AROBS GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

Prepared in accordance 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)

CONSOLIDATED BALANCE SHEET

No.	Row No.	Balance as at January 1, 2022	Balance as at December 31, 2022
A NON-CURRENT ASSETS			
I INTANGIBLE ASSETS			
1 Start-up costs (acc. 201 - 2801)	**1**	-	-
2 Development expenditure (acc. 203 - 2803 - 2903)	**2**	2,928,601	8,325,272
3 Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	**3**	10,984,463	10,057,507
4 Goodwill (acc. 2071 - 2807)	**4**	16,866,014	112,394,246
5 Exploration for and evaluation of mineral resources intangible assets (206 - 2806 - 2906)	**5**	-	-
6 Payments on account (acc. 4094)	**6**	-	-
TOTAL (row 01 to 06)	**7**	**30,779,078**	**130,777,025**
II PROPERTY, PLANT AND EQUIPMENT			
1 Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	**8**	1,001,001	937,379
2 Plant and machinery (acc. 213 + 223 - 2813 - 2913)	**9**	3,879,820	6,830,108
3 Other fixtures and fittings, tools and equipment (acc. 214 + 224 - 2814 - 2914)	**10**	1,075,690	2,160,612
4 Investment property (acc. 215 - 2815 - 2915)	**11**		-
5 Property, plant and equipment in progress (acc. 231 - 2931)	**12**	496,790	7,910,008
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 Payments on account (acc. 4093)	**16**	-	186,227
TOTAL (row 08 to 16)	**17**	**6,453,301**	**18,024,334**
III FINANCIAL ASSETS			
1 Shares held in subsidiaries (acc. 261 - 2961)	**18**	1,050	1,051
2 Loans granted to group entities (acc. 2671 + 2672 - 2964)	**19**	-	-
3 Shares in associates 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**	-	-
6 Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	**23**	2,303,496	4,612,258
TOTAL (row 18 to 23)	**24**	**2,313,676**	**4,622,439**
NON-CURRENT ASSETS - TOTAL (row 07 + 17 + 24)	**25**	**39,546,055**	**153,423,798**

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2022	Balance as at December 31, 2022
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**	1,968,919	383,057
2 Work in progress (acc. 331 + 332 +341 +/- 348* - 393 - 3941 - 3952)	**27**	575,164	1,643,680
3 Finished goods and goods for resale (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**	2,378,290	6,232,971
4 Payments on account (acc. 4091)	**29**	120,352	248,584
TOTAL (row 26 to 29)	**30**	**5,042,725**	**8,508,292**
II DEBTORS (Amounts becoming due and payable after more than one year must be shown separately for each item)			
1 Trade debtors (acc. 2675* + 2676* + 2678* + 2679* - 2966* - 2968 + 4092 + 411 + 413 + 418 - 491)	**31**	40,064,494	67,879,656
2 Amounts owed by affiliated undertakings (acc. 451** - 495*)	**32**	20,524,942	21,799,067
3 Amounts owed by undertakings with which the company is linked by virtue of participating interests (acc. 453 - 495*)	**33**	-	-
4 Other debtors (acc. 425 + 4282 + 431** + 437** + 4382 + 441** + 4424 + from acc. 4428** + 444** + 445 + 446 ** + 447** + 4482 + 4582 + 4662 + 461 + 473** - 496 + 5187)	**34**	1,269,785	4,973,966
5 Subscribed capital called but not paid (acc. 456 - 495*)	**35**	-	-
6 Dividend claims distributed during the financial year (acc. 463)	**35a**	-	-
TOTAL (row 31 to 35)	**36**	**61,859,221**	**94,652,689**
III SHORT-TERM INVESTMENTS			
1 Shares in affiliated entities (acc. 501 - 591)	**37**	-	-
2 Other short-term investments (acc. 505 + 506 + 507 + from acc. 508 - 595 - 596 - 598 + 5113 + 5114)	**38**	-	523,375
TOTAL (row 37 + 38)	**39**	**-**	**523,375**
IV CASH AT BANK AND IN HAND (from acc. 508 + acc. 5112 + 512 + 531 + 532 + 541 + 542)	**40**	**102,212,818**	**101,341,239**
CURRENT ASSETS - TOTAL (row 30 + 36 + 39 + 40)	**41**	**169,114,764**	**205,025,595**
C PREPAYMENTS (acc. 471) (row 43 + 44)	**42**	**1,824,159**	**1,946,614**
Amounts to be reversed within one year (from acc. 471)	**43**	1,819,965	1,941,979
Amounts to be reversed after one year (from acc. 471)	**44**	4,194	4,635

The accompanying Notes form an integral part of these Financial Statements.

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2022	Balance as at December 31, 2022
D. CREDITORS: AMOUNTS BECOMING DUE AND PAYABLE WITHIN ONE YEAR			
1 Debenture loans, showing convertible loans separately (acc. 161 +1681 - 169)	**45**	-	-
2 Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	**46**	2,226,645	18,470,920
3 Payments received on account of orders (acc. 419)	**47**	740,727	704,150
4 Trade creditors (acc. 401 + 404 + 408)	**48**	5,693,380	15,927,100
5 Bills of exchange payable (acc. 403 + 405)	**49**	-	-
6 Amounts owed to group entities (acc. 1661 + 1685 + 2691 + 451***)	**50**	3,783,039	7,075,469
7 Amounts owed to undertakings with which the company is linked by virtue of participating interests (acc. 1663 + 1686 + 2692 + 2693 + 453***)	**51**	-	-
8 Other creditors including tax and social security (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**	9,815,206	13,549,952
TOTAL (row 45 to 52)	**53**	**22,258,997**	**55,727,591**
E. NET CURRENT ASSETS/LIABILITIES (row 41 + 43 - 53 - 70 - 73 - 76)	**54**	**142,773,286**	**145,217,430**
F TOTAL ASSETS LESS CURRENT LIABILITIES (row 25 + 44 + 54)	**55**	**182,323,535**	**298,645,863**
G. CREDITORS: AMOUNTS BECOMING DUE AND PAYABLE WITHIN ONE YEAR			
1 Debenture loans, showing convertible loans separately (acc. 161 + 1681 - 169)	**56**	-	-
2 Amounts owed to credit institutions (acc. 1621 + 1622 + 1624 + 1625 + 1627 + 1682 + 5191 + 5192 + 5198)	**57**	-	55,381,056
3 Payments received on account of orders (acc. 419)	**58**	-	-
4 Trade creditors (acc. 401 + 404 + 408)	**59**	-	-
5 Bills of exchange payable (acc. 403 + 405)	**60**	-	-
6 Amounts due to group entities (acc. 1661 + 1685 + 2961 + 451***)	**61**	-	-
7 Amounts owed to undertakings with which the company is linked by virtue of participating interests (acc. 1663 + 1686 + 2692 + 2693 + 453***)	**62**	-	1,122,070

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2022	Balance as at December 31, 2022
8 Other creditors including tax and social security (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**	913,364	903,328
TOTAL (row 56 to 63)	**64**	**913,364**	**57,406,454**
H PROVISIONS			
1 Provision for employee benefits (acc. 1515 + 1517)	**65**	-	-
2 Provisions for taxation (acc. 1516)	**66**	-	-
3 Other provisions (acc. 1511 + 1512 + 1513 + 1514 + 1518)	**67**	1,216,647	16,092,950
TOTAL (row 65 to 67)	**68**	**1,216,647**	**16,092,950**
I DEFERRED INCOME			
1 Investment grants (acc. 475) (row 70 + 71)	**69**	**774,396**	**609,034**
Amounts to be reversed within one year (from acc. 475*)	**70**	392,319	424,284
Amounts to be reversed after one year (from acc. 475*)	**71**	382,077	184,750
2 Deferred income (acc. 472) - total (row 73 + 74), out of which:	**72**	**6,020,901**	**6,398,922**
Amounts to be reversed within one year (from acc. 472*)	**73**	5,510,127	5,598,269
Amounts to be reversed after one year (acc. 472*)	**74**	510,774	800,653
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**	230,973	-
TOTAL (row 69 + 72 + 75 + 78)	**79**	**7,026,270**	**7,007,956**
J SHARE CAPITAL AND RESERVES			
I. SHARE CAPITAL			
1 Subscribed paid-in share capital (acc. 1012)	**80**	45,569,749	91,139,499
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	4,206,340
TOTAL (row 80 +81 + 82 + 83 + 84)	**85**	**45,798,872**	**95,345,839**

AROBS GROUP
BALANCE SHEET
AS AT DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

No.	No. of Row	Balance as at January 1, 2022	Balance as at December 31, 2022
II CAPITAL PREMIUMS (acc. 104)	**86**	**68,754,750**	**23,185,001**
III REVALUATION RESERVES (acc. 105)	**87**	**-**	**-**
IV RESERVES			
1 Legal reserves (acc. 1061)	**88**	2,753,451	5,112,464
2 Reserves provided for by the articles of association or contractual reserves (acc. 1063)	**89**	373	373
3 Other reserves (acc. 1068 + 107)	**90**	344,035	1,402,823
TOTAL (row 88 to 90)	**91**	**3,097,859**	**6,515,660**
Own shares (acc. 109)	**92**	4,010,000	7,535,897
Gains related to equity instruments (acc. 141)	**93**	-	1,805,558
Losses related to equity instruments (acc. 149)	**94**	-	-
V PROFIT OR LOSS BROUGHT FORWARD (acc. 117)			
- Credit balance	**95**	22,560,066	65,096,334
- Debit balance	**96**	-	-
VI PROFIT OR LOSS FOR THE FINANCIAL YEAR (acc. 121), related to the Parent Company			
- Credit balance	**97**	45,631,862	43,097,649
- Debit balance	**98**	-	-
Profit distribution (acc. 129)	**99**	2,721,793	3,394,091
SHAREHOLDERS' EQUITY - TOTAL (row 85 + 86 + 87 + 91 - 92 + 93 - 94 + 95 - 96 + 97 - 98 - 99)	**100**	**179,111,615**	**224,116,053**
VII NON-CONTROLLING MINORITY SHAREHOLDING			
Profit or loss for the financial year			
- Credit balance	**101**	101,056	112,346
- Debit balance	**102**	-	-
Other equity	**103**	(142,972)	(67,343)
CAPITAL - TOTAL (row 100 + 101 + 102 + 103)	**104**	**179,069,700**	**224,161,056**

These Financial Statements have been signed and approved on March 28, 2023, by:

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

(all amounts are expressed in RON unless otherwise stated)

PROFIT AND LOSS ACCOUNT

No.	Row No.	Financial Year ended December 31, 2021	Financial year ended December 31, 2022
1. Net Turnover (row 02 + 03 - 04 + 05 + 06)	**1**	**190,066,243**	**301,082,813**
Production sold (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708)	**2**	175,439,437	292,594,381
Revenue from the sale of goods (acc. 707)	**3**	15,328,887	8,989,638
Trade discounts granted (acc. 709)	**4**	702,081	501,206
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	1,633,201
- Debit balance	**8**	-	344,658
3 Income from the production of intangible and tangible fixed assets (acc. 721 + 722)	**9**	1,853,263	2,676,164
4 Revenue from the revaluation of tangible fixed assets (acc. 755)	**10**	-	-
5 Revenue from production of investment property (acc. 725)	**11**	-	-
6 Revenue from operating subsidies (acc. 7412 + 7413 + 7414 + 7415 +7416 + 7417 + 7419)	**12**	42,050	1,047,252
7 Other operating income (acc. 751 + 758 + 7815)	**13**	1,823,889	1,300,443
- Out of which, revenue from negative goodwill (acc. 7815)	**14**	554,333	230,972
- Out of which, revenue form investment grants (acc. 7584)	**15**	390,568	328,362
OPERATING INCOME - TOTAL (row 01 + 07 - 08 + 09 + 10 + 11 + 12 + 13)	**16**	**193,842,193**	**307,395,215**
8 a) Expenditure on raw materials and consumables (acc. 601 + 602)	**17**	1,232,284	1,698,251
Other material expenditure (acc. 603 + 604 + 606 + 608)	**18**	977,934	440,649
b) Other external expenses (including energy and water) (acc. 605)	**19**	1,215,866	1,011,764
c) Expenditure on goods (acc. 607)	**20**	10,427,749	6,099,525
Trade discounts received (acc. 609)	**21**	81,836	4,864
9 Staff expenditure (row 23 + 24)	**22**	**61,260,441**	**110,582,971**
a) Salaries and allowances (acc. 641 + 642 + 643 + 644)	**23**	59,240,462	107,270,261
b) Social security and welfare expenses (acc. 645 + 646)	**24**	2,019,979	3,312,710

