



# FINANCIAL REPORT FOR Q1 2023

AROBS Transilvania Software S.A.  
Company listed on  
MTS - AeRO market of the Bucharest Stock Exchange  
Symbol: AROBS

---

## TABLE OF CONTENTS

ISSUER INFORMATION _____	3
FINANCIAL RESULTS IN Q1 2023 AT THE CONSOLIDATED LEVEL _____	4
MESSAGE FROM THE CEO _____	5
ABOUT AROBS TRANSILVANIA SOFTWARE _____	7
KEY EVENTS IN Q1 2023 AND AFTER THE CLOSING OF THE REPORTING PERIOD _____	9
CONSOLIDATED AND INDIVIDUAL FINANCIAL RESULTS ANALYSIS _____	11
<i>CONSOLIDATED REVENUE AND EXPENSE ANALYSIS</i> _____	11
<i>BALANCE SHEET</i> _____	14
CONSOLIDATED AND INDIVIDUAL PROFIT AND LOSS ACCOUNT _____	15
CONSOLIDATED AND INDIVIDUAL BALANCE SHEET _____	16
KEY FINANCIAL RATIOS _____	17
DECLARATION OF THE MANAGEMENT _____	18

Disclaimer: The financial figures presented in the descriptive part of the report that are expressed in million lei are rounded off to the nearest integer and may result in small reconciliation differences.

## ISSUER INFORMATION

### INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Quarterly report – Q1 2023
Report publishing date	30.05.2023
According to	Annex 13 to FSA Regulation 5/2018
For financial period	01.01.2023 – 31.03.2023

### ISSUER INFORMATION

Name	AROBS Transilvania Software SA
Fiscal Code	RO 11291045
Trade registry number	J12/1845/1998
Registered office	11 Donath St., M4, sc. 2, 3 <sup>rd</sup> floor, ap. 28, Cluj-Napoca, Cluj, Romania

### INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	91,139,498.80 lei
The market on which securities are traded	MTS - AeRO Premium
Total number of shares	911,394,988
Symbol	AROBS

### CONTACT DETAILS FOR INVESTORS

Phone number	+40 754 908 742
E-mail	ir@arobs.com
Website	www.arobsgrup.ro and www.arobs.com

The Q1 2023 financial statements presented on the following pages at individual and consolidated level are not audited.

## FINANCIAL RESULTS IN Q1 2023 AT THE CONSOLIDATED LEVEL



**RON 131.3 million**

**TURNOVER**

**+25% vs. 2023 budget**

**+113% vs. Q1 2022**



**RON 22.8 million**

**EBITDA**

**+23% vs. 2023 budget**

**+9% vs. Q1 2022**



**RON 17 million**

**13% operating result margin**



**RON 13.2 million**

**NET RESULT**

**+17% vs. 2023 budget**

**-16% vs. Q1 2022**



**RON 16.9 million**

**NORMALIZED NET RESULT**

**+15% vs. 2023 BUDGET**

**+13% vs. Q1 2022**

## MESSAGE FROM THE CEO

Dear shareholders,

In 2023, AROBS celebrates 25 years since its foundation. Therefore, we aim to exceed the expected growth and investors' expectations and to develop swiftly and stably to become the most significant player in the IT industry with innovative services and products from Cluj. Currently, AROBS is a company with a presence in 11 cities in Romania and 9 abroad and has a team of over 1,200 colleagues. And #WeWontStop here!

The first quarter set the tone for a potentially very successful 2023. We recorded a 113% increase in consolidated turnover compared to Q1 2022. The increase is based on several sources, one of them being the 35% organic growth of the main company in the Group - AROBS Transilvania Software - which continues to perform extremely well, both in the software services and at the product level.

The Integrated Systems specialization brought a significant increase within AROBS Systems. This greenfield business represents the business line responsible for implementing hardware and software services and software products for contracting authorities in the public sector. Our colleagues contributed 27 million lei to the turnover related to Q1 2023.

Overall, we had a very dynamic beginning of the year regarding M&A transactions, an essential pillar in our development strategy. The acquisitions allow us to diversify our portfolio of services and products and increase our group's competitiveness in technology at national level and globally. The first transaction carried out in the first three months of the year was the acquisition of the Centrul de Soft GPS, through which we consolidated our position as the market leader in Romania thanks to the more than 1,000 active clients which were added to the portfolio with more than 10,000 clients of AROBS. Another transaction was the acquisition of SYDERAL Polska, through which we took another important step towards consolidating our expertise in the aerospace industry. The Polish company integrates synergistically with our teams in AROBS Engineering – developing embedded systems and software for the aerospace sector. The financial results of SYDERAL Polska are reflected within the group as of February this year.

As of February 2023, the financial results of the acquired companies from the Republic of Moldova, AROBS Software Moldova, and TrackGPS by AROBS are also included in the consolidation. Thus, the companies attracted to the Group represent an essential source of growth in Q1 2023 and contribute to increasing the geographical footprint of the business and the diversification of our services and products.

Another significant event for us is the acquisition of the Future WorkForce Global (FWF) group, signed in Q2 2023. This transaction confirms our strategy of developing new software services expertise to keep us competitive in the global technology landscape. The acquisition of FwF consolidates our position in the intelligent automation market through Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in Western Europe. FwF develops intelligent automation solutions that use the latest RPA (UiPath, Microsoft, Celonis, Outsystems), AI, ML, and low-code technologies to automate repetitive and time-consuming tasks, allowing organizations to focus on high-value activities.

CoSo 's RPA division by AROBS Belgium and the Netherlands joined forces with Future WorkForce and will continue to be present in Benelux under the Future WorkForce brand. Thus, we quickly capitalize on the synergy between the organizations within the AROBS Group. Now, we have a team of over 100 experts in Intelligent Automation in the UK, the Benelux area, Germany and Romania.

