

AROBS TRANSILVANIA SOFTWARE S.A.

SEPARATE FINANCIAL STATEMENTS

**AS AT AND FOR THE 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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AROBS TRANSILVANIA SOFTWARE S.A.
BALANCE SHEET
AS AT DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

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	539,216	3,893,497
3 Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets (acc. 205 + 208 - 2805 - 2808 - 2905 - 2908)	3	7,527,063	6,762,906
4 Goodwill (acc. 2071 - 2807)	4	-	-
5 Exploration for and evaluation of mineral resources intangible assets (206 - 2806 - 2906)	5	-	-
6 Payments on account (acc. 4094 - 4904)	6	-	-
TOTAL (row 01 to 06)	7	8,066,279	10,656,403
II TANGIBLE ASSETS			
1 Land and buildings (acc. 211 + 212 - 2811 - 2812 - 2911 - 2912)	8	997,736	929,324
2 Plant and machinery (acc. 213 + 223 - 2813 - 2913)	9	2,880,807	5,182,563
3 Other fixtures and fittings, tools and equipment (acc. 214 + 224 - 2814 - 2914)	10	793,304	1,424,251
4 Investment property (acc. 215 - 2815 - 2915)	11	-	-
5 Property, plant and equipment in progress (acc. 231 - 2931)	12	207,219	774,789
6 Investment property in progress (acc. 235 - 2935)	13	-	-
7 Tangible assets for exploration and evaluation of mineral resources (acc. 216 - 2816 - 2916)	14	-	-
8 Productive biological assets (acc. 217 + 227 - 2817 - 2917)	15	-	-
9 Payments on account (acc. 4093 - 4903)	16	-	172,059
TOTAL (row 08 to 16)	17	4,879,066	8,482,986
III FINANCIAL FIXED ASSETS			
1 Shares in subsidiaries (acc. 261 - 2961)	18	31,262,135	144,504,728
2 Loans to group entities (acc. 2671 + 2672 - 2964)	19	6,823,060	7,052,650
3 Shares in associates and jointly controlled entities (acc. 262 + 263 - 2962)	20	9,130	9,130
4 Loans to undertakings with which the company is linked by virtue of participating interests (acc. 2673 + 2674 - 2965)	21	-	-
5 Other shares (acc. 265 - 2963)	22	-	-
6 Other loans (acc. 2675* + 2676* + 2677 + 2678* + 2679* - 2966* - 2968*)	23	1,491,910	3,800,787
TOTAL (row 18 to 23)	24	39,586,235	155,367,295
NON-CURRENT ASSETS - TOTAL (row 07 + 17 + 24)	25	52,531,580	174,506,684

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

AROBS TRANSILVANIA SOFTWARE S.A.
BALANCE SHEET
AS AT DECEMBER 31, 2022
(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 STOCKS			
1 Raw materials and consumables (acc. 301 + 302 + 303 +/- 308 + 321 + 322 + 323 + 328 + 351 + 358 + 381 +/- 388 - 391 - 392 - 3951 - 3958 - 398)	26	1,588,330	381,048
2 Work in progress (acc. 331 + 332 + 341 +/- 348* - 393 - 3941 - 3952)	27	575,164	45,940
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	2,223,258	1,195,215
4 Payments on account (acc. 4091 - 4901)	29	88,020	271,545
TOTAL (row 26 to 29)	30	4,474,772	1,893,748
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 - 4902 - 491)	31	35,248,149	44,664,168
2 Amounts owed by affiliated undertakings (acc. 451** - 495*)	32	21,499,494	32,021,177
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** + 436** + 437** + 4382 + 441** + 4424 + from acc. 4428** + 444** + 445 + 446** + 447** + 4482 + 4582 + 4662 + 461 + 473** - 496 + 5187)	34	1,037,465	2,104,063
5 Subscribed capital called but not paid (acc. 456 - 495*)	35	-	-
6 Dividend claims distributed during the financial year (acc. 463)	35a (301)	-	-
TOTAL (row 31 to 35 + 35a)	36	57,785,108	78,789,408
III SHORT-TERM INVESTMENTS			
1 Shares in affiliated undertakings (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	88,204,684	72,742,368
CURRENT ASSETS - TOTAL (row 30 + 36 + 39 + 40)	41	150,464,564	153,948,899
C PREPAYMENTS (acc. 471) (row 43 + 44)			
Amounts to be reversed within one year (from acc. 471)	42	1,632,277	1,455,707
Amounts to be reversed after one year (from acc. 471)	43	1,628,375	1,452,817
	44	3,902	2,890

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AROBS TRANSILVANIA SOFTWARE S.A.
BALANCE SHEET
AS AT DECEMBER 31, 2022
(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	18,470,922
3 Payments received on account of orders (acc. 419)	47	268,070	374,905
4 Trade creditors (acc. 401 + 404 + 408)	48	4,920,046	8,217,606
5 Bills of exchange payable (acc. 403 + 405)	49	-	-
6 Amounts owed to group entities (acc. 1661 + 1685 + 2691 + 451***)	50	1,178,181	7,911,584
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*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 457 + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	52	7,299,354	9,045,172
TOTAL (row 45 to 52)	53	15,892,296	44,020,189
E NET CURRENT ASSETS/LIABILITIES (row 41 + 43 - 53 - 70 - 73 - 76)	54	134,204,654	109,064,159
F TOTAL ASSETS LESS CURRENT LIABILITIES (row 25 + 44 + 54)	55	186,740,136	283,573,733
G CREDITORS: AMOUNTS BECOMING DUE AND PAYABLE AFTER MORE THAN 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	-	49,494,614
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	-	1,122,070
7 Amounts owed to undertakings with which the company is linked by virtue of participating interests (acc. 1663 + 1686 + 2692 + 2693 + 453***)	62	-	-
8 Other creditors including tax and social security (acc. 1623 + 1626 + 167 + 1687 + 2695 + 421 + 423 + 424 + 426 + 427 + 4281 + 431*** + 436*** + 437*** + 4381 + 441*** + 4423 + 4428*** + 444*** + 446*** + 447*** + 4481 + 455 + 456*** + 4581 + 462 + 4661 + 473*** + 509 + 5186 + 5193 + 5194 + 5195 + 5196 + 5197)	63	874,938	880,728
TOTAL (row 56 to 63)	64	874,938	51,497,412

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AROBS TRANSILVANIA SOFTWARE S.A.
BALANCE SHEET
AS AT DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2022	Balance as at December 31, 2022
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	596,879	3,214,798
TOTAL (row 65 to 67)	68	596,879	3,214,798
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) of which:	72	1,782,197	2,115,852
Amounts to be reversed within one year (acc. 472*)	73	1,603,670	1,893,084
Amounts to be reversed after one year (acc. 472*)	74	178,527	222,768
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	-	-
TOTAL (row 69 + 72 + 75 + 78)	79	2,556,593	2,724,886
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
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	2,479,391	4,882,913
2 Reserves provided for by the articles of association or contractual reserves (acc. 1063)	89	-	-
3 Other reserves (acc. 1068)	90	262,402	1,209,959
TOTAL (row 88 to 90)	91	2,741,793	6,092,872

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AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF LOSS AND GAIN
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Balance as at January 1, 2022	Balance as at December 31, 2022
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	30,944,825	71,013,258
- Debit balance	96	-	-
VI PROFIT OR LOSS FOR THE FINANCIAL YEAR (acc. 121)			
- Credit balance	97	43,199,268	41,898,453
- Debit balance	98	-	-
Profit distribution (acc. 129)	99	2,721,793	3,351,079
SHAREHOLDERS' EQUITY - TOTAL (row 85 + 86 + 87 + 91 - 92 + 93 - 94 + 95 - 96 + 97 - 98 - 99)	100	184,707,715	228,454,005
Public property (acc. 1016)	101	-	-
Private property (acc. 1017)	102	-	-
CAPITAL - TOTAL (row 100 + 101+ 102) (row 25 + 41 + 42 - 53 - 64 - 68 - 79)	103	184,707,715	228,454,005

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

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

AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF LOSS AND GAIN
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	169,336,118	228,531,259
Production sold (acc. 701 + 702 + 703 + 704 + 705 + 706 + 708)	2	154,803,315	220,257,972
Revenue from the sale of goods (acc. 707)	3	15,090,356	8,704,704
Trade discounts granted (acc. 709)	4	557,553	431,417
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	-	-
- Debit balance	8	56,748	8,688
3 Income from the production of intangible and tangible fixed assets (acc. 721 + 722)	9	1,420,199	1,814,038
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	12,046	1,044,173
7 Other operating income (acc. 751 + 758 + 7815)	13	1,228,822	1,016,307
- Out of which, revenue from investment grants (acc. 7584)	14	-	-
- Out of which, revenue from negative goodwill (acc. 7815)	15	390,568	328,362
OPERATING INCOME - TOTAL (row 01 + 07 - 08 + 09 + 10 + 11 + 12 + 13)	16	172,053,933	232,414,465
8 a) Expenditure on raw materials and consumables (acc. 601 + 602)	17	1,085,115	1,486,279
Other materials expenses (account 603 + 604 + 606 + 608)	18	896,746	279,736
b) Other external expenses (including energy and water) (acc. 605)	19	1,130,834	797,035
c) Expenditure on goods (acc. 607)	20	10,727,135	6,178,300
Trade discounts received (acc. 609)	21	79,799	4,390