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial Year ended December 31, 2021	Financial year ended December 31, 2022
10 a) Value adjustments of tangible and intangible fixed assets (row 26 - 27)	**25**	**6,042,045**	**15,035,987**
a. 1) Expenses (acc. 6811 + 6813 + 6817)	**26**	6,042,045	15,085,987
a.2) Revenue (acc. 7813)	**27**	-	50,000
b) Value adjustments on current assets (row 29 - 30)	**28**	**195,487**	**(218,379)**
b. 1) Expenses (acc. 654 + 6814)	**29**	2,054,005	3,210,724
b. 2) Revenue (acc. 754 + 7814)	**30**	1,858,518	3.429.103
11 Other operating expenses (row 32 to 38)	**31**	**63,745,663**	**118,215,236**
11.1. Expenditure on external services (acc. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	**32**	61,345,164	114,962,108
11.2. Other taxed, duties and similar charges; expenses representing transfers and contributions due under special regulatory documents (acc. 635 + 6586*)	**33**	864,031	940,994
11.3. Expenses related to environmental protection (acc. 652)	**34**	-	-
11.4 Expenses on the revaluation of property, plant and equipment (acc. 655)	**35**	-	-
11.5. Expenses relating to disasters and other similar events (acc. 6587)	**36**	-	-
11.6. Other expenses (acc. 651 + 6581 + 6582 + 6583 + 6588)	**37**	1,536,468	2,312,134
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**	**(245,298)**	**3,392,898**
- Expenditure (acc. 6812)	**40**	879,115	6,620,096
- Revenue (acc. 7812)	**41**	1,124,413	3,227,198
OPERATING EXPENSES - TOTAL (row 17 to 20 - 21 + 22 + 25 + 28 + 31 + 39)	**42**	**144,770,335**	**256,254,038**
OPERATING PROFIT OR LOSS:			
- Profit (row 16 - 42)	**43**	49,071,858	51,141,177
- Loss (row 42 - 16)	**44**	-	-
12 Income from participating interests (acc. 7611 + 7612 + 7613)	**45**	123,073	4,569
- Out of which, income obtained from affiliated undertakings	**46**	-	-
13 Interest income (acc. 766)	**47**	1,743,712	2,123,642
- Out of which, income obtained from affiliated undertakings	**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**	3,056,429	6,349,883
- Out of which, income from other financial assets (acc. 7615)	**51**	-	-

(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial Year ended December 31, 2021	Financial year ended December 31, 2022
FINANCIAL REVENUE - TOTAL (row 45 + 47 + 49 + 50)	**52**	**4,923,214**	**8,478,094**
16 Value adjustments on financial 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**	165,365	856,893
- Out of which, expenses related to affiliated undertakings	**57**	-	-
Other financial charges (acc. 663 + 664 + 665 + 667 + 668)	**58**	1,399,691	7,181,913
FINANCIAL CHARGES - TOTAL (row 53 + 56 + 58)	**59**	**1,565,056**	**8,038,806**
FINANCIAL PROFIT OR LOSS			
- Profit (row 52 - 59)	**60**	3,358,158	439,288
- Loss (row 59 - 52)	**61**	-	-
TOTAL REVENUE (row 16 + 52)	**62**	**198,765,407**	**315,873,309**
TOTAL EXPENDITURE (row 42 + 59)	**63**	**146,335,391**	**264,292,844**
18 GROSS PROFIT OR LOSS			
- Profit (row 62 - 63)	**64**	52,430,016	51,580,465
- Loss (row 63 - 62)	**65**	-	-
19. INCOME TAX (acc. 691)	**66**	**6,684,657**	**8,341,543**
20 Other taxes not shown under items above (acc. 698)	**67**	12,422	28,927
21 NET PROFIT OR LOSS FOR THE REPORTING PERIOD OF THE PARENT COMPANY			
- Profit (row 64 - 66 - 67)	**68**	45,631,862	43,097,649
- Loss (row 65 + 66 + 67); (row 66 + 67 - 64)	**69**	-	-
22 NET PROFIT OR LOSS FOR THE REPORTING PERIOD OF NON-CONTROLLING INTEREST			
- Profit	**70**	101,056	112,346
- Loss	**71**	-	

These Financial Statements have been signed and approved on March 28, 2023, by:

Director,
Surname and First Name:

Oprean Voicu

Signature
Seal of the Establishment

Prepared by,
Surname and First Name:

Nistor Iuliana
Chief Accountant

Signature

AROBS GROUP
CASH FLOW STATEMENT
AS AT DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

CASH FLOWS FROM OPERATING ACTIVITIES	December 31, 2021	December 31, 2022
Profit before tax	**52,430,016**	**51,580,465**
Adjustments for:		
Amortisation of property, plant and equipment and intangible assets	6,042,045	13,945,972
Error corrections	(87,674)	(438,956)
Expenses/(income) related to value adjustments on fixed assets	1,658,798	213,304
Revenue from the production of intangible assets		(2,641,619)
Expenses/(income) related to value adjustments on financial assets		898,905
Expenses/(income) related to stocks provisions	(380,464)	(921,178)
Expenses/(income) related to provisions on customers and similar accounts	(1,121,995)	998,595
Expenses/(income) related to provisions on risks and expenses	2,236	14,876,303
(Net gain)/net loss from disposal of property, plant and equipment	(443,839)	(163,039)
Revenue from subsidies	(390,568)	(328,362)
Adjustments for foreign exchange loss/(gain)	-	-
Interest cost	165,365	856,893
Interest income	(1,743,712)	(2,123,642)
Expenses related to remuneration in equity instruments		6,038,931
Expenditure on financial investments disposed of	113,763	-
Dividend income/divestment of financial investments	(123,073)	(4,569)
Cash flow from operating activities before changes in working capital	**56,120,898**	**82,788,003**
(Increase)/decrease in receivables	5,628,345	(35,229,419)
(Increase)/decrease in prepayments	(644,652)	(122,455)
(Increase)/decrease in inventories	599,400	(5,661,149)
Increase/(decrease) in liabilities	6,925,652	18,595,764
Increase/(decrease) in deferred income	(530,300)	(18,314)
Interest paid	(165,365)	(856,893)
Interest received	96,821	3,560,998
Corporate income tax paid	(7,742,251)	(8,289,602)
Net cash from operating activities	**60,288,548**	**54,766,933**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(21,342,428)	(118,358,229)
Loans (granted)/repayments and financial assets	71,463	(3,207,668)
Proceeds from sale of fixed assets	525,915	209,820
(Purchase)/Sale of own shares	(4,010,000)	(3,782,054)
Short-term investments	-	(523,375)
Proceeds from dividends/divestment of financial investments	123,073	4,569
Net cash from investing activities	**(24,631,977)**	**(125,656,937)**
Cash flow from financing activities		
Increase/(Decrease) in credit line usage	(16,142,798)	2,762,927
Collection/(Repayment) of long-term loan	(2,886,225)	68,862,406
Finance lease payments	(1,113,670)	(1,602,506)
Dividends paid	(34,263,158)	(4,403)
Changes in share capital increase/(decrease)	74,453,622	-
Net cash from financing activities	**20,047,771**	**70,018,424**
Net (decrease)/increase in cash and cash equivalents	**55,704,342**	**(871,579)**
Cash and cash equivalents at the beginning of financial year	46,508,476	102,212,818
Cash and cash equivalents at the end of financial year	102,212,818	101,341,239

These Financial Statements have been signed and approved on March 28, 2023, by:

Director,
Surname and First Name:

Oprean Voicu

Signature
Seal of the Establishment

Prepared by,
Surname and First Name:

Nistor Iuliana
Chief Accountant

Signature

(all amounts are expressed in RON unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

Shareholder's equity item	Balance as at January 1, 2021	Increases: Total, out of which	Increases: by transfer	Decreases: Total, out of which	Decreases: by transfer	Balance as at December 31, 2021
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
Capital premiums	-	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 contractual reserves	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
Own shares	-	-	-	4,010,000	-	(4,010,000)
Profit/loss carried forward representing retained earnings 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	45,631,863
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**	**179,069,701**

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, a split of the nominal value of the share from RON 10/share to RON 0.1/share took place on October 11, 2021. The share capital of the company was increased from RON 40,100,000 to RON 45,569,749 through 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 of RON 68,754,750 were issued.

The value of the legal reserves increased to the value of RON 2,479,391 as a result of the increase in the share capital.

(all amounts are expressed in RON unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY (continued)

Shareholder's equity item	Balance as at January 1, 2022	Increases: Total, out of which	Increases: by transfer	Decreases: Total, out of which	Decreases: by transfer	Balance as at December 31, 2022
Subscribed capital not paid in	-	45,200	45,200	45,200	45,200	-
Subscribed paid in capital	45,569,749	45,569,749	45,569,749	-	-	91,139,499
Benefits granted to employees in the form of equity instruments	229,123	6,038,931	-	2,061,714	-	4,206,340
Capital premiums	68,754,750	-	-	45,569,749	45,569,749	23,185,001
Legal reserves	2,753,451	2,408,493	2,408,493	49,481	49,313	5,112,464
Reserves provided for by the articles of association or contractual reserves	373	-	-	-	-	373
Other reserves	262,402	990,529	990,529	-	-	1,252,931
Conversion reserves	81,633	381,858	-	313,599	-	149,892
Own shares	(4,010,000)	256,156	-	3,782,054	-	(7,535,897)
Gains on equity instruments	-	1,805,558	-	-	-	1,805,558
Profit/loss carried forward representing retained earnings or uncovered loss	21,748,568	42,980,169	42,979,879	4,946	-	64,723,792
Retained earnings resulted from correction of accounting errors	(207,439)	-	-	438,956	-	(646,395)
Profit/loss carried forward representing revaluation reserve surplus	1,018,937	-	-	-	-	1,018,937
Profit or loss for the financial year	45,631,863	43,209,995	-	45,744,209	45,744,209	43,097,649
Profit distribution	(2,721,793)	2,721,793	2,721,793	3,394,091	3,394,091	(3,394,091)
Non-controlling minority shareholding	(41,916)	112,346	112,346	25,427	25,427	45,003
Distribution of dividends	-	-	-	-	-	-
TOTAL	**179,069,701**	**146,520,778**	**94,827,991**	**101,429,425**	**94,827,990**	**224,161,056**

Group's equity increased by 25% in 2022. The Group's share capital consists of the share capital held by the Parent Company. The share capital was increased by the issue of new shares to be allocated to the shareholders on a 1:1 basis, by incorporating the share premiums. Following the increase, the share capital of Arobs Transilvania Software S.A. amount to RON 91,139,498.80, divided into 911,394,988 registered shares, with a face value of RON 0.1 per share.

In order to retain employees and to implement the Stock Option Plan, the Parent Company has implemented a share buy-back programme. During 2022, 3,038,627 shares were granted to employees under the Stock Option Plan, implemented in 2021. Following this transfer of shares to employees, there was a gain on equity instruments amounting to RON 1,805,558. Under the 2022 Stock Option Plan, 14,313,623 stock options have been granted and accepted by employees of the Parent Company and subsidiaries. The 2022 SOP 2 programme was approved by the Resolution of the Extraordinary General Meeting of Shareholders No. 6 of August 1, 2022.
As at December 31, 2022, the total number of repurchased shares redeemed is 81,528,467.

STATEMENT OF CHANGES IN EQUITY (continued)

According to the notice convening the Extraordinary General Meeting of Shareholders of the Company ("EGMS") dated March 16, 2023, one of the items on the agenda, proposed for the first and second convening of the EGMS, is: Approval of the reduction of share capital of Arobs Transilvania Software SA, pursuant to Article 207 paragraph (1) section c) of Law 31/1990 on companies, from RON 91,139,498.8 to RON 87,129,360.9, i.e. by an amount of RON 4,010,137.9, following the cancellation of 40,101,379 own shares acquired by the Company, in accordance with the Resolution of the Extraordinary General Meeting of Shareholders No. 4 of August 23, 2021 and the Resolution of the Extraordinary General Meeting of Shareholders No. 8 dated October 11, 2021 and not distributed within the statutory period, in accordance with Article 1041 paragraph (3) of the Companies Law 31/1990 republished, as subsequently amended and supplemented.

At the end of 2022, reserves for reinvested earnings and legal reserves have been created in accordance with the legislation in force.

ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. *FINANCIAL REPORTING*

These Consolidated Financial Statements of the AROBS Group (the Group – as defined in section 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, 2022 and the financial performance of the Group for the financial year then ended.

2. *GROUP STRUCTURE*

Subsidiaries in which the Parent Company (AROBS Transilvania Software S.A.) holds at least 50% of the share capital were included in the scope of consolidation. The exclusion criteria from the scope of consolidation according to the accounting regulations in force were also analysed. 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 the Parent Company and 18 subsidiary companies from 6 countries on 3 continents, with software development services and software products such as GPS fleet monitoring and HR solutions as its core business.

The Group-wide focus is the continuous development of technology solutions and products for the most complex industries globally. We continue to develop new specializations with high demand in the global software services market, both through acquisitions and organically, while continuing to diversify the knowledge internally within the AROBS teams to cover a wider range of projects. As far as research and innovation are concerned, within AROBS we are constantly striving to improve our commitment to various projects in line with market demands and to expand our existing product portfolio.