Another major project related to Q1 2023, which this time addressed our colleagues, was the start of the third stage of the Stock Option Plan (SOP) program. Since listing on the Bucharest Stock Exchange, one of our strategic directions has been to focus on the motivation and retention of AROBS team members. Our Stock Option Plan



(SOP) program, granted free of charge to colleagues who meet the minimum duration of the employment contract but also of performance criteria, has opened a new topic of conversation in the Romanian industry. SOP programs continue to be one of our differentiators, considering the small number of listed technology companies implementing similar programs. The involvement of colleagues in the company's performance, the fact that we move from a relationship of colleagues to that of business partners, is another element that distinguishes AROBS in the market, and we want that through such programs to attract talents with vast expertise in the field.

Regarding our activity on the capital market, AROBS is currently the largest technology company listed on the Bucharest Stock Exchange, with a market capitalization of over 900 million lei. AROBS shares are still the most traded on the AeRO market, and the trust and interest of shareholders support us in the process of preparation for the transition to the Main Market, which we estimate will be completed in the second half of 2023.

AROBS follows the strategic course established based on the four assumed development directions. We will continue to be active and involved in innovative research projects and develop new software services expertise. We will continue to carry out the M&A activity at the same pace as until now and target acquiring entrepreneurial companies with exceptional teams that can bring added value to the AROBS group.

We invite you to browse the following pages of the financial report for Q1 2023, where more details are presented regarding the performance of the AROBS Group in the first quarter of this year. In case of any questions related to our business activity or the capital market, please contact us at [ir@arobs.com](mailto:ir@arobs.com).

**Voicu Oprean**  
CEO



## ABOUT AROBS TRANSILVANIA SOFTWARE

AROBS Transilvania Software SA is an IT company established in 1998, and currently, it is the technology company with the highest capitalization and liquidity on the Bucharest Stock Exchange. The company's object of activity is developing custom software with high expertise in software engineering for the automotive, aerospace, medical, maritime, and other fields, but also in developing software for IoT, tourism, clinical studies, enterprise solutions, and FinTech.

Since its establishment, AROBS Transilvania Software has relied on excellent specialists and well-adjusted but flexible processes to consistently deliver the best quality customized software, products, and software applications, where the company has retained ownership.

The excellence of the services and the dedication shown by the company's specialists have helped establish strong, long-term partnerships with over 11,000 companies in Romania, Central and Eastern Europe, and hundreds of international companies.

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

- **TrackGPS** – car fleet management and monitoring solution;
- **Optimall** – sales force automation solution;
- **RateWizz** – channel manager for the hotel industry;
- **Digital school textbooks solution;**
- **MonePOS** – Contactless and paperless payment solution.

AROBS has 25 years of experience in developing customized software solutions for customers in 14 countries in Europe, Asia, and America.

The company has its headquarters in Cluj-Napoca and regional operational offices in Bucharest, Iasi, Targu Mures, Baia Mare, Suceava, and Arad.

As of December 2021, new offices were added to the AROBS map in Romania by acquiring Berg Computers, a company with offices in Timisoara, Oradea, and Lugoj.

Also, as of June 2022, the AROBS Group consolidated its Software Services division by integrating a number of approximately 160 employees by taking over the company Enea Services Romania from the company Enea Software AB from Sweden. By taking over Enea (officially registered as AROBS Development & Engineering), AROBS has new offices in Bucharest, Craiova, Iasi, and Florida (USA).

By taking over the Nordlogic group in July 2022, AROBS has new locations in Cluj-Napoca, Oradea, and Seattle, USA.



Through the acquisitions carried out in the first three months of 2023, AROBS is now also present in the Republic of Moldova – Chisinau, through AROBS Moldova and TrackGPS by AROBS Moldova, in Poland - Gdansk, through SYDERAL Polska, and through Future WorkForce Global, a company acquired in Q2 2023, AROBS has new offices in Cluj, Bucharest, London, and Munich.

The AROBS Group consists of AROBS Transilvania Software SA (the "Company" or "AROBS" or "Parent Company" and its subsidiaries):

No.	Company	AROBS stake
1	AROBS DEVELOPMENT & ENGINEERING SRL (ENEA)	100%
2	AROBS ETOLL SOLUTIONS SRL	100%
3	AROBS SOFTWARE SOLUTIONS GMBH	60%
4	AROBS SOFTWARE SRL	100%
5	AROBS SYSTEMS SRL	100%
6	AROBS TRACKGPS SRL	100%
7	ATS ENGINEERING LLC	100%
8	BERG COMPUTERS SRL	100%
9	CABRIO INVEST BV	90%
10	GPS SOFTWARE CENTER SRL	100%
11	COSO BY AROBS BV NL	90%
12	COSO BY AROBS BV BE	90%
13	COSO TEAM UK LTD	90%
14	NORDLOGIC SOFTWARE SRL	100%
15	NORDLOGIC USA, INC	100%
16	PT AROBS SOLUTIONS INDONESIA	70%
17	SAS FLEET TRACKING SRL (SAS GROUP)	100%
18	SILVER BULLET SRL	100%
19	SOFTMANAGER SRL	70%
20	SYDERAL POLAND	94%
21	UCMS GROUP ROMANIA SRL	97.67%



## KEY EVENTS IN Q1 2023 AND AFTER THE CLOSING OF THE REPORTING PERIOD

### ACQUISITION OF CENTRUL DE SOFT GPS SRL

On **January 18, 2023**, the Company informed the market about the complete acquisition of Centrul de Soft GPS SRL. Centrul de Soft GPS represented the fleet management division of the company Centrul de Soft Pro until June 2022, when a division process took place, and the Company entirely took over the new entity created under this name. The Centrul de Soft GPS is specialized in developing ERP-type applications and providing solutions for fleet management, fleet monitoring, security applications, or the recovery of stolen cars. The client portfolio of the Centrul de Soft GPS consists of more than 1,000 companies with approximately 9,000 monitored vehicles.

### 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 specialized in the development of products and technologies for quantum and optical communication, storage and processing data as well as control of mechanisms and instruments via satellite.

