consolidated Annual Financial Statements.

The accounting entries on the basis of which these Financial Statements have been prepared are made in "Romanian Lei" (RON) at historical cost, except for the statements in which fair value has been used, according to the Group's accounting policies and according to Order of the Minister of Finance 1802/2014 as subsequently amended.

1) Going concern principle. The Group operates on a going concern basis. This principle implies that the entity continues in normal operation, without going into liquidation or significant reduction in activity.
The rationale taken into account for the observance of the going concern are set out in Note 17 Going Concern.

2) Consistency of preparation principle. The accounting policies and valuation methods have been applied consistently from one financial year to the next.

3) The prudence principle of accounting. In preparing the Annual Financial Statements, recognition and measurement was carried out on a prudent basis and, in particular:

a) Only the profit realised at the balance sheet date is included in the profit and loss account;
b) Liabilities arising during the current financial year or a previous year are recognised, even if they become apparent only between the balance sheet date and the date of its drafting;
c) The impairment losses are recognised, regardless of whether the result of the financial year is a loss or a profit. The recording of adjustments for impairment or loss of value shall be made on the expense accounts, regardless of their impact on the profit and loss account.

All foreseeable liabilities and potential losses arising during the relevant financial year or during a previous year are recognised, even if they become apparent only between the balance sheet date and the date of its drafting.

4) Accruals principle. The effects of transactions and other events are recognised when transactions and events occur (rather than as cash or cash equivalents are received or paid for) and are recorded in the accounting records and reported in the Financial Statements of the related periods.

5) Intangibility principle.

1. The opening balance for each financial year should be consistent to the closing balance

for the preceding financial year.

(2) In case of changes in accounting policies and correction of errors relating to previous periods, the balance sheet of the period prior to the reporting period shall not be changed.

(3) The recording in retained earnings of the correction of material errors relating to previous financial years and of changes in accounting policies shall not be regarded as a breach of the principle of intangibility.

6) The principle of separate measurement of assets and liabilities. The components of assets and liabilities shall be measured separately.

7) Principle of non-compensation. Any netting between assets and liabilities or between income and expense items is prohibited. Any offsetting between receivables and payables to the same entity performed in compliance with the legal provisions may be recorded only after the corresponding receivables and revenues, and payables and expenses, have been recognised.

In the above case, the gross amount of the offsetting receivables and payables is disclosed in the Notes.

In case of asset exchange, the sale/disposal operation and the purchase/receipt operation shall be shown separately in the accounts on the basis of supporting documents, with all income and expenditure relating to the operations recorded. The accounting treatment is similar in the case of mutual services.

8) Accounting and presentation of the items of the balance sheet and the profit and loss account taking into account the economic substance of the transaction or commitment in question. Compliance with this principle is intended to ensure that economic and financial transactions are accurately recorded and presented in the accounts in accordance with economic reality, highlighting the rights and obligations as well as the risks associated with these transactions.

The economic and financial events and operations must be recorded in accounts as they occur, on the basis of supporting documents. The supporting documents underlying the recording in the accounting books of the economic and financial operations must accurately reflect the manner in which they occur, namely to be consistent with reality. Moreover, the contracts concluded between the parties must provide for the manner of carrying out the operations and must comply with the existing legal framework. The entities are required to take account of all available information when drawing up supporting documents and accounting for economic and financial transactions, so that it is extremely rare for the economic nature of the transaction to differ from the legal form of the underlying documents.

9) The principle of valuation at acquisition cost or production cost. The items disclosed in the Financial Statements shall, as a rule, be valued on a acquisition cost or production cost basis. Cases where the acquisition cost or the production cost is not used shall be disclosed separately.

10) Principle of materiality. The Group may deviate from the requirements contained in these regulations regarding the disclosure and publication of information, when the effects of compliance are immaterial.

B. Consolidation procedures

1. Consolidated Balance Sheet

The assets and liabilities of the entities included in the consolidation shall be incorporated in full in the consolidated balance sheet. For the purpose of preparing the Consolidated Annual Financial Statements, similar items of assets, liabilities and equity, i.e. income and expenditure of the Parent Company and those of the subsidiaries shall be combined. The book values of shares in the capital of undertakings included in a consolidation shall be offset against the proportion which they represent in the equity of those undertakings as follows: the offset is made on the basis of the fair values of the identifiable assets and liabilities at the date of acquisition of the shares or, if the acquisition takes place in two or more stages, at the date on which the entity became a subsidiary.

As a result, in order to determine goodwill or negative goodwill, the Parent Company shall measure the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date. This requirement shall also apply where the acquisition takes place in two or more stages. For offsetting purposes, the book value of the investment made by the Parent Company in each subsidiary shall be offset (eliminated) against the share of the Parent Company in the equity of each subsidiary. The acquisition date is the date on which control of the acquiree's net assets or operations is effectively transferred to the acquirer. Any resulting difference shall be shown as goodwill in the consolidated balance sheet. Negative goodwill is transferred to the consolidated income statement.

Where goodwill is treated as an asset, it shall, as a rule, be amortised within a maximum period of 5 years. However, in exceptional cases where the useful life of goodwill cannot be reliably estimated, entities may amortise goodwill on a systematic basis over a period of more than 5 years, provided that this period does not exceed 10 years.

Where shares in subsidiaries included in the consolidation are held by persons other than those subsidiaries, the amount attributable to those shares shall be disclosed separately in the consolidated balance sheet under the item "Non-controlling interests".

In order to determine the goodwill, the Parent Company has valued, through an independent chartered valuer, the identifiable assets acquired and liabilities assumed at their fair values, from the acquisition date of the companies SAS Group and UCMS Group Romania. In the case of the acquisition of SAS Grup, the following were identified: asset representing software amounting to RON 5,756,000, value increase related to movable assets amounting to RON 397,000 and positive goodwill amounting to RON 5,033,000, determined as the difference between the purchase price and the fair value of the identifiable assets and liabilities assumed. The duration of the positive goodwill amortisation is 5 years, according to the Group's policy.

In the case of the acquisition of UCMS Group Romania, the following were identified: software assets amounting to RON 1,614,000, value increase related to movable assets amounting to RON 61,444 and negative goodwill amounting to RON 1,663,000, determined as the difference between the purchase price and the fair value of the identifiable assets and liabilities assumed. Negative goodwill will be transferred to the consolidated income statement as income as follows:
a) The amount of negative goodwill not exceeding the fair values of the identifiable non-monetary assets acquired shall be recognised as income when the future economic benefits embodied in the depreciable identifiable assets acquired are consumed, i.e. over the remaining useful life of those assets; and
b) The amount of negative goodwill in excess of the fair values of the identifiable non-monetary assets acquired shall be recognised immediately as income, if any.
Negative goodwill shall be recognised as income to the extent of the amortisation of the assets identified over their useful life, i.e. over a period of 3 years, according to the Group's policy.

The company Berg Computers SRL was acquired at the end of December 2021, so that only its financial position was consolidated, the result for the year being eliminated together with the other equity elements at the level of the Parent Company's shareholding. In the case of the acquisition of Berg, the following were identified: value increase related to movable assets amounting to RON 306,957 and positive goodwill amounting to RON 14,329,282, determined as the difference between the purchase price and the fair value of the identifiable assets and liabilities assumed. The duration of the positive goodwill amortisation is 5 years, according to the Group's policy.

2. Consolidated Statement of Loss and Gain

The income and expenses of the entities included in the consolidation are fully incorporated in the consolidated income statement. The amount of any profit or loss attributable to shares shall be disclosed separately in the consolidated profit and loss account under the item "Profit or loss attributable to non-controlling interests". The profit or loss of the owners of the Parent Company and the non-controlling interests is attributed even if it results in a deficit balance of the non-controlling interests.

(all amounts are expressed in RON unless otherwise stated)

Elimination of transactions between Group entities

The Consolidated Annual Financial Statements shall present the assets, liabilities, financial position and profits or losses of the entities included in the consolidation as if they were a single entity. In particular, the following shall be eliminated from the Consolidated Annual Financial Statements:
a) Liabilities and receivables between entities, including internal dividends;
b) Income and expenses related to transactions between entities; and
c) Gains and losses arising from operations performed between entities and which are included in the book value
of assets.
d) Elimination of intra-group dividends

Intra-group losses may indicate an impairment that requires recognition in the Consolidated Annual Financial Statements.

Following consolidation, the following adjustments have been recorded:

Adjustment category	RON 2020	RON 2021
Elimination of Parent Company Equity	17,271,005	16,865,427
Elimination of intra-group transactions and balances	3,901,844	29,183,968
Amortisation of fair value difference	3,451,243	152,815
Amortisation of goodwill	2,171,862	2,646,632
Cancellation of dividends received from Parent Company	1,848,900	-
Recognition of participating interest	-	2,629,460
Negative goodwill	1,663,000	-
Reclassifications	896,471	11,997,441
Reversal to income goodwill	877,694	554,333
Minority interests	423,883	1,278,310
Conversion reserves	-	410,183
Unrealised profit adjustment	233,406	9,642
Elimination of intra-group shareholdings	115,463	-
Income recognition adjustment	2,343	-

The same accounting policies are applied at group level and no harmonisation adjustments have been applied.

C. Related entities and jointly controlled entities

A group's interest in a related or jointly controlled entity is the sum of the interests held by the Parent Company and its subsidiaries in that associated or jointly controlled entity. Where an associated or jointly controlled entity has subsidiaries, associates or jointly controlled entities, the profit or loss as well as the net assets taken into account in applying the equity method shall be those recognised in the Financial Statements of the associated or jointly controlled entity (including the share of the associate entity's or jointly controlled entity's profit or loss and the net assets of its associates and jointly controlled entities) after the necessary adjustments have been made to apply the uniform accounting policies. The Financial Statements of the entity included in the consolidation shall be prepared using uniform accounting policies for similar transactions and events occurring in similar circumstances.
If an associated or jointly controlled entity uses different accounting policies to those of the reporting entity, for similar transactions and events that occur in similar circumstances, adjustments shall be made so that the accounting policies of the associated or jointly controlled

entity are in line with those of the reporting entity when it uses the Financial Statements of the associated or jointly controlled entity when applying the equity method.
Where the assets or liabilities of an associated entity have been measured by other methods, they shall be remeasured using the methods used for consolidation. The amount corresponding to the proportion of the associated entity's equity shall be increased or decreased by the amount of any variation that has taken place during the financial year in the proportion of the associated entity's equity represented by that participating interest; it shall be reduced by the amount of the dividends corresponding to that participating interest.