In light of the foregoing, we are confident that this year we will continue to be equally active and involved in diversified projects, as well as in M&A transactions, in order to attract entrepreneurial IT companies that can add value to our Group. At the same time, we aim to strengthen our business in the North American and European markets by increasing the number of clients and strengthening partnerships with existing clients. Globally, the demand for software services and products is still on an upward trend, even if there is a pressure on fees and a prospect of stagnating demand. Companies and organizations still need to digitize their processes and AROBS is very well positioned in the market.

In the software product area specifically targeted at the Romanian market, such as fleet management, business optimisation, digital payments, HR solutions, or the implementation of digitisation projects in the public sector, the market is experiencing moderate growth due to the challenges and the economic and social context. In fleet management, we are continuing our campaign to acquire companies in Romania and Eastern Europe with a view to consolidating in this market and expanding into other markets with the TrackGPS solution.

(all amounts are expressed in RON unless otherwise stated)

2. GROUP STRUCTURE (continued)

The companies included in the consolidation are as follows:

- AROBS TRANSILVANIA SOFTWARE S.A., Romania, Cluj-Napoca, str. Donath, nr. 11/28, Cluj County
- AROBS DEVELOPMENT & ENGINEERING SRL (former ENEA Services Romania), Romania, Bucharest, sect. 6, Splaiul Independenței, nr. 319
- AROBS ETOLL SOLUTIONS SRL, Romania, Cluj-Napoca, str. Minerilor, nr 63C, Cluj County
- AROBS SYSTEMS SRL, Romania, Cluj-Napoca, str. Minerilor, nr 63, Cluj County
- AROBS SOFTWARE SOLUTIONS GmbH, Germany, Leopold Strasse 23, 80801, Munchen
- ATS ENGINEERING LLC, USA, 1200 South Pine Island Road, Plantation, Florida, 33324
- BERG COMPUTERS SRL, Romania, Ghiroda Commune, Ghiroda Village, str. Lugoj, nr.4, Timiș County
- CABRIO INVEST B.V., The Netherlands, Tolweg 7, 4851SJ, Ulvenhout
- CENTRUL SE SOFT GPS SRL, Romania, Ilfov County, Chiajna, str. Rezervelor, nr. 46A
- 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
- NORDLOGIC SOFTWARE, Romania, Cluj-Napoca, Str. Descartes Rene 10-12 C, Cluj County
- NORDLOGIC USA, Inc., USA, 137 NW 145th Street, Seattle, Washington 98177
- PT AROBS SOLUTIONS, Indonezia, Puri Indah Financial Tower, 8 809-810, Jalan Puri Lingkar Dalam Blok T8, Jakarta Barat
- SAS FLEET TRACKING SRL (SAS GROUP), Romania, Bucharest, Sector 6, Bld. Ghencea, nr. 43b, Ghencea Business Center, et. 5
- SILVER BULLET SRL, Romania, Cluj-Napoca, Str. Descartes Rene 10-12 C, Cluj County
- SOFTMANAGER S.R.L, Romania, Ploiești, str. Zmeului, nr. 21, Prahova County
- UCMS GROUP ROMANIA S.R.L., Romania, Cluj-Napoca, str. Câmpului 84-86 Cluj

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

No.	Company	Percentage of Control (AROBS)	Percentage of Minority Interest
1	AROBS DEVELOPMENT & ENGINEERING SRL (ENEA)	100%	0%
2	AROBS ETOLL SOLUTIONS SRL	100%	0%
3	AROBS SOFTWARE SOLUTIONS GMBH	60%	40%
4	AROBS SYSTEMS SRL	100%	0%
5	ATS ENGINEERING LLC	100%	0%
6	BERG COMPUTERS S.R.L.	100%	0%
7	CABRIO INVEST B.V.	90%	10%
8	CENTRUL DE SOFT GPS SRL	100%	0%
9	COSO TEAM UK LTD	90%	10%
10	COSO BY AROBS BVBA	90%	10%
11	COSO BY AROBS B.V.	90%	10%
12	NORDLOGIC SOFTWARE S.R.L.	100%	0%
13	NORDLOGIC USA, Inc.	100%	0%
14	PT AROBS SOLUTIONS INDONESIA	70%	30%
15	SAS FLEET TRACKING SRL	100%	0%
16	SILVER BULLET SRL	100%	0%
17	SOFTMANAGER S.R.L.	70%	30%
18	UCMS GROUP ROMANIA S.R.L.	97.67%	2.33%

2. GROUP STRUCTURE (continued)

Changes in the Group structure in 2022

In 2022, AROBS Transilvania Software fully acquired ENEA Software Services Romania (currently AROBS Development & Engineering), which was also the largest transaction in the Company's history, with a final value of EUR 17.6 million. ENEA provides software design and architecture, development, porting, integration, validation and quality assurance services, with expertise in embedded systems – software and hardware, as well as outsourced research and development in various fields such as medical, maritime and embedded devices.

In addition, AROBS Transilvania Software continued its expansion in 2022 with the acquisition of Nordlogic Group specialising in the development of customised software products and platforms. As part of this transaction, the Group expanded its Software Services division team by integrating more than 60 programmers, testers and software development consultants.

At the end of 2022, AROBS Transilvania Software acquired Centrul de Soft GPS, known on the market under the brand name CDS, a Romanian company specialising in providing fleet management solutions. CDS had approximately 1,000 customers in its portfolio which has now been added to AROBS Group's existing portfolio. With this acquisition, AROBS Transilvania Software has consolidated its leading position in the fleet management market.

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.

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. AROBS Group belongs to the category of large groups.

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, in accordance with the Group's accounting policies and in compliance with Order of the Minister of Finance 1802/2014 as subsequently amended.

A.1. General Information (continued)

1) **Going concern principle.** The Group operates on a going concern basis. This principle implies that the entity continues to operate normally, without going into liquidation or significantly reducing its activity.

The basis for the going concern assumption is set out in Note 16 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**. The Financial Statements have been prepared on a prudent accounting and valuation basis, in particular:
    a. Only the profit realised at the balance sheet date is included in the profit and loss account;
    b. Liabilities arising in the current financial year or prior financial year are recognised even if they become apparent between the balance sheet date and the date on which the Financial Statements are prepared;
    c. The impairment losses are recognised irrespective of whether the result for the financial year is a loss or a profit. Allowances for impairment and write-downs are recognised in the income statement, irrespective of their effect on the loss and profit account.

All foreseeable liabilities and potential losses arising in the current financial year or in a prior financial year are recognised, even if they become apparent only between the balance sheet date and the date on which the Financial Statements are prepared.

4) **Accrual 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 entered in the accounting records and reported in the Financial Statements of the relevant periods.

5) **Intangibility principle.**

    a. The opening balance sheet for each financial year should be consistent to the closing balance sheet for the previous financial year.
    b. Changes in accounting policies and corrections of prior period errors do not restate the balance sheet of the prior period.
    c. The recognition in retained earnings of the corrections of material errors relating to prior financial years and of changes in accounting policies shall not be considered as a breach of the principle of intangibility.
6) **The principle of separate valuation of the components of asset and liability items**. The components of assets and liabilities items shall be measured separately.
7) **Principle of non-compensation.** No offsetting of assets and liabilities or of income and expenses is permitted. Any offsetting of 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 being recorded. The accounting treatment for mutual services is similar.

A.1. General Information (continued)

8) **Accounting for and presentation of items in the balance sheet and the profit and loss account in accordance with the economic substance of the transaction or commitment.**

Compliance with this principle is intended to ensure that economic and financial transactions are accurately recorded and fairly 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 shall be recorded in accounts as they occur, on the basis of supporting documents. The supporting documents underlying the recording of the economic and financial operations in the accounting books must accurately reflect the manner in which they occur, i.e. to be consistent with reality. In addition, 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 preparing 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 regarding the disclosure and publication of information contained in these regulations, when the effects of compliance are immaterial.

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

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 the 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.

Goodwill is usually recognised at consolidation and represents the difference between the acquisition cost and the fair value at the transaction date of the part of the net assets acquired by an entity. In the Separate Annual Financial Statements, goodwill may be recognised only in the event of the transfer of all or part of the assets and, where applicable, liabilities and equity, regardless of whether it is realised as a result of the purchase or as a result of mergers. For goodwill to be accounted for separately, the transfer must relate to a business, represented by an integrated set of activities and assets organised and managed for the purpose of obtaining profits, recording lower costs or other benefits. In order to recognise in the accounts the assets and liabilities received on the occasion of this transfer, entities must proceed to measure the fair value of the items received in order to determine their individual value. It is carried out by authorised assessors, in accordance with the law. Brokerage, advisory, legal, accounting, valuation and other professional or consulting fees and other expenses related to the acquisition of a business represent expenses during the periods in which those costs are incurred. The entity disposing of a business derecognises assets and liabilities.

A.1. General Information (continued)

corresponding to the amount at which they are recorded in the accounts, on behalf of the expenditure and revenue accounts respectively. If negative goodwill is recorded in Separate Annual Financial Statements, its treatment shall be:

An amount disclosed as a separate item and corresponding to a negative goodwill may be transferred to the consolidated income statement only:

a. It that difference corresponds to an expectation, at the acquisition date, of unfavourable future results of that entity or an expectation of costs that that entity is planning to incur, to the extent that such an expectation materialises; or
b. To the extent that the difference corresponds to a realised gain.

In recognising negative goodwill, an entity shall ensure that the identifiable assets acquired have not been overstated and that the liabilities acquired 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 portion 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 measured reliably at the acquisition date, such negative goodwill shall be recognised as income in the income statement as follows:

a. 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 identifiable depreciable 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.

Consequently, 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 net assets or operations of the acquiree is effectively transferred to the acquirer. Any resulting difference shall be recorded as goodwill in the consolidated balance sheet. Negative goodwill is transferred to the consolidated income statement.

In order to determine the goodwill, the Parent Company has valued, through independent chartered valuers, the identifiable assets acquired and liabilities assumed at their fair values, from the acquisition date of the companies SAS Group, UCMS Group Romania, BERG Computers SRL, NORDLOGIC Group (comprising Nordlogic Software, Nordlogic US and Silver Bullet SRL), AROBS Development & Engineering and Soft GPS Center SRL.

Where goodwill is treated as an asset, it is generally amortised over 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.

A.1. General Information (continued)

The factors that are taken into account in determining the amortisation duration of goodwill are:

- The factors contributing to the goodwill and the expected period over which the benefits from the goodwill are realised
- The estimated period in which synergies are realised from the acquisition
- The expected period in which the estimated synergies achieve surplus profit
- The estimated period for achieving the objectives of an acquisition
- The estimated payback period of the investment
- The estimated useful lives of the assets identified
- The estimated time it would take to create a business equivalent to the one purchased
- The estimated period in which the business combination generates largely independent cash flows or increases cash flows

The Parent Company's management has analysed and evaluated several of these factors and has established 10 years as the amortisation period for the goodwill taking into account the estimated period for realising the benefits and additional cash flows generated from the acquisitions. All acquired companies have synergies with the main business lines of the Parent Company and actively contribute to the growth of the Group's activity.

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".

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, except for the companies acquired during 2022, the income and expenses of which have been included in the consolidation since they were acquired, i.e. AROBS Development & Engineering with the income and expenses related to a period of 6 months (July – December), and the Nordlogic Group with the income and expenses related to a period of 5 months (August – December). 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.

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 transactions 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.

(all amounts are expressed in RON unless otherwise stated)

A.1. General Information (continued)

Following consolidation, the following adjustments have been recorded:

Adjustment category	RON 2021	RON 2022
Elimination of Parent Company Equity	16,865,427	-
Elimination of intra-group transactions and balances	29,183,968	54,843,631
Amortisation of fair value difference	152,815	1,651,012
Amortisation of goodwill	2,646,632	7,258,953
Recognition of participating interest	2,629,460	103,741,133
Reclassifications	11,997,441	21,219,072
Reversal to income goodwill	554,333	230,972
Minority interests	1,278,310	101,056
Conversion reserves	410,183	693,645
Unrealised profit adjustment	9,642	25,643

The same accounting policies are applied throughout the Group and no harmonisation adjustments have been made.

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 associate 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 associate or jointly controlled entity (including the share of the associates 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 under similar circumstances.

If an associate 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 associate or jointly controlled entity are in line with those of the reporting entity when it uses the Financial Statements of the associate 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 associate 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 associate entity's equity represented by that participating interest; it shall be reduced by the amount of the dividends corresponding to that participating interest.

A.1. General Information (continued)

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:

- Balance sheet items, except equity, are translated at the closing rate;
- Equity expressed at historical exchange rates;
- Recognition as a separate component of equity of an exchange 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 exchange difference recognised 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 for 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.

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").

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, in accordance with the Company's accounting policies and in compliance with Order of the Minister of Finance 1802/2014 as subsequently amended.

1) **Going concern principle.** The Company operates on a going concern basis. This principle implies that the entity continues to operate normally, without going into liquidation or significantly reducing its activity.

