AROBS Transilvania Software
Phone: 0364/143201
Fax: 0264/598426
Email: office@arobs.com

MANAGEMENT REPORT

AROBS GROUP

FOR 2021

Phone: 0364/143201
Fax: 0264/598426
Email: office@arobs.com

General economic environment

After a strong rebound in the first half of 2021, Romania's GDP is set to exceed pre-pandemic levels. In the future, growth is expected to remain robust at around 5%, with domestic consumption and facilities for recovery and resilience supporting investment as the main economic drivers. Unemployment is expected to fall below 5% in the coming years. However, there are risks to future forecasts due to a wave of COVID-19 infections. The general government deficit is projected to gradually decline to around 6.3% of GDP in 2023, while the debt-to-GDP ratio is projected to increase further to 53.2%.

After a real GDP decline of 3.9% in 2020, Romania's economy started a strong recovery mainly driven by domestic demand. By the autumn of 2021, the lifting of the pandemic-related restrictions in all sectors has released pent-up demand, especially in food services, hospitality, leisure and culture. In addition, construction activity was robust and investments, especially in digital equipment, has been strong. While confidence in retail and services was maintained during Q3-2021, despite a resurgent infection wave. Once introduced, mobility restrictions are established to reduce consumption somewhat. Despite the loss of purchasing power in households due to rising energy prices, imports are expected to increase in line with rising domestic demand.

Export growth will be less dynamic due to supply-side bottlenecks, especially in the automotive industry. Thus, the external side is expected to reduce GDP and current account growth, with the deficit expected to rise to 6.5% this year. Overall, Romania's economy is expected to grow by 7% in 2021, exceeding pre-pandemic levels.

The policy measures have helped to limit the increase in the unemployment rate, which is expected to reach 5% by the end of 2021, amid a strong economy and rising demand for staff in healthcare, information technology and communications and courier services. In 2022 and 2023, the unemployment rate is expected to fall, in line with economic activity. Nominal wage growth is expected to be stable over the coming period, with the forecast horizon setting unemployment rates below double digits. Labour cost growth is expected to be moderate.

HICP (Updated Index of Consumer Prices) inflation rose year-on-year to 4.3% in the third quarter, largely due to the sharp rise in gas, energy and oil prices, but also to higher food prices. The average annual HICP is estimated to reach 4% by the end of 2021, mainly due to higher electricity and fuel prices, and is expected to remain at that level in 2022. Price shocks are projected to gradually decrease over the forecast horizon and the HICP is projected to reach 2.9% in 2023.

AROBS Group

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 2021 was the second year in which the Financial Statements of the Group companies were consolidated. 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. (parent company).

The company is headquartered in Cluj-Napoca and has regional operational offices in Bucharest, Iași, Târgu Mureș, Baia Mare, Suceava, and Arad. The company has over 24 years of experience in developing custom software solutions for customers in 14 countries in Europe, Asia, and America.

AROBS is among the top companies offering fleet management solutions in the Central and South-Eastern Europe market, and those aimed at optimizing business and human resources are well positioned in the Romanian market.

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.

AROBS Group Mission:
Creating and delivering modern software services and solutions, developed in-house or through strategic partnerships, using innovative technologies to increase the number of customers, employees, shareholder satisfaction, maximizing the return on investment and being an active partner in the community.
Our pillars are our employees, partners, and shareholders.

AROBS Group Values:
- Innovation and creativity
- Communication and team spirit

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- Respect and loyalty
- Effectiveness, efficiency and performance
- Flexibility & commitment
- Social responsibility.

The 10 companies within the Group (in addition to the Parent Company), together with their shareholding structure, are set out in the table below:

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%

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

BALANCE SHEET ANALYSIS

In 2021, at Group level, the total assets recorded a value of RON 210.5 million determined by a 74% increase in fixed assets reaching a total value of RON 39.6 million and a 43% increase in current assets, which recorded a total value of RON 169.1 million. Non-current assets increased in 2021 as a result of the increase in intangible assets put into operation and financial assets.

Current assets increased in 2021 by 43%, mainly due to positive changes in receivables and cash availabilities. Cash and cash equivalents increased by 120% in 2021, recording a value of RON 102.5 million, as a result of the contribution of new investors following the private placement in October 2021.

With regard to intangible assets, the development of a new mobile app and other in-house products was completed during 2021.

At the end of 2021, AROBS Transilvania Software - the Parent Company, consolidated its presence in the Western part of Romania, fully acquiring Berg Computers SRL, a local custom software development and outsourcing company. The decision to acquire this company is part of the company's strategy to increase its national and international presence in the markets of Germany, Austria and Switzerland. This transaction resulted in an increase of the stake in affiliated entities of approximately RON 14 million.

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.

The equity increased by 84%, due to the increase in the share capital of the Parent Company from RON 100,000 to RON 45.6 million by incorporating the retained earnings for 2018 and 2019 and other reserves and by issuing new shares. The increase in equity capital was also helped by share premiums, which amounted to RON 68.8 million as a result of private placement. For employee retention and the implementation of a Stock Option Plan, AROBS Transilvania Software, the Parent Company, repurchased 8.8% of the company's share capital.

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Balance sheet indicators (RON)	December 31, 2020	December 21, 2021	Change %
Non-current assets	22,731,890	39,546,055	74%
Current assets	118,487,382	169,114,764	43%
Accrued charges	1,179,507	1,824,159	55%
Total assets	**142,398,779**	**210,484,978**	**48%**
Current liabilities	33,767,970	22,258,997	-34%
Long-term liabilities	2,776,806	913,364	-67%
Provisions	1,214,411	1,216,647	0%
Deferred income	7,556,570	7,026,270	-7%
Total liabilities	45,315,757	31,415,278	-31%
Owners' equity	97,083,022	179,069,700	84%
Total owners' equity and liabilities	**142,398,779**	**210,484,978**	**48%**
Net book assets	**97,083,022**	**179,069,700**	**84%**

P&L REVIEW

During 2021, the AROBS Group generated operating revenues amounting to RON 193.8 million, up by 10% compared to the previous year. This increase was directly pro rata determined by the increase in turnover. The net turnover for 2021 was RON 190 million.

The customer portfolio has grown by attracting new partners from Europe, but also from the United States and there have been increases in the services and projects requested by the customers. The software development industry is in a state of continuous growth in the constant need to have access to excellent resources, in increasing numbers, globally.

In the software product area, such as fleet management, business optimisation and digital payments, the market is also growing, thanks to the accelerated digitisation processes of companies and organisations. For future growth forecasts, AROBS Group is counting on the idea that the high demand for digitisation will boost its growth rate.

The turnover for 2021 has increased as a result of new customer contracts in the area of product supply, as well as project growth in the area of services. The renegotiation of tariffs on all business lines also made a favourable contribution to the increase in turnover in 2021.