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AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF LOSS AND GAIN
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial year ended December 31, 2021	Financial year ended December 31, 2022
9 Staff expenditure (row 23 + 24)	22	53,059,043	69,680,068
a) Salaries and allowances (acc. 641 + 642 + 643 + 644)	23	51,618,700	67,916,866
b) Social security and welfare expenses (acc. 645 + 646)	24	1,440,343	1,763,202
10 a) Value adjustments of tangible and intangible fixed assets (row 26 - 27)	25	2,386,605	5,416,108
a. 1) Expenses (acc. 6811 + 6813 + 6817 + from acc. 6818)	26	2,386,605	5,466,108
a. 2) Revenue (acc. 7813 + from acc. 7818)	27	-	50,000
b) Value adjustments on current assets (row 29 - 30)	28	(120,346)	118,994
b. 1) Expenses (acc. 654 + 6814 + from acc. 6818)	29	2,039,503	3,064,311
b. 2) Revenue (acc. 754 + 7814 + from acc. 7818)	30	2,159,849	2,945,317
11 Other operating expenses (row 32 to 38)	31	57,493,186	98,901,636
11.1. Expenditure on external services (acc. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	32	55,362,638	96,436,768
11.2. Other taxed, duties and similar charges; expenses representing transfers and contributions due under special regulatory documents (acc. 635 + 6586*)	33	821,888	770,656
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	1,308,660	1,694,212
Adjustments relating to provisions (row 40 - 41)	39	(345,229)	2,617,920
- Expenditure (acc. 6812)	40	596,879	3,214,799
- Revenue (acc. 7812)	41	942,108	596,879
OPERATING EXPENSES - TOTAL (row 17 to 20 - 21 + 22 + 25 + 28 + 31 + 39)	42	126,233,290	185,471,686

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AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF LOSS AND GAIN
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial year ended December 31, 2021	Financial year ended December 31, 2022
OPERATING PROFIT OR LOSS:			
- Profit (row 16 - 42)	43	45,820,643	46,942,779
- Loss (row 42 - 16)	44	-	-
12 Income from participating interests (acc. 7611 + 7612 + 7613)	45	231,474	4,569
- Out of which, income obtained from affiliated undertakings	46	-	-
13 Interest income (acc. 766)	47	1,973,432	2,222,990
- Out of which, income obtained from affiliated undertakings	48	-	971,036
14 Income from operational subsidies related to interest receivable (acc. 7418)	49	-	-
15 Other financial income (acc. 7615 + 762 + 764 + 765 + 767 + 768)	50	2,427,461	5,313,684
- Out of which, income from other financial assets (acc. 7615)	51	-	-
FINANCIAL REVENUE - TOTAL (row 45 + 47 + 49 + 50)	52	4,632,367	7,541,243
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	152,774	835,298
- Out of which, expenses related to affiliated undertakings	57	-	-
18 Other financial charges (acc. 663 + 664 + 665 + 667 + 668)	58	1,112,407	5,578,287
FINANCIAL CHARGES - TOTAL (row 53 + 56 + 58)	59	1,265,181	6,413,585
FINANCIAL PROFIT OR LOSS			
- Profit (row 52 - 59)	60	3,367,186	1,127,658
- Loss (row 59 - 52)	61	-	-
TOTAL REVENUE (row 16 + 52)	62	176,686,300	239,955,708
TOTAL EXPENDITURE (row 42 + 59)	63	127,498,471	191,885,271

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AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF LOSS AND GAIN
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

No.	Row No.	Financial year ended December 31, 2021	Financial year ended December 31, 2022
19 GROSS PROFIT OR LOSS			
- Profit (row 62 - 63)	64	49,187,829	48,070,437
- Loss (row 63 - 62)	65	-	-
20. Corporate income tax (acc. 691)	66	5,988,561	6,171,984
21 Activity-specific tax (acc.	67	-	-
22 Other taxes not shown in the above items (acc. 698)	68		
23 NET PROFIT OR LOSS FOR THE FINANCIAL YEAR			
- Profit (row 64 – 65- 66 – 67 - 68)	69	43,199,268	41,898,453
- Loss (row 65 + 66 + 67+ 68 – 64)	70	-	-

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

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

AROBS TRANSILVANIA SOFTWARE S.A.
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in Romanian Lei ("RON") unless otherwise stated)

CASH FLOWS FROM OPERATING ACTIVITIES	December 31, 2021	December 31, 2022
Profit before tax	49,187,829	48,070,437
Adjustments for:		
Amortisation of property, plant and equipment and intangible assets	2,386,605	4,167,957
Error corrections	(197,873)	(409,041)
Expenditure/(income) relating to value adjustments for tangible and intangible assets	2,172,278	189,036
(Revenue) from the production of intangible assets		(1,814,038)
Expenses/(income) related to value adjustments on financial assets		1,059,115
Expenses/(income) related to stocks provisions	(380,464)	(921,178)
Expenses/(income) related to provisions on customers and similar accounts	(2,091,297)	441,317
Expenses/(income) related to provisions on risks and expenses	(345,229)	2,617,919
(Net gain)/net loss from disposal of property, plant and equipment	(443,839)	(105,943)
Revenue from subsidies	(390,568)	(328,362)
Adjustments for foreign exchange loss/(gain)	-	-
Interest cost	152,774	835,298
Interest income	(1,973,432)	(2,222,990)
Expenses related to remuneration in equity instruments		4,510,820
Expenditure on financial investments disposed of	214,913	0
Dividend income/divestment of financial investments	(231,474)	(4,569)
Cash flow from operating activities before changes in working capital	48,060,222	56,085,778
(Increase)/decrease in receivables	7,857,187	(21,888,766)
(Increase)/decrease in prepayments	(496,568)	176,570
(Increase)/decrease in inventories	828,475	1,428,267
Increase/(decrease) in liabilities	2,998,682	14,290,299
Increase/(decrease) in deferred income	(158,214)	168,293
Interest paid	(152,774)	(835,298)
Interest received	93,572	2,666,138
Corporate income tax paid	(6,911,811)	(7,130,461)
Net cash from operating activities	52,118,771	44,960,820
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(4,011,591)	(5,882,197)
Loans (granted)/repayments and purchases of shares in affiliated entities	(14,264,767)	(115,312,064)
Proceeds from sale of fixed assets	525,915	118,059
(Purchase)/Sale of own shares	(4,010,000)	(3,782,054)
Short-term investments	-	(523,375)
Proceeds from dividends/divestment of financial investments	231,474	4,569
Net cash flow from investing activities	(21,528,968)	(125,377,062)
Cash flows from financing activities		
Increase/(Decrease) in credit line usage	(16,142,798)	2,762,927
Collection/(Repayment) of long-term loan	(2,886,225)	62,975,964
Collection/(Repayment) of loan from shareholders/partners	-	-
Finance lease payments	(1,062,126)	(784,965)
Dividends paid	(34,263,158)	-
Changes in share capital increase/(decrease)	74,453,622	-
Net cash flow from financing activities	20,099,315	64,953,926
Net (decrease)/increase in cash and cash equivalents	50,689,117	(15,462,316)
Cash and cash equivalents at the beginning of financial year	37,515,567	88,204,684
Cash and cash equivalents at the end of financial year	88,204,684	72,742,368

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

Director,
Oprean Voicu

Signature
Seal of the Establishment

Prepared by,
Nistor Iuliana
Chief Accountant
Signature

AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(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		Decreases		Balance as at December 31, 2021
		Total, out of which	by transfer	Total, out of which	by transfer	
Subscribed capital not paid in	-	-	-	-	-	-
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	20,000	2,459,391	2,459,391	-	-	2,479,391
Other reserves	2,426,871	262,402	262,402	2,426,871	2,426,871	262,402
Own shares	-	-	-	4,010,000	-	(4,010,000)
Profit/loss carried forward representing retained earnings or uncovered loss	61,850,879	40,109,169	40,109,169	71,836,287	71,836,287	30,123,760
Retained earnings resulted from correction of accounting errors	-	-	-	197,873	-	(197,873)
Profit/loss carried forward representing revaluation reserve surplus	1,018,937	-	-	-	-	1,018,937
Profit or loss for the financial year	40,391,242	43,199,268	-	40,391,242	40,391,242	43,199,268
Profit distribution	(282,073)	(2,721,793)	(2,721,793)	(282,073)	(282,073)	(2,721,793)
Distribution of dividends	-	34,263,158	34,263,158	34,263,158	-	-
TOTAL	105,525,856	237,494,967	119,842,076	158,313,107	119,842,076	184,707,714

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.

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STATEMENT OF CHANGES IN EQUITY (continued)

Shareholder's equity item	Balance as at January 1, 2022	Increases		Decreases		Balance as at December 31, 2022
		Total, out of which	by transfer	Total, out of which	by transfer	
Subscribed capital not paid in	-	-		-		-
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	2,479,391	2,403,522	2,403,522	-		4,882,913
Other reserves	262,402	947,557	947,557	-		1,209,959
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	30,123,760	40,477,475	40,477,475	-		70,601,235
Retained earnings resulted from correction of accounting errors	(197,873)	-		409,041		(606,914)
Profit/loss carried forward representing revaluation reserve surplus	1,018,937	-		-		1,018,937
Profit or loss for the financial year	43,199,268	41,898,453		43,199,268	43,199,268	41,898,453
Profit distribution	(2,721,793)	2,721,793	2,721,793	3,351,079	3,351,079	(3,351,079)
Distribution of dividends	-	-		-		-
TOTAL	184,707,714	142,119,194	91,120,096	98,372,904	92,120,096	228,454,005

Equity increased by 24% in 2022. 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 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.

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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.

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 TRANSILVANIA SOFTWARE S.A.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. COMPANY PRESENTATION

AROBS TRANSILVANIA SOFTWARE S.A. was incorporated on December 18, 1998, pursuant to Law 31/1990, Tax Reference Number and VAT Code RO 11291045, registered with the Trade Register under no. J12/1845/1998. The main activity of the Company is the development of custom software (customer oriented software).

The registered office of the Company is in Cluj-Napoca, Str. Donath, Nr. 11, Ap. 28, the Company has the following secondary offices - places of business:

In Cluj-Napoca

- Str. Minerilor, Nr. 63;
- P-ța Cipariu, Nr. 9; Ap. 69;
- Str. Săpătorilor, Nr.5;
- Str. Henri Barbusse, Nr. 44-46, within Cluj Business Center, floors 2 and 3;
- Str. Trifoiului; Nr. 22;
- Str. Constantin Brâncuși nr. 55-59, ABC Incubator building;

In Iași – Str. Palat, Nr. 3E, United Business Center 1 building, ground floor;

In Tg. Mureș – Str. Georghe Doja, Nr. 64-68, Multinvest Business Center 2 Building (MBC2).