SYDERAL Polska was established in 2016 and has a team of 28 specialists in providing hardware and software solutions for the aerospace sector customers' needs. The company implements projects for the European Space Agency (ESA) and simultaneously conducts R&D projects funded by the National Center for Research and Development (NCBiR) in Poland. By taking over SYDERAL Polska, AROBS enters a new market, Poland, and consolidates its business expertise in the field of embedded systems for aerospace.

The company is still managed by Michal Drogosz, the current CEO, who also remains a shareholder with a 6% stake.

### APPOINTMENT OF CHIEF FINANCIAL OFFICER

On **February 8, 2023**, the Company informed the market about the appointment of Mr. Bogdan Ciungradi as the Chief Financial Officer of the Company. The mandate of Mr. Ciungradi is granted for an undetermined period of time. Bogdan Ciungradi is an executive with 25 years of experience in the financial and operating field. During his professional career, he held various management positions in companies such as Noriel Group, Țiriac Imobiliare, SIVECO Romania, and Flanco, where he contributed to their business optimization and financial processes.

As CFO of the Company, Bogdan Ciungradi will be responsible for coordinating the activity of the financial department and streamlining operations to stimulate financial performance at the group level. At the same time, he will be involved in the process regarding the transfer of AROBS shares on the Main Market of the Bucharest Stock Exchange, an objective that the company aims to achieve this year.

### EGMS FROM APRIL 19, 2023

On **March 16, 2023**, the Board of Directors of AROBS Transilvania Software convened the Extraordinary General Meeting of Shareholders for April 19, 2023. The legal and statutory quorum was constituted at the first convocation. The key points voted during the EGMS were:

- Approval for the future of the admission to trading of the Company's shares on the regulated market administered by the Bucharest Stock Exchange;
- Approval of distribution of shares through the stock option plan program for employees of Berg Computers SRL and COSO by AROBS BV;

- Approval of the reduction of the share capital of Arobs Transilvania Software SA from 91,139,498.8 lei to 87,129,360.9 lei, respectively with the amount of 4,010,137.9 lei, as a result of the cancellation of a number of 40,101,379 own shares (in proportion of 4.4% of the total number of shares) acquired by the company, in accordance with EGMS Decision no. 4 from 23.08.2021 and EGMS Decision no. 8 from 11.10.2021 and not distributed within the legal term, according to art. 1041 para. (3) from the Companies Law no. 31/1990 republished, with subsequent changes and additions. After the reduction, the share capital of Arobs Transilvania Software SA will have the value of 87,129,360.9 lei divided into 871,293,609 ordinary, registered, dematerialized shares, with a nominal value of 0.1 lei each.

## ACQUISITION OF FUTURE WORKFORCE GLOBAL

On **April 26, 2023**, the Company informed the market about the complete takeover of the Future WorkForce Global (FWF) group, from Cluj-Napoca, specialized in providing complex business process automation solutions. In addition to Romania, where it has offices in Cluj-Napoca and Bucharest, the group has subsidiaries in London, UK, and Munich, Germany. Future WorkForce Global Group has approximately 100 specialists in optimizing and automating business processes using innovative technologies and solutions, such as Robotic Process Automation, Artificial Intelligence, and Machine Learning, located in Romania, UK, and Germany. The company started its activity in 2017, and today it has partnerships with some of the most important technology companies in the world – UiPath, Microsoft, Celonis, and Outsystems. Its clients include companies from banking, insurance, retail, logistics, and many more. FWF has an excellent reputation in the local and international markets, with its team being recognized for the customized approach and innovative solutions it provides to clients. In 2022, the FWF group recorded a turnover of approximately 22 million lei.

The company's management will continue to be ensured by Mihai Balaj and Marius Bene as co-CEOs, Daniel Muresan as CTO, and Voicu Oprean as Chairman of the Board of Directors.

## OGMS FROM APRIL 28, 2023

On **March 27, 2023**, the Board of Directors of AROBS Transilvania Software convened the Ordinary General Meeting of Shareholders for April 28, 2023. The legal and statutory quorum was constituted at the first convocation. The key points voted during the OGMS were:

- Approval of the revenue and expense budget for the 2023 financial year;
- Approval of the allocation of the Company's net profit, in the amount of 41,898,453.37 lei, for the financial year ended on December 31, 2022, determined in accordance with the applicable laws, as follows: the amount of 38,547,374.37 lei undistributed net profit (result carried forward), the amount of 2,403,521.88 lei was allocated for the establishment of the legal reserve and the amount of 947,557.12 lei was allocated for the establishment of other reserves;
- Approval of the remuneration policy of AROBS Transilvania Software SA;
- Approval of the reduction in management of the members of the Board of Directors for the 2022 financial year (secret vote).

## ACQUISITION OF AROBS Software SRL and AROBS TrackGPS

In **December 2022**, the Company announced the complete takeover of the entities from the Republic of Moldova, AROBS Software SRL and AROBS TrackGPS SRL (TrackGPS by AROBS Moldova). The two transactions were approved by the Company's shareholders during the General Shareholders' Meeting held on December 22, 2022. In February of this year, the two transactions were completed.

## CONSOLIDATED AND INDIVIDUAL FINANCIAL RESULTS ANALYSIS

AROBS acquired, at the end of January 2023, the company SYDERAL Polska. This subsidiary's financial performance (revenue and expenses) is reflected within the group as of February 2023.

At the beginning of February 2023, AROBS acquired the entire share capital of the companies AROBS Software SRL and AROBS Trackgps SRL, whose financial performance (revenue and expenses) is reflected within the group as of February 2023.