Operating expenses evolved at the same rate as operating income, reaching RON 144.8 million, compared to RON 130.1 million recorded in the previous year. The highest expenses were generated by employee costs and services contracted from third parties. This increase is in line with the expansion of the business and the development of new internal products.

As a result of the above, the operating result for 2021 recorded a value of RON 49 million, up by 5% compared to the comparative period. The financial result increased significantly compared to the previous year, reaching RPN 3.4 million. This increase is due to the efficiency of foreign exchange transactions compared to 2020 and the appreciation of the main currencies.

The gross result recorded by the Group for 2021 was RON 52.4 million, representing an increase of 13% compared to the gross profit recorded last year.

The company earned a net profit for 2021 amounting to RON 45.7 million, up 16% compared to the net profit of 2020.

Profit and Loss Account Indicators (RON)	December 31, 2020	December 21, 2021	Change %
Turnover	173,104,541	190,066,243	10%
Operating income	176,760,586	193,842,193	10%
Operating profit	46,623,939	49,071,858	5%
Financial result	(246,301)	3,358,158	-1463%
Gross profit	**46,377,638**	**52,430,016**	**13%**
Net profit	**39,566,981**	**45,732,918**	**16%**
EBITDA	**52,779,995**	**54,509,761**	**3%**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2020A	2021A	Change %
Net turnover	**173,104,541**	**190,066,243**	**10%**
Production sold	157,931,222	175,439,437	11%
Revenue from the sale of goods	16,014,210	15,328,887	-4%
Trade discounts granted	(840,891)	(702,081)	-17%
Revenue related to the cost of production in progress	(394,570)	56,748	0%
Revenue from the production of intangible and tangible assets	2,404,214	1,853,263	-23%

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Revenue from operating subsidies	181,848	42,050	-77%
Other operating income	1,464,553	1,823,889	25%
OPERATING REVENUE - TOTAL	**176,760,586**	**193,842,193**	**10%**
Expenditure on raw materials and consumables	1,385,756	1,232,284	-11%
Other materials expenses	1,108,940	977,934	-12%
Other external expenses (including energy and water)	1,382,852	1,215,866	-12%
Expenditure on goods	10,728,492	10,427,749	-3%
Trade discounts received	(286,546)	(81,836)	-71%
Staff expenditure	57,657,171	61,260,441	6%
Value adjustments of tangible and intangible assets	6,140,919	6,042,045	-2%
Value adjustments on current assets	138,784	195,487	41%
Other operating expenses	51,449,596	63,745,663	24%
Adjustments relating to provisions	430,683	(245,298)	-157%
OPERATING EXPENSES - TOTAL	**130,136,647**	**144,770,335**	**11%**
OPERATING PROFIT	**46,623,939**	**49,071,858**	**5%**
Financial income	3,870,776	4,923,214	27%
Financial expenses	4,117,077	1,565,056	-62%
FINANCIAL RESULT	**(246,301)**	**3,358,158**	**-1463%**
Total income	180,631,362	198,765,407	10%
Total expenditure	134,253,724	146,335,391	9%
Gross profit	46,377,638	52,430,016	13%
Income tax	6,810,658	6,697,099	-2%
NET PROFIT	**39,566,981**	**45,732,918**	**16%**

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CONSOLIDATED BALANCE SHEET

	January 1, 2021	December 21, 2021	Change %
INTANGIBLE FIXED ASSETS	**15,081,535**	**30,779,078**	**104%**
Development expenditure	4,782,579	2,928,601	-39%
Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	6,592,127	10,984,463	67%
Goodwill	3,706,829	16,866,014	355%
Advance payments	-	-	100%
PROPERTY, PLANT AND EQUIPMENT	**5,652,191**	**6,453,301**	**14%**
Land and buildings	1,465,216	1,001,001	-32%
Plant and machinery	3,086,363	3,879,820	26%
Other plant, machinery and furniture	1,015,540	1,075,690	6%
Tangible assets in progress	85,072	496,790	484%
FINANCIAL FIXED ASSETS	**1,998,164**	**2,313,676**	**16%**
Shares held in subsidiaries	1,049	1,050	0%
Loans granted to group entities	-	-	100%
Shares held in associates and jointly controlled entities	9,130	9,130	0%
Other non-current securities	560,104	-	-100%
Other loans	1,427,881	2,303,496	61%
NON-CURRENT ASSETS - TOTAL	**22,731,890**	**39,546,055**	**74%**
INVENTORIES	**5,261,661**	**5,042,725**	**-4%**
Raw materials and consumables	1,725,126	1,968,919	14%
Work in progress	518,416	575,164	11%
Finished products and goods	2,181,418	2,378,290	9%
Advance payments	836,701	120,352	-86%
RECEIVABLES	**66,603,482**	**61,859,221**	**-7%**
Trade receivables	36,343,076	40,064,494	10%
Amounts receivable from related entities	29,904,606	20,524,942	-31%
Other receivables	355,760	1,269,785	257%
Subscribed capital not paid in	40	-	-100%
CASH ON HAND	**46,508,476**	**102,212,818**	**120%**
CURRENT ASSETS - TOTAL	**118,487,382**	**169,114,764**	**43%**
PREPAYMENTS	**1,179,507**	**1,824,159**	**55%**
TOTAL ASSETS	**142,398,779**	**210,484,979**	**48%**
SHORT-TERM LIABILITIES	**33,767,970**	**22,258,997**	**-34%**
Amounts due to credit institutions	19,064,438	2,226,645	-88%
Advances received on account of orders	442,048	740,727	68%
Trade payables - suppliers	4,594,766	5,693,380	24%
Amounts due to group entities	225,062	3,783,039	1581%
Other liabilities, including tax liabilities and social security liabilities	9,441,656	9,815,206	4%
LONG-TERM LIABILITIES	**2,776,806**	**913,364**	**-67%**
Amounts due to credit institutions	2,191,230	-	-100%
Other liabilities, including tax liabilities and social security liabilities	585,576	913,364	56%
TOTAL LIABILITIES	**36,544,776**	**23,172,361**	**-37%**
PROVISIONS	**1,214,411**	**1,216,647**	**0%**
DEFERRED INCOME	**7,556,570**	**7,026,270**	**-7%**
Investment grants	1,164,964	774,396	-34%
Deferred income	5,606,300	6,020,901	7%
OWNERS' EQUITY	**97,083,022**	**179,069,700**	**84%**
Subscribed and paid-in capital	100,000	45,569,749	45470%
Other equity items	-	229,123	100%
Capital premiums	-	68,754,750	100%
Reserves	2,740,489	3,097,859	13%
Own shares	-	(4,010,000)	100%
Retained profit or loss	55,270,437	22,560,066	-59%
Profit or loss for the financial year	39,566,981	45,732,917	16%
Profit distribution	(282,073)	(2,721,793)	865%
Other equity	(312,812)	(142,972)	0%
TOTAL LIABILITIES	**142,398,779**	**210,484,979**	**48%**

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AROBS Transilvania Software S.A. – Parent Company

AROBS Transilvania Software was founded as a limited liability company in 1998 in Cluj-Napoca and today is one of the most important software development companies in the country. In September 2014, the company changed its legal status into a joint-stock company.
The registered office of the company is in Cluj-Napoca, Str. Donath, Nr.11, Ap.28, the company has secondary offices - places of business:

In Cluj-Napoca:
- Str. Minerilor, Nr. 63;
- P-ța Cipariu, Nr. 9, Ap. 69;
- Str. Săpatorilor, Nr. 5;
- Str. Henri Barbusse; Nr. 44-46, within Cluj Business Center, et. 2 and 3;
- Str. Trifoiului, Nr. 22;
- Str. Constantin Brancusi, Nr. 55.