As regards the Consolidated Financial Statements of the AROBS Group, the Parent Company considers that it exercises significant influence over the associated entity UCMS by virtue of the agreement between the two parties. In addition, the members of the administrative, management and supervisory bodies of UCMS who performed these functions during the financial year ended December 31, 2020, during the previous financial year and up to the preparation of the Consolidated Annual Financial Statements, were appointed solely as a result of the exercise of the voting rights by AROBS. According to the provisions of the Order of the Minister of Public Finance 1802/2014, article 494 paragraph (1), sections (c) and (d), UCMS we consider the disclosure in the Consolidated Financial Statements of the AROBS Group as a subsidiary to ensure the reality and accuracy of transactions.

Article 57, paragraph (3) of the Order of the Minister of Public Finance 1804/2014 describes the principle of economic over legal prevalence, *"when there are differences between the substance or economic nature of an operation or transaction and its legal form, the entity shall record these operations in the accounting books, in compliance with their economic substance".*

As a result of these considerations, the Parent Company decided to consolidate UCMS as a subsidiary, fully integrating the financial position and performance of the company as at December 31, 2020. At the end of the financial year ended December 31, 2021, UCMS was also considered a subsidiary as a result of the 97.67% ownership percentage.

D. Conversion at closing rate and other goodwill issues

The Annual Financial Statements of non-resident companies are translated according to the closing rate method.
This method involves:
a) In the balance sheet:
- Expressing balance sheet items, except for equity, at the closing rate;
- Expressing the equity at the historical exchange rate;
- Recording, as a separate element of own capital, of a translation difference (acc. 107 "Exchange rate differences on translation"), which corresponds to the difference between own equity at the closing rate and own equity at the historical rate, as well as the difference between the result determined according to the average rate or exchange rate at the date of the transactions and the result at the closing rate.

The translation difference recorded in the consolidated balance sheet shall be allocated between the Parent Company and the non-controlling interests;
b) In the statement of loss and gain - the expression of income and expenses at the average exchange rate. When this fluctuates significantly, income and expenses shall be expressed at the exchange rates on the date of the transactions.

The closing rate shall be the exchange rate on the balance sheet date. The amortisation period of positive goodwill is determined from the date of acquisition of the shares or, if the acquisition takes place in two or more stages, from the date the entity became a subsidiary An amount disclosed as a separate item and corresponding to a negative goodwill may be transferred to the consolidated income statement only:

a) If that difference relates to the entity's expectation, at the date of acquisition, of adverse future results or to the entity's expectation of costs to be incurred, to the extent that such an expectation materialises; or
b) To the extent that the difference corresponds to a realised gain.

For the purpose of recognising negative goodwill, an entity shall ensure that the identifiable assets acquired have not been overstated and liabilities have not been omitted or understated. To the

extent that negative goodwill relates to expected future losses and expenses that are identified in the acquirer's plan for the acquisition and can be measured reliably but that are not identifiable liabilities at the acquisition date, that part of the negative goodwill shall be recognised as income in the income statement when those future losses and expenses are recognised. To the extent that negative goodwill does not relate to expected future losses and expenses that can be reliably measured at the acquisition date, such negative goodwill shall be recognised as income in the income statement as follows:
a) The amount of negative goodwill not exceeding the fair values of the identifiable non-monetary assets acquired shall be recognised as income when the future economic benefits embodied in the depreciable identifiable assets acquired are consumed, i.e. over the remaining useful life of those assets; and
b) The amount of negative goodwill in excess of the fair values of the identifiable non-monetary assets acquired shall be recognised immediately as income.
In order to determine the goodwill, the Parent Company has valued, through an independent chartered valuer, the identifiable assets acquired and liabilities assumed at their fair values, from the acquisition date of the companies SAS Group, UCMS Group Romania and BERG Computers SRL, as specified in section B.1 above.

The main accounting policies adopted in preparing of these Financial Statements are set out below.

E. Basis of preparation of the Financial Statements

(1) General information

These Financial Statements have been prepared in accordance with:

(i) Accounting Law 82/1991 republished in June 2008 ("Law 82")
(ii) Accounting regulations in compliance with European directives approved by Order of the Minister of Public Finance of Romania 1802/2014 ("Order of the Minister of Public Finance 1802").

These Financial Statements have been prepared on the basis of the historical cost convention, with the exceptions set out below in the accounting policies.

(2) Use of estimates

The preparation of the Financial Statements, in accordance with Order of the Minister of Finance 1802/2014, requires the management of the Group to make estimates and assumptions that affect the reported values of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the preparation of the Financial Statements and the income and expenses reported for that period. Although these estimates are made by the management of the Parent Company based on the best information available at the date of the Financial Statements, the actual results achieved may differ from these estimates.

(3) Going concern

These Financial Statements have been prepared on a going concern basis which assumes that the Group will continue operating in the foreseeable future. In order to assess the applicability of this presumption, management analyses the forecasts of future cash inflows.

On the basis of these analyses, management believes that each company within the Group will be able to continue as a going concern in the foreseeable future and, therefore, the application of the principle of going concern principle in the preparation of the Financial Statements is justified. The analysis of the observance of the going concern is detailed in Note 17 – Going Concern.

(4) Presentation currency of the Financial Statements

The accounting records shall be kept in Romanian and in the national currency. The items included in these Financial Statements are presented in Romanian Lei.

(5) Comparability of information

(all amounts are expressed in RON unless otherwise stated)

The Parent Company AROBS Transilvania Software SA has prepared Consolidated Financial Statements for the first time since the financial year ended December 31, 2020.

F. Foreign currency transactions translation

The transactions of the Group in foreign currency are recorded at the exchange rates communicated by the National Bank of Romania ("NBR") for the date of the transactions. At the end of each month, the balances in foreign currency are converted into RON at the exchange rates communicated by the NBR for the last banking day of the month. Gains and losses arising from the settlement of transactions in a foreign currency and the translation of monetary assets and liabilities denominated in foreign currency shall be recognised in the profit and loss account as part of the financial result.

G. Property, Plant and Equipment

(i) Cost

The cost of the fixed assets acquired consists of the purchase price and the amount of other directly attributable costs incurred in transporting the assets to the current location, as well as the cost of the site development. In addition, in previous years, the Group included revaluations prepared according to the legislation. The Parent Company had its last revaluation on January 28, 2015 by the appraiser DARIAN DRS SA at the building located on Str. Muscel, nr 24, ap 15 for establishing the fair value of the property, and for the real estate purchased in 2014 from str. Brizei, nr.8, on March 6, 2015, by SC Birou Evaluări SRL.

The building located on str. Muscel, nr.24, ap.15 was sold on November 27, 2019.

The gain or loss arising from the sale or decommissioning of an asset is determined as a difference between the proceeds obtained by the sale of the assets and their net book value. Realised gains or losses are recognised in the Profit and Loss Account (Statement of Loss and Gain).

From 2020 onwards, the Parent Company reflects property, plant and equipment at cost, rather than at fair value as they were presented prior to this date, as a result of the change in the accounting policy in this regard.

(ii) Depreciation

Property, plant and equipment and intangible assets are depreciated on a straight-line basis over their estimated useful lives, from the time they are put into operation.

The main useful lives used in the different categories of property, plant and equipment are:

<u>**Years**</u>	
Buildings	40 – 50
Investments in rented buildings	1 – 15
Plant and equipment	3 - 8
Vehicles	3 – 6
Office equipment	1 – 13
Furniture	4 – 9
Protection system	8 – 16

H. Intangible fixed assets

Intangible assets, representing software programs, purchased by the Group are recorded at cost less amortisation and depreciation. They are depreciated over their estimated useful lives of 3 years.
Goodwill recognised in the Consolidated Financial Statements shall be amortised over a period of 5 years.

I. Financial fixed assets

Financial assets comprise shares held in affiliated entities, loans granted to related entities, shares held in associated entities and jointly controlled entities, loans granted to associated entities and jointly controlled entities, other investments held as fixed assets, other loans.

Financial fixed assets recognised as assets shall be measured at acquisition cost. Financial fixed assets shall be stated in the balance sheet at the entry value less the cumulated value adjustments.

J. Depreciation of fixed assets

The Group shall establish provisions for the impairment of fixed assets other than deferred tax and financial assets whenever, their carrying amount is higher than their recoverable amount. The recoverable amount of an asset is defined as the maximum between the net selling price of an asset and its value in use. The value in use of an asset is the present value of the estimated future cash flows expected from the continuing use of that asset and from its sale.

K. Inventories

Upon entry into the entity, inventories are measured at cost. The cost of inventories includes all expenditure incurred in acquiring and processing them and other costs incurred in bringing them to their present location and condition. At the balance sheet date inventories are measured at net realisable value. For this purpose, where appropriate, adjustments for impairment are reflected in the accounts. Goods are goods purchased for resale and are recorded at acquisition cost. Other goods may also be shown as part of inventories if they meet the conditions for recognition laid down in the applicable accounting regulations.
Within the company, the derecognition of inventories is done using FIFO (first in first out). This method implies that each time a product is removed from stock, the cost of the product disposed of is determined on the basis of the oldest product purchased. The net realisable value is estimated on the basis of the selling price charged in the normal course of business less the costs required for completion and selling costs.

The stocks include:

- Goods, i.e. goods which the entity buys for resale or products delivered for sale to its own stores;
- Raw materials, which are directly involved in the manufacture of the products and which are found in the finished product in whole or in part, either in their original state or processed;
- Consumable materials which take part in or assist the manufacturing or operating process but are not usually found in the finished product;
- Materials in the nature of inventory items;
- Finished products, i.e. products that have completed all stages of the manufacturing process and do not require further processing within the entity and may be stored for delivery or shipped directly to customers;
- Stocks held by third parties are stocks delivered to third parties under distribution contracts.

Assets in the nature of inventories are valued at book value less any impairment adjustments recognised. If the book value of inventories is higher than the inventory value, the value of inventories is written down to net realisable value by making an allowance for impairment. The net realisable value of inventories means the estimated selling price that could be realised in the ordinary course of business less the estimated costs of completion of the asset, where applicable, and the estimated costs necessary to sell it.
Appropriate provisions are made for damaged or slow-moving inventories based on estimates by Group management.

L. Trade receivables

Trade receivables are measured at the estimated realised value after value adjustments have been made for doubtful debts. For doubtful receivables an estimate has been made based on an analysis of all outstanding amounts at the balance sheet date.

M. Short-term financial investments

These include short-term deposits with banks and other short-term investments (bonds, shares and other securities purchased with a view to making profits in the short term). Short-term securities admitted to trading on a regulated market shall be valued on the balance sheet date at the quoted value on the last trading day, and those not traded at historical cost less any adjustments for loss of value.