### CONSOLIDATED REVENUE AND EXPENSE ANALYSIS

Consolidated Revenue and Expense Budget	Achieved Q1 2023*	Budget Q1 2023	Achieved vs. Budget %
<b>Net turnover, of which:</b>	<b>131,303,041</b>	<b>105,312,500</b>	<b>25%</b>
Revenue from services	87,233,695	83,728,750	4%
Product revenue	43,714,511	21,583,750	103%
<i>of which: Revenue from software products</i>	16,787,283	12,163,750	28%
<i>of which: Revenues from integrated systems</i>	26,927,228	9,420,000	186%
Other services	354,835	-	100%
Other operating revenue	1,874,214	1,496,500	25%
<b>Total operating revenue</b>	<b>133,177,255</b>	<b>106,809,000</b>	<b>25%</b>
Cost of goods	25,301,507	10,246,500	147%
Personnel expenses	48,177,072	47,155,250	2%
Expenses for services performed by third parties	30,289,656	26,936,250	12%
Other operating expenses	6,582,447	3,912,000	68%
Amortization and depreciation (including goodwill)	5,518,826	4,698,500	17%
<b>Total operating expenses</b>	<b>115,869,508</b>	<b>92,948,500</b>	<b>25%</b>
<b>Operating result</b>	<b>17,307,747</b>	<b>13,860,500</b>	<b>25%</b>
<b>EBITDA</b>	<b>22,826,573</b>	<b>18,559,000</b>	<b>2.3%</b>
<b>EBITDA margin</b>	<b>17%</b>	<b>17%</b>	
<b>Normalized EBITDA**</b>	<b>25,506,471</b>	<b>21,239,123</b>	<b>20%</b>
<b>Normalized EBITDA Margin**</b>	<b>19%</b>	<b>20%</b>	
<b>Financial result</b>	<b>(273,406)</b>	<b>(401,750)</b>	<b>-32%</b>
<b>Gross result</b>	<b>17,034,341</b>	<b>13,458,750</b>	<b>27%</b>
<b>Gross Result Margin</b>	<b>13%</b>	<b>13%</b>	
<b>Net result</b>	<b>13,209,722</b>	<b>11,305,350</b>	<b>17%</b>
<b>Net result margin</b>	<b>10%</b>	<b>11%</b>	
<b>Normalized net result***</b>	<b>19,346,566</b>	<b>16,875,997</b>	<b>11%</b>
<b>Normalized net result margin***</b>	<b>15%</b>	<b>16%</b>	
No. of shares	911,394,988	911,394,988	
<b>Net result/share</b>	<b>0.01</b>	<b>0.01</b>	

\* unaudited

\*\*Normalized EBITDA = EBITDA without SOP impact

\*\*\* Normalized net profit excludes the non-cash effect generated by the Stock Option Plan (SOP) programs and amortization of goodwill

The Q1 2023 turnover exceeded the budgeted value for this period by 25% due to increases in both the services and product segments. A significant aspect that influenced these results is the turnover recorded from the activity of the integrated system for which the projects in progress at the beginning of 2023 were delivered and invoiced fully in Q1 2023. However, their completion was budgeted during both Q1 2023 and Q2 2023.

The operating expenses in Q1 2023 had the same evolution as the revenue compared to the budgeted values. Simultaneously with the turnover recorded from the activity of the integrated system, the expenses on goods and services performed by third parties in these projects were also recorded.

## CONSOLIDATED AND INDIVIDUAL P&L ANALYSIS

### Profit and Loss account indicators

Profit and Loss account indicators (RON)	T1 2022 AROBS Group*	Q1 2023 AROBS Group*	Variation %	T1 2022 AROBS Individual*	T1 2023 AROBS Individual*	Variation %	Share of the parent company in the AROBS Group 2023*
<b>Turnover</b>	61,503,182	131,303,041	113%	52,591,278	71,235,038	35%	54%
<b>Operating revenue</b>	62,429,521	133,177,255	113%	53,165,608	72,211,204	36%	54%
<b>Operating expenses</b>	43,840,859	115,869,508	164%	35,858,992	60,101,851	68%	52%
<b>Operating result</b>	18,588,662	17,307,747	-7%	17,306,616	12,109,353	-30%	70%
<b>EBITDA</b>	<b>20,893,466</b>	<b>22,826,348</b>	<b>9%</b>	<b>18,274,286</b>	<b>13,419,710</b>	<b>-27%</b>	<b>59%</b>
<b>EBITDA margin</b>	<b>34%</b>	<b>17%</b>		<b>35%</b>	<b>19%</b>		
<b>Normalized EBITDA**</b>	<b>21,580,833</b>	<b>25,506,471</b>	<b>18%</b>	<b>18,913,599</b>	<b>15,666,276</b>	<b>-17%</b>	<b>61%</b>
<b>Normalized EBITDA margin**</b>	<b>35%</b>	<b>19%</b>		<b>36%</b>	<b>22%</b>		
<b>Profit/Loss</b>	341,558	(273,406)	-180%	361,946	222,976	-38%	-82%
<b>Gross result</b>	<b>18,930,220</b>	<b>17,034,341</b>	<b>-10%</b>	<b>17,668,562</b>	<b>12,332,329</b>	<b>-30%</b>	<b>72%</b>
<b>Net result</b>	<b>15,792,050</b>	<b>13,209,722</b>	<b>-16%</b>	<b>14,955,274</b>	<b>10,193,671</b>	<b>-32%</b>	<b>77%</b>
<b>Net result margin</b>	<b>26%</b>	<b>10%</b>		<b>28%</b>	<b>14%</b>		
<b>Normalized net result***</b>	<b>17,176,185</b>	<b>19,346,566</b>	<b>13%</b>	<b>15,594,587</b>	<b>12,440,238</b>	<b>-20%</b>	<b>64%</b>

\*unaudited

\*\*Normalized EBITDA = EBITDA without SOP impact

\*\*\* Normalized net profit excludes the non-cash effect generated by the Stock Option Plan (SOP) programs and amortization of goodwill

In Q1 2023, the AROBS Group, at the consolidated level, registered a net turnover of 131.3 million lei, up 113% compared to Q1 2022.

A significant factor, which determined the increase in turnover at the group level, is the contribution of the newly acquired companies (Berg Computers, AROBS Development & Engineering, the Nordlogic group), as well as the established subsidiaries (AROBS Systems) between April 2022 and March 2023.