In Iași – Str. Palat, Nr.3E, United Business Center 1 building, ground floor.
In Tg. Mureș – Str. Georghe Doja, Nr.64-68, Multinvest Business Center 2 Building (MBC2).
In Suceava – Str. Universității, Nr.32, Classic Office Center, Et.1, 2 and 3.
In Bucharest – Str. Bdl Tudor Vladimirescu, Nr.22, Unit.4.1, Et.4, Sector 5, Bucharest.
In Baia Mare – Bdul Unirii, Nr. 18, Baia Mare Business Center Building, Et.1.
In Arad – Bdul Revolutiei, Nr.52-54, Arad Platza, sc. C, Et.3, ap.12.

The company has gradually moved from developing outsourced products for large companies in Western Europe and the United States to developing its own in-house products and software solutions. Thus, with more than 22 years of experience in the IT market, AROBS Transilvania Software S.A. is currently a company specialised in software development for several types of mobile applications, fleet management and monitoring solutions for vehicles, SFA and CRM solutions, innovative projects and in-house products.

In order to strengthen its market position, the company has been pursuing a procurement policy for the last 6 years. It has grown into an international company, forming partnerships and collaborations with customers or companies in the United States of America, Canada, Germany, Finland, Switzerland, The Netherlands, Belgium, Italy.

At the end of 2021, AROBS Transilvania Software consolidated its presence in the Western part of Romania, fully acquiring **Berg Computers SRL**, a local custom software development and outsourcing company. The decision to acquire this company is part of the company's strategy to increase its national and international presence in the markets of Germany, Austria and Switzerland. This transaction resulted in an increase of the stake in affiliated entities of approximately RON 14 million.

AROBS Transilvania Software debuted in December 2021 on the AeRO market of the Bucharest Stock Exchange, the shares being traded under the AROBS stock exchange symbol. The listing of AROBS comes after the completion of a private placement of shares in the second half of October through which AROBS raised a record RON 74 million in a share capital increase. This placement attracted huge interest from both retail and professional investors, so it was closed early from the first day of the placement, showing once again the high appetite of investors for Romanian entrepreneurial companies. The funds attracted will support the company's expansion strategy, through the acquisition of IT companies both nationally and internationally, the opening of new subsidiaries in major markets in Europe and the United States, as well as the development of the company's expertise and specialisation. In parallel with the preparations for the listing on the Stock Exchange, the parent company implemented the first stage of the Stock Option Plan (SOP) programme to stimulate and retain employees within the Group companies. Through this programme, AROBS aims to turn employees into partners of the company and, in the medium term, into active investors in the Bucharest Stock Exchange.

AROBS Transilvania Software is an IBM business partner and Microsoft certified partner, member of ARIES - Romanian Association for Electronic and Software Industry and ANIS - Employers Association of Software and Services Industry.

The company is organised along several business lines, as follows:

- **Software Services - Outsourcing**

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

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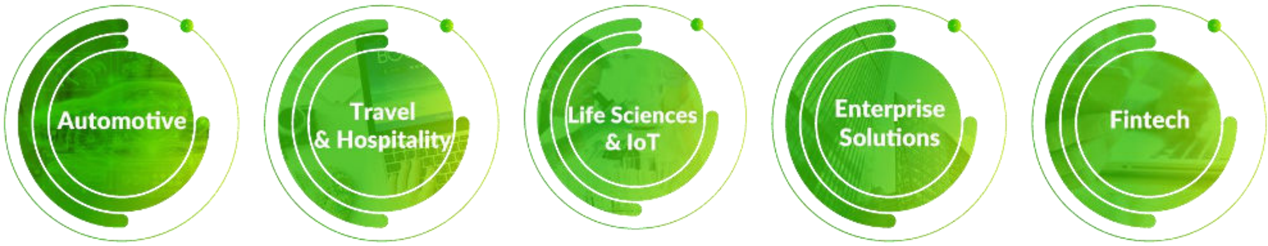
In addition, AROBS has a stronger exposure in the DACH market (Germany, Austria, Switzerland) through the acquisition of Berg. The acquisition carried out in April 2022 (Enea's Software Development Services Line, specialised in the medical, maritime and embedded industries), as well as through the other acquisitions in the pipeline for 2022, are in line with the strategic directions undertaken by AROBS: the development of new areas of expertise with high demand in the global software services market, while the continuous transfer of in-house knowledge to the future generations of programmers and hardware specialists and horizontal integration (inorganic development) through acquisitions of existing players operating in the same industry, which can enable synergies and are easily integrated with a solid EBITDA, as well as the expansion in Europe, America and Asia.

The risks that the company takes into account regarding the software services business line are related to the geopolitical situation in the region, but also to the overheating on the software specialist recruitment market in Romania.

In terms of the fierce competitive situation on the labour market, in Romania and in the region, at Group level, one of the strategic directions assumed is the motivation and fidelity of the employees by increasing the opportunities for professional development, the increase of the level of integration and communication between employees, and, very importantly, to involve employees in the good running of the company through the financial mechanism of the "stock option plan" type.

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

Automotive Industry is the main specialization, with hundreds of software developers in Romania, Moldova and Hungary.