In Suceava – Str. Universității, Nr. 32, Classic Office Center, floors 1, 2 and 3;

In Bucharest – B-dul. Tudor Vladimirescu, Nr. 22, Unit. 4.1, Et. 4, Sector 5, Bucharest;

In Baia Mare – B-dul. Unirii, Nr. 18, Baia Mare Business Center Building, floor 1;

In Arad – B-dul. Revoluției, Nr. 52-54, Arad Plaza building, Sc. C, Et. 3, ap. 12.

As at December 31, 2022, the shareholding structure is as follows:

SHAREHOLDERS	2021			2022		
	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 %

AROBS Transilvania Software S.A. has 25 years of experience in developing custom software solutions for customers in 14 countries in Europe, Asia, and America, and is today the technology company with the highest capitalization and liquidity on the Bucharest Stock Exchange. The Company focuses on custom software with high expertise in software services: software engineering for automotive, aerospace, medical, maritime and more but also software development in IoT, hospitality and tourism, clinical trials, enterprise and FinTech solutions.

AROBS develops software solutions and products – for which AROBS owns the intellectual property – for fleet management and GPS tracking, business optimization (SFA, WMS, CRM, mobile contactless payments and others), channel management for the hotel industry and much more.

Since its inception, AROBS Transilvania Software has relied on excellent professionals and well-established yet flexible processes to consistently deliver high quality custom software, products and software applications, that the company has retains ownership of.

The excellence of the services and the commitment of the Company's specialists have helped to establish strong, long-term partnerships with over 10,000 companies in Romania and Central and Eastern Europe, and hundreds of international companies.

AROBS TRANSILVANIA SOFTWARE S.A.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

COMPANY PRESENTATION (continued)

Since 2003, AROBS Transilvania Software has been developing its own solutions and products, the most important of which are:

- **TrackGPS** – solution for managing and monitoring car fleets;
- **Optimall** – sales force automation solution;
- **RateWizz** – channel manager for the hotel industry
- **School textbook digitisation solution;**
- **MonePOS** – contactless and paperless payment solution.

AROBS Transilvania Software is a member of ARIES – Romanian Association for Electronics and Software Industry and ANIS – Employers' Association of Software and Services Industry and holds numerous certifications, among which we mention:

- ISO 27001 Certification
- ISO/IEC 27001:2013 Certification
- TISAX – Trusted Information Security Assessment Exchange
- ORDA Certification (Romanian Copyright Office)
- HU-GO Certificate (National Toll Payment Services Plc.), 2020
- ISO 9001:2015 Quality Management System
- ISO/IEC 27001:2013 Certificate (SR EN ISO/IEC 27001:2018) Information Security Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System

The Company's activity is mainly structured in the following business segments:

- **Software services**

AROBS Transilvania Software is a global provider of ready-to-use solutions and custom software solutions, based on the latest technologies. What sets us apart from other software companies is our business expertise in the following industries: Automotive, Travel & Hospitality, Life Sciences and Enterprise Solutions. We develop advanced technology solutions with a focus on innovation and user experience.

The Software Services Division is the largest division of the Company, generating around 80% of revenue in 2022 in the turnover, and is based on two major verticals: Automotive and High - Level Industries.

Automotive business segment capabilities extend to software and hardware development and manufacturing. Our projects benefit from the know-how acquired over time with leading brands active in the Automotive industry present in Germany, France, Japan, Romania, China, and the USA. On the High-level Industries vertical, we are present in the area of Travel & Hospitality, IoT, Life Sciences and Enterprise Solutions.

Travel & Hospitality business segment, the second largest after the Automotive industry, has developed and delivered software services for major customers in the USA, France, Spain, Germany and the Netherlands.

IoT has over 12 years of experience, during which time it has delivered services to customers in the USA, Finland, Italy, Germany and Canada.

Life Sciences – Healthcare Software Solutions segment has built its expertise through long-term collaborations with various pharmaceutical companies in Canada and the USA. This business segment provides software services that simplify the clinical trial management system.

Enterprises Solution business segment has over 20 years of experience in understanding business requirements and translating them into practical applications. If the client requires integration with cloud-based applications, real-time

AROBS TRANSILVANIA SOFTWARE S.A.
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applications, Big Data, NoSQL or any other advanced software technologies, this division can make it happen. Our clients in this area are spread across the USA, Germany, Finland, Norway, the Netherlands and others.

COMPANY PRESENTATION (continued)

Within the Software Services division, a production team has also started to develop for one of our major clients.

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

TrackGPS, the fleet management and monitoring solution, has shown a positive evolution in terms of turnover and number of clients in 2022. 10% more clients use TrackGPS compared to 2021. The TrackGPS division has focused on improving the fleet management platform, increasing adoption and completing customer migration to the new platform. Investments in 4G and 5G-based solutions continued, including the addition of new video telematics solutions to monitor consumption, improve driver behaviour and monitor electric vehicles. In 2022, the partnership with Orange Business Services was strengthened, a key partnership for the promotion of TrackGPS solutions, through the operator's portfolio of services and products on a SaaS model.

AROBS Transilvania Software S.A. is the market leader in this sector in Romania. TrackGPS is a complete car fleet monitoring and management solution offering real-time GPS tracking system, special devices and customised services.

With a high-performance GPS tracking system for dedicated devices and a web and mobile application, Track GPS offers customised services at the highest level, such as driver behaviour analysis, fuel consumption, communication with the driver, automatic toll payment in Hungary, temperature and humidity control, safe transport, and much more.

The TrackGPS platform can be accessed from anywhere, anytime, with just an internet connection and is designed to make fleet management easy. It hosts the information of the units in its own cloud and is available in 6 languages: Romanian, English, Russian, French, Hungarian and Indonesian.

Track GPS has over 11 years of experience in the telematics solutions market. The solutions it offers are aimed at small, medium or large companies operating in sectors such as Public Services, Banking & Insurance, Courier, Transport & Logistics, Healthcare, Distribution and other areas that want to reduce their costs and optimise their business.

- **Special projects**

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

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

AROBS TRANSILVANIA SOFTWARE S.A.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(all amounts are expressed in RON unless otherwise stated)

COMPANY PRESENTATION (continued)

In 2022, AROBS Transilvania Software delivered a total of more than 280,000 digital textbooks, with the total number corresponding to reprint orders from the Ministry of Education. The Company participated in the tenders organised and increased the number of textbooks in its portfolio. The AROBS solution for textbook digitisation involves continuous development of educational software products and contributes to the performance of the Romanian education system.

RateWizz, a solution dedicated to the hotel industry, generated increased revenues in 2022, a positive development compared to previous years. In 2022, the pressing need to digitise sales in the hotel sector and drive forward the partnerships in the pipeline have led to an increase in the demand for this solution. New booking channels will be added to the RateWizz portfolio during 2023 in terms of functionality.

Although global overheads are still rising, 2023 looks promising for hotel technology. Travellers' preference for short-term accommodation means hoteliers are looking to IT systems to help them manage new bookings as efficiently as possible.

- **Distribution of consumer electronic products**

At the beginning of 2022, the merchandise distribution business was transferred to an entity outside the Group as it was not one of the strategic development directions of AROBS.

- **Optimall - Business Optimisation Solutions**

Celebrating its 20th anniversary, Optimall by AROBS is a division that offers companies a complete optimisation suite through automation and management systems, from sales force automation solutions (OptimallSFA) for route optimisation (Optimall Logistic) to the data transfer automation service for connecting ERP with e-commerce platforms (Optimall ConnectoR) and inventory and heritage management solutions (Optimall SMIs). The Optimall division is dedicated to business process automation, with a portfolio of over 300 customers in more than 10 industries. All solutions are compatible and can be integrated with more than 75 ERP systems used in Romania.

The customer portfolio of the Optimall division increased by approximately 10% in 2022. Among the solutions promoted, Optimall SFA has the highest traction in the Romanian market. Consolidation in the distribution industry can be observed in several sub-sectors. Optimall's customers' requests focused on digitising and improving their companies' internal processes through various automations. As a result, the SFA application has been customised several times according to customer wishes and needs. As with SFA, the Company has seen an increase in customer requests for the Logistic application, both for the implementation of new projects and for various customisations of the application.

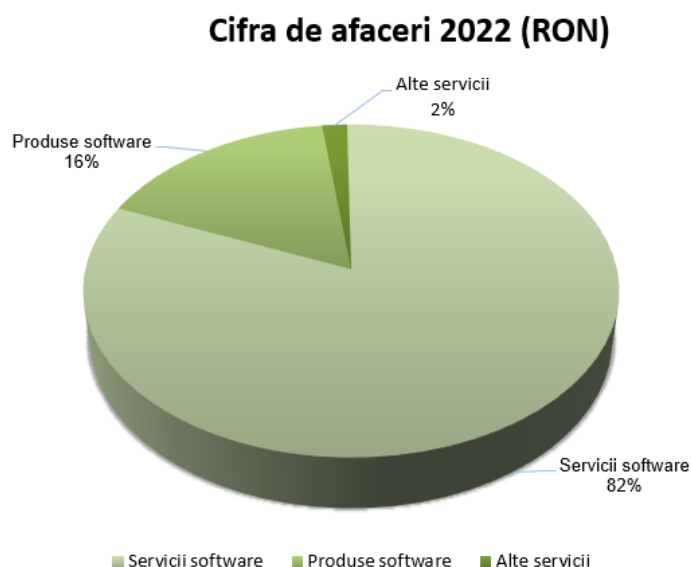
Within this division, a contactless payment solution, MonePOS, was launched. This solution brings several new elements to the Romanian market: MonePOS, a small device that interconnects directly to various devices, and allows payments to be made in just 10 seconds. MonePOS has already been launched in Cluj-Napoca and in major urban conglomerations across the country for taxi services. In recent months, payment mobility solutions have become increasingly important, with an accelerated shift in consumer perspectives on the importance of contactless payments.

The MonePOS division continued to strengthen its position in the taxi services market across the country, running several campaigns targeting small entrepreneurs to digitise payments in the mobility and services industries. MonePOS has interfaced its own contactless and paperless digital payment solution with various systems for HORECA, bakery, retail, etc.