N. Cash and cash equivalents

Cash and cash equivalents include liquid assets and other cash equivalents, comprising cash in hand, short-term deposits with a maturity of up to 3 months.
Accounts with banks comprise: amounts receivable, such as cheques and commercial papers deposited with banks, cash in RON and in foreign currency, short-term bank loans and interest on cash and loans granted by banks on current accounts.
The accounting of cash at banks/cashier's desks and their movement, as a result of receipts and payments made, is kept separately in RON and in foreign currency. Transactions relating to receipts and payments in foreign currency shall be recorded in the accounts at the exchange rate communicated by the National Bank of Romania on the date of the transaction. At the end of each month, foreign currency liquid assets and other treasury assets, such as foreign currency government securities, letters of credit and foreign currency deposits are valued at the foreign exchange market rate communicated by the National Bank of Romania on the last banking day of the month in question. The exchange rate differences recorded are recognised in the accounts under foreign exchange income or expenses, as appropriate. Foreign exchange sale-purchase transactions, including those carried out under forward settlement contracts, shall be recorded in the accounts at the rate used at Banca Comercială at which the foreign exchange tender is carried out, without giving rise to foreign exchange differences in the accounts.

O. Liabilities

Liabilities are recorded at historical cost in RON. The exchange rate used to convert liabilities into foreign currencies shall be either that indicated by the customs authorities for imports or that valid at the date on which the services are invoiced or that valid at the date of the transaction.
A liability shall be classified as a short-term liability, also referred to as a current liability where:

- It is settled in the normal course of the company's operating cycle, or
- It shall be due within 12 months of the date of the balance sheet.

The portion of long-term loans payable in the next 12 months is also considered current liability. Liabilities which are due within a period of more than 12 months are long-term liabilities. Interest-bearing long-term liabilities shall also be considered to exist even where they are payable within 12 months of the date of the balance sheet if:

- The original term was for a period longer than 12 months and
- There is an agreement for refinancing or rescheduling payments, which is entered into before the balance sheet date.

Long-term liabilities include:

- Long-term and medium-term bank loans
- Amounts due to related companies
- Other loans and similar debts.

Liabilities in foreign currency shall be recorded in accounting in both RON and foreign currency. The exchange rate used for entry in the accounts is the rate on the date of receipt of the goods. At the end of each month, the liabilities in foreign currency shall be assessed at the exchange rate of the foreign exchange market communicated by the National Bank of Romania on the last banking day of the month in question. The exchange rate differences recorded are recognised in the accounts under foreign exchange income or expenses, as appropriate. Exchange rate differences arising on the settlement of foreign currency liabilities at different rates from those at which they were initially recorded during the month or from those to which they are recorded in the accounting books should be recognised in the month in which they arise, as income or expenses from foreign exchange rate differences.
Trade and other payables are recognised at face value, which is the actual amount to be paid in the future for goods or services received, whether or not invoiced to the company. They are classified on a short-term or long-term basis by maturity. At the end of each month all payables, receivables and cash in foreign currency are revalued using the exchange rate valid at the end of the month. All resulting gains or losses are recorded in the profit and loss account.

P. Provisions

The Group records provisions if it has a legal or constructive obligation arising from past events, if an outflow of resources is required to settle the obligation and if a reliable estimate can be made of the amount of the obligation. The Group recorded provisions for leaves not taken and performance bonuses.

Q. Loans

Loans are stated at the outstanding amount at the balance sheet date and, depending on the maturity date, are classified as short-term or long-term liabilities.
When an entity breaches, at or before the end of the reporting period, a provision of a long-term loan agreement, and that breach results in the liability becoming due on demand, the liability is classified as current, including when the lender has agreed, after the reporting period and before the Financial Statements are authorized for issue, not to demand payment as a result of the breach. An entity classifies the liability as current because at the end of the reporting period it does not have an unconditional right to defer its settlement for at least 12 months after that date. However, the entity classifies the liability as a long-term liability if the creditor has agreed, by the end of the reporting period, to provide a grace period ending at least 12 months after the reporting period, during which the entity can rectify the default and during which the creditor cannot demand immediate repayment.
If an entity expects and has the ability to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if otherwise it would have had to be repaid in a shorter period. In situations where the refinancing or rollover of the obligation would be out of the reach of the entity (for example when there is no refinancing agreement in place), the entity disregards the potential to refinance the obligation and classifies the obligation as current.
With regard to loans classified as current liabilities, if the following events occur between the end of the reporting period and the date when the Financial Statements are authorised for issue, those events are disclosed as events that do not lead to an adjustment in the Financial Statements:

a) Long-term refinancing;
b) Rectification of a breach of a long-term loan agreement; and
c) The granting of a grace period by the lender to rectify a breach of a long-term loan agreement ending at least twelve months after the reporting period.

R. Share capital

Capital and reserves (equity) represent the shareholders' interest in the assets of an entity, after deducting all liabilities. Equity comprises: capital contributions, capital premiums, reserves, retained earnings, profit or loss for the financial year.

The main operations that are recorded in accounting regarding the capital increase are: the subscription and issuance of new shares, the incorporation of reserves and other operations, according to the law.
The main operations to be entered in the accounts in respect of the reduction of capital are the following: the reduction in the number of shares or share equivalents or the reduction of their nominal value as a result of the withdrawal of shareholders or members, the redemption of shares, the coverage of accounting losses from previous years or other operations, according to the law.

The share premium is determined as the difference between the issue price of new shares and their nominal value.

Common shares are classified in equity.

Expenses related to the issuance of equity instruments are reflected directly in equity in Losses related to equity instruments.

Upon the redemption of the shares of the company the amount paid shall diminish the equity. When these shares are subsequently re-issued, the amount received (net of transaction costs) is recognised in equity.

Own shares repurchased, according to the law, are shown in the balance sheet as an adjustment to equity.

Gains or losses on the issue, redemption, sale, assignment free of charge or cancellation of the entity's equity instruments (shares, equity shares) will not be recognised in the income statement. The consideration received or paid as a result of such operations is recognised directly in equity and is disclosed separately in the balance sheet, i.e. the Statement of Changes in Equity, as follows:
Gains are reflected in account 141 "Gains om sale or cancellation of equity instruments";
Losses are reflected in account 149 "Losses on issue, redemption, sale, assignment free of charge or cancellation of equity instruments".
Foreign exchange differences between the time of subscription for shares and the time of payment of the consideration are not gains or losses on the issue, redemption, sale, transfer free of charge or cancellation of the entity's own equity instruments but are recognised in financial income or expense, as appropriate.
The gains related to the equity instruments are determined as the difference between the sale price of the equity instruments and their redemption value, i.e. between the nominal value of the cancelled instruments and their redemption value.
The losses related to the equity instruments are determined as the difference between the redemption value of the equity instruments and their sale price, i.e. between the redemption value of the cancelled instruments and their nominal value.
Expenses related to the issue of equity instruments are reflected directly in equity (account 149 "Losses on issue, redemption, sale, transfer free of charge or cancellation of equity instruments") when the conditions for their recognition as intangible assets are not met (account 201 "Start-up costs").
The debit balance of account 149 "Losses on issue, redemption, sale, transfer free of charge or cancellation of equity instruments" may be covered from retained earnings and other equity items, according to the decision of the General Meeting of Shareholders or members

S. Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared. They are also non-taxable in the calculation of the tax result and:

a) Dividends distributed to a Romanian legal person, a Parent Company, by a subsidiary of the Parent Company located in a Member State, including those distributed to its permanent establishment located in a Member State other than that of the subsidiary, if the Romanian legal person fulfils all the following conditions:
    1. It has one of the following forms of organisation: partnership, limited partnership, joint-stock company, joint-stock partnership, limited liability company;
    2. It pays corporation tax, in accordance with the provisions of Title II, without the possibility of an option or exemption;
    3. It holds a minimum of 10% of the share capital of the subsidiary situated in another Member State which distributes dividends;
    4. At the date of recording the dividend income, it holds the minimum participation provided for in section 3 for a continuous period of at least one year.
b) Dividends distributed to foreign legal persons from Member States, Parent Companies, by their subsidiaries located in other Member States, through their permanent establishments in Romania, if the foreign legal person fulfils the following cumulative conditions:
    1. It has one of the forms of organisation provided for in Annex No. 1 which is an integral part thereof;
    2. Under the tax laws of a Member State it is considered to be a resident of that Member State and, under a double taxation convention concluded with a third State, is not considered to be resident for tax purposes outside the European Union;
    3. It pays, in accordance with the tax legislation of a Member State, without the possibility of an option or exemption, one of the taxes provided for in Annex No. 2 which is an integral part therein or a tax similar to the corporation tax regulated therein;
    4. It holds a minimum of 10% of the share capital of the subsidiary situated in another Member State which distributes dividends;
    5. At the date of recording the dividend income by the permanent establishment in Romania, the foreign legal entity holds the minimum participation provided for in section 4 for a continuous period of at least one year.

Where, at the date of recording the dividend income, the condition related to the minimum holding period of one year is not met, the income shall be subject to taxation. Subsequently, in the tax year in which the condition is met, that income is deemed non-taxable, with the recalculation of the tax of the tax year in which it was taxed. In this respect, the taxpayer must file an amending income tax return regarding the profit tax, under the conditions provided for by the Tax Procedure Code.

Ș. Income recognition

Income is recorded on an accrual basis and is recorded excluding VAT and discounts. They are recognised when services are rendered or products are delivered and received by the customer, when a significant part of the risks and rewards of ownership are transferred to the customer.
Services are invoiced monthly on completion and receipt as per the estimates. Receivables for which an invoice has not yet been drawn up (account 418 "Receivables - invoices to be drawn up") are also entered in the revenue accounts on the basis of documents proving the delivery of goods or the provision of services (e.g. delivery notes, statements of work, etc.).

T. Operating expenses

Operating expenses are recognised in the income statement in the period in which they were incurred.

Expenditure is accounted by types of expenses, according to their nature, as follows:
Operating expenses, comprising:

- Expenditure on raw materials and consumables; purchase cost of inventory items consumed; purchase cost of non-stocked materials charged directly to expenses; the cost of energy and water consumed; cost of goods sold and packaging.
- Expenditure on work and services performed by third parties, management fees and rents; insurance premiums; studies and research; expenditure on other services performed by third parties; commissions and fees; protocol, advertising and publicity expenses; transport of goods and staff; travel, secondment; postal charges and telecommunications charges, banking services and other
- Staff costs (salaries, insurance and other personnel expenses, borne by the entity)
- Other operating expenses (damage, fines and penalties; donations and other similar expenses.)

For the purposes of accounting regulations, other operating expenses include:

- The amount of compensations, fines and penalties, due or paid to third parties and to the budget
- The value of donations granted
- The unamortised value of intangible or tangible fixed assets written off
- The value of fixed assets in course of construction written off
- The cleared amounts charged to expenditure
- The amounts lapsed, waived or cancelled in accordance with the legal provisions in force in respect of amounts owed by customers, debtors, etc.
- The expenditure representing transfers and contributions due on the basis of special legal acts.