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

A.1. General Information (continued)

3) **The prudence principle of accounting**. The Financial Statements have been prepared on a prudent accounting and valuation basis, in particular:
    a. Only the profit realised at the balance sheet date is included in the profit and loss account;
    b. Liabilities arising in the current financial year or prior financial year are recognised even if they become apparent between the balance sheet date and the date on which the Financial Statements are prepared;
    c. The impairment losses are recognised irrespective of whether the result for the financial year is a loss or a profit. Allowances for impairment and write-downs are recognised in the income statement, irrespective of their effect on the loss and profit account.

All foreseeable liabilities and potential losses arising in the current financial year or in a prior financial year are recognised, even if they become apparent only between the balance sheet date and the date on which the Financial Statements are prepared.

4) **Accrual 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 entered in the accounting records and reported in the Financial Statements of the relevant periods.

5) **Intangibility principle.**

    a. The opening balance sheet for each financial year should be consistent to the closing balance sheet for the previous financial year.
    b. Changes in accounting policies and corrections of prior period errors do not restate the balance sheet of the prior period.
    c. The recognition in retained earnings of the corrections of material errors relating to prior financial years and of changes in accounting policies shall not be considered as a breach of the principle of intangibility.
6) **The principle of separate valuation of the components of asset and liability items**. The components of assets and liabilities items shall be measured separately.
7) **Principle of non-compensation.** No offsetting of assets and liabilities or of income and expenses is permitted. Any offsetting of 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 being recorded. The accounting treatment for mutual services is similar.

8) **Accounting for and presentation of items in the balance sheet and the profit and loss account in accordance with the economic substance of the transaction or commitment.**

Compliance with this principle is intended to ensure that economic and financial transactions are accurately recorded and fairly 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 shall be recorded in accounts as they occur, on the basis of supporting documents. The supporting documents underlying the recording of the economic and financial operations in the accounting books must accurately reflect the manner in which they occur, i.e. to be consistent with reality. In addition, the contracts concluded between the parties must provide for

A.1. General Information (continued)

the manner of carrying out the operations and to comply with the existing legal framework. The entities are required to take account of all available information when preparing 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 Company may deviate from the requirements regarding the disclosure and publication of information contained in these regulations, when the effects of compliance are immaterial.

(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 amounts 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 assumption, 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

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 Group's transactions in foreign currency are recorded at the exchange rates notified by the National Bank of Romania ("NBR") on 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.

A.1. General Information (continued)

G. Property, plant and equipment

(i) Cost

The cost of the property, plant and equipment acquired comprises the purchase price and any other directly attributable costs incurred in bringing the assets to their current location, as well as the cost of the site development. 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.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the proceeds from the sale of the asset and its net carrying amount. Realised gains or losses are recognised in the Profit and Loss Account (Statement of Loss and Gain).

Assets in progress – This category includes the bookkeeping of property, plant and equipment in progress, with the exception of property investments.

At the date of entry into the entity, the assets shall be valued and recorded in the accounts at the entry value, which shall be determined as follows:

a) At acquisition cost - for goods purchased for valuable consideration
b) At production cost - for goods produced in the entity
c) At the contribution value, determined after valuation - for the goods representing contribution to the share capital;
d) At fair value - for goods obtained free of charge or overstocked.

In the cases referred to in sections (c) and (d), the contribution amount and the fair value, i.e., shall be substituted for the acquisition cost.

The fair value of assets is generally determined on the basis of market data, on the basis of a valuation carried out, as a rule, by authorised valuers, in accordance with the law. Where there is no market data on fair value, due to the specialised nature of the assets and the infrequency of transactions, fair value may be determined by other methods usually used by authorised valuers, in accordance with the law.

In the case of short-term securities admitted to trading on a regulated market, the acquisition cost does not include the transaction costs directly attributable to their acquisition, which shall be included in the appropriate expense accounts. In the case of short-term securities which are not admitted to trading on a regulated market, as well as long-term securities, the acquisition cost shall also include the costs directly attributable to their acquisition (for example, costs related to fees paid to lawyers, valuers).

(ii) Depreciation

Property, plant and equipment and intangible assets are depreciated on a straight-line basis from the date of commissioning over their estimated useful lives.

A.1. General Information (continued)

The main useful lives used for various 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. Assets held under a Lease

Property, plant and equipment held under a lease shall be recorded in the accounts in accordance with the provisions of the contracts concluded between the parties and the legislation in force. Leases are classified as finance leases or operating leases at the start of the contract. Leases are accounted for on the basis of the economic substance of the transaction or commitment and not only the legal form of the contracts.

A lease is an agreement whereby the lessor assigns to the lessee, in return for a payment or series of payments, the right to use an asset for a specified period; a finance lease is the lease operation that transfers most of the risks and rewards of the asset ownership; an operating lease is a lease operation that is not a finance lease.

A lease is accounted for as a finance lease if it meets at least one of the following conditions:

- The Lease transfers the title of the asset to the Lessee until the end of the lease term;
- The lessee has the option to purchase the asset at a price estimated to be sufficiently low compared to the fair value at the date the option becomes exercisable so that, at the inception of the lease, there is a reasonable certainty that the option will be exercised;
- The duration of the lease covers, for the most part, the economic life of the asset, even if title is not transferred;
- The total amount of the lease payments, less the incidental expenses, is greater than or equal to the entry value of the asset, represented by the value at which the asset was purchased by the Lessor, i.e. the acquisition cost;
- The goods covered by the lease are of a special nature, so that only the Lessee can use them without major modifications.

The depreciation of the asset covered by the lease shall be recorded in the accounts by the Lessee/User in the case of the finance lease and by the Lessor in the case of the operational lease.

In the case of finance lease, the Lessee's purchases of immovable and movable property are treated as investments in fixed assets and are subject to depreciation on a basis consistent with the Lessee's normal depreciation policy. In the case of operating lease, the assets are subject to depreciation by the Lessor on a basis consistent with its normal depreciation policy for similar assets.

The assets relating to finance leases are reflected in the Lessees' accounts using the intangible assets and tangible assets accounts.

A.1. General Information (continued)

Interest payable on finance lease liabilities shall be recorded in the Lessee's accounts periodically, on an accruals basis of accounting against the expense account. The interest payable for future periods shall be recorded in the off-balance sheet accounts (account 8051 "Interest payable").

The Lessor has recognised leased assets as non-current assets. Interest receivable on finance lease receivables shall be recorded in the Lessor's accounts periodically, on an accruals basis of accounting against the income account. When recognising finance leases in the accounts, account must be taken of the legislation governing the categories of entities that may carry out such operations.

When accounting for operating leases, the Lessor shall present the leased assets in the intangible assets and property, plant and equipment accounts according to their nature. The amounts received or receivable shall be recorded in the Lessor's accounts as income on the profit and loss account on an accruals basis.

In the Lessee's accounts, assets under operational leases are recorded in off-balance sheet accounts. The amounts paid or payable shall be recorded in the Lessee's accounts as an expense on the profit and loss account on an accruals basis.

I. Intangible fixed assets

Intangible assets, representing software programs, purchased by the Group are recorded at cost less amortisation and depreciation. The useful life used for their depreciation is the same as the contractual period, and if there is no contractual period, the useful life is 3 years.

J. Financial fixed assets

Financial assets include 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 input value less accumulated value adjustments.

K. Fair value measurement of financial instruments

Entities may measure financial instruments, including derivatives, at fair value in their consolidated annual financial statements. The provisions of this subsection shall not apply to the preparation of Separate Annual Financial Statements.

Fair value for the purposes of this subsection shall be determined by reference to one of the following values:

a. The market value, for those financial instruments for which a credible market can easily be identified. If the market value cannot be readily identified for an instrument but can be identified for its components or for a similar instrument, it can be derived from that of its components or the similar instrument;
b. The value derived from generally accepted valuation models and techniques for financial instruments for which a credible market cannot be readily identified, provided that such valuation models and techniques provide a reasonable approximation of market value.

A.1. General Information (continued)

Financial instruments that cannot be measured reliably by any of the methods described above shall be measured in accordance with the acquisition cost or production cost principle, to the extent that measurement on this basis is possible.

Where a financial instrument is measured at fair value, any change in its value (favourable or unfavourable) shall be included in the profit and loss account, except in the following cases where such a change is included directly in equity:

a. The financial instrument is a hedging instrument and is accounted for at group level under hedging rules that allow some or all changes in value not to be recognised in the profit and loss account; or
b. The change in value relates to a foreign exchange difference arising on a monetary item that forms part of an entity's net investment in a foreign entity.

L. Depreciation of fixed assets

The Group shall establish adjustments 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 to arise from the continuing use of that asset and from its disposal.

M. Inventories

Upon entry into the entity, inventories are measured at cost. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories 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. Merchandise is goods purchased for resale and is 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, inventories are derecognised on a first-in-first-out (FIFO) basis. This method means 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 inventories 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 after processing;
- Consumable materials which participate in or support the manufacturing or operating process but are not normally 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;

A.1. General Information (continued)

- Third party stocks 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 asset value, the amount 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 make the sale.

Appropriate provisions are made for damaged or slow-moving inventories based on estimates by Group management.

N. Trade receivables

Trade receivables are carried at their estimated recoverable amount, net of allowances for doubtful accounts. For doubtful receivables an estimate has been made based on an analysis of all outstanding amounts at the balance sheet date.

O. 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 at the market value on the last trading day at the balance sheet date and those not admitted to trading shall be valued at historical cost less any impairment in value.

Short-term investments include shares held in affiliated entities and other short-term investments. Other short-term investments consist of bonds issued and repurchased, bonds purchased and other securities purchased with a view to making profits in the short term.

Upon entry into the accounts, short-term investments are measured at the acquisition cost or at their contractual value. The short-term bank deposits in foreign currency are recorded at the establishment date at the exchange rate notified by the National Bank of Romania on the date of the establishment operation. The liquidation of the deposits made in foreign currency shall be carried out at the exchange rate notified by the National Bank of Romania on the date of the liquidation operation. Foreign exchange rate differences between the exchange rate on the date of establishment or the exchange rate at which they are recorded in the accounts and the exchange rate of the National Bank of Romania on the date of liquidation of bank deposits shall be recorded under income or expenses from exchange rate differences, as appropriate. For impairment of investments held as current assets, at the end of the financial year, at the time of inventory, adjustments for loss of value are recognised on account of expenses. At the end of each financial year, adjustments for impairment losses recorded are increased, decreased or cancelled as appropriate. On disposal of short-term investments, any impairment adjustments are reversed.

Short-term securities (shares and other financial investments) admitted to trading on a regulated market shall be valued at the quoted value on the last trading day and those not traded shall be valued at historical cost less any impairment in value. Long-term securities (equities and other financial investments) shall be valued at historical cost less any impairment adjustments.

A.1. General Information (continued)

P. 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 include: receivables 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 involving receipts and payments in foreign currency shall be recorded in the accounts at the exchange rate notified 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 notified by the National Bank of Romania on the last banking day of the month in question. The resulting exchange rate differences shall be 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 by Banca Comercială at which the foreign exchange tender is carried out, without giving rise to foreign exchange differences in the accounts.

Q. Liabilities

Liabilities are recorded at historical cost in RON. The exchange rate used to convert liabilities into foreign currencies shall be either the rate indicated by the customs authorities for imports, or the rate in effect at the date on which the services are invoiced, or the rate 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 falling due after more than 12 months are classified as 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.

A.1. General Information (continued)

Foreign currency liabilities are recorded in the accounts 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 valued at the exchange rate of the foreign exchange market notified 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 rates different from those at which they were initially recorded during the month or from those to which they are recorded in the accounting records shall be recognised as income or expenses from foreign exchange rate differences in the month in which they arise.

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.

R. Provisions

The Group recognises provisions when it has a present legal or constructive obligation as a result of past events, an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amounts due and unpaid to the staff by the end of the financial year (annual leave and other staff entitlements), and the amounts to be received from them, for the current year, but to be paid/received in the following financial year, shall be recorded as other staff-related payables and receivables. Annual leave shall be recorded against liabilities when their amount is commensurate with the payroll or other supporting documents. In the absence of such provisions, amounts of annual leave shall be recognised against provisions. The provisions of this paragraph relating to the recognition of liabilities towards employees on account of debts or provisions shall also apply to bonuses paid to employees. Debts arising from outstanding cash advances, distributions of uniforms and work equipment, as well as debts arising from property damage, fines and penalties established on the basis of court decisions, and other claims against the staff of the entity shall be recorded as other staff-related receivables.

The Group recognises provisions for unused leaves, incentive awards and other contractual employee benefits.

S. Loans

Loans are stated at the outstanding amount at the balance sheet date and are classified as current or non-current depending on their maturity.

When an entity breaches a covenant in a long-term loan agreement at or before the reporting period and the breach results in the liability becoming payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting period and before the Financial Statements are authorised 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 non-current 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 cure the default and during which the creditor cannot demand immediate repayment.