AROBS TRANSILVANIA SOFTWARE S.A.
NOTES TO FINANCIAL STATEMENTS
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COMPANY PRESENTATION (continued)

The total net turnover of AROBS Transilvania Software recorded in 2022 amounted to RON 228,531,259 and is distributed among the lines of business as follows:



AROBS Transilvania Software S.A. is one of the largest employers in Cluj County and in the top 5 employers in the local IT market, having been active in this market for 25 years.

In order to strengthen its market position, the Company has been pursuing a procurement policy in recent years. It has grown into an international company, forming partnerships and collaborations with partners and clients in the United States of America, Canada, Germany, Finland, Switzerland, the Netherlands, Belgium, and Italy.

In September 2018, AROBS Transilvania Software took over SAS Grup S.R.L. With more than 16 years of experience in providing telematics and telemetry solutions on the Romanian market, SAS Grup has been a leader in the field of fleet management optimisation and fleet management solutions for years, currently having a portfolio of more than 2,200 domestic and international clients. The acquisition took place in the context of identifying synergies at technical and operational level between the two companies and their desire to provide complete and complex solutions in the fleet monitoring market.

In the same year 2018, AROBS Transilvania Software SA acquired the companies Coso Netherlands and Coso Belgium, with the aim of stabilising the Robotic Process Automation market through new partnerships with companies and public organisations but also in the Electronic Data Interchange for logistics and IT.

In 2019, AROBS Transilvania Software acquired the majority stake in Softmanager S.R.L, a company that develops and implements on the Romanian market one of the most complex CRM+ (Customer Relationship Management) solutions. The Softmanager S.R.L CRM+ solution aims to consolidate the data automation market for micro and small businesses.

With the acquisition of UCMS Group Romania S.R.L., at the end of 2019, AROBS Transilvania Software expanded into the HR management field. The main strategic objectives of UCMS Group Romania S.R.L are to consolidate its position at the forefront of HR and payroll solutions at the national level, to strengthen its position as the most experienced and innovative software company in human resources management, to enter the SME segment and to increase its market share in the current segment.

AROBS TRANSILVANIA SOFTWARE S.A.
NOTES TO FINANCIAL STATEMENTS
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COMPANY PRESENTATION (continued)

In December 2021, AROBS Transilvania Software fully acquired Berg Software Timișoara, a local custom software development and outsourcing company, with offices in Timișoara, Lugoj and Oradea. Following the completion of the transaction, AROBS Transilvania Software has consolidated its presence in the Western part of Romania.

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 Company 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.

AROBS Transilvania Software debuted in December 2021 on the AeRO market of the Bucharest Stock Exchange, the shares being traded under the AROBS stock exchange symbol. The listing of AROBS follows the completion of a private placement of shares in the second half of October 2021 through which AROBS raised a record RON 74 million in a share capital increase. This placement attracted strong interest from both retail and professional investors, resulting in an early close on the first day of the placement, showing once again the strong appetite of investors for Romanian entrepreneurial companies. The on-lending will support the Company's expansion strategy, through the acquisition of national and international IT companies, the opening of new subsidiaries in key markets in Europe and the United States, and the development of the Company's expertise and specialisation.

2. PRINCIPLES. ACCOUNTING PRINCIPLES AND METHODS

A. Basis of preparation of the Financial Statements

A.1. General Information

These Financial Statements are the responsibility of the management of the Company and have been prepared in accordance with the requirements of the accounting regulations 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.

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A.1. General Information (continued)

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

The Company belongs to the category of large taxpayers.

Financial Statements are their own and do not belong to any Group. In accordance with Law 82/1991 republished, Article 31, and with the requirements of Order of the Minister of Public Finance No. 1802/2014 a Parent Company must prepare both Separate Annual Financial Statements for its own activity and Consolidated Annual Financial Statements. The Company will issue a separate set of Consolidated Financial Statements on December 31, 2022, within the statutory deadline.

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.
- 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.

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NOTES TO FINANCIAL STATEMENTS
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(all amounts are expressed in RON unless otherwise stated)

A.1. General Information (continued)

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 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 Company 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.

A.2. Basis of preparation of the Financial Statements

1) General Information

These Financial Statements have been prepared in accordance with:

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

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

2) Use of estimates

The preparation of the Financial Statements, in accordance with Order of the Minister of Finance 1802/2014, requires the management of the Company 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 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 Company 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 the Company will be able to continue as a going concern for the foreseeable future and, therefore, the adoption of the going concern principle in the preparation of the Financial

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Statements is justified.

A.2. Basis of preparation of the Financial Statements (continued)

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.

B. Foreign currency transactions translation

The Company'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.

C. 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.

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).

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A.2. Basis of preparation of the Financial Statements (continued)

(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.

The main useful lives used for various categories of property, plant and equipment are:

Years

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

D. 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.

A.2. Basis of preparation of the Financial Statements (continued)

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

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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.

D. Intangible fixed assets

Intangible assets, representing software programs, purchased by the Company 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.

E. 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.

Fixed asset accounts for loans granted shall include amounts granted to third parties under contracts for which the entity charges interest in accordance with the law. Entities which have fixed assets with a maturity of more than one year shown in the fixed assets account shall present in the balance sheet, under financial fixed assets, only the part with a maturity of more than 12 months, the difference to be reflected under receivables. Other non-current receivables include guarantees, deposits and securities deposited by the entity with third parties.

F. 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.

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A.2. Basis of preparation of the Financial Statements (continued)

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.

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.

G. Depreciation of fixed assets

The Company 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.

H. 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.

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A.2. Basis of preparation of the Financial Statements (continued)

The inventories include:

- Goods, i.e. goods purchased by the entity for resale or products supplied for sale in its own shops;
- 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;
- 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.

For impaired or slow-moving inventories, appropriate value adjustments are made based on Management's estimates.

I. 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.

J. 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.

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A.2. Basis of preparation of the Financial Statements (continued)

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.

K. 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 3 months or less.

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.

L. 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 within the next 12 months is also classified as 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.

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A.2. Basis of preparation of the Financial Statements (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.

M. Provisions

Provisions are recognised when the Company has a current obligation (legal or constructive) generated by a past event, it is probable that an outflow of resources or an impairment of receivables that affects economic benefits will be required to settle the obligation or recover the receivable, and a good estimate of the amount of the obligations can be made.

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.

N. 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, at or before the end of the reporting period, a provision of a long-term loan agreement, and that breach results in the liability becoming due on demand, the liability is classified as current, including when the lender has agreed, after the reporting period and before the Financial Statements are authorized for issue, not to demand payment as a result of the breach. An entity classifies the liability as current because at the end of the reporting period it does not have an unconditional right to defer its settlement for at least 12 months after that date. However, the entity classifies the liability as a 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.

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.

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A.2. Basis of preparation of the Financial Statements (continued)

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.

O. 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".

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.

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A.2. Basis of preparation of the Financial Statements (continued)

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;
- 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.

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A.2. Basis of preparation of the Financial Statements (continued)

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.

P. Dividends

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

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

- 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.
- 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;

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A.2. Basis of preparation of the Financial Statements (continued)

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.

Q. 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.).

R. Operating expenses

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

S. Contributions for employees

The Company pays contributions to the State Budget for the labour insurance contribution, according to the levels established by law and in force during the year, calculated based on gross salaries. The amount of these contributions is recognised in the profit and loss account in the same period as the related wage costs.

The Company has no other obligations under the Romanian legislation in force, regarding the future pensions, health insurance or other labour costs.

Benefits in the form of the entity's own shares (or other equity instruments) granted to employees are recorded separately (account 643 "Equity remuneration expenses") against the equity accounts (1031 "Benefits granted to employees in the form of equity instruments") 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.

T. Borrowing costs

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

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A.2. Basis of preparation of the Financial Statements (continued)

U. Income tax

Corporate income tax is calculated based on the tax result of the year at the corporate income tax rate in force at the balance sheet date. The tax rate for 2022 is 16%.

V. Finance Lease

Leases of property, plant and equipment where the Company 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.

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.

W. 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.

X. Related entities and other related parties

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

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

- It holds the majority of the voting rights in a company;
- 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;
- 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;
- 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;
- The Parent Company has the power to exercise or actually exercise a controlling influence or control over the company;
- 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;
- The Parent Company and the related entity are managed on a unified basis by the Parent Company.

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A.2. Basis of preparation of the Financial Statements (continued)

An entity is "related" to another entity if:

- Directly or indirectly through one or more entities:
 - Controls or is controlled by the other entity or is under the joint control of the other entity (this includes parent companies, subsidiaries or member subsidiaries);
 - Has an interest in that entity, which gives it significant influence over it; or
 - Holds joint control over the other entity;
- Is an associated entity of the other entity;
- Is a joint venture in which the other entity is a partner;
- Is a member of the key management personnel of the entity or its parent company;
- Is a close family member of the person referred to in section A) or d);
- 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) or e);
- The entity is a post-employment benefit plan for the benefit of the employees of the other entity or for the employees of any entity related to such a company.

Y. Transactions in foreign currency

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 the exchange rate as at December 31, 2021 was RON 4.3707 for USD 1 and RON 4.9481 for EUR 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.

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3. NON-CURRENT ASSETS

a) Intangible fixed assets

COST	Balance as at December 31, 2021	Increases Inflows	Transfer	Decreases Disposals	Transfer	Balance as at December 31, 2022
Development costs	539,216	3,782,331	-	239,014		4,082,533
Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	10,718,890	553,447	43,906	-		11,316,243
Payments on account	538,098	-	-	-		538,098
Total	11,796,204	4,335,778	43,906	239,014	-	15,936,874

DEPRECIATION	Balance as at December 31, 2021	Depreciation of the year	Decreases	Balance as at December 31, 2022
Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	3,191,828	1,361,510	-	4,553,337
Total	3,191,828	1,361,510	-	4,553,337

VALUE ADJUSTMENTS	Balance as at December 31, 2021	Increases	Reversals	Reclassification	Balance as at December 31, 2022
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

Net value	8,066,278	10,656,403
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The net value of intangible assets increased in 2022, compared to the previous year, by 32%, the largest increase being due to the development expenses recorded in 2022 for the development project of the car fleet monitoring application – TRACK GPS V4, in the amount of RON 3,391,339.