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

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

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

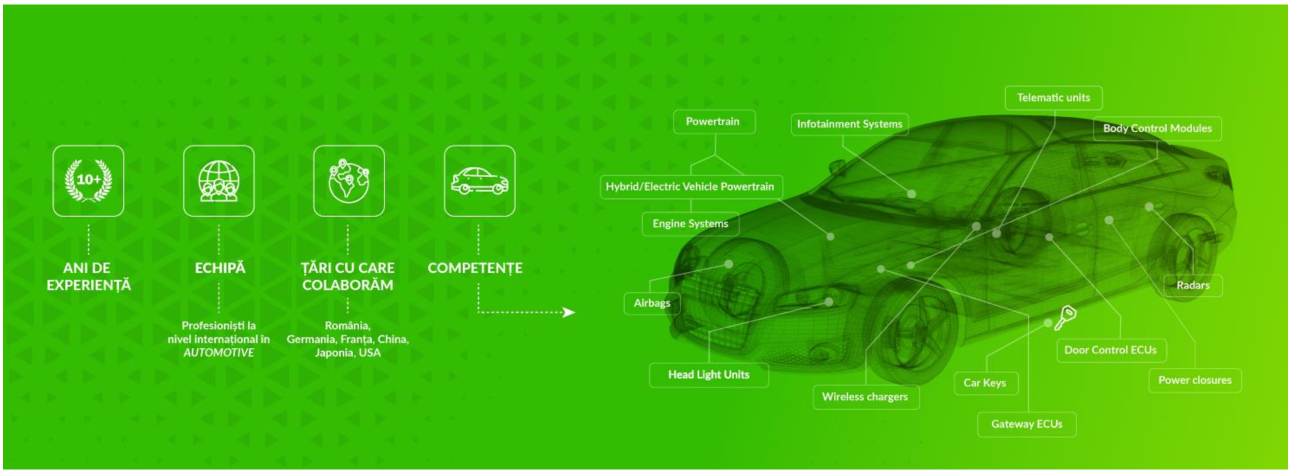
The expertise includes elements of the internal combustion vehicle architecture as well as modules for electric vehicles or plug-in hybrid vehicles (PHEVs).

AROBS follows AUTOSAR (AUTomotive Open System Architecture) standards and is TISAX (Trusted Information Security Assessment Exchange) certified. TISAX is the most prestigious information security standard in the automotive industry. This certification is obtained via the international ENX ASSOCIATION platform. This platform facilitates the online interaction of companies, from suppliers of products and services to international audits.

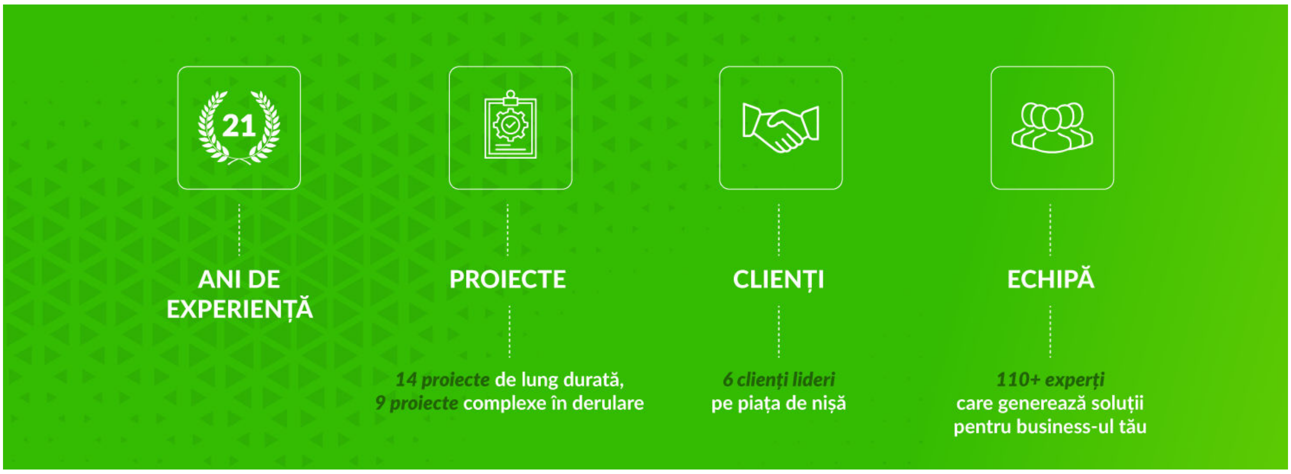
AUTOSAR capabilities: Classic platform.

Customised AUTOSAR configuration tools, EB Tresos Studio. Vector DaVinci, AUTOSAR Builder

Projects: Body Controllers (BCM), Car Access ECUs, Gateways, Transmissions, Infotainment, Car Radar Sensors, Keys, Instrument Clusters.



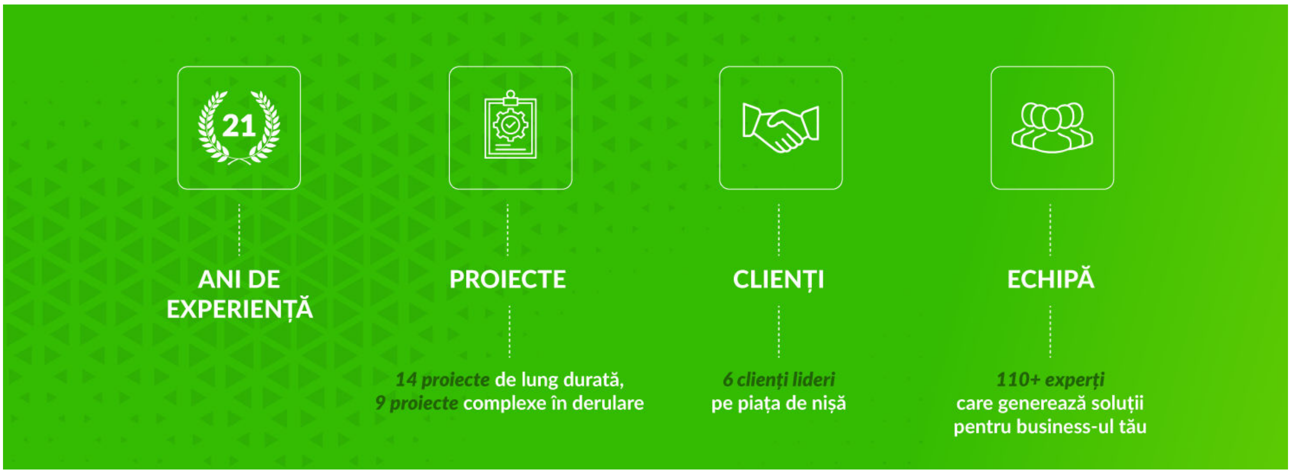
Travel Technology - Combining niche knowledge and technical capabilities has helped the Issuer to build long-term partnerships with customers. So far, end-to-end solutions have been created and delivered for companies in the USA, France, Spain, Germany and the Netherlands. The experience in the travel software and hospitality industry provides AROBS specialists with an overview of the market, adaptability in the delivery of solutions, which are customised for each customer.



Life Science & IoT – The issuer has developed projects in areas such as clinical trials, IoT, home automation, smart agriculture and beyond.

