

**AROBS TRANSILVANIA SOFTWARE S.A.**

**INDIVIDUAL FINANCIAL STATEMENTS**

Prepared in accordance with the Ministry of Finance Order no. 2844/2016 for the approval of accounting regulations compliant with the International Financial Reporting Standards

**For the year ended 31 December 2023**

**AROBS TRANSILVANIA SOFTWARE S.A.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(All amounts in LEI, unless otherwise mentioned)*

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**AROBS TRANSILVANIA SOFTWARE S.A.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31 2023**  
*(All amounts in LEI, unless otherwise mentioned)*

STATEMENT OF INCOME	Note	FY 2023	FY 2022
<b>Turnover:</b>	4	<b>266,685,347</b>	<b>228,626,301</b>
Software services		224,677,840	186,165,876
Software products		42,007,506	41,243,883
Distribution of goods		-	1,216,542
<b>Total cost of sales:</b>		<b>188,383,142</b>	<b>148,296,869</b>
Cost of sales of software services	5.1	170,388,519	129,840,416
Cost of sales of software products	5.2	17,994,623	17,020,888
Cost of distribution of goods		-	1,435,565
<b>Gross profit</b>		<b>78,302,205</b>	<b>80,329,432</b>
Other income	11	451,959	653,401
Sales and marketing	6	(7,943,270)	(6,317,639)
General and administration	7	(41,989,623)	(26,838,224)
<b>Profit before tax</b>		<b>28,821,272</b>	<b>47,826,970</b>
Income from shares in affiliated entities	12	23,300,756	-
Interest income	12	3,262,373	1,913,123
Interest expense	12	(2,270,357)	(866,458)
Net Forex Income/(Expenses)	12	(377,291)	(249,573)
<b>Profit before tax</b>		<b>52,736,754</b>	<b>48,624,061</b>
Income tax	13	(6,248,221)	(6,780,502)
<b>Net profit</b>		<b>46,488,533</b>	<b>41,843,559</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Overall result</b>		<b>46,488,533</b>	<b>41,843,559</b>
<b>Basic earnings per share</b>		<b>0.0562</b>	<b>0.0504</b>
<b>Diluted earnings per share</b>		<b>0.0543</b>	<b>0.0498</b>

These financial statements were signed and approved on March 29, 2024, by:

**Voicu Oprean**  
Administrator

**Bogdan Ciungradi**  
Chief Financial Officer

**AROBS TRANSILVANIA SOFTWARE S.A.**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(All amounts are in LEI, unless otherwise mentioned)*

STATEMENT OF FINANCIAL POSITION	Note	FY 2023	FY 2022	FY 2021
Shares in affiliated entities	20	212,955,994	143,821,510	36,331,502
Other intangible assets	17	13,695,274	11,461,257	8,788,664
Tangible fixed assets	19	8,266,950	8,779,988	6,289,569
Assets related to rights of use of leased assets	21	9,458,236	7,868,878	9,863,144
Loans granted to related parties	30	18,685,471	8,757,419	1,788,501
Financial fixed assets	20	2,968,851	3,926,037	857,752
Deferred income tax assets	14	613,356	1,037,298	1,026,312
<b>Total fixed assets</b>		<b>266,644,131</b>	<b>185,652,387</b>	<b>64,945,444</b>
Inventories	22	1,493,635	1,893,749	3,263,141
Trade and other receivables	23	68,521,017	52,560,078	38,144,699
Related parties loans	30	9,192,978	17,948,527	18,463,937
Prepaid expenses	23	1,323,501	1,613,259	1,632,277
Short-term investments	31	302,033	523,375	-
Cash and equivalents	24	58,263,292	72,777,713	88,204,684
<b>Total current assets</b>		<b>139,096,456</b>	<b>147,316,700</b>	<b>149,708,739</b>
<b>Total assets</b>		<b>405,740,587</b>	<b>332,969,086</b>	<b>214,654,183</b>
Share capital	28	87,129,361	91,139,499	45,569,749
Adjustments of equity capital to hyperinflation		263,971	263,971	263,971
Share premium		23,185,001	23,185,001	68,754,750
Reserves		9,413,945	6,092,872	2,741,793
Own shares		(5,689,379)	(7,535,897)	(4,010,000)
Gains on equity instruments		8,352,878	1,805,558	-
Other equity components		12,628,497	4,206,340	229,123
Retained earnings		145,551,458	102,383,998	63,891,518
<b>Total equity</b>		<b>280,835,730</b>	<b>221,541,341</b>	<b>177,440,904</b>
<b>Total equity</b>		<b>280,835,730</b>	<b>221,541,341</b>	<b>177,440,904</b>
<b>Non-current liabilities</b>				
Payable amounts for subsidiary acquisitions		14,686,659	1,122,070	5,069,367
Leasing liabilities	21	6,708,754	5,056,697	7,178,716
Bank loans	26	49,841,347	49,494,614	-
Advance income	5	273,503	507,793	474,600
Grants	6.1	301,940	184,750	382,077
Provisions	27	2,728,395	2,293,552	-
<b>Total non-current liabilities</b>		<b>74,540,599</b>	<b>58,659,476</b>	<b>13,104,760</b>
<b>Current liabilities</b>				
Trade and other payables	25	17,747,995	19,626,357	13,464,597
Equity liabilities		3,761,760	5,472,085	-
Leasing liabilities	21	3,939,382	4,372,796	4,301,623
Bank loans	26	20,122,257	18,470,922	2,226,645
Income in advance	5	3,262,205	3,480,580	3,126,455
Grants	6.1	158,741	424,284	392,319
Provisions	27	1,371,918	921,247	596,879
<b>Total current liabilities</b>		<b>50,364,259</b>	<b>52,768,270</b>	<b>24,108,518</b>
<b>Total liabilities</b>		<b>124,904,857</b>	<b>111,427,746</b>	<b>37,213,279</b>
<b>Total equity and liabilities</b>		<b>405,740,587</b>	<b>332,969,087</b>	<b>214,654,183</b>

These financial statements were signed and approved on March 29, 2024, by:

**Voicu Oprean**  
Administrator

**Bogdan Ciungradi**  
Chief Financial Officer

**AROBS TRANSILVANIA SOFTWARE S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEARS 2023, 2022**  
*(All amounts are in LEI, unless otherwise mentioned)*