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b) Property, plant and equipment

COST	Balance as at	Increases			Decreases		Balance as at
	December 31, 2021	Acquisitions	Transfer	Reclassification	Disposals	Transfer	December 31, 2022
Buildings	5,025,546	248,662	83,686	-	-	-	5,357,893
Plant and machinery	8,414,437	1,403,051	799,384	6,467,151	240,949	-	16,843,072
Other plant, machinery and furniture	3,424,320	334,567	739,569	-	156,727	-	4,341,729
Property, plant and equipment in progress	-	-	-	-	-	-	-
Payments on account for property, plant and equipment	207,219	2,469,062	-	-	62,891	1,666,544	946,847
Total	17,071,522	4,455,342	1,622,638	6,467,151	460,567	1,666,544	27,489,541

DEPRECIATION	Balance as at	Depreciation of the	Reclassification	Decreases	Balance as at
	December 31, 2021	year			December 31, 2022
Buildings	4,027,809	400,760	-	-	4,428,570
Plant and machinery	5,533,630	1,962,498	4,393,215	228,833	11,660,509
Other plant, machinery and furniture	2,631,016	443,189	-	156,727	2,917,478
Total	12,192,455	2,806,447	4,393,215	385,560	19,006,557

Net value	4,879,067	8,482,984
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The net value of property, plant and equipment increased in 2022 compared to the previous year. The most significant purchases recorded include the purchase of laptops, switches and other workstations in the net amount of RON 1,692,473 and new cars in the net amount of RON 900,000. 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 2,073,936.

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 Company purchased cars under the Finance Leases concluded with Raiffeisen Leasing and BRD. As at December 31, 2022, the Company has recorded as financial leases fixed assets with a gross accounting value of RON 3,377,896 compared to RON 3,067,099 in 2021.

The accumulated depreciation of leased fixed assets is RON 1,229,646 compared to RON 1,008,039 in 2021. The net value as at December 31, 2022 of these cars is RON 2,148,251.

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b) Property, plant and equipment (continued)

The assets acquired under finance lease, assets at the date of closure of the financial year are as follows:

Name	December 31, 2021	December 31, 2022
Cost	3,067,099	3,377,896
Depreciation	1,008,039	1,229,646
Net value	2,059,060	2,148,251

c) Financial fixed assets

COST	Balance as at December 31, 2021	Increases	Decreases	Reclassification	Balance as at December 31, 2022
Loans granted to affiliated entities	6,823,060	408,639	179,049		7,052,650
Shares held in related entities	31,271,265	113,402,802	-	-	144,674,067
Long-term loans	2,591,727	-	90,000	-	2,501,727
Interest on long-term loans	534,363	486,441	-	-	1,020,804
Other securities held as fixed assets	-	1,999,558	-	-	1,999,558
Other fixed assets	-	811,784	-	-	811,784
Total	41,220,415	117,109,223	269,049	-	158,060,590

VALUE ADJUSTMENTS	Balance as at December 31, 2021	Increases	Reversals	Reclassification	Balance as at December 31, 2022
Shares held in affiliated entities	-	160,209	-	-	160,209
Long-term loans	1,634,180	948,905	50,000	-	2,533,086
Total	1,634,180	1,109,114	50,000	-	2,693,295

Net value **39,586,235** **155,367,295**

The increase in the financial position, representing financial assets, during 2022, is due to the increase in the stakes in affiliated entities based on the acquisition of the following companies: AROBS Development & Engineering (ENEA Services Romania), to a value of RON 87.33 million and Nordlogic Group, at a value of RON 14.2 million. The value of the final balance of financial assets also includes investments in affiliated entities related to acquisitions in previous years. The most significant values are: Berg Computer SRL, at a value of RON 19 million and Sas Fleet Traking SRL, at a value of RON 14 million.

The book value of investments held in the affiliated companies also includes the fees related to the lawyers who brokered the procurement transactions, in the total amount of RON 647,996. The book value of these shareholdings also includes the value of the shares granted to the employees through the ESOP programmes carried out in 2021 and 2022, amounting to 1,544,130.

c) Financial assets (continued)

The loans granted to affiliated entities and the equivalent value of the shares granted to the employees through the ESOP programmes are detailed in Note 15.5 "Related parties and affiliated parties".

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At the end of 2022, investments in affiliated entities were tested for impairment through authorised independent valuers. Following the tests carried out, a depreciation amounting to RON 160,209 was found.

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.

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4. INVENTORIES

	Balance as at December 31, 2021	Balance as at December 31, 2022
Raw materials and materials	367,784	309,292
Work in progress	575,164	45,940
Inventory items	1,220,546	71,756
Commodities	3,987,633	2,080,286
Goods held by third parties	232,092	190,218
Advance on stocks	88,020	271,545
Value adjustments for impairment of inventories	(1,996,467)	(1,075,289)
Total	4,474,722	1,893,748

Until December 31, 2021, inventory items included the net value of equipment leased to customers from the GPS Track activity of RON 1,211,448. Their value is amortised over the term of the contracts concluded with the customers.

In 2022, the equipment leased to customers was reclassified from the inventories account to the property, plant and machinery account.

The value of the merchandise decreased in 2022 compared to the previous year as a result of the transfer of the merchandise distribution business from the Company's products segment to an entity outside the Group.

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.

5. RECEIVABLES

	Balance as at December 31, 2021	Liquidity term	
		less than 1 year	over 1 year
Payments on account to service providers	143,608	143,608	-
Trade and similar accounts	37,640,495	37,640,495	-
Value adjustments of receivables – customers	(3,384,575)	(3,384,575)	-
VAT not yet due	78,972	78,972	-
Other receivables on the State budget	901,133	901,133	-
Receivables on Group companies	21,499,494	21,499,494	-
Sundry debtors and other receivables	893,934	893,934	-
Impairment adjustments of sundry debtors	1	1	-
Investment grants	12,046	12,046	-
Total	57,785,108	57,785,108	-

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RECEIVABLES (continued)

	Balance as at December 31, 2022	Liquidity term	
		less than 1 year	over 1 year
Payments on account to service providers	282,711	282,711	-
Trade and similar accounts	47,433,267	47,433,267	-
Value adjustments of receivables – customers	(3,825,891)	(3,825,891)	-
VAT not yet due	251,157	251,157	-
Other receivables on the State budget	1,277,733	1,277,733	-
Receivables on Group companies	32,021,177	32,021,177	-
Sundry debtors and other receivables	813,436	813,436	-
Impairment adjustments of sundry debtors	-	-	-
Investment grants	535,818	535,818	-
Total	78,789,408	78,789,408	-

The total value of the receivables increased at the end of 2022 compared to the end of 2021 by 36%, i.e. RON 21 million. This evolution is mainly due to the increase in trade receivables by RON 9.4 million, the increase in receivables to the Group companies by RON 10.5 million.

The loans granted to related entities detailed in **Note 15.4 "Related and Affiliated Parties"** – are disclosed in "Receivables to Group companies".

6. 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	43,524,803	44,394,193
Accounts with banks in foreign currency	44,384,228	28,138,144
Cash in hand	150,944	102,994
Other securities	141,096	105,089
Total	88,204,684	72,742,368

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.

7. PREPAYMENTS

	Balance as at December 31, 2021	Liquidity term	
		less than 1 year	over 1 year
Rental expenses	49,662	49,481	181
Education expenses	36,320	36,320	-
Insurance expenses	135,156	135,156	-
Expenditure on miscellaneous services	502,577	502,577	-
Expenditure on taxes	26,549	26,549	-
Entertainment, advertising and publicity expenses	1,433	1,433	-
Expenditure on travel	68,870	68,870	-
Interest expenses	118,945	118,945	-

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Expenditure on access to various applications	196,197	192,564	3,633
Total	1,135,709	1,131,895	3,814

PREPAYMENTS (continued)

	Balance as at December 31, 2022	Liquidity term	
		less than 1 year	over 1 year
Rental expenses	195,924	195,924	
Education expenses	79,586	79,586	
Insurance expenses	137,081	137,081	
Expenditure on miscellaneous services	690,518	690,518	
Expenditure on taxes	13,324	13,324	
Entertainment, advertising and publicity expenses	653	653	
Expenditure on travel	89,485	89,485	
Expenditure on access to various applications	249,135	246,245	2,890
Total	1,455,707	1,452,817	2,890

8. LIABILITIES

	Balance as at December 31, 2021	Maturity	
		less than 1 year	over 1 year
Other long-term financing	1,367,316	492,378	874,938
Liabilities to entities in special relationships	1,178,181	1,178,181	-
Amounts due to credit institutions	2,226,645	2,226,645	-
Payments on account from customers	268,070	268,070	-
Suppliers	2,826,119	2,826,119	-
Suppliers - invoices to be received	2,093,927	2,093,927	-
Debts to staff	2,932,387	2,932,387	-
Taxes and duties relating to salaries	1,853,128	1,853,128	-
Current income tax	159,692	159,692	-
VAT payable	1,699,350	1,699,350	-
Other liabilities to the State budget	1,301	1,301	-
Sundry creditors	34,754	34,754	-
Other liabilities	126,364	126,364	-
Total	16,767,234	15,892,296	874,938

	Balance as at December 31, 2022	Maturity	
		less than 1 year	over 1 year
Other long-term financing	1,375,332	494,604	880,728
Liabilities to entities in special relationships	9,033,654	7,911,584	1,122,070
Amounts due to credit institutions	67,965,537	18,470,923	49,494,614
Payments on account from customers	374,905	374,905	-
Suppliers	4,674,076	4,674,076	-
Suppliers - invoices to be received	3,543,530	3,543,530	-
Debts to staff	4,111,998	4,111,998	-
Taxes and duties relating to salaries	2,468,257	2,468,257	-
VAT payable	1,968,507	1,968,507	-
Sundry creditors	1,805	1,805	-

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Other liabilities	-	-	-
Total	95,517,601	44,020,188	51,497,413

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LIABILITIES (continued)

At the end of 2022, total liabilities increased by RON 78.7 million, compared to the end of 2021, reaching a total value of RON 95.5 million, due to the taking out of bank loans for the financing of the acquisitions of Berg Computers and AROBS Development & Engineering (Enea Services Romania) and the accessing of a credit line to streamline working capital.