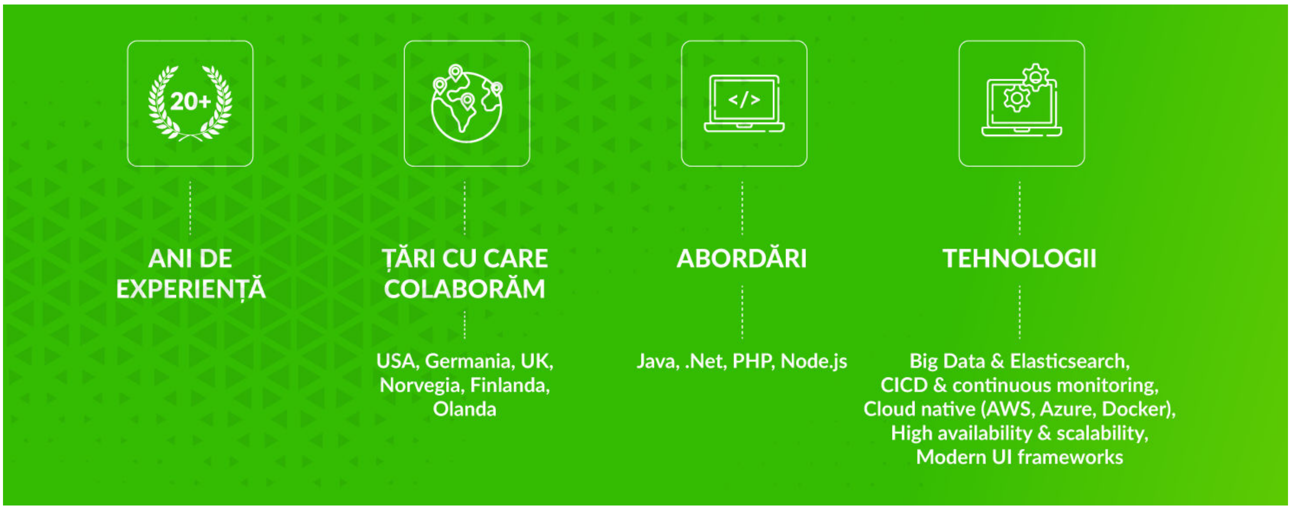
With regard to Life Sciences specialisation, the Issuer has built a solid expertise in recent years around long-lasting collaborations with large American companies in the pharmaceutical industry. During this period, medical software solutions were developed that simplify the clinical trial applied to new medicines launched on the market.

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



Enterprise Solutions – this business group has expertise in cloud-based applications, real-time or reactive, Big Data, NoSQL or any other advanced software technology based on which can build custom solutions necessary for the proper functioning of companies and organisations.

The Issuer develops cloud applications for enterprises with specific challenges, created by professionals with many years of experience, which are focused on ease of use.



Fintech – The Issuer has developed projects such as software audit, cloud solutions, SaaS and services of integration, security, artificial intelligence and machine learning.

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

The Fintech experience is also reflected in the MonePOS solution - Contactless and Paperless Digital Payment Solution, launched in March 2021. MonePOS is already used by companies and institutions in Romania, mostly in mobility services. This product ensures full digitalisation of payment transactions for businesses in industries such as passenger transport, taxis, food delivery, markets, retail, etc.

Within the Software services division, there are three particularly valuable cross-cutting areas of expertise: Embedded Systems, Cybersecurity and Quality Assurance.

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

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

The quality assurance services that AROBS offers are delivered by teams of professionals specialising in manual and automated testing. The QA team at AROBS has extensive experience testing on a variety of devices and include testing web, mobile and desktop applications.

Very important is the expertise brought by Berg Software, which complements the service offering of AROBS Group's software services business line. Berg Software has experience on projects in industries such as Manufacturing, Retail, Office automation, IT, Storage and Cloud for large-scale clients in Germany, Austria and Switzerland.

AROBS Transilvania Software is a global provider of ready-to-use solutions and customised software, based on the latest technologies. We develop modern technological solutions with a focus on innovation and user experience.

AROBS Transilvania Software
Phone: 0364/143201
Fax: 0264/598426
Email: office@arobs.com

- **Fleet monitoring and management solutions – Track GPS**

With 4,321 customers and 61,562 GPS licenses, in 2021 AROBS Transilvania Software S.A. was the market leader in Romania in this sector. TrackGPS is a complete car fleet monitoring and management solution offering real-time GPS tracking system, special devices and customised services.

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

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

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

In 2021, the TrackGPS division recorded an increase in customer numbers and turnover compared to 2020. Also in 2021, 4.0 version of the app with the same name was launched, and the process of customer migration to the new platform will be completed in 2022.

Thus, a considerable increase in the use of the mobile version of TrackGPS has been observed, as well as an increase in interest in fuel consumption control solutions.

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

TrackGPS will continue to invest, in 2022, in developing new solutions and facilities for safe driving and green driving, but also in monitoring solutions for electric cars – elements specific to IoT and sustainable transport.

- **Optimall - Business Optimisation Solutions**

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

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

For 2022, the Optimall team is focused on R&D, with the aim of completing the new version of the SFA solution, as well as increasing the market footprint of the ConnectoR service, which has a very good growth potential.

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

The contactless and paperless payment solution was launched in March 2021, with an initial focus on the taxi market in major urban centres in Romania, such as Cluj, Timisoara, Iași, Bucharest, etc., a market that accounted for 85% of the customer portfolio accessed during 2021. We have taken the first steps towards the penetration of the Public Transport industry, developing projects in Turda and Caransebeș.

In 2021, the hardware and software integrations made together with the partners of Selirom SRL, Ectra Electronic Craiova, and Romlogic Technology SA brought us categorical elements of differentiation from the competition, especially in the taxi market.

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

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

The MonePOS solution is certified by VisaandMastercard, through the relationship of the parent company with the partner Banca Transilvania.

- **Distribution of consumer electronic products**

The AROBS distribution division sells a wide range of products: gadgets, audio systems, TVs but also cosmetics. All these products can be found on the websites **softcare.ro**, **soundon.ro** and **gps-auto.ro**, with the distribution division recording significant growth in online sales in 2021.

The launch of this business line coincides with the launch of the Smailo brand, an internal product created by AROBS Transilvania Software S.A. The Smailo portfolio includes cameras, car radio, handsfree kits, navigation systems, etc. Adapted to the latest technological challenges and market demands, the brand is constantly growing.

In addition to the Smailo brand, in the past 10 years, the division has expanded its portfolio by more than 10 international brands: MIO, TomTom, Garmin, Sharp, Silk'n, Motorola, etc. AROBS, through these brands, is present in the most important retail chain – online and offline. Altex, Emag, Flanco, Carrefour, Auchan, Cel.ro and Evomag.ro are among the main AROBS distribution partners.

- **Special projects**

This division was created in 2014 with dedicated resources to research and develop new ideas and technologies. The areas in which products have been developed are: real estate and construction, education, cluster management platforms, learning management systems, Telematics & Fleet Management Platform Add-Ons, map management portal. Among the products of this line are:

- Digital textbooks;
- RateWizz Channel Management – an innovative property management product used by hotel operators in Finland;
- MedControl Solution – platform for personal healthcare;
- Fleet4Share – Car Sharing Management Solution;
- Cluj Parking – automation systems for public parkings.