<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>Equity</b>	<b>Equity adjustments for hyperinflation</b>	<b>Share premiums</b>	<b>Legal and other reserves</b>	<b>Own shares</b>	<b>Gains on own held equity instruments</b>	<b>Other equity elements</b>	<b>Retained earnings</b>	<b>Conversion reserves</b>
<b>Closing balance 31.12.2021</b>	<b>45,569,749</b>	<b>263,971</b>	<b>68,754,750</b>	<b>2,741,793</b>	<b>(4,010,000)</b>	<b>-</b>	<b>229,123</b>	<b>63,891,518</b>	<b>177,440,904</b>
Current result	-	-	-	-	-	-	-	41,843,559	41,843,559
<b>Overall result</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,843,559</b>	<b>41,843,559</b>
Profit sharing	-	-	-	3,351,079	-	-	-	(3,351,079)	-
Increase of share capital	45,569,749	-	(45,569,749)	-	-	-	-	-	-
Employee benefits in the form of equity instruments	-	-	-	-	-	-	6,038,931	-	6,038,931
Repurchase of own shares	-	-	-	-	(3,782,054)	-	-	-	(3,782,054)
Sale of own shares	-	-	-	-	256,156	-	(256,156)	-	-
Sale of own shares	-	-	-	-	-	1,805,558	(1,805,558)	-	-
<b>Closing balance 31.12.2022</b>	<b>91,139,499</b>	<b>263,971</b>	<b>23,185,001</b>	<b>6,092,872</b>	<b>(7,535,897)</b>	<b>1,805,558</b>	<b>4,206,340</b>	<b>102,383,998</b>	<b>221,541,341</b>

**AROBS TRANSILVANIA SOFTWARE S.A.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEARS 2023, 2022**  
*(All amounts are in LEI, unless otherwise mentioned)*

	Equity	Equity adjustments for hyperinflation	Share premiums	Legal and other reserves	Own shares	Gains on own held equity instruments	Other equity elements	Retained earnings	Conversion reserves
<b>Closing balance 31.12.2022</b>	<b>91,139,499</b>	<b>263,971</b>	<b>23,185,001</b>	<b>6,092,872</b>	<b>(7,535,897)</b>	<b>1,805,558</b>	<b>4,206,340</b>	<b>102,383,998</b>	<b>221,541,341</b>
Result of the exercise	-	-	-	-	-	-	-	46,488,532	46,488,532
<b>Retained earnings</b>	-	-	-	-	-	-	-	<b>46,488,532</b>	<b>46,488,532</b>
Profit sharing	-	-	-	3,321,072	-	-	-	(3,321,072)	-
Employee benefits in the form of equity instruments	-	-	-	-	-	-	19,184,885	-	19,184,885
Repurchase of own shares	-	-	-	-	(6,379,028)	-	-	-	(6,379,028)
Anulare/Vanzare/Distribuire actiuni proprii	(4,010,138)	-	-	-	5,999,920	-	(1,989,782)	-	(0)
Sale of own shares	-	-	-	-	-	8,772,946	(8,772,946)	-	-
Losses in respect of sales from own equity instruments	-	-	-	-	2,225,627	(2,225,627)	-	-	-
<b>Closing balance 31.12.2023</b>	<b>87,129,361</b>	<b>263,971</b>	<b>23,185,001</b>	<b>9,413,945</b>	<b>(5,689,379)</b>	<b>8,352,878</b>	<b>12,628,497</b>	<b>145,551,458</b>	<b>280,835,730</b>

**AROBS TRANSILVANIA SOFTWARE S.A**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
*(All amounts are in LEI, unless otherwise mentioned)*

CASH FLOW STATEMENT	Note	FY 2023	FY 2022
<b>Cash flows from operating activities:</b>			
<b>Gross profit</b>		<b>52,736,754</b>	<b>48,624,061</b>
<b>Adjustments for:</b>			
Amortization expenses	6	6,679,165	5,342,224
Expenditure on assets sold		(447,091)	(12,116)
(Income) from assets sold		(607,668)	(118,059)
Expenditure relating to SOP employee benefits	9	15,691,279	4,510,820
Expenditure/(Income) related to adjustments for inventory write-downs		(30,041)	(921,178)
Expenditure/(Income) related to adjustments on receivables		1,556,698	(469,981)
Expenditure/Income on provisions for risks and charges	27	885,514	2,617,920
(Income) from subsidies and grants		(148,353)	(165,362)
Cheltuieli privind dobânzile și alte costuri financiare	13	2,234,615	862,725
Expenditure with interest and other financial expenses	13	(3,096,249)	(1,869,476)
(Income) from interest and other financial income		235,714	268,698
<b>Operating profit before changes in working capital</b>		<b>75,690,337</b>	<b>58,670,276</b>
Change in trade and other receivables balances	23	(17,495,204)	(18,717,605)
Change in inventories balances	22	430,155	2,290,571
Change in trade payable and other debt balances	25	(2,697,217)	6,551,170
Changes in prepaid expenditure balances		289,759	19,018
Change in advance income balances	5	(452,664)	387,317
Interest paid		(2,234,615)	(862,725)
Interest earned		2,510,223	2,666,138
<b>Cash generated from operating activities</b>		<b>56,040,774</b>	<b>51,004,161</b>
Income tax paid	14	(4,846,426)	(6,441,528)
<b>Net cash from operating activities</b>		<b>51,194,347</b>	<b>44,562,633</b>
<b>Cash flow from investing activities</b>			
Loans (granted) to/repayments from affiliated entities		772,216	(5,573,251)
(Payments) related to the acquisition of subsidiaries		(53,786,612)	(105,405,287)
(Payments) related to the acquisition of tangible and intangible assets, including customer relationship	17,19	(7,581,099)	(9,659,563)
Repurchase of own shares		(6,379,028)	(3,782,054)
(Payments)/Cash in from other investments in financial assets	20	221,342	(523,375)
<b>Net cash from investing activities</b>		<b>(66,753,181)</b>	<b>(124,943,530)</b>
<b>Cash flow from financing activities:</b>			
Cash in/(Repayments) of bank loans	26	1,998,067	65,738,891
Payment of financial leasing assets	20	(953,655)	(784,965)
<b>Net cash from financing activities</b>		<b>1,044,412</b>	<b>64,953,926</b>
<b>Net increase in cash and cash equivalents</b>		<b>(14,514,421)</b>	<b>(15,426,971)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>72,777,713</b>	<b>88,204,684</b>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>58,263,292</b>	<b>72,777,713</b>

These financial statements were signed and approved on March 29, 2024, by:

**Voicu Oprean**  
Administrator

**Bogdan Ciungradi**  
Chief Financial Officer

**AROBS TRANSILVANIA SOFTWARE SA**  
**NOTES TO INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2023**  
*(All amounts are in LEI, unless otherwise mentioned)*

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## **1. FINANCIAL REPORTING PRESENTATION**

AROBS Transilvania Software is listed on the main market of the Bucharest Stock Exchange starting September 25 2023, under the symbol AROBS.