Ț. Contributions for employees

The Parent Company and the related entities pay contributions according to the applicable local legislation in force. The amount of these contributions is recorded in the profit and loss account in the same period as the related payroll expenses.

The Parent Company and the related entities have no other obligations regarding the future pensions, health insurance or other labour costs.

U. Borrowing costs

Interest costs are recorded in the income statement when due.

V. Financial Leasing

Leases for property, plant and equipment where the Group undertakes all the risks and benefits of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the payments. Each payment is apportioned between the principal and the interest element in order to achieve a constant interest rate over the repayment period. Amounts due are included in the short-term or long-term liabilities.

The interest item is charged to the profit and loss account over the life of the contract. Assets held under finance leases are capitalised and depreciated over their useful lives.

W. Accounting errors

The correction of misstatements relating to previous financial years does not result in change the Financial Statements for those years. In the case of errors related to previous financial years, their correction does not entail any adjustment to the comparative information disclosed in the Financial Statements. Any impact on the comparative information on the financial position and financial performance, i.e. the change in the financial position, shall be disclosed in the Notes and adjusted in the result carried forward during the year.

X. Related entities and other related parties

According to Order of the Minister of Finance 1802/2014, an entity is related to a company if it is under the control of that company.

Control exists when the Parent Company meets one of the following criteria:

(a) It holds a majority of the voting rights in a company;

b) Is a shareholder or member of a company and the majority of the members of the administrative, management and supervisory bodies of that company, who have performed these functions during the financial year, during the previous financial year and up to the preparation of the Annual Financial Statements, have been appointed solely as a result of the exercise of its voting rights;

c) It is a shareholder or member of the company and alone controls a majority of the voting rights of the shareholders or members, following an agreement concluded with other shareholders or members;

(d) It is a shareholder or member of a company and has the right to exercise a dominant influence over that company under any contract concluded with the relevant entity or under any provision of its memorandum or articles of association, if the law applicable to the company permits such contracts or clauses;

e) The Parent Company has the power to exercise or actually exercise a dominant influence or control over the company;

f) It is a shareholder or member of the company and has the right to appoint or revoke the majority of the members of the administrative, management and supervisory bodies of the company;

g) The Parent Company and the related entity are managed on a unified basis by the Parent Company.

An entity is "related" to another entity if:

a) It directly or indirectly, through one or more entities:

- Controls or is controlled by the other entity or is under the joint control of the other entity (this includes parent companies, subsidiaries or member subsidiaries);

- Has an interest in that entity, which gives it significant influence over it; or

- Holds joint control over the other entity;

b) Is an associated entity of the other entity;

c) Is a joint venture in which the other entity is a partner;

d) Represents a member of the entity's or its parent company's key management personnel;

e) Is a close member of the family of the person referred to in sections a) or d);

f) Represents an entity that is controlled, jointly controlled or significantly influenced or for which the significant voting power in such an entity is given, directly or indirectly, by any person referred to in sections d) or e);

g) The entity is a post-employment benefit plan for the benefit of the employees of the other entity or for the employees of any entity related to such a company.

Y. Transactions in foreign currency

Transactions denominated in foreign currency are recorded in the accounts at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into RON at the exchange rate at the balance sheet date. The foreign exchange rate as at December 31, 2021 was RON 4.3707 for USD 1, RON 4.9481 for EUR 1 and RON 0.0003061 for IDR 1, and the exchange rate as at December 31, 2020 was RON 3.9660 for USD 1, RON 4.8694 for EUR 1 and RON 0.0002812 for IDR 1.

All the differences arising on settlement and translation of the amounts in foreign currency are recognised in the income statement in the year in which they arise. Realised and unrealised losses are recorded as expenses, including those on loans.

(all amounts are expressed in RON unless otherwise stated)

4. NON-CURRENT ASSETS

a) Intangible fixed assets

COST	Balance as at December 31, 2020	Increases: Acquisitions	Increases: Transfer	Decreases: Disposals	Decreases: Transfer	Consolidation adjustment	Balance as at December 31, 2021
Development expenditure	4,782,579	5,003,977	-	-	6,850,655	(7,300)	2,928,601
Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	13,710,482	152,303	6,851,640	-	-	(103,367)	20,611,058
Goodwill	6,315,606	-	-	-	-	-	-
Advance payments	538,098	-	-	-	-	14,342,160	20,657,766
						-	538,098
Total	**25,346,765**	**5,156,280**	**6,851,640**	**-**	**6,850,655**	**14,231,493**	**44,735,523**

AMORTISATION	Balance as at December 31, 2020	Depreciation of the year	Decreases	Consolidation adjustment	Balance as at December 31, 2021
Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	7,118,354	716,195	-	1,792,045	9,626,594
Goodwill	2,608,778	221,744	-	961,231	3,791,753
Total	**9,727,132**	**937,939**	**-**	**2,753,276**	**13,418,347**

(all amounts are expressed in RON unless otherwise stated)

VALUE ADJUSTMENTS	Balance as at December 31, 2020	Adjustments recognised during the year	Adjustments reversed to income	Consolidation adjustment	Balance as at December 31, 2021 consolidated
Advances and intangible assets in progress	538,098	-	-	-	538,098
Total	**538,098**	**-**	**-**	**-**	**538,098**
Goodwill	**3,706,828**	-	-	-	**16,866,013**
Net value	**15,081,535**	**-**	**-**	**-**	**30,779,078**

With regard to intangible assets, the development of a new mobile app and other in-house products was completed during 2021. As at December 31, 2021, the net book value of intangible assets is RON 30,779,078 compared to RON 15,081,535 as at December 31, 2020. The majority of intangible fixed assets are represented by licences. The most significant part of the increases during the year is due to the reception of the new mobile application, for the Track GPS fleet monitoring, as well as the development of some HR applications.

The goodwill with a net value of RON 16,866,013 resulted as a positive difference between the acquisition cost and the value, at the transaction date, of the part of the net assets acquired. The increase in value for 2021 is due to the acquisition of the shareholding in the company Berg Computers SRL, which took place at the end of 2021.

(all amounts are expressed in RON unless otherwise stated)

NON-CURRENT ASSETS (continued)

b) Property, Plant and Equipment

COST	Balance as at December 31, 2020	Increases		Decreases		Consolidation adjustment	Balance as at December 31, 2021
		Acquisitions	Transfer	Disposals	Transfer		
Buildings	5,095,682	27,487	6,902	74,724	-	12,763	5,068,110
Plant and machinery	9,742,387	1,757,718	259,302	949,606	-	1,106,512	11,916,311
Other plant, machinery and furniture	3,642,463	224,456	198,607	65,858	-	292,185	4,291,853
Advances for tangible fixed assets	85,072	874,417	-	-	465,796	3,097	496,790
Total	**18,565,604**	**2,884,078**	**464,811**	**1,090,188**	**465,796**	**1,414,557**	**21,773,064**

AMORTISATION	Balance as at December 31, 2020	Depreciation of the year	Decreases	Consolidation adjustment	Balance as at December 31, 2021
Buildings	3,630,465	427,144	-	9,498	4,067,109
Plant and machinery	6,595,019	1,405,773	869,693	819,766	7,950,867
Other plant, machinery and furniture	2,626,922	406,110	54,030	237,161	3,216,163
Total	**12,852,407**	**2,239,027**	**923,723**	**1,066,425**	**15,234,139**

(all amounts are expressed in RON unless otherwise stated)

NON-CURRENT ASSETS (continued)

Value adjustments	Balance as at December 31, 2020	Increases	Decreases	Consolidation adjustment	Balance as at December 31, 2021
Plant and machinery	61,006	23,500	-	1,118	85,624
Other plant, machinery and furniture	-	-	-	-	-
Total	**61,006**	**23,500**	**-**	**1,118**	**85,624**
Net value	**5,652,192**				**6,453,301**

From 2020 onwards, the Parent Company reflects property, plant and equipment at cost, rather than at fair value as they were disclosed prior to this date. In addition, on December 31, 2021, inventory lists have been drawn up of the fixed assets on the balance sheet at the end of the financial year. During 2021, cars were acquired within the Group under finance leases.

Assets held under finance leases or purchased in instalments

(all amounts are expressed in RON unless otherwise stated)

c) Financial fixed assets

Cost	Balance as at December 31, 2020	Purchases/Increase	Decreases	Reclassification	Balance as at December 31, 2021
Shares held in related entities	10,180	-	-	-	10,180
Interest on long-term loans	-	-	-	534,363	534,363
Securities held as fixed assets	560,104	246,939	807,043		-
Loans granted on a long-term basis	1,427,881	811,586	-	1,163,846	3,403,313
Total	**1,998,165**	**1,058,525**	**807,043**	**1,698,209**	**3,947,856**

Value adjustments	Balance as at December 31, 2020	Increases	Reversals	Reclassification	Balance as at December 31, 2021
Loans granted to entities to which the Company is related by virtue of participating interests	-	-	-	1,634,180	1,634,180
Total	**-**	**-**	**-**	1,634,180	1,634,180

From the amount of RON 10,180, RON 9,000 represents the contribution to the assets held by Cluj IT Association. During 2021, the Group sold its shares in an investment fund, amounting to RON 807,043.
At Group level, long-term loans are granted to non-related entities in the amount of RON 1,491,912
and to related individuals amounting to RON 811,586.

The balances representing loans granted to related entities are presented in **Note 16.**

(all amounts are expressed in RON unless otherwise stated)

The long-term loans are shown below:

Loan – ONLINE SOFTWARE SYSTEMS

	December 31, 2020	December 31, 2021
Loan amount	1,354,187	1,354,187
Interest amount	199,011	279,991
Total	**1,553,198**	**1,634,178**

The loan was granted for investment opportunities and working capital. As at December 31, 2021, the loan amount is fully adjusted.

Loan – INVESTO CORP

	December 31, 2020	December 31, 2021
Loan amount	1,289,450	1,079,450
Interest amount	138,431	211,940
Total	**1,427,881**	**1,291,390**

The loan was granted to cover immediate investment needs in the development of an online platform incorporating the main processes, entities and working tools that ensure the monitoring, collection, transmission, localization and processing of data and information in order to provide optimal and efficient solutions for investment management.

Loan – INOVO FINANCE

	December 31, 2020	December 31, 2021
Loan amount	158,090	158,090
Interest amount	32,978	42,432
Total	**191,068**	**200,522**

This loan was granted for immediate working capital needs.