<u>AROBS Group Companies:</u>

PT AROBS Solutions Indonesia

The penetration of the Indonesian market started at the end of 2014 through the collaboration between AROBS Transilvania Software Services (ATS) and PT Sukanda Djaya. The collaboration was enshrined in a Fleet Management contract, whereby AROBS

Transilvania Software Services S.A. undertakes to provide tracking equipment to the client PT Sukanda Djaya and to provide monthly fleet tracking services against payment.

In 2017, PT AROBS Solution Indonesia was established, a company that provides its partners in Indonesia with complete Fleet Management solutions and integrated IoT solutions that have software and hardware components, addressing different industries: Transport, Agriculture, Construction, etc.

Arobs Software Solutions GmbH

The company was created for the development of custom software services. Arobs Software Solutions was established on August 31, 2020 and at the end of 2021 was not listed as having any employees. It is intended to develop a customer portfolio in Western Europe through this company.

Coso Team UK LTD

Coso Team UK LTD is based in Christchurch, Dorset, UK and was established on March 29, 2018 to deliver bespoke software. During 2021, the company had no activity. Coso Team UK LTD is part of CABRIO INVEST B.V. holding company

Coso by Arobs BVBA Belgium

Coso by Arobs B.V. Belgium is part of CABRIO INVEST B.V. holding company. In 2018, AROBS continues its expansion on the international market through the acquisition of Coso by AROBS in Belgium and the Netherlands, which specialises in process automation. The acquisition opened up the opportunity for a new specialisation in the AROBS Group: the Robotic Process Automation sub-sector. At the end of 2021, the company had 2 employees.

Coso by Arobs B.V. Netherland

Coso by Arobs B.V. Netherland is part of CABRIO INVEST B.V. holding company. The company's main focus is software services. The company was acquired by the Arobs Group in 2018.

The company specialises in custom software development. Coso Netherlands enjoys the trust of several international customers for whom it provides offshore and nearshore IT development services in areas such as logistics, education and business solutions.

Process automation through robotics is an area where the company wants to grow strongly in the coming period amid new emerging trends in manufacturing. These solutions mean lower production costs as well as a considerable decrease in errors on the production line. The direct result is significant increases in quality and a reduction in scrap and labour hours.

Coso by Arobs B.V. has access to highly qualified developers in the field of RPA product development, which enables the company to offer versatile automation solutions that meet the needs of cost reduction and process automation of a wide range of customers.

In terms of software development services, the company proves its versatility by adapting the solutions offered to the customers' needs.

Cabrio Invest B.V. - Netherland

Cabrio Invest B.V. Netherland is the investment vehicle through which Coso Team UK LTD, Coso by Arobs B.V.B.A Belgium, Coso by Arobs B.V. Netherland were established.

The financial indicators for 2021 have been presented in the section reserved for each company within the holding company: Coso by Arobs B.V. Netherland, Coso B.V.B.A Belgium and Coso Team UK LTD. Expectations for the future development of each individual company has also been detailed in the sections reserved for them.

SoftManager SRL

The company was established in 2019 and its scope of activity is according to NACE code 6201 – "Computer programming activities (customer-oriented software)".

The sources of income of the Company, according to its representatives, are:

- SoftManager CRM+ subscriptions, which generate recurring monthly revenue;
- Software development revenue;
- Revenues from the implementation of software solutions.

The SoftManager CRM+ product emerged from the desire to help entrepreneurs to manage processes efficiently and quickly, to increase profitability and to stay connected to their customers' requirements. SoftManager supports business development, from small entrepreneurs to the already successful. SoftManager CRM+ is an easy-to-use software solution that can be tailored to the specifics of each business. All companies using the solution benefit from the same quality of service and innovative digital technology with which they have been able to lower costs, increase sales and improve profit margins.

In terms of staff, at the end of 2021, the company had 9 employees.

Following the analysis of the Financial Statements for 2021, the management of the company considers the operating result for the year mentioned above satisfactory and it is expected that the turnover in 2022 will increase by 10% compared to 2021, along with an increase in the number of employees by 3 persons.

UCMS Group Romania SRL

UCMS by AROBS continued its growth in 2021, with a customer portfolio 10% more consistent than the previous year. The company has consolidated its position on the corporate and enterprise market as one of the leading providers of integrated payroll and human resource management systems. The main verticals in which UCMS has strengthened its position are Production & Automotive, BPO, banking, retail, IT.

In 2021, the UCMS team developed the Work From Home functionality, which makes the hybrid working mode much easier, helps to manage the team more effectively, schedule changes, shifts, but also the place where employees perform their work. Through this functionality in True HR application, time clocking is done electronically and helps the employer to have a clearer record of how employees are deployed.

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

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

UCMS will continue to invest in research and development, by developing a functionality for digitising OSH and ES files, a Business Intelligence system to deliver analytical data taken from the integrated system of human resources management and payroll, as well as a solution for automating sick leaves.

SAS Grup SRL

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

The position of SAS Grup SRL on the Romanian market continued to be consolidated, and in 2021, the quality of fleet monitoring services, as well as customer services, supported the constant increase in the number of customers, respectively in turnover, compared to 2020.

SAS Grup SRL launched in 2021 the Fleet Care module, which has specific Business Intelligence functionalities, and supports fleet managers in collecting the performance parameters of the fleets they manage. The Mode provides predictability in terms of fleet maintenance, being an essential tool in related cost management.

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

Following the analysis of the Financial Statements for 2021, the management of the company considers the operating result for the year mentioned above satisfactory and it is expected that the turnover in 2022 will increase by 18% compared to 2021. No increase in the number of employees in 2022 compared to 2021 is expected.

AROBS Group – Other information on accounting policies

Provisions

Group entities shall record provisions if they have 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.

Liabilities

The major influence on the turnover speed of supplier credit compared to that for receivables is the very tight arrangements with raw material suppliers, where DAP prices and discounts obtained lead Group entities to use minimum payment terms for the most appropriate financing - supplier credit.

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.

At each year-end all foreign currency payables are revalued using the exchange rate valid at year-end. All resulting gains or losses are included in the profit and loss account.

Group entities pay all liabilities related to employee income, local taxes and taxes to the State budget within the legal deadlines, without exceptions.

Internal control

The Group's entities have an internal/managerial control system, the design and implementation of which enables management to provide reasonable assurance that funds, allocated for the purpose of achieving the general objectives, have been used in a lawful, regular, effective, efficient and economic manner.
The internal/managerial control system includes self-monitoring mechanisms and the application of measures is aimed at increasing its effectiveness and is based on risk assessment.

The internal accounting and financial control of the entities was applied for the purposes of accounting management and financial follow-up of their activity.

Internal accounting and financial control is a major element of internal control. It covers all processes for obtaining and communicating accounting and financial information and contributes to achieving reliable information in accordance with legal requirements.

Internal control aimed at ensuring:
- Compliance with the legislation in force;
- Implementation of decisions taken by the parent company's management;
- The proper functioning of the entities' internal activity;
- The reliability of financial information;
- The efficient use of resources;
- Risk prevention and control.