These are the individual financial statements of AROBS Transilvania Software S.A („Company” or „AROBS”)

These individual financial statements of AROBS are prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union. Accordance with the Ministry of Finance Order no. 2844/2016, the companies listed on the main market of the Bucharest Stock Exchange prepares financial statements in accordance with IFRS, as endorsed by European Union. These financial statements are the responsibility of the management of Arobs Transilvania Software S.A.

### **INFORMATION ABOUT THE COMPANY**

AROBS TRANSILVANIA SOFTWARE S.A. was incorporated on 18.12.1998, under Law no. 31/1990, with tax code RO 11291045, registered at the Trade Register under no. J12/1845/1998. The company’s main field of activity is 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 added also expertise in Intelligent Automation for processes optimisation in banking, health and logistics.

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

Since its establishment, AROBS Transilvania Software has relied on excellent specialists and well-adjusted 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.

### **EXECUTIVE MANAGEMENT**

The issuer’s management for the 2023 Fiscal Year has been carried out by the Board of Directors, which was comprised of 3 members until the 29th of September 2023. At that date, as a result of the General Shareholders Meeting, 2 new members have been elected. As such, in accordance with the requirements of the Governance Code of The Bucharest Stock Exchange (BVB) which apply to all emittents listed on the BVB stock exchange main market, the Board of Directors is comprised of 5 members: 2 executive members, 3 non executive members of which 2 independent.

In accordance with the law no. 31/1990, o part of the attributions of the Board of Directors have been delegated to the Chief Executive Officer and the 2 Executive Directors.

Mr. Voicu Oprean holds the following positions within the company: executive member and chairman of the Board of Directors, Chief Executive Officer and chairman of the Nominalization and Remuneration Committee;

Ms. Cleja Mihaela-Stela holds the following positions within the company: non executive member of the Board of Directors, member of the Audit Committee and member of the Nominalization and Remuneration Committee;

**AROBS TRANSILVANIA SOFTWARE SA**  
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Mr. Gârbacea Răzvan-Dimitrie holds the following positions within the company: non executive and independent member of the Board of Directors, member of the Audit Committee and member of the Nominalization and Remuneration Committee;

Mr. Nistor Alin holds the following positions within the company: non executive and independent member of the Board of Directors, member of the Audit Committee and member of the Nominalization and Remuneration Committee;

Mr. Aurelian Deaconu holds the following positions within the company: executive member of the Board of Directors and Executive Director of Software Services Divisions.

Mr. Bojan Ovidiu hold the position of Executive Director of the Track GPS Divisions.

Information related to the remuneration of the members of the Executive Management is presented in note 9 and in the remuneration report attached to the financial statements.

### COMPANIES LOCATIONS

The Company is headquartered in Cluj Napoca, Street Donath No.11, Apt. 28 and has the following regional operational offices:

În Cluj-Napoca:

- Str. Minerilor, Nr. 63;
- P-ța Cipariu, Nr. 9; Ap. 69;
- Str. Săpătorilor, Nr.5;
- Str. Henri Barbusse, Nr. 44-46, în incinta Cluj Business Center, et. 2 și 3;
- Str. Trifoiului; Nr. 22;
- Str. Constantin Brâncuși nr. 55-59, Clădirea ABC Incubator, et. 6;

In Iași – Str. Palat, Nr. 3E, Building United Business Center 1, parter;

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

In Suceava – Str. Universității, Nr. 15A, et.1;

In București – Sector 4, Calea Șerban Vodă, Nr. 133, Central Business Park, Corp A, et. 1

In Baia Mare – B-dul. Unirii, Nr. 18, Building Centrul de Afaceri Baia Mare, Et. 1;

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

Shareholding structure as of 31.12.2023 is:

Shareholder	2023			2022		
	Number of Shares	Value	Percent	Number of Shares	Value	Percent
Oprean Voicu	578,278,772	57,827,877	66.3701%	576,778,772	57,677,905	63.285%
Companies	128,051,806	12,805,181	14.6967%	186,979,523	18,697,997	20.516%
Private individuals	164,963,031	16,496,303	18.9331%	147,636,693	14,763,687	16.199%
<b>Total</b>	<b>871,293,609</b>	<b>87,129,361</b>	<b>100%</b>	<b>911.394.988</b>	<b>91.139.499</b>	<b>100%</b>

### DESCRIPTION OF COMPANY'S ACTIVITY

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. Excellence in services delivery together with the engagement from the Company specialists lead to strong partnerships with more than 10,000 companies in România and Central Eatsern Europe and hundred of international companies.

**AROBS TRANSILVANIA SOFTWARE SA**  
**NOTES TO INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2023**  
*(All amounts are in LEI, unless otherwise mentioned)*

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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 digitization 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 Certificate
- ISO/IEC 27001:2013 Certificate
- TISAX – Trusted Information Security Assessment Exchange
- ORDA Certificate – Certificate issued by the Romanian Copyright Office
- HU-GO Certificate - National Toll Payment Services Plc. 2020 - Hungary
- ISO 9001:2015 Quality Management System
- ISO/IEC 27001:2013 (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 on services and software products. Since its establishment, AROBS Transilvania Software has relied on excellent specialists and well-adjusted yet flexible processes to consistently deliver high quality custom software services, products and software applications, that the company has 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.

Our passion for technology, combined with intense efforts to acquire new skills and aligning with market trends, has made AROBS Transilvania Software one of the leading Romanian software development companies. The company's software services division is the largest within the Company and is structured around two pillars: Automotive and High-Level Industries. The High-Level Industries specialization consists of the Travel & Hospitality, IoT, Life Sciences, Enterprise Solutions and Fintech divisions.