A.1. General Information (continued)

If an entity expects and has the ability to refinance or roll over an obligation under an existing loan facility for at least twelve months after the reporting period, it classifies the obligation as non-current, even if it would otherwise have had to be repaid within a shorter period. In situations where the entity would not be able to refinance or roll over the obligation (for example when there is no refinancing agreement in place), the entity disregards the ability 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 non-adjustment events in the Financial Statements:

- Long-term refinancing;
- Rectification of a breach of a long-term loan agreement; and
- 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.

T. 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 accounts relating to the capital increase are: the subscription and issue of new shares, the creation of reserves and other operations, in accordance with the law.

The main operations to be entered in the accounts with regard to 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, in accordance with 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 relating to the issue of equity instruments are recognised directly in equity as losses on equity instruments.

When shares in the Company are redeemed, the amount paid is deducted from equity. When these shares are subsequently reissued, the amount received (net of transaction costs) is recognised in equity.

Own shares repurchased in accordance with the law, are recorded 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 recognised in account 141 "Gains on sale or cancellation of equity instruments";
- Losses are recognised in account 149 "Losses on issue, redemption, sale, assignment free of charge or cancellation of equity instruments".

A.1. General Information (continued)

Foreign exchange differences between the date of subscription for shares and the date 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 on 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 on 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 relating to the issue of equity instruments are recognised 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 the members.

Benefits in the form of the entity's own shares (or other equity instruments) granted to employees are recorded separately against the equity accounts at the fair value of those equity instruments at the date those benefits are granted. The recognition of expenses related to work performed by employees shall take place at the time the work is performed. The date of granting of benefits is the date on which the entity and the employees receiving those instruments understand and accept the terms and conditions of the transaction, provided that if that agreement is subject to a subsequent approval process (for example, by shareholders), the date of granting of benefits is the date on which that approval is obtained. For equity instruments granted that vest immediately at the grant date, employees are not required to complete a specified period of services before becoming unconditionally entitled to those equity instruments and, in the absence of evidence to the contrary, the entity shall treat the services provided in exchange for the equity instruments as having already been received. In this case, the related expenses shall be recorded in full at that time against the equity accounts. For the equity instruments granted, which vest only after the employees have completed a specified period of services, the related expenses shall be recorded as the services are provided over the vesting period against the equity accounts. The amount recognised as an expense shall take into account the estimate of the number of equity instruments that will vest, and this estimate shall be revised if subsequent information indicates that the number of equity instruments expected to vest is different from previous estimates so that, at the vesting date, that estimate is equal to the number of equity instruments that vest.

In the steps regarding the buyback of own shares for the purpose of implementing the Stock Option Plan, the provisions of Law 31/1990 presented below were also taken into account:

Article 1031.- (1) A company shall be allowed to acquire its own shares, either directly or through a person acting in their own name but on behalf of that company, subject to the following conditions:

a. The authorisation to acquire its own shares shall be granted by the Extraordinary General Meeting of Shareholders, which shall lay down the conditions of such acquisition, in particular the maximum number of shares to be acquired, the period for which the authorisation is granted, which may not exceed 18 months from the date of registration with the Trade Register, and, in the case of an acquisition for valuable consideration, the minimum and maximum consideration:

A.1. General Information (continued)

b. The nominal value of own shares acquired by the Company, including those already in its portfolio, may not exceed 10% of the subscribed share capital;

c. The transaction may only involve fully paid shares;

d. The payment for the shares so acquired shall be made only out of the distributable profit or available reserves of the Company, as shown in the last approved Annual Financial Statement, excluding the statutory reserves.

(2) If own shares are acquired for distribution to the employees of the Company, the shares so acquired shall be distributed within 12 months of the date of acquisition.

Article 104. - (1) The restrictions referred to in Article 1031 do not apply:

a. To shares acquired in accordance with Article 207 paragraph (1) section (c), following a resolution of the General Meeting to reduce the share capital;
b. To shares acquired as a result of a transfer under universal title.
c. To fully paid-up shares, acquired by virtue of a court decision, in a foreclosure procedure against a shareholder, debtor of the Company;
d. To shares fully paid-up, acquired free of charge.

(2) The restrictions referred to in Article 1031, except for the one referred to in Article 1031 paragraph (1) section (d) shall not apply to shares acquired in accordance with Article 134.

Article 1041. - (1) Shares acquired in breach of the provisions of Article 1031 and 104 must be disposed of within one year of acquisition.

(2) If the nominal value of its own shares acquired by the Company in accordance with the provisions of Article 104 paragraph (1) sections b)-d), either directly or through a person acting in their own name but on behalf of the Company, including the nominal value of own shares already in the Company's portfolio, 10% of the subscribed share capital, the shares exceeding this percentage shall be disposed of within 3 years of acquisition.

(3) Where the shares are not disposed of within the time limits set out in paragraphs (1) and (2), these shares shall be cancelled, and the Company is required to reduce its subscribed share capital accordingly.

U. Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

A.1. General Information (continued)

They are also excluded from the calculation of taxable profit and:

a) Dividends distributed to a Romanian legal person, a Parent Company, by a subsidiary of the Parent Company resident in a Member State, including those distributed to its permanent establishment resident in a Member State other than that of the subsidiary, if the Romanian legal person fulfils all of 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 any possibility of an option or exemption;
    3. It holds at least 10% of the share capital of the subsidiary resident in another Member State which distributes dividends;
    4. At the date the dividend income is recognised, 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 entities from Member States, Parent Companies, by their subsidiaries located in other Member States, through their permanent establishments in Romania, if the foreign legal entity meets 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 is not considered to be resident for tax purposes outside the European Union under a double taxation convention concluded with a third country;
    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 at least 10% of the share capital of the subsidiary resident 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. Revenue recognition

Revenue is recognised on an accrual basis, excluding VAT and discounts. They are recognised when the services have been rendered or the products have been delivered and accepted by the customer and a significant part of the risks and rewards of ownership have been 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 issued (account 418 "Receivables - invoices to be issued") 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.).

A.1. General Information (continued)

V. 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:

- Cost of raw materials and consumables; cost of goods purchased for restocking; cost of materials purchased for restocking and expensed as incurred; cost of energy and water consumed; cost of goods sold and packaging.
- Expenditure on work and services supplied by third parties, management fees and rents; insurance premiums; studies and research; expenditure on other services supplied 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
- Amounts that have been forfeited, waived or cancelled in accordance with the legal provisions applicable to 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 its affiliated entities pay contributions in accordance with the applicable local legislation in force. The amount of these contributions is recognised in the profit and loss account in the same period as the related salary expenses.

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

W. Borrowing costs

Interest costs are charged to the profit and loss account when due in accordance with the terms of the loan agreements.

X. Finance Lease

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 current or non-current liabilities.

A.1. General Information (continued)

The interest item is recognised 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.

Y. Accounting errors

The correction of misstatements relating to prior financial years does not result in change the Financial Statements for those years. In the case of errors relating to prior financial years, their correction does not involve any adjustment to the comparative information disclosed in the Financial Statements. Any effect 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.

Z. 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 the 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 exercised 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 controlling 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 controlling influence or control over the company;
f. It is a shareholder or member of the company and has the right to appoint or remove 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. Directly or indirectly through one or more entities:
    i. 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);
    ii. Has an interest in that entity, which gives it significant influence over it; or
    iii. 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. Is a member of the key management personnel of the entity or its parent company;
e. Is a close family member of the person referred to in sections a) of d);
f. Is 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) of 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.

A.1. General Information (continued)

AA. Transactions in foreign currency

Foreign currency transactions are recorded in the accounts at the exchange rate prevailing at the date of the transaction. 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, 2022 was RON 4.6346 for USD 1 and RON 4.9474 for EUR 1, and 0.000297 for IDR 1, and the exchange rate as at December 31, 2021 was RON 4.3707 for USD 1 and RON 4.9481 for EUR 1, and 0.000306 for IDR 1.

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

(all amounts are expressed in RON unless otherwise stated)

4. NON-CURRENT ASSETS

a) Intangible fixed assets

COST	Balance as at December 31, December 2021	Increases: Acquisitions	Increases: Transfer	Decreases: Disposals	Decreases: Transfer	Consolidation adjustment	Balance as at December 31, 2022
Start-up costs	-	244	-	244	-	-	-
Development costs	2,928,601	5,982,155	-	239,014	-	(157,435)	8,514,307
Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	20,611,058	1,421,184	43,906	764,559	-	1,328,150	22,639,738
Goodwill	20,657,766	-	-	-	-	102,917,009	123,574,775
Payments on account	538,098	-	-	-	-	-	538,098
Total	**44,735,523**	**7,403,583**	**43,906**	**1,003,818**	**-**	**104,087,724**	**155,266,918**

DEPRECIATION	Balance as at December 31, 2021	Depreciation of the year	Decreases	Consolidation adjustment	Balance as at December 31, 2022
Start-up costs	-	244	244	-	-
Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	9,626,595	3,111,485	155,850	-	12,582,231
Goodwill	3,791,753	7,389,085	309	-	11,180,529
Total	**13,418,348**	**10,500,815**	**156,403**	**-**	**23,762,760**

VALUE ADJUSTMENTS	Balance as at December 31, 2021	Adjustments recognised during the year	Adjustments reversed to income	Consolidation adjustment	Balance as at December 31, 2022 consolidated
Development costs	-	189,036	-	-	189,036
Payment son account and intangible assets in progress	538,098	-	-	-	538,098
Total	**538,098**	**189,036**	**-**	**-**	**727,134**
Goodwill	**16,866,013**	-	-	-	**112,394,246**
Net value	**30,779,077**	**-**	**-**	**-**	**130,777,024**

NON-CURRENT ASSETS (continued)

As at December 31, 2022, the net book value of intangible assets is RON 130,777,024 compared to RON 30,779,077 as at December 31, 2021. The increase in the value of the goodwill for 2022 is due to the acquisition of the stakes in AROBS Development & Engineering SRL (Enea Services Romania), Nordlogic Group and of the GPS Software Center (CDS). The goodwill with a net value of RON 112,394,246 resulted as a positive difference between the acquisition cost and the value, at the transaction date, of the part of the net assets acquired.

At the same time, the development costs recorded an increase in 2022 compared to 2021 and mainly refer to the development project of the car fleet monitoring application – TRACK GPS V4, amounting to RON 3,391,339 and the development of a new HR solution, amounting to RON 5 million.

(all amounts are expressed in RON unless otherwise stated)

NON-CURRENT ASSETS (continued)

b) Property, plant and equipment

COST	Balance as at December 31, 2021	Increases: Acquisitions	Increases: Transfer	Reclassifications	Decreases: Disposals	Decreases: Transfer	Consolidation adjustment	Balance as at December 31, 2022
Buildings	5,068,110	260,053	83,686		9,498	-	138,616	5,540,966
Plant and machinery	11,916,311	1,498,008	799,384	7,509,975	395,260	-	1,112,533	22,440,952
Other plant, machinery and furniture	4,291,853	603,169	739,569		254,615	-	1,104,945	6,484,920
Payments on account for property, plant and equipment	496,790	9,328,880	-		62,891	1,666,544	-	8,096,235
Total	**21,773,064**	**11,690,109**	**1,622,638**	**7,509,975**	**722,263**	**1,666,544**	**2,356,094**	**42,563,073**

DEPRECIATION	Balance as at December 31, 2021	Depreciation of the year	Reclassification	Decreases	Consolidation adjustment	Balance as at December 31, 2022
Buildings	4,067,109	546,139		9,661	-	4,603,587
Plant and machinery	7,950,867	3,626,643	4,393,215	469,773	-	15,500,952
Other plant, machinery and furniture	3,216,163	870,913		464,129	701,361	4,324,308
Total	**15,234,139**	**5,043,695**	**4,393,215**	**943,563**	**701,361**	**24,428,847**

Value adjustments	Balance as at December 31, 2021	Increases	Decreases	Consolidation adjustment	Balance as at December 31, 2022
Plant and machinery	85,624	24,268	-	-	109,892
Other plant, machinery and furniture	-	-	-	-	-
Total	**85,624**	**24,268**	**-**	**-**	**109,892**
Net value	**6,453,301**				**18,024,334**

NON-CURRENT ASSETS (continued)

The net value of property, plant and plant assets increased in 2022. The most significant purchases recorded include the purchase of laptops, switches and other workstations. There has also been a reclassification in 2022 from the inventories account to the property, plant and equipment - plant and machinery account for equipment leased in the fleet monitoring activity to more accurately reflect the assets used in this activity. The net value of the reclassification is RON 3,116,760.

As at December 31, 2022, an inventory of the fixed assets shown in the balance sheet at the end of the financial year has been prepared.

Assets held under finance leases or purchased in instalments

The Group purchased cars under the Finance Leases concluded with Raiffeisen Leasing and BRD. As at December 31, 2022, the Group has recorded as financial leases fixed assets with a gross accounting value of RON 3,461,284. The accumulated depreciation of leased fixed assets is RON 1,259,368.