Also, a favorable contribution to the increase in turnover was made by the contracting of new projects in the area of providing software services, the growth of existing teams, the expansion of collaboration with existing clients, as well as the increase in the course of 2023 of the hourly rates applied to services. In software products, the increase in turnover was determined by contracting new customers during this period.

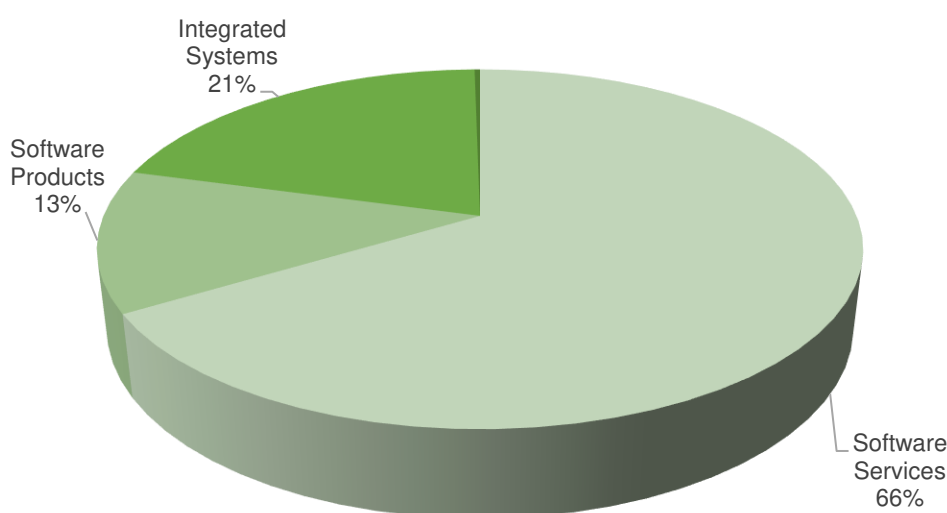
Globally, requests for services and software products continue to be on an upward trend as companies and organizations continue to need to digitalize their processes. The software development industry constantly requires access to excellent resources for companies to perform in a competitive market. In software products, such as fleet management, business optimization, digital payments, HR solutions, and implementing digitalization projects in the public sector, the market is also growing due to recent years' challenges and the economic-social context.

The contribution of the group's business segments to the total turnover is presented below:

Business lines	Turnover Q1 2022 (lei)*	Turnover Q1 2023 (lei)*	Variation %
Software services	47,050,009	87,233,695	85%
Software products	13,373,127	16,787,283	26%
Integrated systems	-	26,927,228	100%
Distribution of goods	948,565	-	-100%
Other services	131,481	354,835	170%
<b>Total</b>	<b>61,503,182</b>	<b>131,303,041</b>	<b>113%</b>

\* *unaudited*

Contribution to turnover in Q1 2023



In Q1 2023, the "Software Services" segment registered an 85% increase at the consolidated level compared to Q1 2022, and the revenues generated by the "Software Products" segment increased by 26% compared to the same period of the previous year.

The "Integrated Systems" segment is developed by one of the group's subsidiaries, AROBS Systems, which is responsible for implementing hardware and software solutions, as well as software products for public sector contracting authorities. This company has a team of public sector professionals, and its technical expertise covers integrating complex systems and technologies such as ORACLE, HP, DELL, and Microsoft. In Q1 2023, AROBS Systems completed a hardware and software solution acquisition project to consolidate the databases necessary to operate the Customs Integrated Information System components, generating 21% of the Group's turnover. Solutions sold in this segment generate margins between 5% and 10%.

At the beginning of 2022, the goods distribution activity from the Products segment of AROBS was transferred to an entity outside the Group because it did not represent one of the strategic development directions of AROBS.

Operating expenses evolved faster in Q1 2023 compared to operating revenues, reaching 115.9 million lei, compared to 43.8 million lei recorded in Q1 2022. The highest expenses were generated by personnel expenses, increasing as a result of M&A activities, but also for maintaining competitiveness in the market through salary increases and stock options offered within the SOP programs. Also, an essential contribution to the increase in expenses is the cost of goods generated by the cost of equipment and IT solutions delivered as part of the sales of integrated systems. Another significant contribution to the increase in expenses was the cost of contracted services from third parties. This expense increase is consistent with the business expansion, with the surplus related to the acquired companies established during the year and with the development of domestic products.

A significant share in the operating expenses is the cost of amortization of the goodwill, in the amount of 3.4 million lei, in Q1 2023, resulting from the acquisition of new companies as part of the M&A strategy. The total value of the goodwill related to acquisitions in 2022 and 2023 is 115.5 million lei. According to the statutory legal regulations, the accounting treatment applied to the goodwill provides for its systematic amortization between 5 and 10 years. With the transition to IFRS reporting, goodwill will no longer be amortized but will be tested annually for impairment. An expense will be recorded only when there are indications of depreciation of the investments made. From these considerations, the *"Normalized Net Result"* was also calculated, which cancels the impact of the goodwill amortization expense.

As a result of the above, in Q1 2023, EBITDA recorded a value of 22.8 million lei, a 9% increase compared to Q1 2022. The gross result recorded by the AROBS Group at the end of Q1 2023 was 17 million lei, a 13% margin. As detailed above, the decrease in consolidated net result compared to Q1 2022 was driven by increased operating expenses due to accelerated expansion through M&A, which is still ongoing.