Risk management

The Group assesses annually the potential risks that may negatively or positively influence the current activity. A "Risk Assessment Report" is prepared with the Annual Financial Statements, which presents various aspects that may represent threats or opportunities.

MARKET RISK

Worldwide, there is a significant degree of economic and political uncertainty. This level of uncertainty is also due to the exceptional situation caused by the COVID-19 pandemic.

Also in 2021, the IT market will be highly competitive due to the presence of a large number of global IT companies in the market. The financial strength, experience and know-how of these players have thus created a market where if growth is not one of the main objectives, there is a risk of the company going out of the market.

The Group's management cannot foresee the changes that will occur in the market and their effects on the financial position, the operating result and the cash flows of each company within the Group. The only way to withstand competitive pressure is to invest in the growth and modernisation of the company's technical and material base.

CREDIT RISK

By the nature of its business, the Arobs Group assumes credit risks of most of its customers through the long payment terms themselves established by contract. Credit risk is managed by carefully assessing the creditworthiness of debtors, by monitoring compliance with payment deadlines and by requesting financial instruments such as cheques or promissory notes endorsed in personal name.

Debt recovery departments operate within each of the Group's companies and their main tasks are to follow up debtors, obtain financial instruments and continuously monitor clients.

Accounting policies for the Consolidated Financial Statements of the AROBS Group

The Order of the Ministry of Finance 1802/2014, as subsequently amended, entered into force on January 1, 2015 and replaces the Order of the Ministry of Finance 3055/2009, 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.

The Consolidated Annual Financial Statements are the responsibility of the management of the Parent Company, and they 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. Order of the Minister of Finance No. 1802/2014 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.

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.

AROBS Group has implemented a set of accounting principles, policies and methods, and the financial – accounting activity is organised in accordance with them. The detail by main balance sheet and income statement items, together with an overview of each such group is also presented in the notes to the Annual Financial Statements.

Impact of COVID-19

The first reports of COVID-19 (Coronavirus) surfaced in late 2019 in China, with the World Health Organization reporting a limited number of cases affected by an unknown virus as of December 31, 2019. In the early months of 2020 the virus spread globally, the emergency situation was decreed by the World Health Organization on January 30, 2020, and was considered a pandemic starting with March 11, 2020.

Phone: 0364/143201
Fax: 0264/598426
Email: office@arobs.com

Taking into account the situation generated by the spread of Sars-Cov-2 virus at national and international level, which led to the decreeing of the state of emergency in various countries and subsequently the state of alert, as well as the exceptional measures taken by the national and international authorities to halt the pandemic, we specify that the impact on the local and global economy is very difficult to quantify.

Thus, in the context of the risks caused by the Sars-Cov-2 (COVID-19) pandemic, the Group entities adopted a 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, in the event of the occurrence of cases of infection with the new coronavirus (COVID-19).

Since the onset of this situation, companies within the AROBS Group have adopted special measures to protect employees and limit potential spread of the Sars-Cov-2 virus. Thus, home-based, online work using information and communication technology has been instituted and preventive and protective measures have been implemented in all workplaces, including, among other things: establishing the minimum number of staff required for the smooth running of operations at each worksite to ensure continuity of activity, stepping up actions on prevention and sanitation, limiting internal travel and external travel/travel for business purposes, limiting access to visitors, which is only allowed in absolutely necessary situations provided that the disinfection rules established at company level are observed.

With regard to the protection of employees, a series of information notices with specific provisions have been issued and established, such as:

- Avoid crowded areas where they are exposed to direct contact and/or interaction with a large number of people, such as public gatherings, queues, heavy traffic areas, recreation areas.
- Limiting as much as possible any direct contact with people other than immediate family members through gestures such as shaking hands, hugging, kissing cheeks or hands, touching faces with hands.
- Avoid touching surfaces that are frequently touched by other people, such as: handrails, doorknobs, handles, lift or access buttons. Should they nevertheless have to touch these surfaces, protect themselves using disposable wipes.
- Keeping a significant distance of 2 meters from other people they meet. Should they be on public transport, try not to face each other and wear a protective mask.
- Make sure after using public transport that they have cleaned their hands before touching their face, nose or mouth.
- As far as possible, use alternative routes or modes of transport to avoid crowded areas and/or low-traffic times.
- Strictly observe the personal hygiene rules recommended by the authorities, in order to protect themselves and their loved ones. Use protective masks to protect others.
- Wash their hands with soap and water for at least 20 seconds after any contact with a potentially contaminated surface.
- Use paper towels, preferably to wipe hands.
- Do not touch eyes, nose or mouth with hands not sanitized.
- If they sneeze or cough, they should cover their mouth and nose with a disposable tissue, which they should immediately throw in the bin.
- Frequently disinfect surfaces they come into contact with, both at home and at work, with an alcohol or chlorine-based solution.
- Air out the rooms where they work several times a day.
- Do not come into direct contact with people in self-isolation at home, whether or not they have specific coronavirus symptoms.
- Wear a protective mask and use it correctly (cover nose and mouth completely).
- Get information about the new coronavirus only from official sources!
- Call 112 only in case of emergency!
- Report to the authorities any case they know of where they may have come into contact with a person confirmed with the new coronavirus or who has come from an affected country (red zone or yellow zone) and who is not in isolation.
- Informing their family doctor if they have travelled to areas affected by the coronavirus (COVID-19), even if they were not on the list of areas under alert at the time.
- If they are unable to contact their family doctor, call the Public Health Department and ultimately 112
- Stay at home if they have flu or cold symptoms (cough, fever, shortness of breath) and call their family doctor for advice; do not go to the emergency units in the first place.
- If they are in self-isolation at home, they should strictly follow the advice of the authorities, not leave their home under any circumstances during the 14 days, not receive visitors and not come into close contact with any people who supply them with food or products.

The AROBS Group is financially stable, has the ability to quickly and efficiently implement all the emergency measures required to protect the health of employees, as well as to continue the business and the fulfilment of the contractual obligations.

The effects of the pandemic on the business conducted up to the balance sheet date were:

- The decrease in sales revenues and, implicitly, in receipts, compared to those forecast;
- The reduction of certain projects and suspension of some contracts;
- The renegotiation of contractual deadlines.

In the given situation, the management of each company within the Group makes efforts to identify new opportunities, seeking new customers, identifying secondary costs of entities that could be reduced and new sources of financing. All attention is focused on the cash flow, on continuous monitoring of receivables and on contacting customers when payment deadlines are exceeded, on promptly taking action on the collection of receivables, on renegotiating contractual terms and on taking effective decisions both in the short, medium and long term.

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 companies have 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.

Conclusions from the analysis of the Financial Statements of 2021 and prospects for 2022

The financial situation of 2021 was mainly influenced by the national and international economic context. In the short to medium term, the Group's business is expected to continue to grow so that by the end of 2022 the average number of employees is expected to increase.