(all amounts are expressed in RON unless otherwise stated)

c) Financial fixed assets

Cost	Balance as at December 31, 2021	Purchases/Increase	Decreases	Reclassification	Balance as at December 31, 2022
Shares in affiliated entities and jointly controlled entities	10,180	127,639,362	127,639,362	-	10,180
Long-term loans	3,403,313	510,534	269,164	-	3,644,682
Interest on long-term loans	534,363	432,828	277,872	-	689,319
Other securities held as fixed assets	-	1,999,558	-	-	1,999,558
Other fixed assets	-	811,784	-	-	811,784
Total	**3,947,856**	**131,394,065**	**128,186,398**		**7,155,523**

Value adjustments	Balance as at December 31, 2021	Increases	Reversals	Reclassification	Balance as at December 31, 2022
Loans granted to entities to which the Company is related by virtue of participating interest	1,634,180	948,905	50,000	-	2,533,085
Total	**1,634,180**	**948,905**	**50,000**	**-**	**2,533,085**

From the amount of RON 10,180, RON 9,000 represents the contribution to the assets held by Cluj IT Association. The increase, during the year, of the value of other securities held as fixed assets, amounting to RON 1,999,558, represents purchases of government securities (bonds) in which the Parent Company invested during 2022.

At Group level, long-term loans are granted to non-affiliated entities and natural persons in the amount of RON 3,644,682. Some of these loans are adjusted as at December 31, 2022,

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

(all amounts are expressed in RON unless otherwise stated)

NON-CURRENT ASSETS (continued)

The long-term loans are shown below:

Loan – ONLINE SOFTWARE SYSTEMS

	December 31, 2021	December 31, 2022
Loan amount	1,354,187	1,304,187
Interest amount	279,991	360,962
Total	**1,634,178**	**1,665,149**

The loan was granted for investment opportunities and working capital. As at December 31, 2022, the loan amount is fully adjusted.

Loan – INVESTO CORP

	December 31, 2021	December 31, 2022
Loan amount	1,079,450	1,039,450
Interest amount	211,940	276,471
Total	**1,291,390**	**1,315,921**

The loan was granted to cover immediate investment needs for the development of an online platform incorporating the main processes, entities and working tools that ensure the monitoring, collection, transmission, localisation and processing of data and information in order to provide optimal and efficient solutions for investment management. As at December 31, 2022, the loan amount is 50% adjusted.

Loan – INOVO FINANCE

	December 31, 2021	December 31, 2022
Loan amount	158,090	158,090
Interest amount	42,432	51,886
Total	**200,522**	**209,976**

This loan was granted for immediate working capital needs. As at December 31, 2022, the loan amount is fully adjusted.

5. INVENTORIES	**Balance as at December 31, 2021**	**Balance as at December 31, 2022**
Raw materials and materials	378,335	312,977
Work in progress	575,164	1,643,680
Inventory items	1,590,584	70,080
Commodities	4,142,665	2,789,191
Goods held by third parties	232,092	4,519,069
Advance on stocks	120,352	248,584
Adjustments for impairment of inventories	(1,996,467)	(1,075,289)
Total	**5,042,725**	**8,508,292**

Until December 31, 2021, inventory items included the net value of equipment leased to customers from the GPS Track activity carried out by both the Parent Company and two other subsidiaries. Their value is amortised over the term of the contracts concluded with the customers.

(all amounts are expressed in RON unless otherwise stated)

INVENTORIES (continued)

The increase in the inventory balance as at December 31, 2022, compared to 2021, is mainly due to the increase in the work in progress and the value of the goods held by third parties, following the contribution of new ongoing projects.

Inventory write-downs are calculated on the basis of the age of the inventory: 30% of the opening value for inventory between 181 and 365 days old and 100% of the value for slow-moving inventory over one year old.

6. RECEIVABLES

RECEIVABLES	Balance as at December 31, 2021	Liquidity term	
		less than 1 year	over 1 year
Payments on account 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 on the State budget	1,056,694	1,056,694	-
Receivables on 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**	**-**

RECEIVABLES	Balance as at December 31, 2022	Liquidity term	
		less than 1 year	over 1 year
Payments on account to service providers	2,087,869	2,087,869	-
Trade and similar accounts	68,997,573	68,997,573	-
Value adjustments of receivables impairment – customers	(4,609,862)	(4,609,862)	-
VAT not yet due	282,787	282,787	-
VAT receivable	1,730,413	1,730,413	-
Other receivables on the State budget	2,286,095	2,286,095	-
Receivables on Group companies	21,799,066	21,799,066	-
Sundry debtors and other receivables	1,588,091	1,588,091	-
Value adjustments of impairment of sundry debtors	-	-	-
Investment grants	490,657	490,657	-
Total	**94,652,689**	**94,652,689**	**-**

RECEIVABLES (continued)

(all amounts are expressed in RON unless otherwise stated)

The increase in the total value of the receivables from RON 61.8 million at the end of 2021, compared to RON 94.6 million at the end of 2022, is mainly due to the increase in trade receivables, which increased by 69%, due to the increase in the activity at the Group level, through organic development and through the acquisition and establishment of companies.

At the end of 2022, impairment adjustments related to the receivables from customers amount to RON 4,609,862.

Loans to affiliated entities outside the consolidation group are detailed in Note 16.4 "Related and affiliated parties".

7. CASH AND CASH EQUIVALENT

	Balance as at December 31, 2021	Balance as at December 31, 2022
Cheques receivable (Promissory Notes)	3,613	1,948
Accounts with banks in RON	51,456,941	55,667,585
Accounts with banks in foreign currency	49,922,876	39,264,626
Cash in hand	167,949	119,818
Treasury advances	-	2,953
Short-term deposits	522,683	6,170,885
Other securities	138,756	113,424
Total	**102,212,818**	**101,341,239**

Cash and cash equivalents varied during 2022 as a result of the normal course of business as well as of the crowding-in effect through bank borrowings to support the Company's proposed acquisition target.

8. PREPAYMENTS

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	
Entertainment, advertising and publicity expenses	-	-	
Expenditure on travel	24,811	24,811	
Expenditure on access to various applications	77,217	73,496	3,721
Consolidation adjustment	(130)	(130)	-
Total	**1,824,159**	**1,819,965**	**4,194**

(all amounts are expressed in RON unless otherwise stated)

PREPAYMENTS (continued)

PREPAYMENTS	Balance as at December 31, 2022	Liquidity term less than 1 year	over 1 year
Rental expenses	412,410	412,410	
Education expenses	102,904	102,904	
Insurance expenses	177,590	177,590	
Expenditure on miscellaneous services	795,657	793,912	1,745
Expenditure on taxes	13,707	13,707	
Entertainment, advertising and publicity expenses	653	653	
Expenditure on travel	135,467	135,467	
Expenditure on access to various applications	308,227	305,337	2,890
Total	**1,946,614**	**1,941,979**	**4,635**

9. LIABILITIES

LIABILITIES	Balance as at December 31, 2021	Maturity less than 1 year	over 1 year
Other long-term financing	1,439,659	526,295	913,364
Liabilities to entities in special relationships	3,972,932	3,972,932	-
Amounts due to credit institutions	2,226,645	2,226,645	-
Payments on account from customers	740,727	740,727	-
Suppliers	3,477,105	3,477,105	-
Suppliers - invoices to be received	2,216,275	2,216,275	-
Debts 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	2,045,686	2,045,686	-
Other liabilities to the State budget	9,868	9,868	-
Sundry creditors	58,554	58,554	-
Other liabilities	776,527	776,527	-
Total	**23,172,361**	**22,258,997**	**913,364**

(all amounts are expressed in RON unless otherwise stated)

LIABILITIES (continued)

LIABILITIES	Balance as at December 31, 2022	Maturity less than 1 year	Maturity over 1 year
Other long-term financing	1,471,314	567,986	903,328
Liabilities to entities in special relationships	8,398,332	7,276,262	1,122,070
Amounts due to credit institutions	73,851,977	18,470,922	55,381,055
Payments on account from customers	704,150	704,150	-
Suppliers	12,362,542	12,362,542	-
Suppliers - invoices to be received	3,564,557	3,564,557	-
Debts to staff	5,537,995	5,537,995	-
Taxes and duties relating to salaries	4,354,483	4,354,483	-
Current income tax	234,930	234,930	-
VAT payable	1,737,198	1,737,198	-
Other liabilities to the State budget	12,346	12,346	-
Sundry creditors	242,442	242,442	-
Other liabilities	661,779	661,779	-
Total	**113,134,045**	**55,727,591**	**57,406,454**

FINANCE LEASE LIABILITIES	December 31, 2021	December 31, 2022
Amount of minimum lease payments		
Less than 1 year	526,295	567,985
Over 1 year	913,364	903,328
Total	**1,439,659**	**1,471,314**
Interest for future periods		
Less than 1 year	31,842	37,085
Over 1 year	36,632	43,426
Total	**68,474**	**80,511**
Present value of minimum lease payments	**1,508,132**	**1,551,825**

At the end of 2022, the total debt increased by RON 89.9 million, compared to the end of 2021, reaching a total value of RON 113.5 million, due to taking out bank loans for financing acquisitions of Berg Computers and AROBS Development & Engineering (Enea Services Romania), accessing a credit line for working capital efficiency, as well as the taking out of a bank loan for the construction of a new headquarters. During 2022, RON 12.2 million of borrowings were repaid.

Moreover, the increase in trade payables and outstanding amounts related to the acquisition of shareholdings in companies that joined the AROBS Group had a significant impact on the increase in total liabilities at the end of 2021 and during 2022. In the case of the acquisition of the Nordlogic Group, the contractual provision conditioning an additional payment of up to EUR 1.1 million was not met and consequently no liability was recognised in this regard.

As at December 31, 2022, AROBS TRANSILVANIA SOFTWARE SA ("the Company") has a term loan of EUR 2,137,500 (RON 10,575,067.50) maturing on February 27, 2026 and a term loan of EUR 11,041,666.69 (RON 54,627,541.78) maturing on May 31, 2027, taken out from

LIABILITIES (continued)

Citi Bank. The interest on this loan is in accordance with the agreement negotiated between the parties. The loans are guaranteed by the Company by:

- Chattel mortgage on bank accounts opened with Citi;
- Assignment of receivables from third parties acceptable to Citi;
- Chattel mortgage on the universality of the stock of goods;
- Chattel mortgage on all the shares of the Joint Debtor SC SAS Grup SRL, fully owned by the Company;
- Chattel mortgage on the bank accounts of SC SAS Grup S.R.L. opened with Citi;
- Chattel mortgage on the universality of receivables to be collected by SC SAS Grup SRL from third parties acceptable to Citi;
- Chattel 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 "software outsourcing" services;
- Chattel mortgage on all the shares of BERG COMPUTERS SRL, fully owned by AROBS TRANSILVANIA SOFTWARE;
- Chattel mortgage on the bank accounts of the Joint Debtor BERG COMPUTERS SRL;
- Chattel mortgage on the universality of receivables to be collected by BERG COMPUTERS SRL from third parties acceptable to Citi;
- Chattel mortgage on all shares of AROBS DEVELOPMENT & ENGINEERING SRL fully owned by the Borrower AROBS TRANSILVANIA SOFTWARE S.A.;
- Chattel mortgage on the bank accounts of AROBS DEVELOPMENT&ENGINEERING SRL (former ENEA SERVICES ROMANIA Srl) opened with Citi;
- Chattel mortgage on the universality of receivables to be collected by AROBS DEVELOPMENT&ENGINEERING SRL from third parties acceptable to Citi.

Obligations:

1. The Company undertakes to run through its accounts opened with the Bank an amount of money equivalent to at least 80% of its activity volume, i.e. the receipts from third parties, in its accounts opened with the Bank, equivalent to at least 80% of its turnover but not less than the equivalent of EUR 2,500,000 per month. If this condition is not met, the Bank shall charge 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 in excess of EUR 1,000,000, cumulatively in any calendar year without the prior written consent of the Bank.
3. The Company undertakes to maintain the "Debt Service" ratio above or equal to 1.2x for the duration of its obligations, according to the Agreement.
4. The Company undertakes to maintain the "Bank Indebtedness Level" below 3.5x for the duration of its contractual obligations.
5. The Borrower undertakes to notify the Bank if it takes out Bank Loans from other financial-banking institutions.
6. The Company undertakes to seek the Bank's consent if it makes investments in new companies (acquires companies) the cumulative value of which during a calendar year exceeds the equivalent of EUR 2,000,000, during the term of its obligations under this Agreement. If the accumulated amount of these investments is below the mentioned threshold, the prior notification of the Bank is sufficient.
7. Specific obligations arising from the use of the type of credit set out in the contract negotiated between the parties

LIABILITIES (continued)

8. The Company undertakes to take all steps so that the joint and several DEBTORS fulfil the terms of the Loan Agreement.