5. INVENTORIES	**Balance as at December 31, 2020**	**Balance as at December 31, 2021**
Raw materials and materials	297,258	378,335
Work in progress	518,416	575,164
Inventory items	1,427,868	1,590,584
Commodities	4,285,901	4,142,665
Goods held by third parties	272,447	232,092
Advance on stocks	836,701	120,352
Adjustments for impairment of inventories	(2,376,931)	(1,996,467)
Total	**5,261,661**	**5,042,725**

Inventories include the net value of equipment leased from the Track activity. Their value is depreciated over the term of the contracts concluded with the customers.

Value adjustments in respect of stocks are calculated on the basis of their age: 30% of the entry value for stocks between 181 and 365 days old and 100% of the value of stocks older than one year and slow-moving.

(all amounts are expressed in RON unless otherwise stated)

6. RECEIVABLES

RECEIVABLES	Balance as at December 31, 2020	Liquidity term	
		less than 1 year	over 1 year
Advances to service providers	1,224,003	1,224,003	-
Trade and similar accounts	37,206,571	37,206,571	-
Value adjustments of receivables impairment – customers	(3,180,064)	(3,180,064)	-
VAT not yet due	203,561	203,561	-
VAT receivable	(20,956)	(20,956)	-
Other receivables from the State budget	61,701	61,701	-
Receivables to Group companies	29,904,646	29,904,646	-
Sundry debtors and other receivables	2,870,277	2,870,277	-
Provisions for impairment of sundry debtors	(1,553,198)	(1,553,198)	-
Investment grants	(113,058)	(113,058)	-
Total	**66,603,483**	**66,603,483**	**-**

RECEIVABLES	Balance as at December 31, 2021	Liquidity term	
		less than 1 year	over 1 year
Advances to service providers	144,925	144,925	-
Trade and similar accounts	42,553,067	42,553,067	-
Value adjustments of receivables impairment – customers	(3,611,269)	(3,611,269)	-
VAT not yet due	129,496	129,496	-
VAT receivable	(88,629)	(88,629)	-
Other receivables to the State budget	1,056,694	1,056,694	-
Receivables to Group companies	20,524,941	20,524,941	-
Sundry debtors and other receivables	1,045,392	1,045,392	-
Value adjustments of impairment of sundry debtors	2	2	-
Investment grants	104,602	104,602	-
Total	**61,859,222**	**61,859,222**	**-**

The decrease in the total value of receivables from RON 66.6 million at the end of 2020 compared to RON 61.8 million at the end of 2021 is mainly due to the receivables towards the companies within the Group, which decreased by approximately RON 15.4 million following the repayment of loans by AROBS Trading & Distribution GmbH (RON 12.6 million) and Cabrio Investment S.R.L. (RON 2.6 million). This decrease is mitigated by the increase in loans granted by the company during 2021 and the increase in interest not received.
Trade receivables increased by 10% compared to the value of the previous year, in line with the growth of the business.
The loans granted to related entities are detailed in Note 16.4 "Related and Affiliated Parties" – are disclosed in "Receivables to group companies".

From 2021 onwards, the loans granted to related entities see **Note 16** – are disclosed in the line "Receivables to group companies", and in the line "Sundry debtors and other receivables" are disclosed the loans granted to non-related entities.

At the end of 2021, impairment adjustments were established for receivables from customers amounting to RON 3,611,269.

(all amounts are expressed in RON unless otherwise stated)

All loans granted within the Group had a repayment term of less than one year, and starting with December 2021, as a result of the analysis of the financial situation of the borrowed companies, with some of them were concluded addenda extending the repayment term until December 2026.

7. CASH AND CASH EQUIVALENT

	Balance as at December 31, 2020	Balance as at December 31, 2021
Cheques receivable (BO)	3,679	3,613
Accounts with banks in RON	13,967,591	51,456,941
Accounts with banks in foreign currency	32,235,353	49,922,876
Cash in hand	174,220	167,949
Short-term deposits	-	522,683
Other securities	127,633	138,756
Total	**46,508,476**	**102,212,818**

Cash and cash equivalents increased significantly in 2021, recording a change of 119% compared to the previous year, as a result of the contribution of new investors following the private placement in October 2021, the receipt and repayment of loans granted as well as the acquisition of the stake in Berg Computers SRL in the amount of approximately RON 14.3 million. DURING 2021, dividends amounting to RON 34.2 million were paid.

8. PREPAYMENTS

PREPAYMENTS	Balance as at	Liquidity term	
	December 31, 2020	less than 1 year	over 1 year
Rental expenses	56,922	56,741	181
Education expenses	36,320	36,320	
Insurance expenses	158,285	158,285	
Expenditure on miscellaneous services	515,987	515,987	
Expenditure on taxes	26,549	26,549	
Entertainment, advertising and publicity expenses	1,433	1,433	
Expenditure on travel	68,870	68,870	
Interest expenses	118,946	118,946	
Expenditure on access to various applications	196,195	192,562	3,633
Total	**1,179,507**	**1,175,693**	**3,814**

PREPAYMENTS	Balance as at	Liquidity term	
	December 31, 2021	less than 1 year	over 1 year
Rental expenses	172,150	171,969	181
Education expenses	34,984	34,984	
Insurance expenses	131,245	131,245	
Expenditure on miscellaneous services	1,370,642	1,370,642	292
Expenditure on taxes	13,240	13,240	
Expenditure on travel	24,811	24,811	
Expenditure on access to various applications	77,217	73,496	3,721

(all amounts are expressed in RON unless otherwise stated)

Consolidation adjustment	(130)	(130)	-
Total	**1,824,159**	**1,819,965**	**4,194**

9. LIABILITIES

LIABILITIES	Balance as at December 31, 2020	Maturity	
		less than 1 year	over 1 year
Other long-term financing	1,272,983	687,407	585,576
Amounts owed to special relationship entities	225,062	225,062	-
Amounts due to credit institutions	21,255,668	19,064,438	2,191,230
Advances from customers	442,048	442,048	-
Suppliers	3,251,491	3,251,491	-
Suppliers - invoices to be received	1,343,276	1,343,276	-
Amounts owed to staff	2,728,113	2,728,113	-
Taxes and duties relating to salaries	1,648,522	1,648,522	-
Current income tax	1,199,214	1,199,214	-
VAT payable	2,004,018	2,004,018	-
Other liabilities to the State budget	157,105	157,105	-
Amounts owed to Shareholders	204,168	204,168	-
Sundry creditors	31,474	31,474	-
Other payables	781,635	781,635	-
Total	**36,544,777**	**33,767,970**	**2,776,806**

LIABILITIES	Balance as at December 31, 2021	Maturity	
		less than 1 year	over 1 year
Other long-term financing	1,439,659	526,295	913,364
Amounts owed to special relationship entities	1,153,579	1,153,579	-
Amounts due to credit institutions	2,226,645	2,226,645	-
Advances from customers	740,727	740,727	-
Suppliers	3,477,105	3,477,105	-
Suppliers - invoices to be received	2,216,275	2,216,275	-
Amounts owed to staff	3,599,338	3,599,338	-
Taxes and duties relating to salaries	2,454,983	2,454,983	-
Current income tax	154,062	154,062	-
VAT payable	2,045,685	2,045,685	-
Other liabilities to the State budget	9,868	9,868	-
Amounts owed to Shareholders	2,819,354	2,819,354	-
Sundry creditors	58,554	58,554	-
Other payables	776,527	776,527	-
Total	**23,172,361**	**22,258,997**	**913,364**

FINANCE LEASE LIABILITIES	December 31, 2020	December 31, 2021
Amount of minimum lease instalments		
Less than 1 year	585,576	526,295
Over 1 year	687,407	913,364
Total	1,272,983	**1,439,659**
Interest relating to future periods		
Less than 1 year	20,287	31,842
Over 1 year	49,659	36,632
Total	**69,946**	**68,474**

(all amounts are expressed in RON unless otherwise stated)

Present value of minimum lease instalments	**1,342,929**	**1,508,132**

In 2021, the total liabilities decreased to RON 23.17 million, down by RON 13.37 million compared to 2020, due to the full repayment of the working capital line amounting to RON 16.8 million and the increase in balances to suppliers as a result of the business growth.

As at December 31, 2021, the Company is shown with a term loan amounting to EUR 450,000 (RON 2,226,645) contracted with Citi Bank. The maturity of this loan is September 23, 2022. The interest on this loan is in accordance with the agreement negotiated between the parties. The loan is guaranteed by the company by:

- Pledge or mortgage on bank accounts opened with the Bank;
- Assignment of receivables from third parties acceptable to the Bank;
- Movable mortgage on the universality of the stock of goods/inventory in the patrimony of the company;
- Security mortgage on all the shares of SC SAS GRUP S.R.L. held by the company;
- Pledge or mortgage on the accounts of SC SAS GRUP S.R.L. opened with the Bank;
- General assignment of receivables to be collected by SC SAS GRUP S.R.L. from third parties acceptable to the Bank;
- Movable mortgage on a universality of claims related to the following two types of activities of the company: GPS Track Monitoring services, wholesale of GPS navigation systems and "outsourcing software" services;
- Pledge or mortgage on the bank accounts of the joint and several debtor AROBS business center S.R.L.

Obligations:

1. The company undertakes to run through its accounts opened with the Bank an amount of money which is the equivalent of at least 80% of its volume of activity, i.e. the receipts from third parties, in its accounts opened with the Bank to represent the equivalent of at least 80% of its turnover but not less than the equivalent of EUR 1,300,000 per month. If this condition is not met, the Bank charges a fee of 0.25% per quarter of the maximum amount of the facility contracted.
2. The company undertakes not to distribute and/or pay dividends without the prior written consent of the Bank for amounts exceeding EUR 1,000,000, cumulatively, over a calendar year.
3. The company undertakes to maintain the "Debt Service" ratio above 1.5x for the duration of its obligations, according to the Agreement.

The debt service shall be calculated as a ratio between:

a) Operating income + expenses related to amortisation charges and provisions for impairment of tangible and intangible assets – corporation tax – dividends paid – investments financed from cash flow from operating activities – net (annual) increase in financial aid granted to Group companies (i.e. loans granted and contribution to their share capital) and
b) The current portion of the interest-bearing debts in the medium and long term + interest expenses.

4. The company undertakes to maintain the "Bank Indebtedness Level" below 3.5x for the duration of its contractual obligations.

This indicator shall be calculated as a ratio of:

a) Interest-bearing debts held by the company, including but not limited to bank debts, financial leases, intra-group debts and shareholder loans, letters of bank guarantee issued by Citi Bank at the order of the company, as well as any other debts guaranteed by the company in favour of the Group companies and
b) EBITDA (calculated as the sum of operating income and expenses related to amortisation/depreciation and provisions for impairment of tangible and intangible assets.