## CONSOLIDATED AND INDIVIDUAL BALANCE SHEET ANALYSIS

### BALANCE SHEET

Balance sheet (RON)	31.12.2022 AROBS Group	31.03.2023 AROBS Group*	Variation n %	31.12.2022 AROBS Individual	31.03.2023 AROBS Individual*	Variation %
Fixed assets	153,423,798	167,891,245	9%	174,506,684	19,736,613	10%
Current assets	205,025,595	231,467,052	13%	153,948,899	144,626,299	-6%
Prepayments	1,946,614	2,286,524	17%	1,455,707	1,616,719	11%
<b>Total assets</b>	<b>360,396,007</b>	<b>401,644,821</b>	<b>11%</b>	<b>329,911,290</b>	<b>338,979,631</b>	<b>3%</b>
Current liabilities	55,727,591	87,705,200	57%	44,020,189	49,200,931	12%
Non-current liabilities	57,406,454	54,658,949	-5%	51,497,412	47,733,572	-7%
<b>Total liabilities</b>	<b>113,134,045</b>	<b>142,364,149</b>	<b>26%</b>	<b>95,517,601</b>	<b>96,934,503</b>	<b>1%</b>
Provisions	16,092,950	15,462,822	-4%	3,214,798	2,685,300	-16%
Income in advance	7,007,956	8,167,886	17%	2,724,886	2,519,755	-8%
Equity	224,161,056	235,649,964	5%	228,454,005	236,840,073	4%
<b>Total equity and liabilities</b>	<b>360,396,007</b>	<b>401,644,821</b>	<b>11%</b>	<b>329,911,290</b>	<b>338,979,631</b>	<b>3%</b>
<b>Net accounting assets</b>	<b>224,161,056</b>	<b>235,649,964</b>	<b>5%</b>	<b>228,454,005</b>	<b>236,840,073</b>	<b>4%</b>

\* unaudited

On March 31, 2023, total assets reached a value of 401.6 million lei, compared to the end of 2022, determined by an increase of 14.4 million lei in fixed assets, which registered at the end of Q1 2023 a total value of 167.9 million lei and a 13% increase in current assets, which registered, at the end of Q1 2023, a total value of 231.5 million lei.

The increase in fixed assets is primarily due to the increase in the value of the goodwill following the acquisition of 100% of the shares of AROBS Software SRL and AROBS TrackGPS SRL and following the acquisition of 94% of the shares of SYDERAL Polska.

At the same time, the increase in fixed assets is also due to the investment in a new headquarters, worth 1.5 million lei, and the development of new functionalities for internal products, worth 1.4 million lei.

In Q1 2023, current assets increased by 13% compared to the end of the previous year, mainly due to positive variations in receivables. Trade receivables increased by 83% at the end of Q1 2023, reaching 124.5 million lei due to the increase in activity at the Group level through organic development and the acquisition of companies.

At the end of Q1 2023, total liabilities increased by 26%, compared to the end of 2022, reaching 142.4 million lei, due to the increase in the value of commercial liabilities and tax debts, including the effect of newly acquired companies. During the first three months of 2023, the liabilities to credit institutions decreased by 5 million lei.

There were no changes in the share capital during the period, and equity increased by 5% due to the current result. In Q1 2023, the parent company bought back its shares worth 4.5 million lei.



## CONSOLIDATED AND INDIVIDUAL PROFIT AND LOSS ACCOUNT

	31.03.2022 AROBS Group*	31.03.2023 AROBS Group*	Variation %	31.03.2022 AROBS Individual*	31.03.2023 AROBS Individual*	Variation %
<b>Net turnover</b>	<b>61,503,182</b>	<b>131,303,041</b>	<b>113 %</b>	<b>52,591,278</b>	<b>71,235,038</b>	<b>35 %</b>
Sold production	58,679,074	102,168,638	74%	49,406,969	69,066,278	40%
Revenue from sale of goods	3,047,232	29,146,715	856%	3,382,167	2,171,984	-36%
<i>Commercial discounts granted</i>	(223,124)	(12,312)	-94%	(197,858)	(3,224)	-98%
Revenue from the cost of work in progress	28,178	661,686	2248%	28,178	-	-100%
Revenue from the production of intangible and tangible fixed assets	457,517	521,729	14%	264,206	305,367	16%
Operating subsidy revenue	96,552	269,974	180%	93,473	269,974	189%
Other operating revenues	344,092	420,825	22%	188,473	400,825	113%
<b>OPERATING REVENUE - TOTAL</b>	<b>62,429,521</b>	<b>133,177,255</b>	<b>113 %</b>	<b>53,165,608</b>	<b>72,211,204</b>	<b>36 %</b>
Costs of raw materials and consumables	293,892	463,984	58%	245,737	388,489	58%
Other material expenses	47,032	188,270	300%	21,678	96,683	346%
Other external expenses (energy and water)	232,285	279,008	20%	191,999	201,274	5%
Cost of goods	2,735,787	25,301,507	825%	2,854,100	1,485,199	-48%
<i>Trade discounts received</i>	(522)	(11,697)	2141%	(72)	-	-100%
<i>Personnel expenses</i>	19,748,281	48,177,072	144%	14,845,720	29,399,410	98%
<i>Value adjustments on tangible and intangible assets</i>	2,304,804	5,518,175	139%	967,668	1,309,928	35%
<i>Value adjustments on current assets</i>	(679,675)	140,470	-121%	(430,937)	36,141	-108%
<i>Other operating expenses</i>	19,504,320	36,443,052	87%	17,418,572	27,714,226	59%
<i>Adjustments regarding provisions</i>	(345,345)	( 630,333 )	83 %	(255,473)	(529,499)	107%
<b>OPERATING EXPENSES - TOTAL</b>	<b>43,840,859</b>	<b>115,869,508</b>	<b>164 %</b>	<b>35,858,992</b>	<b>60,101,851</b>	<b>68 %</b>
<b>OPERATING RESULT</b>	<b>18,588,662</b>	<b>17,307,747</b>	<b>-7 %</b>	<b>17,306,616</b>	<b>12,109,353</b>	<b>-30 %</b>
Financial revenue	579,284	2,569,109	343%	578,596	2,179,126	277%
Financial expenses	237,726	2,842,515	1096%	216,650	1,956,150	803%
<b>FINANCIAL PROFIT</b>	<b>341,558</b>	<b>(273,406)</b>	<b>-180 %</b>	<b>361,946</b>	<b>222,976</b>	<b>-38 %</b>
Total revenue	63,008,805	135,746,364	115%	53,744,204	74,390,330	38%
Total expenses	44,078,585	118,712,023	169%	36,075,642	62,058,001	72%
<b>Gross result</b>	<b>18,930,220</b>	<b>17,034,341</b>	<b>-10 %</b>	<b>17,668,562</b>	<b>12,332,329</b>	<b>-30 %</b>
Income tax	3,136,122	3,579,727	14 %	2,713,288	2,138,658	-21%
<b>NET RESULT</b>	<b>15,794,098</b>	<b>13,454,614</b>	<b>-15 %</b>	<b>14,955,274</b>	<b>10,193,671</b>	<b>-32 %</b>
<b>NORMALIZED NET RESULT</b>	<b>17,176,185</b>	<b>19,346,566</b>	<b>13 %</b>	<b>15,594,587</b>	<b>12,440,238</b>	<b>0 %</b>
Of which related to non-controlling interests	112,346	177,414	58 %	-	-	0%