In addition to the above, UCMS GROUP ROMANIA S.R.L, part of the Group, has a term loan, non-revolving, committed, granted by Raiffeisen Bank S.A., amounting to EUR 1,189,805.01 (with a balance of RON 5,886,441.30 on December 31, 2022) maturing on September 30, 2030. The interest on this loan is in accordance with the agreement negotiated between the parties. The loan is granted for the purpose of financing/refinancing up to a maximum of 70% of the cost, exclusive of VAT, related to the Investment Project on a land on which a right of superficies is established for a period of 8 years, building located in Cluj-Napoca, Str. Constantin Brâncuși nr 78-78A, with an area of 991 sq m, consisting of "Building of office buildings, with height classification Basement + Ground Floor + 5 Floors + Recessed Floor, fencing and exterior arrangements". In order to secure the loan, UCMS GROUP ROMANIA S.R.L. provided the following securities to the bank:

- Chattel mortgage on current accounts opened with the Bank and on receivables on third parties to be collected through the current accounts
- Chattel mortgage on all receipts related to any commercial contracts concluded with eligible debtors approved by the Bank
- Real estate mortgage on the real estate located in Cluj-Napoca, str. Constantin Brâncuși nr. 78-78A, Cluj County – defined urban area of 925 sq m.

Obligations:

1. UCMS GROUP ROMANIA S.R.L. undertakes to make any change in the shareholder structure only with prior written notification to the Bank, unless the beneficial owner does not maintain its 50+1% shareholding, in which case the Bank's prior consent shall be required, otherwise all amounts due in relation to the loan may be subject to mandatory early repayment;
2. The Company undertakes to achieve through its current accounts opened with the Bank an annual minimum turnover, pro rata to the share of the facilities granted by Raiffeisen Bank S.A. in the total bank debts;
3. The Company undertakes to incur other loans or similar indebtedness from banks with the prior consent of the Bank;
4. The Company undertakes to make dividend payments to shareholders with the prior consent of the Bank;
5. All liabilities of the Company to shareholders or other non-bank entities will be subordinated to the obligations of the Company arising from the facility under a Subordination Deed in Bank form;
6. The Company will comply with its commitments under the Superficies Agreement;
7. The Company shall allow the Bank's representatives access to the site to check the stages of performance of the Project and the quality of the works performed. The Company shall submit the quarterly progress report made by the Project Manager to the Bank
8. The Company undertakes to maintain valid rental agreements, the value of which shall allow the debt repayment towards the Bank and the performance of the ordinary activity at the same time;
9. Additional costs (green spaces, access roads, parking lots, etc.) compared to the initial estimate shall be borne by the company/shareholders from their own sources;
10. By September 30, 2023, the company will set up a DSRA (Debt Service Reserve Account) bank account in which it will deposit the equivalent of at least 3 monthly instalments of principal and interest;
11. The Company shall comply with the financial indicator Debt Service Coverage Rate = min 1.2x;
12. The BREEAM/EDGE certificate shall be submitted to the Bank immediately after it has been obtained;
13. All proceeds from the rental of the Project shall be collected in the collection account opened with the Bank and mortgaged to the Bank. The Company may dispose of the accumulated rental amounts in the collector account on a monthly basis after the monthly payment of the amount due to the Bank (principal, interest and commissions). At the Company's request, the excess of the collector account shall be transferred to the current account;

(all amounts are expressed in RON unless otherwise stated)

LIABILITIES (continued)

14. The rental agreements shall have a Rent guarantee insurance in the form of a collateral deposit or bank guarantee summing up the value of the rent estimated for 3 months, unless the tenants are intra-group companies.
15. The Company undertakes to conclude with the bank an additional deed to the facility agreement and the mortgage agreement within 30 days after the building has been registered in the Land Register in order to extend the mortgage to the building;
16. Within 30 days of the registration of the building relating to the Project in the Land Register, the company undertakes to submit the insurance policy covering the material guarantees against all risks to an insurance company approved by the Bank;
17. The Company undertakes to enter into rental agreements with a minimum contractual term of 3 years;
18. A financial obligation of the company/group of which it is a member to the Bank under this agreement and any other credit agreements, or a financial obligation of the company/group of which it is a member to third parties is not paid when due or becomes payable or may become payable before it is due, shall constitute an event of default or fault;
19. The Company and the guarantor undertake to request the Bank's approval to amend the Superficies Agreement.

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.
14,288.15	EUR	April 13, 2022	April 11, 2023	PALAS 4 SRL
275,000	EUR	May 10, 2022	January 19, 2024	CITI HUNGARY
2,691,987.63	RON	November 23, 2022	April 3, 2023	MINISTRY OF FINANCE

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, 2021	Transfers In account	Transfers From account	Consolidation adjustment	Balance as at December 31, 2022
Other provisions	1,216,647	18,441,837	3,565,534	-	16,092,950
Total	**1,216,647**	**18,441,837**	**3,565,534**	**-**	**16,092,950**

Provisions set up increased to RON 16 million as at December 31, 2022, following the establishment of provisions for unused leave, performance bonuses and other charges related to contractual employment relationships.

(all amounts are expressed in RON unless otherwise stated)

11. DEFERRED INCOME

DEFERRED INCOME	Balance as at December 31, 2021	Liquidity term	
		less than 1 year	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	Balance as at December 31, 2022	Liquidity term	
		less than 1 year	over 1 year
Investment grants	609,033	424,283	184,750
Deferred income	6,398,923	5,598,270	800,653
Negative goodwill	-	-	-
Total	**7,007,956**	**6,022,553**	**985,403**

Deferred revenue was recorded on the basis of medium and long-term customer contracts and mainly relates to fleet monitoring services and HR solution licensing.

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 set up of the Group, together with retained earnings and other equity items, were taken into account in the calculation of goodwill and have been eliminated in the consolidation process together with the interest in the Group companies.

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, amounting to RON 37,573,129, the share capital thus reaching the value of RON 40,100,000. Subsequently, on October 11, 2021, the nominal value of the share was split from RON 10/share to RON 0.1/share. The share capital of the Company was increased from RON 40,100,000 to RON 45,569,749 through 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 of RON 68,754,750 were issued.

As at December 31, 2022, the share capital of the Parent Company is RON 91,139,498.80, divided into 911,394,988 registered shares, with a face value of RON 0.1 per share. The share capital is fully subscribed and paid up on December 31, 2022. The Parent Company has been transformed into a joint stock company with effect from September 5, 2014.

The share capital was increased by the issue of new shares to be allocated to the shareholders on a 1:1 basis, by incorporating the share premiums. In order to retain employees and to implement the Stock Option Plan, the Company has implemented a share buy-back programme. During 2022, 3,038,627 shares were granted to employees under the

(all amounts are expressed in RON unless otherwise stated)

Stock Option Plan, implemented in 2021. Following this transfer of shares to employees, there was a gain on equity instruments amounting to RON 1,805,558.

CAPITAL AND RESERVES (continued)

Legal reserves are established at the level of the Group companies in accordance with the regulations in force. The legal reserve was established according to the provisions of the Companies Act. As at December 31, 2020, the Company was constituted legal reserves amounting to RON 2,408,493, the total balance of legal reserves reaching RON 5,112,464.

As at December 31, 2022, differences arising from the translation of transactions of foreign entities under consolidation were recognised in equity.

Retained earnings are the undistributed consolidated net profit of the Group.

The surplus realised on the revaluation reserves is distributable, whereas 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.

	December 31, 2022	December 31, 2021
Paid up share capital	45,569,749	91,139,499
TOTAL	**45,569,749**	**91,139,499**

The shareholding structure for 2021 and 2022 is as follows:

	2021			2022		
SHAREHOLDERS	**Number of Shares**	**Total Face Value**	**%**	**Number of Shares**	**Total Face Value**	**%**
Oprean Voicu	288,389,386	28,838,939	63.285%	576,778,772	57,677,905	63.285%
Legal entities	97,975,043	9,797,504	21.500%	186,979,523	18,697,997	20.516%
Individuals	69,333,065	6,933,306	15.215%	147,636,693	14,763,687	16.199%
Total	**455,697,494**	**45,569,749**	**100%**	**911,394,988**	**91,139,499**	**100%**

13. TURNOVER

TURNOVER	**Financial year ended December 31, 2021**	**Financial year ended December 31, 2022**
Income from the sale of finished products	882,675	161,055
Income from the sale of residual products	-	341
Income from services provided	145,516,294	262,140,422
Income from royalties, management fees and rents	226,403	362,489
Revenue from the sale of goods	15,328,887	8,989,638
Income from miscellaneous activities	28,814,065	29,930,074
Trade discounts granted	(702,081)	(501,206)
Total	**190,066,243**	**301,082,813**

Globally, the demand for software services and products is still on the rise as companies and organisations continue to need to digitise their processes. The software development industry requires constant access to excellent resources, in increasing numbers, in order to perform in a competitive market.

TURNOVER (continued)

In the software product area, such as fleet management, business optimisation, digital payments, HR solutions, implementation of digitisation projects in the public sector, the market is also growing due to the challenges and the economic and social context of recent years.

The significant increase in turnover by 58% in 2022, as compared to 2021, is due to new customer contracts in both software services and software products. The expansion of cooperation with existing customers and the increase in the hourly rates for services and the increase in the product prices also contributed positively to the increase in turnover. At the same time, the contribution of the newly acquired companies during the year was a significant factor in the increase in turnover. AROBS Development & Engineering contributed RON 13.4 million to the turnover, ATS Engineering LLC contributed RON 14.5 million, Berg Computers contributed RON 16 million, and the Nordlogic Group contributed RON 7 million to the increase of the turnover.

The income recorded by the companies in the Group represents the value of services provided and goods sold.

Revenue from services provided relates mainly to software development services but also to other services in line with the main activity of the Group companies.

Revenue 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, 2022 was as follows:

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Management	34	32
Administrative staff	19	22
Procurement staff	2	2
Financial staff	22	27
Legal staff	5	4
Management staff	5	6
Marketing staff	19	13
Design and development staff	477	577
Labour protection staff	1	1
Human resources staff	13	25
Service staff - installations	40	27
IT support staff	10	16
Sales staff	33	45
Total staff	**680**	**796**

Salaries expenses during the financial year ended December 31, 2022 were as follows:

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Management	2,703,889	5,544,046
Administrative staff	1,173,720	2,265,163
Procurement staff	155,297	194,604
Financial staff	1,678,225	2,982,023
Legal staff	322,432	494,014
Management staff	380,985	595,892
Marketing staff	1,439,322	1,670,959
Design and development staff	40,787,085	71,241,199
Labour protection staff	77,648	97,302
Human resources staff	1,059,151	2,697,111
Service staff - installations	2,347,248	2,988,750
IT support staff	854,131	2,489,465
Sales staff	3,773,355	5,411,925
Total salaries costs	**56,752,488**	**98,672,454**

(all amounts are expressed in RON unless otherwise stated)

INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (continued)

Remuneration expenses in equity instruments during the financial year ended December 31, 2022 were as follows:

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Management	38,874	2,234,641
Administrative staff	5,618	93,376
Procurement staff	448	17,376
Financial staff	7,691	129,464
Legal staff	932	18,816
Management staff	479	8,779
Marketing staff	4,409	48,111
Design and development staff	143,038	3,100,120
Labour protection staff	469	6,447
Human resources staff	3,099	96,366
Service staff - installations	7,072	121,990
IT support staff	3,900	60,660
Sales staff	13,093	102,785
Total remuneration expenses in equity instruments	**229,122**	**6,038,931**

Total expenses on meal vouchers during the financial year ended December 31, 2022 were as follows:

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Expenditure on meal vouchers	2,259,002	2,558,876
Adjustment	(150)	-
Total expenditure on meal vouchers	**2,258,852**	**2,558,876**

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Grand total	59,240,612	107,270,261
Adjustment	(150)	
Grand total	**59,240,462**	**107,270,261**

Salary expenses increased compared to the previous year in order to maintain competitiveness in the market and ensure the necessary resources for ongoing projects through salary increases and stock options offered under ESOP programmes carried out during the year.

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

(all amounts are expressed in RON unless otherwise stated)

External benefit expenses	**Financial year ended December 31, 2021**	**Financial year ended December 31, 2022**
Expenditure on maintenance and repairs	333,983	559,295
Expenditure on royalties, management leases and rentals	4,998,941	7,674,188
Expenditure on insurance premiums	509,058	571,542
Expenditure on studies and research	352,376	560,824
Expenditure on staff training	12,734	175,684
Expenditure on collaborators	-	-
Expenditure on commissions and fees	814,149	1,160,587
Entertainment, advertising and publicity expenses	1,468,919	2,287,919
Expenditure on transport of goods and staff	404,357	226,753
Expenditure on travel, secondment and transfers	738,395	1,859,595
Postage charges and telecommunications charges	2,473,125	2,791,074
Expenditure on banking and similar services	96,570	365,283
Other expenditure on services performed by third parties	49,142,557	96,729,364
Total	**61,345,164**	**114,962,108**

Under the expenditure category "Other expenditure on services provided by third parties", expenditure on software services and IT consultancy, recruitment services, installation of monitoring devices, participation in fairs and conferences, expenditure on maintenance and repair services were mainly recorded during 2022.