(all amounts are expressed in RON unless otherwise stated)

Contingent liabilities – bank letters of guarantee:

Amount	Currency	Date of document certifying the occurrence of the obligation	Date of payment/due	Beneficiary
10,630.00	EUR	March 18, 2020	March 15, 2022	GREEN GATE DEVELOPMENT S.R.L.
13,318.83	EUR	March 23, 2020	April 14, 2022	PALAS 4 S.R.L.
117,441.10	RON	September 14, 2021	June 10, 2022	BLACHOTRAPEZ S.R.L.

Amount and Currency	Description	Beneficiary
RON 45,603	Mortgage on movable assets, current account – letter of guarantee with cash collateral	Oombla Travel Management S.R.L.

10. PROVISIONS FOR RISKS AND EXPENSES

	Balance as at December 31, 2020	Transfers In account	Transfers From account	Consolidation adjustment	Balance as at December 31, 2021
Other provisions	1,214,411	972,575	1,215,380	(245,041)	1,216,647
Total	**1,214,411**	**972,575**	**1,215,380**	**(245,041)**	**1,216,647**

Of the balance as at December 31, 2021, the amount of RON 877,989 represents provisions for leaves not taken, and the amount of RON 95,118 represents a provision for bonuses.

11. DEFERRED INCOME

DEFERRED INCOME	Balance as at December 31, 2020	Liquidity term less than 1 year	Liquidity term over 1 year
Investment grants	1,164,964	393,818	771,146
Deferred income	5,606,300	4,970,124	636,176
Total	**6,771,264**	**5,363,942**	**1,407,322**

DEFERRED INCOME	Balance as at December 31, 2021	Liquidity term less than 1 year	Liquidity term over 1 year
Investment grants	774,396	392,319	382,077
Deferred income	6,020,901	5,510,127	510,774
Negative goodwill	230,973	230,973	-
Total	**7,026,270**	**6,133,419**	**892,851**

Deferred income was recorded on the basis of medium and long-term customer contracts and mainly relates to vehicle fleet monitoring services.

12. SHARE CAPITAL AND RESERVES

The Group's share capital consists of the share capital held by the Parent Company. The shareholdings held by the Group companies in other Group companies obtained either through shareholdings at incorporation or through acquisitions from other Group companies have been written off on consolidation in parallel with the value of the participating interests.
In the case of the acquired companies, the reserves existing at the time of the formation of the Group, together with retained earnings and other equity items, were taken into account in the calculation of goodwill and were eliminated in the consolidation process together with the participations in the Group companies.
The legal reserves are established according to the regulations in force, at the level of the Group companies.
Retained earnings are the undistributed net profit of the Group companies.
As at December 31, 2021, differences arising from the translation of transactions of foreign entities under consolidation were recognised in equity.
The surplus realised from revaluation reserves is distributable, while the revaluation reserve is not distributable.
If the surplus realised on revaluation reserves is distributed, it will be taxed for tax purposes to the extent that, in accordance with the tax legislation applicable at the time of the revaluation, the depreciation expense relating to the revalued fixed assets has been considered as a deductible expense in the calculation of income tax and the surplus realised on revaluation reserves has not already been assimilated to income for the calculation of income tax.

As at December 31, 2021, the share capital is RON 45,569,749, representing 455,697,494 shares with a nominal value of RON 0.1 per share. The share capital is fully subscribed and paid up on December 31, 2020. The company has been transformed into a joint stock company as of September 5, 2014.

On August 10, 2021, there was a capital increase with the amount of RON 40,000,000, by incorporating other reserves, amounting to RON 2,426,871, and by incorporating the undistributed profit of the Company from the period 2018, 2019, of the amount of RON 37,573,129, the share capital thus reaching the value of RON 40,100,000. Subsequently, on October 11, 2021, an operation took place to split the nominal value of the share, from the value of RON 10/share to RON 0.1/share. The share capital of the company increased from RON 40,100,000 to RON 45,569,749 by carrying out a private placement programme in the amount of RON 74,224,499, following which 54,697,494 new shares were issued. Following the issue of additional shares for the private placement that took place in October 2021, capital premiums amounting to RON 68,754,750 were issued.

The company has set up the legal reserve according to the provisions of the Companies Act, according to which 5% of the annual pre-tax accounting profit is transferred to legal reserves until their balance reaches 20% of the share capital of the Company. As of December 31, 2020, the company distributed to legal reserves 5% of the accounting profit amounting to RON 2,459,391.

On August 23, 2021, the company repurchased its own shares amounting to RON 4,010,000 for the purpose of carrying out the Stock Option Plan for its employees.

The surplus realised from revaluation reserves is distributable, while the revaluation reserve is not distributable. If the surplus realised on revaluation reserves is distributed, it will be taxed for tax purposes to the extent that, in accordance with the tax legislation applicable at the time of the revaluation, the depreciation expense relating to the revalued fixed assets has been considered as a deductible expense in the calculation of income tax and the surplus realised on revaluation reserves has not already been assimilated to income for the calculation of income tax.

(all amounts are expressed in RON unless otherwise stated)

	December 31, 2020	December 31, 2021
Paid up share capital	100,000	45,569,749
Total	**100,000**	**45,569,749**

The statement of equity items is shown below:

Shareholder's equity item	Balance as at December 31, 2020	Increases		Decreases		Balance as at December 31, 2021
		Total, out of which	by transfer	Total, out of which	by transfer	
Subscribed capital not paid in	-	5,469,749	-	5,469,749	5,469,749	-
Subscribed paid in capital	100,000	45,469,749	45,469,749	-	-	45,569,749
Benefits granted to employees in the form of equity instruments	-	229,123	-	-	-	229,123
	-	68,754,750	-	-	-	68,754,750
Legal reserves	352,848	2,466,571	2,466,571	65,968	65,599	2,753,451
Reserves provided for by the articles of association or by the contract	373	-	-	-	-	373
Other reserves	2,426,871	262,402	262,402	2,426,871	2,426,871	262,402
Conversion reserves	(39,603)	216,844	-	95,608	-	81,633
Profit/loss carried forward representing retained profit or uncovered loss	54,371,264	39,509,233	39,524,158	72,131,929	71,836,367	21,748,567
Retained earnings resulted from correction of accounting errors	(119,764)	-	-	87,674	-	(207,438)
Profit/loss carried forward representing revaluation reserve surplus	1,018,937	-	-	-	-	1,018,937
Profit or loss for the financial year	39,265,725	45,732,918	-	39,366,781	39,367,321	45,631,862
Profit distribution	(282,073)	(2,721,793)	(2,721,793)	(282,073)	(282,073)	(2,721,793)
Non-controlling minority shareholding	(11,556)	479,907	101,056	510,268	481,467	(41,916)
Distribution of dividends	-	34,263,158	34,263,158	34,263,158	-	-
TOTAL	**97,083,022**	**240,132,611**	**119,365,301**	**158,145,933**	**119,365,301**	**179,069,700**

(all amounts are expressed in RON unless otherwise stated)

13. TURNOVER

TURNOVER	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Income from the sale of finished products	2,362,823	882,675
Income from the sale of residual products	124	-
Income from services rendered	127,161,316	145,516,294
Income from royalties, management fees and rents	173,653	226,403
Revenue from the sale of goods	16,014,210	15,328,887
Income from miscellaneous activities	28,233,306	28,814,065
Trade discounts granted	(840,891)	(702,081)
Total	**173,104,541**	**190,066,243**

The income recorded by the companies in the Group represents the value of goods sold and services rendered.
Revenue from services rendered mainly relates to software development services but also to other services in line with the main activity of the Group companies.

Income from miscellaneous activities represents equipment rental services, access fees, maintenance and support for various applications, updates and customisation of software solutions according to customer needs.

Revenue from services rendered is recorded as they are rendered. Where the selling price includes a contractually specified separate amount intended for the subsequent provision of services (e.g. technical assistance and product enhancement after the sale of a software product), that amount shall be deferred and recognised as revenue during the period in which the services are rendered, but no later than the end of the period for which the subsequent rendering of services was contracted.

Revenue from the sale of goods is recognised when the goods are handed over to the purchasers, delivered against invoice or under other conditions laid down in the contract which evidence the transfer of ownership of the goods to the customers.

Title to the goods is deemed to have been transferred if the following conditions are met:

- The Company has transferred to the buyer the significant risks and advantages arising from the ownership of the goods;
- The Company no longer manages the goods sold at the level at which it would normally have done so in the case of their ownership and no longer has effective control over them;
- The amount of revenue can be measured in a credible way;
- The economic benefits associated with the transaction are likely to flow to the entity; and
- Transaction costs can be measured reliably.

Revenue is recognised at its full amount including trade discounts granted under customer loyalty programmes.

(all amounts are expressed in RON unless otherwise stated)

14. INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The average number of employees during the financial year ended December 31, 2021 was as follows:

	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Management	37	34
Administrative staff	19	19
Procurement staff	2	2
Financial staff	21	22
Legal staff	6	5
Management staff	5	5
Marketing staff	17	19
Design and development staff	505	477
Labour protection staff	1	1
Human resources staff	12	13
Service staff - installations	31	40
IT support staff	11	10
Sales staff	46	33
Total staff	**713**	**680**

Salaries expenses during the financial year ended December 31, 2021 were as follows:

	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Management	2,615,118	2,703,889
Administrative staff	1,058,738	1,173,720
Procurement staff	145,708	155,297
Financial staff	1,558,597	1,678,225
Legal staff	308,711	322,432
Management staff	365,365	380,985
Marketing staff	1,200,499	1,439,322
Design and development staff	38,486,602	40,787,085
Labour protection staff	72,854	77,648
Human resources staff	889,234	1,059,151
Service staff - installations	2,174,598	2,347,248
IT support staff	801,393	854,131
Sales staff	3,506,910	3,773,355
Consolidation adjustment	163,690	-
Total salaries costs	**53,348,018**	**56,752,488**

(all amounts are expressed in RON unless otherwise stated)

Remuneration expenses in equity instruments during the financial year ended December 31, 2021 were as follows:

	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Management	-	38,874
Administrative staff	-	5,618
Procurement staff	-	448
Financial staff	-	7,691
Legal staff	-	932
Management staff	-	479
Marketing staff	-	4,409
Design and development staff	-	143,038
Labour protection staff	-	469
Human resources staff	-	3,099
Service staff - installations	-	7,072
IT support staff	-	3,900
Sales staff	-	13,093
Total salaries costs	**-**	**229,122**

Total social security expenses during the financial year ended December 31, 2021 were as follows:

	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Management	78,735	81,814
Administrative staff	83,261	77,435
Procurement staff	4.346	4,593
Financial staff	47,189	51,776
Legal staff	10,164	10,176
Management staff	10,729	11,943
Marketing staff	48,274	56,996
Design and development staff	1,436,514	1,474,729
Labour protection staff	2,173	2,297
Human resources staff	26,263	32,647
Service staff - installations	68,766	76,512
IT support staff	23,906	25,266
Sales staff	101,864	116,703
Consolidation adjustment	-	(2,906)
Total social security costs	**1,942,184**	**2,019,979**

Total expenses on meal vouchers during the financial year ended December 31, 2021 were as follows:

	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Expenditure on meal vouchers	2,366,971	2,259,002
Adjustment	-	(150)
Total expenditure on meal vouchers	**2,366,971**	**2,258,852**

	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Grand total	57,657,173	61,263,497
Adjustment	-	(3,056)

(all amounts are expressed in RON unless otherwise stated)

Grand total	**57,657,173**	**61,260,441**

Payroll expenses increased compared to the previous year, the increase being in line with the expansion of the business and the development of new internal products.