In conclusion, the Group's management is optimistic about the evolution of the 11 companies in 2022 regarding the achievement of the objectives and objectives established in 2021. The recovery of the economy after the crisis generated by the COVID-19 pandemic and the correct anticipation of the effects generated by the conflict in Ukraine will have a positive impact on development opportunities. The Group is committed to supporting the development of early-stage companies in order to develop them and create synergies that provide flexibility in the context of the dynamic areas in which the companies operate.

DIRECTOR,
Oprean Voicu

Tel: +40-264-334 114
Fax: +40-264-334 115
www.bdo.ro

3, Mihai Eminescu Street
Cluj-Napoca
Romania 400033

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AROBS TRANSILVANIA SOFTWARE SA
Adress: STR. DONATH, NR 11, BLOC M4, SC. 2, ET 3, AP 28, CLUJ NAPOCA, ROMANIA, CUI 11291045

Opinion

1. We have audited the consolidated financial statements of AROBS TRANSILVANIA SOFTWARE SA ("the Mother Company") and their related parties ("the Group"), which comprise the consolidated balance sheet as at December 31, 2021, the profit and loss statement and notes to the consolidated financial statements, including a summary of significant accounting policies.

2. The afore mentioned consolidated financial statements refer to:
   - Net assets/Total equity and reserves: 179.069.700 lei
   - Net result of the year (profit): 45.631.862 lei

3. In our opinion the acGrouping consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021 in accordance with the Order of the Minister of Public Finance no. 1802/2014, with subsequent amendments (" OMFP 1802/2014").

Basis for opinion

4. We conducted our audit in accordance with the International Standards on Auditing (ISA) and Law 162/2017 (" the Law"). Our responsibilities under those standards are further described in the" Auditors' Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics for the Professional Accountants issued by the International Ethics Standards Board for Accountants, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Romania, including the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other aspects

5. The consolidated financial statements for the year 2020 have been audited by another financial auditor who issued an unqualified opinion on 19 April 2022.

6. This report of the independent auditor is addressed exclusively to the Shareholders of the Group as a whole. Our audit was conducted in order to be able to report to the shareholders of the Group those aspects that we must report in a financial audit report, and not for other purposes. To extent permitted by law, we do not accept and assume no responsibility except to the Group and its shareholders, as a whole, for our audit, for this report or for the opinion formed.

Key audit matters

7. The key audit matters are those that, based on our professional judgment, were of the greatest importance for the audit of the current consolidated financial statements. These matters have been addressed in the context of the audit of the consolidated financial statements as a whole and in the formation of our opinion on them, and we do not provide a separate opinion on these issues.

Key audit matter	*Audit Approach:*
Revenue recognition In accordance with International Standards on Auditing, there is an inherent risk in recognizing revenue due to the pressure that management may feel in connection with achieving the planned results. The Group generates revenues based on contractual agreements concluded with its customers for the provision of services as well as for the sale of products and goods. Revenues are recognized at the time of the transfer of the risk and significant benefits to the customer, based on the established contractual conditions or in the month in which the service was provided.	Our audit procedures included, but are not limited to: • assessment of the principles of revenue recognition in accordance with OMFP 1802/2014 Section 4.17.1 "Revenues" and in relation to the Group's accounting policies; • testing the existence and effectiveness of internal controls as well as performing detail tests in order to verify the correct registration of transactions; • examination on the basis of a sample of the revenues reported by the Group in the current year. • examining the accuracy of the adjustments made by the Group to comply with the principle of independence of the exercises, taking into account the delivery conditions and the contractual provisions regarding the delivery methods; • testing on the basis of a sample of trade receivables balances on 31 December 2021 by sending confirmation letters.
Goodwill recoverability analysis obtained from consolidation The value of the goodwill from consolidation on December 31, 2021 is 16.9 million lei. We identified the goodwill from consolidation as a key audit aspect due to the significant impact on the consolidated financial statements and the manner of analysis for determining its recoverable amount. The group uses an independent appraiser to analyze the recoverable amount. Revenues are recognized at the time of the transfer of the risk and significant benefits to the customer, based on the established contractual conditions or in the month in which the service was provided.	Our audit procedures included, but are not limited to: We assessed the competence, capabilities and objectivity of the independent evaluator and verified his qualifications. In addition, we discussed the scope of their work with management and reviewed the commitment to establish that there were no issues affecting independence and objectivity or imposing limitations. We have confirmed that the approaches used by the evaluator are in accordance with OMFP 1802/2014. We used our independent expert to evaluate the evaluator's judgments, in particular: • the models used by the evaluator; and • significant assumptions, including discount rates used.

Other Information – Administrator's Report

8. The administrators are responsible for preparation and presentation of other information. The other information comprises the Administrator's Report but does not include the consolidated financial statements and our auditor's report or the non-financial statement, which is presented in a separate report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With regards to the Administrator's Report, we have read and report whether it was prepared, in all material respects, in accordance with the OMFP 1802/2014, articles 489-492.

Based exclusively on the activities that should be done during the audit of the consolidated financial statements, in our opinion:

a) Information presented in the Administrators' Report for the financial period for which the consolidated financial statements have been prepared, is in accordance, in all material respects, with consolidated financial statements;
b) The Administrators' Report has been prepared, in all material respects, in accordance with OMFP 1802/2014, articles 489-492.

Besides this, based on our knowledge and understanding of the Group and its environment gained during the audit of consolidated financial statements for the year ended at 31 December 2021, we shall report whether we identified any information included into Administrators' Report that is material misstated. We have nothing to report in this regard.

Responsibilities of Management and Those charged with Governance for the Consolidated Financial Statements

9. Management is responsible for the preparation of the consolidated financial statements in accordance with OMFP 1802/2014, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

10. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Group's or to cease operations, or has no realistic alternative but to do so.

11. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these consolidated financial statements.

13. As part of an audit in accordance with the audit standards adopted by the Romanian Chamber of Financial Auditors, which are based on International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. Among the aspects that we communicated to the persons in charge of governance, we establish those aspects that had a greater importance in the audit on the consolidated financial statements of the current period and, therefore, represent key audit matters. We describe these matters in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe that an issue should not be disclosed in our report because it is expected in the benefits of the public interest are reasonably outweighed by the negative consequences of this communication.

On behalf of:
BDO Auditors & Accountants SRL
Authorized by the Authority for Public Supervision of Statutory Audit Activity (ASPAAS)
Under FA1003

Dan Apostol, Partner
Authorized by the Authority for Public Supervision of Statutory Audit Activity (ASPAAS)
Under AF1671

Cluj Napoca, Romania
30 June 2022

For stamp and signature please refer to the Romanian original version

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

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		Decreases			Balance as at December 31, 2021
		Acquisitions	Transfer	Disposals	Transfer	Consolidation adjustment	
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	Maturity 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	Maturity 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