- **Automotive** - the Issuer's Software and Engineering solutions are an integral part of its DNA and are based on extensive expertise in the field gained through long-term projects with leading global companies.
- **Travel Technology** - Combining niche know-how and technical skills has helped the company to build long-lasting and strong partnerships with customers. To date, end-to-end solutions have been created and delivered for companies in the US, France, Spain, Germany and the Netherlands.
- **Life Sciences** – The Issuer has built a solid expertise over the past years in working with large US companies in the pharmaceutical industry. During this time, medical software solutions have been developed that simplify the clinical trial process for new medicines launched in the niche market.
- **IoT** - The IoT systems that the Issuer develops define the 10+ years of expertise in finding the perfect solutions for its customers.
- **Enterprise Solutions** - High competence in developing cloud-based applications, real-time or reactive applications, Big Data, and more. The portfolio is built around projects for clients in countries such as US, UK, Germany, Finland, Norway and the Netherlands.
- **Fintech** - Built on knowledge and experience, in partnership with leading banks and financial institutions.

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The most important software products offered by the Company are:

- ***Track GPS – Solution for managing and monitoring car fleets***

TrackGPS - the car fleet management and monitoring solution, has seen a positive development in terms of turnover and number of customers in 2023. TrackGPS continued its development in the Romanian market, with more than 850 new customers choosing TrackGPS solutions in 2023. Thus, more than 5,500 new vehicles were enrolled in the TrackGPS platform.

The TrackGPS division focused on improving the fleet management platform, increasing adoption and completing customer migration to the new platform. Investments continued in 4G and 5G based solutions, on adding new video telematics solutions, for consumption monitoring, driver behaviour improvement and electric vehicle monitoring.

The years 2022 and 2023 brought the strengthening of the partnership with Orange Business Services, a partnership that is extremely important 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 Romania in this sector. Track GPS is a complete car fleet monitoring and management solution, offering real-time GPS tracking, special devices and customized services.

With a high-performance GPS tracking system of special devices and a web and mobile application, Track GPS offers personalized services at the highest level, services such as driver behavior analysis, fuel consumption, driver communication, automatic toll payment in Hungary, controlled temperature and humidity, secure transport and much more.

The platform provided by TrackGPS can be accessed from anywhere, anytime with just an internet connection and is designed to easily manage fleet activity. It hosts the units' information 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 they offer are aimed at small, medium and large companies operating in areas such as Public Services, Banking & Insurance, Courier, Transport & Logistics, Healthcare, Distribution and other areas that want to reduce their costs and optimise their business.

- ***Innovative Projects Division***

This division was created in 2014 with dedicated resources to research and develop new ideas and technologies. The areas of product development include Real Estate & Construction, Education, Cluster Management Platforms, Learning Management Systems, Telematics & Fleet Management Platform Add-Ons, Map Management Portal. Among the products of this business line we mention:

- School textbook digitization solution;
- RateWizz Channel Management - an innovative property management product used by hoteliers in Finland;
- MedControl Solution – platform for personal healthcare;
- Fleet4Share – Car Sharing Management Solution;
- Cluj Parking – public parking automation systems;

The AROBS solution for textbook digitisation involves the continuous development of educational software products and contributes to the performance of the Romanian education system. In 2023, the Digital Textbooks project continues to offer teachers and students the opportunity to improve the overall learning process. Together with strategic partner Aramis, the team has won 5 out of the 7 digital textbook tenders they have participated in, and the print run for new 2023 textbooks and reprints is over 250,000. The project team wants to continue growing in the E-learning segment in 2024.

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RateWizz is a stable product, connected with the main OTAs. Offering premium support, a differentiating factor in the market, RateWizz has stable partnerships. There is growing interest from the small hotel segment. RateWizz has also identified new partnerships in the Romanian market, where there is a real need for customised solutions. In addition to the stability of the product and the superior support services we offer, the existing connectivity with the major sales channels makes this product comparable to the major Channel Managers systems on the market.

- ***Optimall – Solution for Business Optimization***

In 2023, Optimall by AROBS celebrated its 20th anniversary, which it marked with the launch of the new Optimall SFA Android mobile app. By refactoring the app, innovative functionalities were proposed to customers to support the automation of sales processes in the distribution and production business. We also developed four additional modules of the Optimall SFA app: Sell Sheet Module (viewing sales history), Supervisor Module (monitoring sales agents' activity), Target Module (monitoring sales targets) and Promotions Module (creating attractive promotional packages for customers).

The Optimall division continues its consolidation in the manufacturing and distribution industries, where it has benefited from new partnerships with companies in these industries, and is making significant strides in increasing market share in other sectors, such as public administration, with the Optimall SMIS product, an asset and inventory management solution for private companies and public authorities.

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

AROBS Transilvania Software debuted in December 2021 on the AeRO market of the Bucharest Stock Exchange, the shares being traded under the stock symbol AROBS. The AROBS listing comes after the completion of a private placement of shares in the second half of October 2021 through which AROBS raised a record 74 million lei in a share capital increase. This placement attracted huge interest from both retail and professional investors, so that it was closed early from the first day of the placement, showing once again the high investor appetite for Romanian entrepreneurial companies. The funds attracted supported the company's expansion strategy through the acquisition of IT companies, both nationally and internationally, the opening of new subsidiaries in important markets in Europe and the United States, as well as the development of the company's expertise and specialisations. On 25 September 2023, AROBS made its debut on the main market of the Bucharest Stock Exchange.

## **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

### **2.1. Statement of compliance**

These financial statements are the responsibility of the management of the Company and have been prepared in accordance with the applicable International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and in accordance with OMFP 2844/2016, which are applicable to companies whose shares are admitted to trading on a regulated market.

The Financial Statements have been prepared on a historical cost basis. For the purpose of drawing up these financial statements, in accordance with the provisions of IFRS, the functional currency of the Company is considered to be the Romanian Leu (LEI), the amounts being presented at the level of leu, by rounding to one leu for fractions over 0.5 Lei and by neglecting fractions of up to 0.49 Lei inclusive.

The significant accounting policies applied by the Company in the preparation of its individual financial statements are presented in Note 32.