\* unaudited

## CONSOLIDATED AND INDIVIDUAL BALANCE SHEET

	31.12.2022 AROBS Group	31.03.2023 AROBS Group*	Variation %	31.12.2022 AROBS Individual	31.03.2023 AROBS Individual *	Variation %
<b>INTANGIBLE ASSETS</b>	<b>130,777,025</b>	<b>142,772,993</b>	<b>9%</b>	<b>10,656,403</b>	<b>11,293,979</b>	<b>6%</b>
Development expenses	8,325,272	9,780,641	17%	3,893,497	4,863,619	25%
Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	10,057,507	9,417,553	-6 %	6,762,906	6,430,360	-5%
Goodwill	112,394,246	123,574,799	10%	-	-	100%
<b>TANGIBLE ASSETS</b>	<b>18,024,334</b>	<b>20,589,324</b>	<b>14%</b>	<b>8,482,986</b>	<b>8,268,802</b>	<b>-3%</b>
Land and buildings	937,379	947,840	1%	929,324	937,118	1%
Technical facilities and machines	6,830,108	8,087,424	18%	5,182,563	5,472,750	6%
Other facilities and machines	2,160,612	2,108,518	-2 %	1,424,251	1,415,387	-1%
Property, plant and equipment in progress	7,910,008	9,431,373	19%	774,789	443,547	-43%
Prepayments	186,227	14,169	-92%	172,059	-	-100%
<b>FINANCIAL ASSETS</b>	<b>4,622,439</b>	<b>4,517,711</b>	<b>-2%</b>	<b>155,367,295</b>	<b>173,173,832</b>	<b>11%</b>
Shares held in subsidiaries	1,051	1,052	0%	144,504,728	162,780,863	13%
Loans granted to group entities	-	-	100%	7,052,650	6,777,098	-4%
Shares held in associated entities and jointly controlled entities	9,130	9,130	0%	9,130	9,130	0%
Other loans	4,612,258	4,507,529	-2 %	3,800,787	3,606,741	-5%
<b>FIXED ASSETS - TOTAL</b>	<b>153,423,798</b>	<b>167,880,028</b>	<b>9%</b>	<b>174,506,684</b>	<b>192,736,613</b>	<b>10%</b>
<b>INVENTORIES</b>	<b>8,508,292</b>	<b>7,622,364</b>	<b>-10 %</b>	<b>1,893,748</b>	<b>1,871,675</b>	<b>-1%</b>
Raw materials and consumables	383,057	679,659	77%	381,048	280,189	-26%
Work in progress	1,643,680	3,261,959	98%	45,940	51,427	12%
Finished products and goods	6,232,971	3,103,716	-50%	1,195,215	1,312,054	10%
Prepayments	248,584	577,030	132%	271,545	228,005	-16%
<b>RECEIVABLES</b>	<b>94,652,689</b>	<b>149,532,807</b>	<b>58%</b>	<b>78,789,408</b>	<b>103,892,714</b>	<b>32%</b>
Trade receivables	67,879,656	124,466,153	83%	44,664,168	64,168,242	44%
Affiliate receivables	21,799,067	21,821,964	0%	32,021,177	38,099,251	19%
Other receivables	4,973,966	3,244,690	-35 %	2,104,063	1,625,221	-2. 3%
Other short-term investments	523,375	515,631	-1%	523,375	515,631	-1%
<b>CASH AND CASH EQUIVALENTS</b>	<b>101,341,239</b>	<b>73,796,250</b>	<b>-27 %</b>	<b>72,742,368</b>	<b>38,346,279</b>	<b>-47%</b>
<b>CURRENT ASSETS - TOTAL</b>	<b>205,025,595</b>	<b>231,467,052</b>	<b>13%</b>	<b>153,948,899</b>	<b>144,626,299</b>	<b>-6%</b>
<b>PREPAYMENTS</b>	<b>1,946,614</b>	<b>2,286,524</b>	<b>17%</b>	<b>1,455,707</b>	<b>1,616,719</b>	<b>11%</b>
<b>TOTAL ASSETS</b>	<b>360,396,007</b>	<b>401,633,604</b>	<b>11%</b>	<b>329,911,290</b>	<b>338,979,631</b>	<b>3%</b>
<b>CURRENT LIABILITIES</b>	<b>55,727,591</b>	<b>87,705,200</b>	<b>57%</b>	<b>44,020,189</b>	<b>49,200,931</b>	<b>12%</b>
Amounts owed to credit institutions	18,470,920	16,558,652	-10%	18,470,922	16,558,652	-10%
Advances received on account of orders	704,150	3,382,662	380%	374,905	325,663	-13%
Commercial liabilities - suppliers	15,927,100	37,991,505	139%	8,217,606	7,698,557	-6%
Amounts owed to group entities	7,075,469	6,196,132	-12 %	7,911,584	9,154,757	16%
Other liabilities, including tax and social security liabilities	13,549,952	23,576,249	74%	9,045,172	15,463,302	71%
<b>NON-CURRENT LIABILITIES</b>	<b>57,406,454</b>	<b>54,658,949</b>	<b>-5%</b>	<b>51,497,412</b>	<b>47,733,572</b>	<b>-7%</b>
Amounts owed to credit institutions	55,381,056	52,312,357	-6%	49,494,614	45,583,273	-8%
Amounts owed to group entities	1,122,070	1,122,070	0%	1,122,070	1,122,070	0%
Other liabilities, including tax and social security liabilities	903,328	1,224,522	36%	880,728	1,028,229	17%
<b>TOTAL LIABILITIES</b>	<b>113,134,045</b>	<b>142,364,149</b>	<b>26%</b>	<b>95,517,601</b>	<b>96,934,503</b>	<b>1%</b>
<b>PROVISIONS</b>	<b>16,092,950</b>	<b>15,462,822</b>	<b>- 4 %</b>	<b>3,214,798</b>	<b>2,685,300</b>	<b>-16%</b>
<b>DEFERRED REVENUE</b>	<b>7,007,956</b>	<b>8,167,886</b>	<b>17%</b>	<b>2,724,886</b>	<b>2,519,755</b>	<b>-8%</b>
Investment grants	609,034	490,318	-19%	609,034	490,318	-19%
Revenue received in advance	6,398,922	7,677,568	20%	2,115,852	2,029,437	-4%
Negative goodwill	-	-	0%	-	-	0%
<b>EQUITY</b>	<b>224,161,056</b>	<b>235,649,964</b>	<b>5%</b>	<b>228,454,005</b>	<b>236,840,073</b>	<b>4%</b>
Subscribed and paid-up share capital	91,139,499	91,139,499	0%	91,139,499	91,139,499	0%
Other equity items	4,206,340	6,886,463	64%	4,206,340	6,886,462	64%
Share premium	23,185,001	23,185,001	0%	23,185,001	23,185,001	0%
Reserves	6,515,660	6,615,496	2%	6,092,872	6,092,872	0%
Own shares	(7,535,897)	(12,023,622)	60%	(7,535,897)	(12,023,622)	60%
Gains related to equity instruments	1,805,558	1,805,558	0%	1,805,558	1,805,558	0%
Deferred profit or loss	65,096,334	104,786,845	61%	71,013,258	109,560,632	54%
Profit or loss for the period	43,097,649	13,032,308	-70%	41,898,453	10,193,671	-76%
Profit distribution	(3,394,091)	-	-100 %	(3,351,079)	-	-100%
Non-controlling interests	45,003	222,416	398%	-	-	100%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>360,396,007</b>	<b>401,644,821</b>	<b>11 %</b>	<b>329,911,290</b>	<b>338,979,631</b>	<b>3%</b>