The increase in expenses for 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, 2021	**Balance as at December 31, 2022**
Net profit to be distributed	**45,631,862**	**43,097,649**
- other reserves	262,402	990,528
- legal reserves	2,459,391	2,403,563
- coverage of accounting loss	-	-
- dividends, etc.	-	-
Retained earnings	**42,910,069**	**39,703,558**

16.2.Earnings per share (EPS)

	December 31, 2021	**December 31, 2022**
Net profit	45,732,918	43,209,995
Number of shares	455,697,494	911,394,988
Earnings per share (EPS)	0.10	0.05

(all amounts are expressed in RON unless otherwise stated)

OTHER INFORMATION (continued)

16.3.Main financial ratios

		2021	2022
1.	**Liquidity indicators**		
	a) Current liquidity indicator = $\frac{Active\ curente}{Datorii\ curente}$	7.68	3.71
	b) Immediate liquidity indicator = $\frac{Active\ curente - stocuri}{Datorii\ curente}$	7.45	3.56
2.	**Risk indicators**		
	a) Debt-to-equity ratio = $\frac{Capital\ împrumutat}{Capital\ propriu}$	2.05%	25.11%
	Or		
	Interest coverage indicator = $\frac{Profit\ ănaintea\ plății\ dobânzii\ și\ impozitului\ pe\ profit}{Cheltuieli\ cu\ dobânda}$	318.06	61.19
3.	**Activity Indicators**		
	a) Inventory turnover ratio (no. of times) = $\frac{Costul\ vânzărilor}{Stoc\ mediu}$	2.44	1.60
	Or		
	a) Inventory turnover ratio (days) = $\frac{Stoc\ mediu}{Costul\ vânzărilor}$	149.77	300.36
	b) Debt turnover - customers (days) = $\frac{Sold\ mediu\ clienți}{Cifra\ de\ afaceri}$	121.79	91.08
	c) Credit turnover ratio - supplier (days) = $\frac{Sold\ mediu\ furnizori}{Cheltuieli\ de\ exploatare\ aferente\ furnizorilor}$	34.34	47,36
	d) Turnover of non-current assets = $\frac{Cifra\ de\ afaceri}{Active\ imobilizate}$	4.81	1.96
	e) Turnover of total assets = $\frac{Cifra\ de\ afaceri}{Total\ active}$	0.90	0.84
4.	**Profitability indicators**		
	a) Return on capital employed = $\frac{Profit\ înaintea\ plății\ dobînzii\ ți\ impozitului\ pe\ profit}{Capitalul\ angajat}$	0.29	0.19
	b) Gross margin rate on sales = $\frac{Profitul\ brut\ din\ vânzări}{Cifra\ de\ afaceri}$	25.82	16.99

OTHER INFORMATION (continued)

16.4. Related parties and affiliated parties

(all amounts are expressed in RON unless otherwise stated)

Balances for affiliated entities are the following:

Receivables	December 31, 2021	December 31, 2022
AROBS Business Center SRL	612,554	688,951
AROBS Business Services SRL	274,429	15,588
AROBS Pannonia Software KFT	57,043	549,959
AROBS Track GPS SRL	29,966	38,746
AROBS Trading & Distribution GmbH	465,131	466,134
AROBS Trading & Distribution SRL	-	1,352,292
Cabrio Invest SRL	13,848	20,851
Cabrio Investment SRL	141	118
I.M. AROBS Software SRL	18,348	18,346
Med Control Solution SRL	327,401	102,531
Newcar4Future SRL	191,591	217,603
Oombla Travel Management S.R.L.	31,074	54,598
Smail Coffee SRL	161,869	180,258
Transilvania Software Recruitment SRL	-	308,485
Vision Plus Mobile SRL	49,616	49,616
Total	**2,233,013**	**4,064,077**

Liabilities	December 31, 2021	December 31, 2022
AROBS Business Services SRL	-	65,232
AROBS TRACKGPS SRL	-	1,734
AROBS Trading & Distribution SRL	-	692
Cabrio Invest SRL	12,517	12,559
I.M. AROBS Software SRL	1,036,713	1,328,952
Ikon Soft SRL	87,158	40,624
Med Control Solution SRL	840	-
Oombla Travel Management SRL	11,767	61,624
Smail Coffee SRL	4,584	7,751
Total	**1,153,578**	**1,519,167**

(all amounts are expressed in RON unless otherwise stated)

OTHER INFORMATION (continued)

16.4. Related parties and affiliated parties (continued)

Transactions with special relationship entities are as follows:

AROBS GROUP sales	Financial year ended December 31, 2021	Financial year ended As at December 31, 2022
AROBS Business Center SRL	29,054	21,262
AROBS Business Services SRL	167,446	55,065
AROBS Pannonia Software KFT	718,758	840,003
AROBS Trackgps SRL	328,607	795,494
AROBS Trading&Distribution GmbH	75,472	1,068
AROBS Trading&Distribution SRL	-	1,136,380
Cabrio Invest SRL	41,120	54,611
Cabrio Investment SRL	39	-
I.M.AROBS Software SRL	18,351	-
Managis Serv SRL	620	-
Med Control Solutions SRL	371,744	12,464
Newcar4Future SRL	41,196	21,858
Oombla Travel Management S.R.L.	30,668	21,344
Smail Coffee SRL	68,232	65,872
Transilvania Software Recruitment SRL	-	308,485
Total	**1,891,307**	**3,333,907**

Sales to affiliated entities refer to the provision of software services, GPS equipment sales, tablets, car sales and subletting of premises.

AROBS GROUP acquisitions	Financial year ended December 31, 2021	Financial year ended December 31, 2022
AROBS Business Services SRL	87,406	488,558
AROBS Pannonia Software KFT	760,910	642,217
AROBS Software DOO	3,758	-
AROBS Trackgps SRL	1,950	1,731
Cabrio Invest SRL	100,877	95,934
I.M.AROBS Software SRL	12,009,515	17,903,597
Ikon Soft	372,306	471,168
Med Control Solution SRL	840	4,875
Oombla Travel Management S.R.L.	284,190	713,848
Smail Coffee SRL	496,447	535,462
Total	**14.118.199**	**20,857,390**

Purchase transactions from affiliated entities mainly represent the provision of software services or miscellaneous services, except for Cabrio Invest which provides hotel services.

(all amounts are expressed in RON unless otherwise stated)

OTHER INFORMATION (continued)

16.4. Related parties and affiliated parties (continued)

Loans from AROBS to TRANSILVANIA SOFTWARE RECRUITMENT SRL

	December 31, 2021	December 31, 2022
Loan amount	1,696,000	676,000
Interest amount	609,883	95,517
Total	**2,305,883**	**771,517**

The amount borrowed was granted to cover operational needs.

Loans from AROBS to CABRIO INVESTMENT SRL

	December 31, 2021	December 31, 2022
Loan amount	1,585,578	1,629,482
Interest amount	581,107	661,674
Total	**2,166,685**	**2,291,156**

The loan was granted to cover the Company's current needs.

Loan from AROBS to AROBS BUSINESS CENTER

	December 31, 2021	December 31, 2022
Loan amount	6,624,300	6,883,363
Interest amount	594,393	841,617
Total	**7,218,693**	**7,724,980**

The loan granted to AROBS BUSINESS CENTER was used to develop the "Business Incubator" project carried out with absorption of European funds and for working capital. AROBS Transilvania Software S.A. is the Director of this company.

Loan from AROBS to AROBS Trading & Distribution

	December 31, 2021	December 31, 2022
Loan amount	4,616,577	5,778,563
Interest amount	1,983,508	1,168,775
Total	**6,600,085**	**6,947,338**

The loan to AROBS Trading & Distribution GmbH is to support working capital needs. AROBS Trading & Distribution GmbH is a trading and distribution company for premium electronics and home appliances with international warranty. Products are purchased with full payment in advance from distributors and manufacturers throughout Europe and are sold in Turkey, Dubai, France, Germany, Denmark.

(all amounts are expressed in RON unless otherwise stated)

OTHER INFORMATION (continued)

16.4. Related parties and affiliated parties (continued)

Loan from AROBS to Med Control Solution SRL

	December 31, 2021	December 31, 2022
Loan amount	-	-
Interest amount	332	-
Total	**332**	**-**

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

	December 31, 2021	December 31, 2022
Loan amount	811,586	811,586
Total	**811,586**	**811,586**

During 2021, one of the Group's subsidiaries sold its stake in an investment fund to Voicu Oprean. This transaction will be settled within a period of 3 years, so that at Group level a receivable of RON 811 thousand has been recorded on the loan granted.

16.5. Other information

Audit expenses

The fees related to the audit of the Group's Financial Statements in accordance with the Order of the Minister of Public Finance 1802/2014, as subsequently amended for the year ended December 31, 2022, were in accordance with the contract concluded with BDO Auditors & Accountants S.R.L.

Guarantees given and guarantees received

The composition of guarantees outstanding at the end of 2022, amounting to RON 1,404,077, is detailed in the table below:

Guarantee status	2021	2022
Rental of premises	904,423	1,174,728
Performance bonds	50,268	5,802
EC (Economic) Assignment	2,000	-
Tenders	21,081	102,657
Other	-	120,890
Total	**977,771**	**1,404,077**

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.

OTHER INFORMATION (continued)

16.4. Other information (continued)

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.

The Group's contingent liabilities are disclosed in **Note 8. Liabilities**.

Disputes

The Group companies are involved in lawsuits mainly concerning the recovery of trade receivables.

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, 2022, the Group did not record any liabilities in respect of anticipated costs, including legal and consulting fees, studies, design and implementation of environmental remediation plans. The Group does not consider its environmental costs to be significant.

Transfer pricing

Romanian tax legislation contains rules on transfer pricing between related parties since 2000. The current legislative framework defines the "arm's length" principle for transactions between related parties as well the methods for determining transfer pricing. Under the relevant tax legislation, the tax assessment of any transaction carried out with related parties is based on the market price concept related to that transaction. According to this concept, transfer prices should be adjusted to reflect market prices that would have been agreed 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 Group is not able to quantify the outcome of this review. The Group 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.

OTHER INFORMATION (continued)

16.4. Other information (continued)

COVID-19 impact

As a result of the end of the alert status and the lifting of all restrictions related to COVID - 19 on the territory of Romania, starting from March 2022, as well as as a result of the easing of restrictions worldwide, the activity of AROBS Group has not been affected, from this point of view, during 2022 and, at the same time, estimates an insignificant impact of Covid-19 on its future financial situation due to uncertainties and in this respect considers that there is no risk in terms of going concern in the next period.

However, in order to protect employees, AROBS 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 the headquarters and within the Companies' places of business.

Thus, throughout 2022, the employees worked in hybrid mode, from the Company headquarters and teleworking, online, using information and communication technology and the necessary prevention and protection measures were observed.

Management regularly assesses the impact of COVID-19 within the Group's business by constantly reviewing key performance and profitability indicators. This resulted in a higher gross operating profit than the previous year.

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, particularly those 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 could result in material 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 continue to 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 beginning 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, are currently non-quantifiable, the Group's management has so far given no indication of any significant impact on the Group's business.

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 they may 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 4 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.

18. SUBSEQUENT EVENTS

ACQUISITION OF Î.M AROBS Software SRL and AROBS TrackGPS SRL (TrackGPS by AROBS Moldova)

In February 2023, the transactions for the acquisition of the entities in the Republic of Moldova, Î.M. AROBS SOFTWARE SRL and AROBS TRACKGPS SRL were completed. The integration of the two companies into the AROBS Group is a natural step in consolidating and developing the Group's activities.

Acquisition of SYDERAL POLSKA

On February 2, 2023, AROBS Transilvania Software S.A. informed the market about the acquisition of the majority stake, 94%, in SYDERAL Polska, a company in Gdansk, Poland, specialising in the development of products and technologies for quantum and optical communication, data storage and processing, as well as the control of satellite mechanisms and instruments. SYDERAL Polska was established in 2016 and has a team of 28 specialists in providing software and hardware solutions for the needs of customers operating in the aerospace sector. The company implements projects for the European Space Agency (ESA), and at the same time, works on research and development projects funded by the National Research and Development Center (NCBiR) in Poland. With the acquisition of SYDERAL Polska, AROBS enters a new market, Poland, and strengthens its business expertise in embedded systems for the aerospace industry.

Appointment of Chief Financial Officer

On February 8, 2023, AROBS Transilvania Software S.A. announced the market the appointment of Mr Bogdan Ciungradi as Chief Financial Officer of the Group. Mr Ciungradi's term of office is given for an indefinite period of time. As CFO of the Group, Bogdan Ciungradi will be responsible for coordinating the work of the Financial Department and streamlining the operations in order to boost financial performance at Group level. At the same time, he will be involved in the process of transferring AROBS shares to the Main Market of the Bucharest Stock Exchange, a goal that AROBS Group aims to achieve this year.

These Financial Statements have been signed and approved on March 28, 2023, by:

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