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**2.2. First time adoption of International Financial Reporting Standards (IFRS 1)**

The AROBS Transilvania Software company adopted the International Financial Reporting Standards for the first time, on January 1, 2021. Therefore, the Company restated the financial position for the years 2023, 2022 and 2021, previously reported in accordance with Order No. 1802 of December 29, 2014 - Part I for the approval of the Accounting Regulations on individual annual financial statements and individual annual financial statements (GAAP).

Therefore, the first set of IFRS financial statements include:

- Three financial position statements
- Two profit or loss statements and other éléments of the overall results
- Two cash flow statements
- Two statements of changes in equity
- Related notes, including comparative information as presented below

The adjustments recorded on the occasion of the transition from GAAP (OMFP1802/2014) to IFRS on the transition date, January 1, 2021, are recognized directly in the retained earnings or, if applicable, in another category of equity at the transition date.

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Reconciliation of the restatement adjustments is shown below:

		<b>RAS</b>	<b>Adjustments</b>	<b>IFRS</b>	<b>RAS</b>	<b>Adjustments</b>	<b>IFRS</b>
Turnover:	1	266,503,016	182,331	266,685,347	228,531,259	95,042	228,626,301
Total cost of sales:	1	(188,612,423)	229,281	(188,383,142)	(148,975,752)	678,882	(148,296,869)
<b>Gross margin</b>		<b>77,890,593</b>	<b>411,612</b>	<b>78,302,205</b>	<b>79,555,507</b>	<b>773,925</b>	<b>80,329,432</b>
Other income		451,959	-	451,959	614,036	39,365	653,401
Sales and marketing expenses	4	(7,955,034)	11,764	(7,943,270)	(5,975,503)	(342,136)	(6,317,639)
General & administration expenses	4,5,9	(39,934,442)	(2,055,181)	(41,989,623)	(27,251,261)	413,037	(26,838,224)
Income form sshares in affiliated entities	3	23,300,756	-	23,300,756	-	-	-
Financial income		3,613,780	(351,407)	3,262,373	2,227,559	(314,436)	1,913,123
Financial expense	2	(1,486,294)	(784,062)	(2,270,357)	(835,298)	(31,160)	(866,458)
Net income/(expense) from exchange rate differences	4,5	(249,104)	(128,187)	(377,291)	(264,603)	15,030	(249,573)
<b>Gross profit</b>		<b>55,632,215</b>	<b>(2,895,461)</b>	<b>52,736,754</b>	<b>48,070,438</b>	<b>553,623</b>	<b>48,624,061</b>
Income tax	5	(5,824,278)	(423,942)	(6,248,221)	(6,171,984)	(608,518)	(6,780,502)
<b>Net profit</b>		<b>49,807,936</b>	<b>(3,319,403)</b>	<b>46,488,533</b>	<b>41,898,454</b>	<b>(54,894)</b>	<b>41,843,559</b>

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		2023			2022			2021		
		RAS	Ajustments	IFRS	RAS	Ajustments	IFRS	RAS	Ajustments	IFRS
Shares held in affiliated entities	5	200,567,369	12,388,625	212,955,994	144,504,728	(683,217)	143,821,510	31,262,135	5,069,367	36,331,502
Other intangible assets	1	12,925,137	770,137	13,695,274	10,656,403	804,854	11,461,257	8,604,376	184,288	8,788,664
Tangible assets	1	7,843,199	423,751	8,266,950	8,482,985	297,002	8,779,988	4,879,066	1,410,503	6,289,569
Assets related to the rights of use	4	-	9,458,236	9,458,236	-	7,868,878	7,868,878	-	9,863,144	9,863,144
Loans granted to affiliated and related parties	2	34,428,056	(6,549,607)	27,878,449	32,606,475	(5,900,530)	26,705,945	25,286,998	(5,034,559)	20,252,439
Other financial assets		2,968,851	-	2,968,851	3,926,037	-	3,926,037	857,752	-	857,752
Deferred income tax	7	-	613,356	613,356	-	1,037,298	1,037,298	-	1,026,312	1,026,312
Inventories		1,493,635	-	1,493,635	1,893,749	-	1,893,749	4,474,771	(1,211,630)	3,263,141
Trade receivables and other receivables	2	68,970,862	(449,844)	68,521,017	52,640,515	(80,437)	52,560,078	38,407,510	(262,811)	38,144,699
Prepaid expenses	5	1,298,737	24,764	1,323,501	1,455,707	157,552	1,613,259	1,632,277	-	1,632,277
Short term investments	3	266,688	35,345	302,033	488,030	35,345	523,375	-	-	-
Cash and cash equivalents		58,263,292	-	58,263,292	72,777,713	-	72,777,713	88,204,684	-	88,204,684
<b>Total assets</b>		<b>389,025,825</b>	<b>16,714,762</b>	<b>405,740,587</b>	<b>329,432,341</b>	<b>3,536,745</b>	<b>332,969,086</b>	<b>203,609,571</b>	<b>11,044,612</b>	<b>214,654,183</b>
				50,798,482			2,511,536	-	-	-
Leasing liabilities	4	952,780	9,695,356	10,648,136	1,375,333	8,054,159	9,429,492	1,367,316	10,113,023	11,480,339
Bank loans		69,963,604	-	69,963,604	67,965,537	-	67,965,537	2,226,645	-	2,226,645
Trade payables and other payables		17,747,995	-	17,747,995	19,020,875	-	19,626,357	12,154,422	947,420	13,101,842
Income tax liabilities	7	-	-	-	-	605,482	-	-	362,755	362,755
Liabilities related to shares	5	3,761,760	14,686,659	18,448,420	6,676,908	(82,753)	6,594,155	-	5,069,367	5,069,367
Deffered income	1	1,845,519	1,690,189	3,535,709	2,115,852	1,872,521	3,988,373	1,782,197	1,818,859	3,601,056
Grants		460,681	-	460,681	609,034	-	609,034	774,396	-	774,396
Provisions	6	4,100,313	-	4,100,313	3,214,799	-	3,214,799	596,879	-	596,879
<b>Total liabilities</b>		<b>98,832,653</b>	<b>26,072,205</b>	<b>124,904,857</b>	<b>100,978,338</b>	<b>10,449,409</b>	<b>111,427,746</b>	<b>18,901,856</b>	<b>18,311,423</b>	<b>37,213,279</b>
<b>Total equity</b>		<b>290,193,172</b>	<b>(9,357,443)</b>	<b>280,835,729</b>	<b>228,454,003</b>	<b>(6,912,663)</b>	<b>221,541,340</b>	<b>184,707,715</b>	<b>(7,266,811)</b>	<b>177,440,904</b>

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### 2.3. The going concern principle

The financial statements have been prepared based on the going concern principle, which assumes that the Company will be able to continue its activity in the foreseeable future.