\* unaudited

## KEY FINANCIAL RATIOS

### AROBS AT GROUP LEVEL

#### Current ratio as of 31.03.2023

<b>Current assets</b>	<b>233,753,576</b>	
<b>Current liabilities</b>	<b>87,705,200</b>	<b>= 2.67</b>

#### Quick ratio as of 31.03.2023

<b>Current assets- inventories</b>	<b>226,131,212</b>	
<b>Current liabilities</b>	<b>87,705,200</b>	<b>= 2.58</b>

#### Debt to equity ratio as of 31.03.2023

<b>Borrowed capital</b>	<b>53,363,597</b>	
<b>Equity</b>	<b>235,649,964</b>	<b>= 22.65%</b>

<b>Borrowed capital</b>	<b>53,363,597</b>	
<b>Employed capital</b>	<b>289,013,561</b>	<b>= 18.46%</b>

*Borrowed capital = Credis over 1 year*

*Employed capital = Borrowed capital + Equity*

#### Debt turnover ratio - clients (days) as of 31.03.2023

<b>Average client balance</b>	<b>117,983,420</b>	
<b>Turnover</b>	<b>131,303,041</b>	<b>= 80.87</b>

#### Fixed assets turnover as of 31.03.2023

<b>Turnover</b>	<b>131,303,041</b>	
<b>Fixed assets</b>	<b>167,891,245</b>	<b>= 0.78</b>

### AROBS AT INDIVIDUAL LEVEL

#### Current ratio as of 31.03.2023

<b>Current assets</b>	<b>146,243,018</b>	
<b>Current liabilities</b>	<b>49,200,931</b>	<b>= 2.97</b>

#### Quick ratio as of 31.03.2023

<b>Current assets- inventories</b>	<b>144,371,343</b>	
<b>Current liabilities</b>	<b>49,200,931</b>	<b>= 2.93</b>

#### Debt to equity ratio as of 31.03.2023

<b>Borrowed capital</b>	<b>46,611,502</b>	
<b>Equity</b>	<b>236,840,073</b>	<b>= 19.68%</b>

<b>Borrowed capital</b>	<b>46,611,502</b>	
<b>Employed capital</b>	<b>283,451,575</b>	<b>= 16.44%</b>

*% Borrowed capital = Credis over 1 year*

*Employed capital = Borrowed capital + Equity*

#### Debt turnover ratio - clients (days) as of 31.03.2023

<b>Average client balance</b>	<b>89,476,419</b>	
<b>Turnover</b>	<b>71,235,038</b>	<b>= 113.05</b>

#### Fixed assets turnover as of 31.03.2023

<b>Turnover</b>	<b>71,235,038</b>	
<b>Fixed assets</b>	<b>192,736,613</b>	<b>= 0.37</b>

## DECLARATION OF THE MANAGEMENT

Cluj-Napoca, May 30, 2023

I confirm, according to the best of my knowledge, that the unaudited individual and consolidated financial results for the period between 01.01.2023 and 31.03.2023 give a true and fair view of the assets, liabilities, financial position and revenue and expenses situation of AROBS Transilvania Software SA and that the management report provides a true and fair view of the important events that took place in the first three months of the 2023 financial year and their impact on the company's financial statements.

**Voicu Oprean**

**CEO**