In addition, the increase in outstanding amounts related to the acquisition of interests in acquired companies in 2022 had a significant impact on the increase in total payables. 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.

At the same time, compared to 2021, no tax relief has been granted for employee salaries and contributions.

During 2022, the Company repaid RON 12.2 million of its borrowings.

FINANCE LEASE LIABILITIES	December 1, 2021	December 31, 2022
Amount of minimum lease payments		
Less than 1 year	492,378	494,605
Over 1 year	874,938	880,728
Total	1,367,316	1,375,333
Interest for future periods		
Less than 1 year	(29,896)	(37,085)
Over 1 year	(34,660)	(43,426)
Total	(64,556)	(80,511)
Present value of minimum lease payments	1,302,760	1,294,822

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 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;

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LIABILITIES (continued)

- 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
8. The Company undertakes to take all steps so that the joint and several DEBTORS fulfil the terms of the Loan 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 14, 2023	GREEN GATE DEVELOPMENT SRL
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.

9. PROVISIONS FOR RISKS AND EXPENSES

	Balance as at December 31, 2021	Transfers		Balance as at December 31, 2022
		In account	From account	
Other provisions	596,879	3,214,798	596,879	3,214,798
Total	596,879	3,214,798	596,879	3,214,798

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The provisions recorded by the Company relate to unused leave and other charges relating to contractual employment relationships.

10. DEFERRED INCOME

	Balance as at December 31, 2021	To be reserved	
		less than 1 year	over 1 year
Investment grants	774,396	392,319	382,077
Deferred income	1,782,197	1,603,670	178,527
Total	2,556,593	1,995,989	560,604

	Balance as at December 31, 2022	To be reserved	
		less than 1 year	over 1 year
Investment grants	609,034	424,284	184,750
Deferred income	2,115,852	1,893,084	222,768
Total	2,724,886	2,317,368	407,518

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

11. CAPITAL AND RESERVES

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

On August 10, 2021, there was a capital increase with the amount of RON 40,000,000, by incorporating other reserves, amounting to RON 2,426,871, and by incorporating the undistributed profit of the Company from the period 2018, 2019, 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.

The Company has set up the legal reserve according to the provisions of the Companies Act in accordance with which 5% of the annual pre-tax accounting profit is transferred to legal reserves until their balance reaches 20% of the share capital of the Company. As of December 31, 2020, the Company distributed to legal reserves 5% of the accounting profit amounting to RON 2,403,522, the total balance of legal reserves reaching RON 4,882,913.

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 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.

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

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

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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.

11. CAPITAL AND RESERVES (continued)

	December 31, 2021	December 31, 2022
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:

SHAREHOLDERS	2021			2022		
	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 %

12. TURNOVER

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Income from services provided	125,442,319	186,718,842
Income from the sale of finished products	882,675	161,055
Income from royalties, management fees and rents	226,403	368,540
Revenue from the sale of goods	15,090,356	8,704,704
Income from miscellaneous activities	28,251,918	33,009,490
Income from the sale of residual products	-	45
Trade discounts granted	(557,553)	(431,417)
Total	169,336,118	228,531,259

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. In the software product area, such as fleet management, business optimisation, digital payments, 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 external turnover is RON 70,249,386, representing 30.7% of the Company's turnover in total value of Ron 228,531,259 recorded during 2022.

The significant increase in turnover in 2022 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 beginning of 2022, the merchandise distribution business, in the Products segment of AROBS Transilvania Software, was transferred to an entity outside the AROBS Group as it was not one of the strategic development directions of the Company.

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

The average number of employees during the years ended December 31, 2021 and December 31, 2022 was as follows:

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Management	31	26
Administrative staff	9	8
Procurement staff	2	2
Financial staff	19	16
Legal staff	4	3
Management staff	2	2
Marketing staff	12	10
Design and development staff	438	374
Labour protection staff	1	1
Human resources staff	11	10
Service staff - installations	25	21
IT support staff	10	9
Sales staff	28	24
Total staff	592	505

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Management	2,562,395	3,210,961
Administrative staff	776,483	973,019
Procurement staff	155,297	194,604
Financial staff	1,552,966	1,946,037
Legal staff	310,594	389,207
Management staff	155,297	194,604
Marketing staff	1,009,428	1,264,924
Design and development staff	36,650,000	45,731,870
Labour protection staff	77,648	97,302
Human resources staff	931,780	1,167,622
Service staff - installations	2,096,505	2,627,150
IT support staff	854,131	1,070,320
Sales staff	2,329,449	2,919,056
Total salaries costs	49,461,971	61,786,676

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

	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Management	38,486	2,141,519
Administrative staff	4,454	59,933
Procurement staff	448	17,376
Financial staff	6,947	93,870
Legal staff	575	17,994
Management staff	384	5,400
Marketing staff	2,983	33,754
Design and development staff	133,062	1,847,497
Labour protection staff	469	6,447
Human resources staff	2,387	43,594
Service staff - installations	6,691	118,824
IT support staff	3,900	54,338
Sales staff	12,317	70,275
Total remuneration expenses in equity instruments	213,104	4,510,820
Total meal vouchers	1,943,625	1,619,370
Total	51,618,700	67,916,866

Salary expenses increased compared to the previous year in line with the development and growth of the Company's activity and were aimed at maintaining competitiveness in the market and ensuring the necessary resources for ongoing projects.

14. OPERATING EXPENSES

External benefit expenses	Financial year ended December 31, 2021	Financial year ended December 31, 2022
Expenditure on maintenance and repairs	197,297	341,778
Expenditure on royalties, management leases and rentals	4,046,866	5,562,162
Expenditure on insurance premiums	434,043	480,036
Expenditure on studies and research	349,636	527,238
Expenses on commissions and fees	790,465	822,037
Entertainment, advertising and publicity expenses	1,131,106	1,711,908
Expenditure on transport of goods and staff	386,593	210,369
Expenditure on travel, secondment and transfers	599,828	1,406,205
Postage charges and telecommunications charges	2,299,482	2,449,082
Expenditure on banking and similar services	62,212	267,010
Other expenditure on services performed by third parties	45,065,113	82,658,943
Total	55,362,641	96,436,768

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

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OPERATING EXPENSES (continued)

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.

15. OTHER INFORMATION

15.1. Profit distribution

	Balance as at December 31, 2021	Balance as at December 31, 2022
Net profit to be distributed	43,199,268	41,898,453
- other reserves	262,402	947,557
- legal reserves	2,459,391	2,403,522
- coverage of accounting loss	-	-
- dividends, etc.	-	-
Retained earnings	40,477,475	38,547,374

15.2. Earnings per share (EPS)

	December 31, 2021	December 31, 2022
Net profit	43,199,268	41,898,453
Number of shares	455,697,494	911,394,988
Earnings per share (EPS)	0.09	0.05

15.3. Income tax

	December 31, 2021	December 31, 2022
Corporate income tax calculation		
Operating income	172,053,933	232,414,465
Operating expenses	126,233,290	185,471,686
Operating profit / (loss)	45,820,643	46,942,779
Financial revenues	4,632,367	7,541,243
Financial expenses	1,265,181	6,413,585
Financial profit / (loss)	3,367,186	1,127,658
Gross profit / (loss)	49,187,829	48,070,437
Income tax expense	5,998,561	6,171,984
Net profit / (loss)	43,199,268	41,898,453
Non-taxable income	2,383,377	3,029,370
Legal reserve	2,459,391	2,403,522
Non-deductible expenses	9,719,670	16,794,129
Current year taxable profit	48,076,171	53,259,691
Tax loss from prior years	-	-
Taxable profit	48,076,171	53,259,691
Corporate income tax (%)	16%	16%
Corporate income tax	7,692,187	8,521,550
Tax-deductible sponsorships	798,733	1,108,783
Exempted corporate income tax, according to Article 22 of the Tax Code	41,984	151,609
Minimum income tax		
Bonus applied under Government Emergency Ordinance 33/2020	-	-
Early education subsidy according to the provision of the Tax Code from Article 25 paragraph 4 section i(2)	46,287	-

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Bonus applied under Government Emergency Ordinance 153/2020	816,622	1,089,174
Income tax expense	5,988,561	6,171,984

15.4. Main financial ratios

	December 31, 2021	December 31, 2022
1. Liquidity indicators		
a) Current liquidity indicator	9.57	3.53
b) Immediate liquidity indicator	9.29	3.49
2. Risk indicators		
a) Leverage ratio indicator (Borrowed capital/Equity)	0.47%	22.05%
b) Interest coverage indicator	322.96	58.55
3. Activity Indicators		
a) Inventory turnover ratio (no. of times)	2.69	2.49
Or		
a) Inventory turnover ratio (days)	135.80	146.38
b) Debt turnover - customers (days)	137.56	106.56
c) Credit turnover ratio - supplier (days)	27.65	38.29
d) Turnover of non-current assets	3.22	1.31
e) Turnover of total assets	0.83	0.69
4. Profitability indicators		
a) Return on capital employed	0.27	0.18
b) Gross margin rate on sales	27.06	20.54

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15.5.Related parties and affiliated parties

Balances in relation to affiliated entities are the following:

Receivables	December 31, 2021	December 31, 2022
AROBS BUSINESS CENTER SRL	612,554	690,414
AROBS BUSINESS SERVICES SRL	274,429	15,588
AROBS DEVELOPMENT&ENGINEERING SRL	-	712,746
AROBS ETOLL SOLUTIONS SRL	-	30,077
AROBS PANNONIA SOFTWARE	57,043	108,533
AROBS SOFTWARE SOLUTIONS GMBH	68,180	108,343
AROBS SYSTEMS SRL	-	55,567
AROBS TRACKGPS SRL	29,966	38,736
AROBS TRADING & DISTRIBUTION SRL	-	1,350,829
AROBS TRADING&DISTRIBUTION GmbH	465,131	466,134
BERG COMPUTERS SRL	-	1,165,070
CABRIO INVEST SRL	13,848	20,851
CABRIO INVESTMENT SRL	141	118
COSO BY AROBS BV	14,309	108,231
COSO BY AROBS BVBA	5,938	12,042
IM AROBS SOFTWARE	18,348	18,346
MED CONTROL SOLUTION SRL	327,401	102,531
NEWCAR4FUTURE SRL	191,591	217,603
NORDLOGIC SOFTWARE SRL	-	204,359
OOMBLA TRAVEL MANAGEMENT SRL	31,074	54,598
PT AROBS SOLUTIONS INDONESIA	407,593	819,905
S.A.S. FLEET TRACKING SRL (SAS GRUP SRL)	198,431	541,862
SILVERBULLET SOFTWARE SRL	-	5,283
SMAIL COFFEE SRL	161,869	180,257
SOFTMANAGER SRL	7,773	4,403
UCMS GROUP ROMANIA SRL	100,320	128,700
VISION PLUS MOBILE SRL	49,616	49,616
Total	3,035,556	7,210,742

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Related parties and affiliated parties (continued)

Liabilities	December 31, 2021	December 31, 2022
AROBS BUSINESS SERVICES SRL	0	65,232
AROBS DEVELOPMENT&ENGINEERING SRL	-	32,449
AROBS PANNONIA SOFTWARE	-	10,048
AROBS SOFTWARE DOO	0	0
AROBS SOFTWARE SOLUTIONS GMBH	(0)	69,016
I.M. AROBS SOFTWARE SRL	1,036,712	1,293,608
AROBS SYSTEMS SRL	-	539,158
AROBS TRACKGPS SRL	0	1,734
AROBS TRADING & DISTRIBUTION SRL	-	692
CABRIO INVEST SRL	12,517	12,559
COSO BY AROBS B.V. BE	-	140,231
COSO TEAM UK LTD	-	(16,226)
IKON SOFT SRL	87,158	40,624
MED CONTROL SOLUTION SRL	840	-
NORDLOGIC SOFTWARE SRL	-	8,407
OOMBLA TRAVEL MANAGEMENT SRL	11,767	61,624
SMAIL COFFEE SRL	4,584	50,806
SOFTMANAGER SRL	4,823	240,118
UCMS GROUP ROMANIA SRL	19,779	0
Total	1,178,181	2,550,078

Transactions with special relationship entities are as follows:

Sales	December 31, 2021	December 31, 2022
AROBS BUSINESS CENTER SRL	29,054	21,262
AROBS BUSINESS SERVICES SRL	167,446	55,065
AROBS DEVELOPMENT&ENGINEERING SRL	-	959,552
AROBS ETOLL SOLUTIONS SRL	-	22,459
AROBS PANNONIA SOFTWARE	718,758	419,801
AROBS SOFTWARE SOLUTIONS GMBH	210,021	836,716
AROBS SYSTEMS SRL	-	29,438
AROBS TRACKGPS SRL	328,607	793,959
AROBS TRADING & DISTRIBUTION SRL	-	1,136,380
AROBS TRADING&DISTRIBUTION GmbH	75,472	1,068
BERG COMPUTERS SRL	-	990,398
CABRIO INVEST SRL	41,120	54,611
CABRIO INVESTMENT	39	-
COSO BY AROBS BV	81,822	175,936
COSO BY AROBS BVBA	5,938	21,057
IM AROBS SOFTWARE SRL	18,351	-
MANAGIS SERV SRL	620	-
MED CONTROL SOLUTION SRL	371,744	12,464
NEWCAR4FUTURE SRL	41,196	21,858
NORDLOGIC SOFTWARE SRL	-	168,629
OOMBLA TRAVEL MANAGEMENT SRL	30,668	21,344
PT AROBS SOLUTIONS INDONESIA	408,704	540,178
SAS FLEET TRACKING SRL	814,252	1,821,091
SMAIL COFFEE SRL	68,232	65,872
SOFTMANAGER SRL	17,915	-
UCMS GROUP ROMANIA SRL	801,248	795,844
Total	4,231,208	8,964,983

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Related parties and affiliated parties (continued)

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

Purchases	December 31, 2020	December 31, 2021
AROBS BUSINESS CENTER SRL	-	1,123,523
AROBS BUSINESS SERVICES	87,406	488,558
AROBS DEVELOPMENT & ENGINEERING	-	50,591
AROBS PANNONIA SOFTWARE	760,910	652,264
AROBS SOFTWARE DOO NOVI	3,758	-
AROBS SOFTWARE SOLUTIONS GMBH	251,644	338,202
AROBS SYSTEMS SRL	-	453,074
AROBS TRACKGPS SRL	1,950	1,731
AROBS TRADING & DISTRIBUTION S.R.L.	-	581
CABRIO INVEST SRL	100,877	95,934
COSO BY AROBS BVBA	1,367,573	792,171
I.M. AROBS SOFTWARE SRL	12,009,515	17,726,099
IKON SOFT	372,306	471,168
MED CONTROL SOLUTION SRL	840	4,875
NORDLOGIC SOFTWARE SRL	-	129,453
OOMBLA TRAVEL MANAGEMENT SRL	284,190	717,898
SMAIL COFFEE SRL	496,447	571,642
SOFTMANAGER SRL	191,208	554,695
UCMS GROUP	79,593	79,690
Total	16,008,217	24,252,148

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

Allocation of shares to employees of subsidiaries	December 31, 2021	December 31, 2022
AROBS ETOLL SOLUTIONS SRL	-	5,178
AROBS DEVELOPMENT&ENGINEERING	-	496,247
BERG COMPUTERS SRL	-	790,423
UCMS GROUP ROMANIA SRL	15,320	233,587
SAS GRUP SRL	698	18,695
Total	16,018	1,544,130

Within the framework of the Stock Option Plan implemented by AROBS Transilvania Software, the company also granted stock options to group companies UCMS Group SRL, SAS Grup SRL, BERG Computers SRL, AROBS Development&Engineering, AROBS Etoll Solutions. The value of these stock options to date is RON 1,544,130.

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Related parties and affiliated parties (continued)

Loans granted - TRANSILVANIA SOFTWARE RECRUITMENT S.R.L.

	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 granted - AROBS TRADING & DISTRIBUTION GMBH

	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 the need for working capital, as AROBS Trading & Distribution GmbH is an internationally guaranteed trading and distribution company for premium electronics and appliances. Products are purchased with full payment in advance from distributors and manufacturers throughout Europe and are sold in Turkey, Dubai, France, Germany, Denmark.

Loans granted - CABRIO INVESTMENT S.R.L.

	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 - AROBS BUSINESS CENTER

	December 31, 2021	December 31, 2022
Loan amount	6,624,300	6,883,363
Interest amount	594,393	841,617
Total	7,218,694	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 - CABRIO INVEST BV

	December 31, 2021	December 31, 2022
Loan amount	5,095,059	5,094,338
Interest amount	508,791	699,757
Total	5,603,850	5,794,095

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Related parties and affiliated parties (continued)

Cabrio Invest BV Netherlands was established in April 2018 and is the main shareholder for the newly acquired companies in Belgium and the Netherlands: Coso by Arobs BVBA and Coso by Arobs BV. The services provided by Coso supplement the services of AROBS Transilvania Software in the areas of software services and process automation.

The initial loan was granted for the partial acquisition of the business in the Netherlands and Belgium, and subsequently loans were granted for operational needs.

Loan – SOFTMANAGER S.R.L.

	December 31, 2021	December 31, 2022
Loan amount	890,658	890,532
Interest amount	86,260	117,416
Total	976,918	1,007,948

The borrowings were granted for working capital.

Loan - COSO BY AROBS BV

	December 31, 2021	December 31, 2022
Loan amount	222,665	222,633
Interest amount	19,628	27,974
Total	242,293	250,607

The loan was granted to cover operational expenses.

Loan - AROBS SOFTWARE SOLUTIONS GMBH

	December 31, 2021	December 31, 2022
Loan amount	148,443	148,422
Interest amount	7,544	1,496
Total	155,987	149,918

The loan was granted to cover operational expenses.

Loan - AROBS BUSINESS CENTER PLUS

	December 31, 2021	December 31, 2022
Loan amount	-	-
Interest amount	254	-
Total	254	-

Loan – MED CONTROL SOLUTION S.R.L.

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

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Related parties and affiliated parties (continued)

Loans granted to UCMS GROUP SRL

	December 31, 2021	December 31, 2022
Loan amount	-	2,503,796
Interest amount	-	33,750
Total	-	2,537,545

Loans granted to AROBS SYSTEMS SRL

	December 31, 2021	December 31, 2022
Loan amount	-	1,289,756
Interest amount	-	12,217
Total	-	1,301,973

Loans granted to AROBS ETOLL SOLUTIONS SRL

	December 31, 2021	December 31, 2022
Loan amount	-	162,344
Interest amount	-	1,373
Total	-	163,716

Loans granted to AROBS ETOLL SOLUTIONS SRL

	December 31, 2021	December 31, 2022
Loan amount	-	2,968,440
Interest amount	-	39,281
Total	-	3,007,721

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Related parties and affiliated parties (continued)

The relationships between these entities are of the nature of the related parties through Mr Voicu Oprean who holds shares in these companies set out in the table below:

NO.	COMPANY	SHAREHOLDERS	NO. SHARES HELD
1	I.M. AROBS SOFTWARE	Voicu Oprean	100%
2	AROBS TRACKGPS S.R.L.	Voicu Oprean	100%
3	AROBS PANNONIA SOFTWARE	Voicu Oprean	100%
4	AROBS TRANSILVANIA SOFTWARE S.A.	Voicu Oprean	63.29%
		Cabrio Investment	8.8%
		AROBS Transilvania Software S.A. (repurchased shares)	8.8%
		Other shareholders	19.11%
5	TRANSILVANIA SOFTWARE RECRUITMENT S.R.L.	Cabrio Investment	90%
		Voicu Oprean	10%
6	AXISPOINT SOLUTIONS S.R.L.	Voicu Oprean	40%
		Axispoint Inc	60%
7	VISION PLUS MOBILE S.R.L.	Cabrio Investment	70%
		Robert Ledenyi	20%
		Voicu Oprean	10%
8	AROBS SOFTWARE DOO	Voicu Oprean	100%
9	MED CONTROL SOLUTIONS S.R.L. (company with suspended activity)	Voicu Oprean	45%
		Oprean Radu	45%
		Ovidiu Bojan	10%
10	AROBS TRADING & DISTRIBUTION GmbH	Voicu Oprean	100%
11	PT AROBS SOLUTIONS INDONESIA	AROBS Transilvania Software S.A.	70%
		Jacqueline Jhia Lynn	30%
12	IKON SOFT S.R.L.	Cabrio Investment	25%
		other individuals shareholders	75%
13	IKON SOFT PRO S.R.L.	Cabrio Investment	25%
		other individuals shareholders	75%
14	SMAIL COFFEE S.R.L.	Cabrio Investment	100%
15	MANAGIS SERV S.R.L.	Salomie Daniela	60%
		Cabrio Investment	40%
16	CABRIO INVEST S.R.L.	Oprean Delia	100%
17	CABRIO INVEST B.V.	AROBS Transilvania Software S.A.	90%
		Oprean Voicu	10%
18	CABRIO INVESTMENT S.R.L.	Oprean Voicu	50%
		Oprean Delia	50%
19	COSO TEAM UK LTD (company with suspended activity)	CABRIO INVEST B.V. (NL)	100%
20	COSO BY AROBS B.V.	CABRIO INVEST B.V. (NL)	100%
21	COSO BY AROBS B.V.B.A.	CABRIO INVEST B.V. (NL)	95%
		COSO BY AROBS B.V. (NL)	5%

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Related parties and affiliated parties (continued)

22	B.A.R. AROBS INTERNATIONAL S.R.L.	Oprean Voicu	80%
		Ion Mardarovici	20%
23	TINN TECH AS	Adrian Savu	25 shares
		Geir Rognlien Elgvin	25 shares
		Oprean Voicu	25 shares
24	NEWCAR4FUTURE S.R.L.	Oprean Voicu	45%
		Cabrio Investment	35%
		Cleja Mihaela	10%
		Szabo Peter	10%
25	MARINA PROPERTIES PLUS S.R.L.	Cabrio Investment	50%
		Morariu Alexandra	25%
		Bud Vasile	25%
26	SAS FLEET TRACKING S.R.L.	AROBS Transilvania Software S.A.	100%
27	AROBS BUSINESS CENTER S.R.L.	Oprean Voicu	90%
		Cabrio Investment	10%
28	ONLINE DISTRIBUTION SERVICES S.R.L.	Oprean Voicu	38%
		Zoltan Tussai	38%
		Gruita Andrei	4%
		Bădău Florinel Dorin	20%
29	UCMS GROUP ROMANIA S.R.L	AROBS Transilvania Software S.A.	97.67%
		Oprean Voicu	2.33%
30	SOFTMANAGER S.R.L.	AROBS Transilvania Software S.A.	70%
		Artur Putineanu	30%
31	CLEVERAGE VENTURE CAPITAL S.R.L.	Klonus Invest Ltd (CY)	29.14%
		Oprean Voicu	29.14%
		Wargha Enayati (RO)	29.14%
		Sergiu Madalin Negut (RO)	7.75%
		Alexandru Popescu (RO)	4.84%
32	SKYSHIELD KFT	AROBS PANNONIA SOFTWARE KFT	100%
33	AROBS SOFTWARE SOLUTIONS GmbH	AROBS Transilvania Software S.A.	60%
		Gerhard Hauk	40%
34	AROBS BUSINESS SERVICES S.R.L.	Oprean Voicu	60%
		Pinghioiu Răzvan	5%
		Butnaru Management and Consulting S.R.L.	35%
35	AROBS BUSINESS CENTER PLUS S.R.L.	Oprean Voicu	100%
36	AROBS TRADING & DISTRIBUTION S.R.L.	Oprean Voicu	100%
37	BERG COMPUTERS S.R.L.	AROBS Transilvania Software S.A.	100%
38	OOMBLA TRAVEL MANAGEMENT S.R.L.	Oprean Voicu	15%
		Oprean Delia	51%
		Bichiș Radu	20%
		Topârcean Ramona	7%
		Zamfir Daniela	7%

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Related parties and affiliated parties (continued)

39	AROBS ETOLL SOLUTIONS S.R.L.	AROBS Transilvania Software S.A.	100%
40	AROBS SYSTEMS S.R.L.	AROBS Transilvania Software S.A.	100%
41	AROBS DEVELOPMENT & ENGINEERING S.R.L.	AROBS Transilvania Software S.A.	100%
42	ATS ENGINEERING LLC	AROBS Development & Engineering (RO)	100%
43	NORDLOGIC SOFTWARE S.R.L.	AROBS Transilvania Software S.A.	100%
44	SILVER BULLET SOFTWARE S.R.L.	Nordlogic Software S.R.L. (RO)	100%
45	CENTRUL DE SOFT GPS S.R.L.	AROBS Transilvania Software S.A.	100%
46	NORDLOGIC USA, Inc.	Nordlogic Software S.R.L. (RO)	100%

15.5. Other information

Audit expenses

The fees related to the audit of the Company'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, 2021, were established in accordance with the contract concluded with BDO Auditors & Accountants SRL.

Commitments under contracts, including operating leases

The Company's commitments in 2022 are related to rental agreements for premises:

No.	Place of business	Use of rented space/area	Value of rent 2022	Estimated rent value 2023
1	Cluj-Napoca Str. Săpătorilor	Office space + warehouse / 300 sq m	70,672	72,000
2	Cluj-Napoca CBC	Office space. Storage / 2,311.25 sq m	1,621,725	1,645,000
3	Cluj-Napoca, Str. Minerilor	Office space / 787.54 sq m	526,239	570,000
4	Cluj-Napoca, P-ța Cipariu	Office space 220 sq m	66,307	66,500
5	Cluj-Napoca, Str. Trifoiului	Storage space / 167.75 sq m	59,507	60,000
6	Cluj-Napoca, Str. Brancuși	Office space / 171.29 sq m	193,773	195,000
7	Tg. Mureș	Office space / 1,077.46 sq m	509,771	543,000
8	Iași	Office space / 239.38 sq m	237,722	240,000
9	Bucharest	Office space / 146 sq m + 4 parking spaces	142,111	143,500
10	Suceava	Office space / 542.52 sq m	174,530	322,000
11	City-Napoca. Donath	Registered office facility	22,800	22,800
12	Baia Mare	Office space / 498.15 sq m	99,567	100,000
13	Arad	Office space / 171.61 sq m + 3 parking spaces	136,198	161,000
		SUBTOTAL	3,860,924	4,140,800
14		Operational lease 26 passenger vehicles	667,491	670,000
		TOTAL	4,528,415	4,810,800

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Other information (continued)

An average exchange rate of 4.94 RON/EUR was used to estimate the rent liabilities.

Arobs Transilvania S.A. had ongoing operating leases in 2022. The value of the rent recorded for the cars used by the Company under operational lease was RON 667,491.

Leases of property, plant and equipment where the Company undertakes all the risks and benefits of ownership are classified as finance leases. Financial leases are capitalised at the estimated present value of the payments. Amounts due are included in current liabilities or non-current liabilities, depending on the maturity of the contract. The interest item is recognised to the profit and loss account over the life of the contract. Assets acquired through finance leases are capitalised and depreciated over the lease term of 3-5 years.

Guarantees given and guarantees received

The guarantees outstanding at the end of 2022, amounting to RON 774,081, are detailed below:

Guarantee status	2021	2022
Rental of premises	748,466	687,649
EC (Economic) Assignment	2,000	0
Tenders	21,081	13,357
Other	77,075	73,075
Total	848,622	774,081

There were no guarantees received in the period 2015 to 2022.

Contingent liabilities and disputes

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

Disputes

The Company is involved in lawsuits mainly concerning the recovery of trade receivables.

Taxation

Romania's tax system is in a phase of consolidation and harmonisation with European legislation. There are still different interpretations of tax law in this respect. In some cases, tax authorities may treat certain issues differently by calculating additional taxes and duties and related interest and late payment penalties.

Under current tax legislation, taxpayers are charged interest and late payment penalties for failure to pay their tax obligations on time.

In addition, the Government of Romania has a number of agencies authorised to carry out the audit (control) of companies operating in the territory of Romania. These audits are similar to tax audits in other countries, and may cover not only tax issues but also other legal and regulatory issues of interest to these agencies. In Romania, the tax year remains open for tax inspection for 5 years. The Company's Management believes that tax liabilities included in these Financial Statements are appropriate.

AROBS TRANSILVANIA SOFTWARE S.A.
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Other information (continued)

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 Company did not record any liabilities in respect of anticipated costs, including legal and consulting fees, studies, design and implementation of environmental remediation plans. The Company 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 Company is not able to quantify the outcome of this review. The Company considers that related party transactions have been carried out at market values.

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, and as a result of the easing of restrictions worldwide, the activity of AROBS Transilvania Software 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 Transilvania Software SA 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 Company's 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 Company'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).

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Other information (continued)

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 to date, the Company'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 anticipate any significant impact on the conduct of current operations. The Company 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 Company collaborates). The indirect exposure (customers, suppliers, with whom the Company 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 Company's management has so far given no indication of any significant impact on the Company's business.

16. 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, the Company 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, the Company announced the market the appointment of Mr Bogdan Ciungradi as Chief Financial Officer of the Company. Mr Ciungradi's term of office is given for an indefinite period of time. As CFO of the Company, 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 the Company aims to achieve this year.

Director

Surname and First Name:

Oprean Voicu

Signature

Seal of the Establishment

Prepared by

Surname and First Name:

Nistor Iuliana

Chief Accountant

Signature