The management of AROBS believes that the Company will be able to continue its activity in the foreseeable future and, therefore, the going concern principle used in the preparation of financial statements is justified.

### 2.4. Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the relevant notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

### 2.5. Transactions and balances in foreign currencies

Foreign exchange transactions are converted into the functional currency at the exchange rate on the date of each transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate on the reporting date communicated by the National Bank of Romania.

Non-monetary assets and liabilities, measured at fair value in a foreign currency, are translated into the functional currency at the exchange rate at the date the fair value was determined. Exchange differences are recognised in the statement of profit or loss. Non-monetary items denominated in a foreign currency and measured on a historical cost basis are not translated.

The exchange rates as of 31 December 2023 and 31 December 2022 were::

	<b>FY 2023</b>	<b>FY 2022</b>
LEI – EUR	4.9746	4.9474
LEI – USD	4.4958	4.6346
LEI – GBP	5.6871	5.5878

The average exchange rates for 2023 and 2022 were:

	<b>FY 2023</b>	<b>FY 2022</b>
LEI – EUR	4.9464	4.9313
LEI – USD	4.5758	4.6923

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LEI – GBP

5.7225

5.7858

***Operations abroad***

Assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition of subsidiaries, are translated into LEI at the exchange rate on the reporting date.

Income and expenses from foreign operations are converted into LEI at the exchange rate on the date of the transactions.

**2.6. Operating segments (IFRS 8)**

The Management Board monitors separately the operational results of the operating segments to be able to take decisions on the resource allocation and performance assessment. Segment performance is measured in terms of Gross Profit.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The Company reports separately information about an operating segment that meets any of the following quantitative thresholds:

- Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments.
- The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
- Its assets are 10 per cent or more of the combined assets of all operating segments.

The Company's operational segments are: Software Services, Software Products, Integrated Systems and Distribution of goods.

The amount of each segment item reported shall be the measure reported to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing an entity's financial statements and allocations of revenues, expenses, and gains or losses shall be included in determining reported segment profit or loss only if they are included in the measure of the segment's profit or loss that is used by the chief operating decision maker. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by the chief operating decision maker shall be reported for that segment. If an entity changes the structure of its internal organisation in a manner that causes the composition of its reportable segments to change, the corresponding information for earlier periods, including interim periods, shall be restated unless the information is not available and the cost to develop it would be excessive. Following a change in the composition of its reportable segments, the entity discloses whether it has restated the corresponding items of segment information for previous periods.

If the Entity has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change and if segment information for earlier periods, including interim periods, is not restated to reflect the change, the Entity shall disclose in the year in which the change occurs segment information for the

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current period on both the old basis and the new basis of segmentation, unless the necessary information is not available and the cost to develop it would be excessive.

Segmentation was performed for the income statement down to the gross profit level by presenting revenue and cost of sales for the following relevant segments: software services, software products, merchandise distribution and other services. Expenses related to the sale of products and services as well as marketing expenses have been considered as overheads. For assets and liabilities, the Company does not track these items by segment, as they are not relevant to the Company's business.

## **2.7. New IFRS standards and amendments**

### **a) Initial application of new amendments to existing standards for current reporting period**

The following amendments to existing standards issued by International Accounting Standards Board (IASB) and adopted by EU are effective for reporting periods beginning on or after January 1, 2023:

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements** – Presentation of accounting policies (effective for reporting periods beginning on or after January 1, 2023). The Company reviewed the accounting policies and applied the concept of „materiality” in the presentation of the accounting policies;
- **New Standard – IFRS 17 Insurance Contracts**, including amendments to IFRS 17 issued by IASB effective on and after January 1, 2023 – without effects on the 's financial statements;
- **Amendments to IAS 8 Accounting Policies**, changes in Accounting Estimates and Errors – Definition of accounting estimates (effective for reporting periods beginning on or after January 1, 2023) – without significant impact on the 's financial statements;
- **Amendment to IAS 12 Income Taxes** – Deferred tax related to Assets and Liabilities arising from a single transaction (effective for reporting periods beginning on or after January 1, 2023) - without significant impact on the 's financial statements;

### **b) Standards and amendments to existing standards issued by IASB and adopted by the EU, but which are not yet effective**

- **Amendments to IFRS 16 Leases** – Liability in sale and leaseback (mandatorily effective for periods beginning on or after January 1, 2024);
- **Amendments to IAS 1 Presentation of Financial Statements** - Classification of Liabilities as Current or Non-Current (mandatorily effective for periods beginning on or after January 1, 2024);

### **c) Standards and amendments to existing standards issued by IASB, but which were not adopted by the EU**

Currently, IFRS as adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, which were not approved for use in the EU on the publication of the individual financial statements (the effective dates mentioned below are for the IFRS standards issued by the IASB):

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments** – Supplier Finance Agreements (effective date established by the IASB: January 1, 2024)
- **Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates** (effective date established by the IASB: January 1, 2025)
- **Amendments to IFRS 14 – Regulatory Deferral Accounts** (effective date established by the IASB: January 1, 2026)

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- **Amendments to IFRS 10 and IAS 28** The sale of assets or the contribution with assets between an investor and the entities with which he is associated and subsequent amendments (the effective date has been postponed indefinitely by IASB. The anticipated implementation of the standard is allowed);

The Company anticipates that, by applying these new standards and amendments to the existing standards, the Financial Statements of the Company

will not be significantly impacted during the initial implementation period.