Staff entitlements are recorded in the accounts with the deduction of the related contributions and taxes established according to the legislation in force Staff settlements comprise salary entitlements, bonuses, allowances, holiday leave and temporary incapacity allowances paid from the salary fund and other entitlements in cash and/or in kind owed by the company to staff for work performed.

15. OPERATING EXPENSES

External benefit expenses	Financial year ended December 31, 2020	Financial year ended December 31, 2021
Expenditure on maintenance and repairs	366,958	333,983
Expenditure on royalties, management leases and rentals	5,695,780	4,998,941
Expenditure on insurance premiums	534,373	509,058
Expenditure on studies and research	190,502	352,376
Expenditure on staff training	1,543	12,734
Expenditure on collaborators	10	-
Expenditure on commissions and fees	675,239	814,149
Entertainment, advertising and publicity expenses	1,201,232	1,468,919
Expenditure on transport of goods and staff	363,076	404,357
Expenditure on travel, secondment and transfers	1,087,783	738,395
Postage charges and telecommunications charges	2,169,746	2,473,125
Expenditure on banking and similar services	99,925	96,570
Other expenditure on services performed by third parties	36,504,722	49,142,557
Total	**48,890,890**	**61,345,164**

Within the expenditure category "Other expenditure on services provided by third parties", expenditure on recruitment services, Track GPS installations, IT consultancy, participation in fairs and conferences, maintenance and repair services, subcontracted software services were mainly recorded during 2021. The increase in expenditure on services provided by third parties is in line with the expansion of the business and the development of new internal products.

16. OTHER INFORMATION

16.1. Profit distribution

	Balance as at December 31, 2020	Balance as at December 31, 2021
Net profit to be distributed	**39,265,725**	**45,631,862**
- legal reserves	-	2,459,391
- coverage of accounting loss	-	-
- dividends, etc.	-	-
- other reserves	282,073	262,402
Retained earnings	**38,983,652**	**42,910,069**

(all amounts are expressed in RON unless otherwise stated)

16.2. Main financial ratios

		2020	2021
1.	**Liquidity indicators**		
	a) Current liquidity indicator = $\frac{Current\ assets}{Current\ liabilities}$	3.54	7.68
	b) Immediate liquidity indicator = $\frac{Active\ curentCurrent\ assets - inventories}{Current\ liabilities}$	3.39	7.45
2.	**Risk indicators**		
	a) Debt-to-equity ratio = $\frac{Debt\ capital}{Own\ equity}$	6.58	2.05
	Or		
	a) Interest coverage indicator = $\frac{Profit\ before\ interest\ and\ corporate\ tax}{Interest\ costs}$	159.36	318.06
	b) Debt-to-equity ratio = $\frac{Debt\ capital}{Committed\ capital}$	6.17	2.01
3.	**Activity Indicators**		
	a) Inventory turnover ratio (no. of times) = $\frac{Cost\ of\ sales}{Average\ stock}$	2.35	2.44
	Or		
	a) Inventory turnover ratio (days) = $\frac{Average\ stock}{Cost\ of\ sales}$	155.4	149.77
	b) Debt turnover - customers (days) = $\frac{Average\ customer\ balance}{Turnover}$	104.03	121.79
	d) Turnover of non-current assets = $\frac{Turnover}{Non-current\ assets}$	7.62	4.81
	e) Turnover of total assets = $\frac{Turnover}{Total\ assets}$	1.22	0.90
4.	**Profitability indicators**		
	a) Return on capital employed = $\frac{Profit\ before\ interest\ and\ corporate\ tax}{Committed\ capital}$	0.45	0.29
	b) Gross margin rate on sales = $\frac{Gross\ profit\ from\ sales}{Turnover}$	26.93	25.82

(all amounts are expressed in RON unless otherwise stated)

16.3. Related parties and affiliated parties

Balances for related entities are the following:

Receivables	**December 31, 2020**	**December 31, 2021**
AROBS Business Center	-	612,554
AROBS Business Services	76,052	274,429
AROBS Pannonia Software	430,334	57,043
AROBS Track GPS SRL	-	29,966
AROBS Trading & Distribution GmbH	383,465	465,131
Cabrio Invest SRL	6,263	13,848
Cabrio Investment SRL	96	141
I.M.AROBS Software SRL	-	18,348
Med Control Solution SRL	9,500	327,401
Newcar4Future SRL	142,567	191,591
Oombla Travel Management S.R.L.	20,618	31,074
Smail Coffee SRL	212,886	161,869
Vision Plus Mobile SRL	49,616	49,616
ADVANCE FOR SETTLEMENT VOICU OPREAN	5,304	11,418
Total	**1,336,701**	**2,244,429**

Liabilities	**December 31, 2020**	**December 31, 2021**
AROBS Software DOO	7,888	-
Cabrio Invest SRL	6,060	12,517
I.M.AROBS Software SRL	164,895	1,036,712
Ikon Soft	35,383	87,158
Med Control Solution SRL	-	840
Oombla Travel Management S.R.L.	5,985	11,767
Smail Coffee SRL	4,851	4,584
Total	**225,062**	**1,153,578**

Transactions for special relationship entities are as follows:

AROBS sales	**Financial year ended December 31, 2020**	**Financial year ended as at December 31, 2021**
AROBS Business Center	-	29,054
AROBS Business Services	63,909	167,446
AROBS Pannonia Software	631,957	718,758
AROBS Trackgps SRL	675,605	328,607
AROBS Trading&Distribution GmbH	381,457	75,472
Cabrio Invest SRL	41,252	41,120
Cabrio Investment SRL	80	39
I.M.AROBS Software SRL	-	18,351
Managis Serv SRL	-	620
Med Control Solution SRL	1,241	371,744
Newcar4Future SRL	2,110	41,196

(all amounts are expressed in RON unless otherwise stated)

Oombla Travel Management S.R.L.	17,326	30,668
Smail Coffee SRL	61,957	68,232
Total	**1,876,494**	**1,891,307**

These sales refer to software services, GPS sales, tablets and car sales.

AROBS acquisitions	Financial year ended December 31, 2020	Financial year ended December 31, 2021
AROBS Business Services	-	87,406
AROBS Pannonia Software	865,514	760,910
AROBS Software DOO	29,752	3,758
AROBS Trackgps SRL	743	1,950
Cabrio Invest SRL	68,588	100,877
I.M.AROBS Software SRL	10,310,570	12,009,515
Ikon Soft	410,113	372,306
Managis Serv SRL	15,295	-
Med Control Solution SRL	-	840
Oombla Travel Management S.R.L.	49,730	284,190
Smail Coffee SRL	521,237	496,447
VOICU OPREAN	372,600	372,600
GHEORGHE OPREAN	22,800	22,800
Total	**12,666,942**	**14,513,599**

These transactions mainly represent the provision of software services, and CABRIO INVEST provides hotel services.

Loans from AROBS to AROBS PANNONIA

	December 31, 2020	December 31, 2021
Loan amount	389,552	-
Interest amount	33,846	-
Total	**423,398**	**-**

The loan was repaid in full in 2021.

Loans from AROBS to TRANSILVANIA SOFTWARE RECRUITMENT

	December 31, 2020	December 31, 2021
Loan amount	2,814,800	1,696,000
Interest amount	359,990	609,883
Total	**3,174,790**	**2,305,883**

The amount borrowed was granted to cover operational needs.

Loans from AROBS to CABRIO INVESTMENT

	December 31, 2020	December 31, 2021
Loan amount	4,219,308	1,585,578

(all amounts are expressed in RON unless otherwise stated)

Interest amount	366,917	581,107
Total	**4,586,225**	**2,166,685**

In 2020, the Parent Company continued to grant a loan to Cabrio Investment for the two projects carried out on two separate companies in the group regarding the development of an electric car concept and the other for a real estate investment.

Loan from AROBS to AROBS BUSINESS CENTER

	December 31, 2020	December 31, 2021
Loan amount	1,978,000	6,624,300
Interest amount	241,637	594,393
Total	**2,219,637**	**7,218,693**

AROBS Business Center received the loan of RON 235,000 to cover the costs of setting up the company and to start the project "Business Incubator", realised bythe absorption of European funds. The rest of the borrowings were for working capital.

Loan from AROBS to AROBS BUSINESS SERVICES SRL

	December 31, 2020	December 31, 2021
Loan amount	5,000	-
Interest amount	18	-
Total	**5,018**	**-**

The loan was intended to cover operating expenses.

Loan from AROBS to AROBS Trading & Distribution

	December 31, 2020	December 31, 2021
Loan amount	16,901,687	4,616,577
Interest amount	1,254,520	1,983,508
Total	**18,156,208**	**6,600,085**

During 2021, approximately RON 12.3 million of the loan granted to AROBS Trading&Distribution GmbH was repaid.

Loan from AROBS to Med Control Solution SRL

	December 31, 2020	December 31, 2021
Loan amount	-	-
Interest amount	-	332
Total	**-**	**332**

Loan from Coso by AROBS B.V. to Voicu Oprean

	December 31, 2020	December 31, 2021

Loan amount	-	811,586
Total	**-**	**811,586**

During 2021, one of the Group's subsidiaries sold its stake in an investment fund to Voicu Oprean. The settlement of this transaction will be made within a period of 3 years, so that at Group level a receivable was recorded from the loan granted amounting to RON 811 thousand.

16.4 Other information

Audit expenses

The fees related to the audit of the Company's Financial Statements according to the Order of the Minister of Public Finance 1802/2014, as subsequently amended for the year ended December 31, 2021, were in accordance with the contract concluded with BDO Auditors & Accountants S.R.L.