### 3. PROFESSIONAL JUDGEMENT, ESTIMATES AND ASSUMPTIONS

In preparing Company's financial statements, management made professional judgements, estimates and assumptions that affect the application of the accounting policies and the reported value of revenues, expenses, assets, and liabilities. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

The Company based its assumptions and estimates on information available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Main judgements on financial statements preparation are:

- **Revenue recognition from selling Track GPS monitoring solution** – presented in Note 32 and Note 5

Significant estimates on financial statements preparation are:

- **Determining the purchase price of subsidiaries** – presented in Note 18 „Shares held in affiliated entities“;
- Estimation of the recoverable value of investments in subsidiaries - presented in Note 18 "Shares held in affiliated entities"
- **Estimation of the recoverable value of development expenses** - presented in Note 17 "Intangible assets"
- **Duration of leasing contracts and discount rate** - presented in Note 21 "Leasing";
- **Adjustments for losses in value of financial assets** - presented in Note 34
- **Recognition and settlement of share-based employee payment program** - presented in Note 9

### 4. TURNOVER

	FY 2023	FY 2022
<b>Turnover:</b>		
Software services	224,677,840	186,165,876
Software products	42,007,506	41,243,883
Distribution of goods	-	1,216,542
<b>Total turnover</b>	<b>266,685,347</b>	<b>228,626,301</b>
<b>Turnover – geographic regions</b>	<b>FY 2023</b>	<b>FY 2022</b>
Romania*	203,261,741	158,893,497
Europa (excluding Romania)	27,090,166	31,264,465
USA	35,877,157	37,614,061
Asia & The Middle East	456,283	854,278
<b>Total turnover</b>	<b>266,685,347</b>	<b>228,626,301</b>

\* Software services revenues billed in Romania represent services provided to customers in Europe but for tax reasons are billed in Romania because these customers have a local subsidiary. These software services revenues represent 80% of the total turnover recorded in Romania.

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Globally, the demand for software products and services continues to be on an upward trend as companies and organisations continue to need to digitise their processes. To perform in a competitive market, the software development industry constantly requires access to excellent resources in increasing numbers. In the area of software products such as fleet management, business optimisation, digital payments, HR solutions, implementation of digitisation projects in the public sector, the market is also growing due to the challenges and the economic and social context of recent years. „Software services” recorded an increase in turnover of 38.5 million lei (21%) during 2023 compared to 2022.

Revenues from software services are mainly recorded at a point in time when the service is provided to the customer.

Revenues from „Software products” segment increased by 0,8 milion lei (2%), compared to the previous year.. Revenues from software products are recorded over time as services are provided to customers.

Globally, demands for services and software products are constant, as companies and organizations continue to need to digitize their processes. In the area of software products, such as fleet management, business optimization, digital payments, the market is also experiencing growth due to the challenges and the socio-economic context of recent years.

At the beginning of 2022, the activity of merchandise distribution, within the Products segment of the Company, was transferred to another entity as it was not one of the strategic development directions of AROBS.

The following table shows the structure of significant customers by business segment:

<b>Business segments</b>	<b>Top clients 2023</b>	<b>% of turnover</b>	<b>Top clients 2022</b>	<b>% of turnover</b>
<b>Software Services</b>	Client 1	41.39%	Client 1	38.22%
	Client 2	9.50%	Client 2	9.21%
	Client 3	6.76%	Client 3	8.08%
	Client 4	5.18%	Client 4	5.42%
	Client 5	5.09%	Client 5	3.88%
<b>Software products</b>	Client 6	0.66%	Client 6	0.7%
	Client 7	0.49%	Client 7	0.37%
	Client 8	0.14%	Client 8	0.18%

**Cost of carrying out contracts with customers**

Cost of carrying out contracts with customers – GPS monitoring services

	<b>OB 2022</b>	<b>CAPITALISATION 2023</b>	<b>DEPRECIATION 2023</b>	<b>CB 2023</b>
GPS Monitoring services	804,855	1,264,339	1,299,056	770,138

**Deffered revenue – contract performance obligations**

	<b>Balance at 31.12.2023</b>	<b>Balance at 31.12.2022</b>	<b>Balance at 31.12.2021</b>
<b>Deffered revenue, out of which:</b>	<b>3,535,709</b>	<b>3,988,373</b>	<b>3,601,056</b>
Long term	3,262,205	3,480,580	3,126,455
Short term	273,503	507,793	474,600

Deffered revenue was recorded on the basis of medium and long term customer contract agreements and mainly relates to fleet monitoring services.

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**5. COST OF SALES**

**5.1. Cost of sales - Software services**

	<b>FY 2023</b>	<b>FY 2022</b>
Salary Expenses	90,377,617	48,822,073
Cost with Employee stock option plan	7,393,189	2,450,924
Third party expenses	65,354,174	73,557,169
Property plant and equipment depreciation and amortization	4,652,272	3,797,812
Other operating expenses	2,611,267	1,212,439
<b>Cost of sales Software Services</b>	<b>170,388,519</b>	<b>129,840,416</b>

The cost of sales of software services consists of salaries and benefits (including ESOP costs) of directly productive staff involved in the delivery of these services, the cost of services performed by third parties related to software services projects, depreciation of equipment used and other operating expenses necessary for the delivery of software services: rent and energy and water costs, travel expenses, insurance and commissions and fees.

Cost of sales of software services increased by 40.5 million lei compared to the previous year, mainly due to the increase in salary expenses followed by the increase in ESOP. The increase in salary expenses in the software services area was driven by increased employee costs to maintain competitiveness in the market.

Services contracted from third parties represented, during 2023, mainly expenditure on software and IT consulting services, recruitment services, participation in fairs and conferences.

In the category of "Other operational expenses" are included revenues from subsidies related to turnover.

**5.2. Cost of sales – Software products**

	<b>FY 2023</b>	<b>FY 2022</b>
Salary Expenses	5,556,157	3,572,942
Employee stock option plan costs	518,581	341,152
Property plant and equipment depreciation and amortization	3,186,931	3,397,802
Third parties expenses	2,259,990	2,748,247
Cost of goods sold	2,762,319	3,176,553
Other operating expenses	3,710,643	3,784,192
<b>Cost of sales software products</b>	<b>17,994,623</b>	<b>17,020,888</b>

The cost of sales of software products consists of salaries and benefits (including ESOP expenses) of directly productive personnel involved in the delivery of these products and the provision of related services, the cost of equipment sold, depreciation of equipment used and other operating expenses necessary for the delivery of software products and the provision of related services: telecommunication services, rent and energy and water costs, travel expenses, fuel, maintenance and repairs. Services contracted from third parties during 2023 mainly represented services with installations of monitoring devices and software services.