Guarantees granted and guarantees received

In 2021, guarantees in the amount of RON 977,771 were granted according to the situation presented below:

Guarantee situation	2020	2021
Rental of premises	1,022,719	904,423
Performance bonds	37,566	50,268
EC Assignment	8,000	2,000
Tenders	24,281	21,081
Total	**1,092,566**	**977,771**

Contingent liabilities and assets

Contingent assets and liabilities are included in off-balance sheet items.
A contingent asset is a potential asset that arises from events prior to the balance sheet date and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future uncertain events that cannot be wholly under the control of the entity.
A contingent liability is:

a) A contingent obligation that arose from past events before the balance sheet date and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
b) A present obligation that arose as a result of past events before the balance sheet date but is not recognised because:
    - It is not certain that outflows will be necessary to settle this liability; or
    - The amount of the liability cannot be measured with sufficient reliability.

There are no contingent liabilities or assets.

Environment

Romania is currently in a period of rapid harmonisation of environmental legislation with the legislation in force of the European Economic Community. As at December 31, 2021, the Group did not record any liabilities related to anticipated costs, including legal and consultancy fees, studies, design and implementation of environmental remediation plans. The company does not consider the costs associated with environmental issues to be significant.

Transfer pricing

Romanian tax legislation contains rules on transfer pricing between related persons since 2000. The current legislative framework defines the "arm's length" principle for transactions between related persons as well the methods for establishing transfer prices. In accordance with the relevant tax legislation, the tax valuation of any transaction carried out with related parties is based on the market price concept related to that transaction. Based on this concept, transfer prices should be adjusted to reflect market prices that would have been established between unrelated entities acting independently on the basis of "arm's length conditions". As a result, it is expected that the tax authorities will initiate thorough checks of the transfer pricing to ensure that the tax result and/or the customs value of the imported goods are not distorted by the effect of the prices charged in dealings with related persons. It is likely that transfer pricing checks will be carried out in the future by the tax authorities, in order to determine whether those prices are in line with the "arm's length" principle and that the tax base of the Romanian taxpayer is not distorted. The company cannot quantify the result of such verification. The company considers that related party transactions have been carried out at market values.

The Parent Company belongs to the category of large taxpayers, and the Group entities belong to the category of small and medium taxpayers. In view of the size criteria laid down by law, the Group entities are not under the obligation of drawing up the transfer pricing File either.

At the date of preparation of the Consolidated Financial Statements, the transfer pricing file for the parent company is being prepared.

COVID-19 impact

In the context of the risks caused by the coronavirus (COVID-19) pandemic, the Group continued to implement the plan of measures to prevent and combat the contamination of employees with the new coronavirus (COVID-19), as well as to identify scenarios for ensuring business continuity both at headquarters and within the company's places of business.

Thus, throughout 2021, the employees worked in teleworking, online, using information and communication technology and the prevention and protection measures were observed, measures which included, among others: minimum staff necessary for the proper conduct of operations at each place of business to ensure continuity of the activity, intensifying the actions regarding the prevention and hygiene, limiting the internal travels and the external travels/trips for business purposes, limiting the access of visitors, this being allowed only in absolutely necessary situations provided that the disinfection rules established within the company are complied with.

The Group is financially stable, which has led to the rapid and effective implementation of all measures to protect the health of employees, as well as the continuation of the business and the fulfilment of the contractual obligations. All business continuity management scenarios have been fully implemented.

Similar to 2020, in 2021 the Group continued an upward trend in terms of financial performance, recording an increase in turnover by approximately 10% and profit by over 16% compared to the previous year.

During 2021, the management continued its efforts to identify new opportunities, seeking new customers, identifying company secondary costs that could be reduced and new sources of financing.
The strict discipline in cost management adds to the factors that led to the positive financial results, with additional expenditure due to the COVID-19 situation being offset by savings in other areas such as advertising and marketing (due to the uncommitted campaigns cancelled in the context of COVID-19), staff-related expenditure (due to the cancellation of training courses and internal and external trips), costs with the rented premises (due to the relinquishment of certain locations or the renegotiation of the rents). In this context, administrative costs decreased compared to the previous year, contributing to a higher gross operating profit than the previous year.

All attention continued to be focused on the cash flow, on the area of collection and continuous monitoring of receivables, keeping close contact with customers and contacting customers when the amounts due were exceeded, taking prompt action on the collection of receivables, renegotiating contractual terms and taking effective decisions both in the short, medium and long term.

Management regularly assesses the impact of COVID-19 within the Group's business by constantly reviewing key performance and profitability indicators.

The Group estimates a limited impact of Covid-19 on its future financial situation due to uncertainties and considers in this regard that there is no risk in terms of going concern in the next period.

17. GOING CONCERN

The Parent Company has reviewed the financial forecasts of Investo Corp for the following years in order to recover the loan granted to the related entity. Investo Corp has developed an application that automates the management processes of public and private investments, for which the management of the entity is in advanced discussions with two clients for its use and further development.

Investo Corp is also considering delivering a financial management solution for multiple start-ups to new clients.

At the same time, there are plans to create a new revenue line based on outsourcing software development. The persons employed on this line of business may also be used for the further development of the existing platform. It is estimated that about 50% of the time these developers will be able to be allocated to external projects, thus generating an additional income.

At the date of the Consolidated Financial Statements, an addendum to the loan agreement between the two companies is signed extending the repayment term until December 31, 2026 and the instalments shall be paid according to a schedule.

As regards the loan granted by the Parent Company to Coso Netherlands BV, the related entity estimates that it may undertake to repay the loan within a maximum of 5 years. This estimation is based on the financial forecasts in the coming years for the activity related to the existing products but also from the development of a new RPA (Robotic Process Automation) business line. The company expects a significant increase in turnover due to the new business line and the development of collaboration with the Group companies on the outsourcing division.

At the date of the Consolidated Financial Statements, an addendum to the loan agreement between the two companies is signed extending the repayment term until December 31, 2026 and the instalments shall be paid according to a schedule.

Arobs Trading GmbH expects an increase in activity following the reduction of the impact of the COVID19 pandemic at the end of 2021, to increase the margin on certain categories of products by up to 12%, and of the total margin by up to 8% and to maintain this increase over the next few years. The company plans to increase the turnover speed of receivables-customers by reducing the collection period from 75 days to 45 days. At the date of the Consolidated Financial Statements, an addendum to the loan agreement between the two companies is signed establishing the full repayment of the loan by the end of 2022.

18. SUBSEQUENT EVENTS

Share capital increase of AROBS Transilvania Software S.A.

On March 7, 2022, the increase of the share capital of the Parent Company was approved with the amount of RON 45,569,749.40 (representing share premiums) from the current amount of RON 45,569,749.40 to the amount of RON 91,139,498.80 by issuing 455,697,494 new shares with a face value of RON 0.1/share that will be allocated free of charge to the shareholders of the company registered in the Shareholders Ledger held by the Central Depository at the date of registration.

Credit facility increase

The Parent Company AROBS Transilvania Software has contracted an increase of the credit facility with Citi Bank, Romania Branch, amounting to EUR 3,220,000. The maximum amount of EUR 2,700,000 is intended for the partial refinancing of the acquisition of 100% of the share capital of Berg Computers S.R.L. for a period of up to 4 years. The maximum amount of EUR 520,000 is intended to finance a credit line for treasury transactions to hedge against exchange rate fluctuations and other hedging operations, including interest rate swaps related to current business and related to the partial refinancing of the acquisition of 100% of the share capital of BERG Computers S.R.L.

In June 2022, the Parent Company contracted an increase of the credit facility with Citibank Europe Plc., Dublin – Romania Branch.
Intended use of the loan: EUR 12.5 million to co-finance the acquisition of 100% of the share capital of Enea Services Romania S.R.L. and EUR 0.5 million for treasury transactions (for protection against exchange rate fluctuations and other hedging operations), related to the term loan."

Establishment of subsidiaries

The Parent Company AROBS Transilvania Software has established two limited liability companies as Sole Shareholder.

Business line transfer

At the beginning of 2022, the distribution division of the Parent Company was transferred as an activity on a newly established company.

Credit facility contracting

In March 2022, the Parent Company contracted a working capital line amounting to EUR 2.4 million from Raiffeisen Bank.

Acquisition of Enea Software Development Software Services

In April 2022, AROBS Transilvania Software S.A. - the Parent Company took over the company Enea Software Development Software Services (Enea Services Romania S.R.L.), a subsidiary entirely owned by Enea Software AB, whose parent company Enea AB is listed on Nasdaq Stockholm. With this transaction, the largest in the Company's history, AROBS will strengthen its Software Services division by integrating approximately 160 employees into the group and will further strengthen its presence in Romania and in the US, while expanding its customer portfolio on the European and US markets.
The value of the transaction amounts to EUR 17.9 million and includes the acquisition of Enea Services Romania S.R.L. and the entire software development division of Enea AB together with US operations (local contractors and customer contracts). In order to carry out the transaction, AROBS will use part of the capital attracted from BVB investors during its private placement for its shares, which took place in October 2021, as well as bank financing.
On June 8, 2022, the transaction for the acquisition of the entire shareholding of Enea Services Romania S.R.L. was completed.
In connection with the closing of the transaction, the parties agreed on a retention of approximately EUR 1.7 million to manage post-closing adjustments to the transaction, including working capital and specific customer contracts that had not yet been transferred at the time of closing. A partial payment of EUR 16.3 million was made on 8 June 2022.

Russia - Ukraine conflict

The invasion of Ukraine by the Russian Federation and the subsequent global response to these military actions could have a significant impact on some companies, in particular companies with physical

operations on the territory of Ukraine, Russia and Belarus, but also entities with indirect interests (with suppliers, customers, investments and creditors with operations on the territory of these countries).
We have assessed the impact of the ongoing military operation in Ukraine and the related targeted sanctions against the Russian Federation. This may require revisions to certain assumptions and estimates that may result in significant adjustments to the carrying amounts of certain assets and liabilities within the next financial year. At this stage, we cannot reliably estimate the impact as events unfold on a daily basis.
Based on the information available so far, the Group's management has not identified any concrete potential risks related to the Russia-Ukraine conflict, and so at this point in time it does not expect any significant impact in terms of carrying out the current operations. The Group has no direct exposure to third parties affected by the sanctions imposed since the commencement of the conflict (customers, suppliers, banking institutions with which the Group collaborates). The indirect exposure (customers, suppliers, with whom the Group collaborates, with third party links affected by sanctions, as well as risks related to the future volatility of commodity prices, foreign exchange rates, or possible cyber attacks, is currently non-quantifiable, the Group's management has so far given no indication of any significant impact on the Group's business.

These Financial Statements have been signed and approved on June 30, 2022, by:

Director,	Prepared by,
Surname and First Name:	Surname and First Name:
Oprean Voicu	**Nistor Iuliana** Chief Accountant
Signature Seal of the Establishment	Signature