The increase in salary expenses in the area of software services and software products was generated by increased employee costs in order to maintain competitiveness in the market through salary increases and stock options offered under ESOP programmes during the year.

The increase in expenditure on services performed by third parties is in line with the expansion of the business and the development of new internal products.

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**6. SALES AND MARKETING EXPENSES**

	<b>FY 2023</b>	<b>FY 2022</b>
Salary Expenses	4,337,244	3,531,512
Employee stock option plan costs	214,735	172,813
Marketing and advertising expenses	2,592,987	1,971,377
Third parties expenses	356,063	299,801
Property plant and equipment depreciation and amortization	283,352	342,136
Other operating expenses	158,888	-
<b>Sales and marketing expenses</b>	<b>7,943,270</b>	<b>6,317,639</b>

Sales and marketing expenses consist of salaries and benefits (including ESOP costs) of sales and marketing staff, protocol, advertising and publicity expenses and services performed by third parties generated by the Company's promotional activities.

**7. GENERAL & ADMINISTRATION EXPENSES**

	<b>FY 2023</b>	<b>FY 2022</b>
Salary Expenses	15,060,599	10,037,916
Employee stock option plan costs	7,564,774	1,545,931
Property plant and equipment depreciation and amortization	3,088,179	2,021,513
Third parties expenses	7,188,923	6,180,261
Other operating expenses	4,616,607	5,618,523
Transportation expenses	1,531,232	1,303,597
Depreciation of current assets	1,556,698	(469,981)
Subsidiary acquisitions expenses	1,382,611	600,464
<b>General &amp; Administration expenses</b>	<b>41,989,623</b>	<b>26,838,224</b>

General and administrative expenses comprise salaries and benefits (including remuneration in equity instruments) of staff in the management, administrative, procurement, finance, legal, management, labour protection, human resources and IT support departments and of expenses for services performed by third parties, consultancy expenses, rental expenses and other expenses incurred in the administration of the Company.

The increase in general and administrative expenses is consistent with the expansion of the business and the development of domestic products. In addition to the increase in salary and ESOP costs carried out during the year, a significant contribution to the increase in expenses was made by the costs of contracted services from third parties and the depreciation expenses of fixed assets and the right of use of leased assets. Costs related to acquisitions of subsidiaries refer to amounts paid to consultants and attorneys contracted for these transactions and to additional amounts paid under the acquisition agreements of the subsidiaries.

**8. EMPLOYEE BENEFITS EXPENSES**

	<b>FY 2023</b>	<b>FY 2022</b>
Salary Expenses	111,195,752	61,786,676
Employee social security contributions	3,064,961	1,763,202
Meal ticket expenses	2,725,125	1,619,370
Capitalization	(2,539,735)	(1,822,725)
Untaken holidays provision	885,514	2,617,920
<b>Subtotal personnel expenses</b>	<b>115,331,617</b>	<b>65,964,443</b>
Employee stock ownership plan costs	15,691,279	4,510,820

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<b>Total personnel expenses</b>	<b>131,022,896</b>	<b>70,475,262</b>
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Capitalizations refer to revenues related to the costs incurred in the development of internal products in progress during the year.

The average number of employees during the financial year ended 31 December 2023 and 31 December 2022 was as follows:

	<b>FY 2023</b>	<b>FY 2022</b>
Management	22	26
Administrative	13	8
Purchasing	2	2
Financial	21	16
Legal	4	3
Warehouse keepers	2	2
Marketing	14	10
Research & Development	498	374
Health & safety	2	1
Human resources	18	10
Service – Installations	30	21
IT support	13	9
Sales	30	24
<b>Total</b>	<b>669</b>	<b>505</b>

Salary expenditure during the financial year ended 31 December 2023 and 31 December 2022 was as follows:

	<b>FY 2023</b>	<b>FY 2022</b>
Management	6,091,120	3,210,961
Administrative	1,271,466	973,019
Purchasing	257,469	194,604
Financial	3,374,588	1,946,037
Legal	579,415	389,207
Warehouse keepers	175,627	194,604
Marketing	1,320,257	1,264,924
Research & Development	89,291,036	45,731,870
Health & safety	130,625	97,302
Human resources	1,817,751	1,167,622
Service – Installations	2,308,412	2,627,150
IT support	2,067,003	1,070,320
Sales	2,510,983	2,919,056
<b>Total salary expenses</b>	<b>111,195,752</b>	<b>61,786,676</b>

Expenses with benefits in the form of the entity's own shares (or other equity instruments) during financial year ended 31 December 2023 and 31 December 2022, respectively were:

	<b>FY 2023</b>	<b>FY 2022</b>
Management	12,103,484	2,141,519
Administrative	29,087	59,933
Purchasing	14,822	17,376
Financial	108,460	93,870
Legal	50,437	17,994
Warehouse keepers	3,992	5,400
Marketing	54,540	33,754
Research & Development	3,112,368	1,847,497
Health & safety	1,146	6,447
Human resources	39,412	43,594

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Service – Installations	41,922	118,824
IT support	49,662	54,338
Sales	81,946	70,275
<b>Total</b>	<b>15,691,279</b>	<b>4,510,820</b>

Salary expenses increased from the previous year due to the increase in the average number of employees from 505 in 2022 to 669 in 2023. Salary expenses have also increased with the aim of maintaining competitiveness in the market and providing the necessary resources for ongoing projects through salary increases and stock options offered under ESOP programmes run during the year. Staff entitlements are recorded in the accounts with the deduction of the related contributions and taxes established in accordance with the legislation in force. Staff settlements comprise salary entitlements, bonuses, allowances for rest leave and temporary incapacity for work paid from the salary fund, and other entitlements in cash and/or in kind owed by the company to staff for work performed.

Gross salaries in 2023 for the Executive Management of the Company amounted LEI 1.565.478 and the expense recorded in 2023 for the shares awarded to management amounted LEI 6.022.091.

***ESOP – Employee Stock Option Plan***

ESOP value is established on the date the stock option is granted. The expense recorded is based on the market price from the date of granting the stock option and is recognized systematically as the services are rendered and until the vesting criteria are met. The vesting criteria for ESOPs are seniority within the company and employee status.

Benefits in the form of the entity’s own shares (or other equity instruments) granted to employees are recognized separately in the equity accounts at the fair value of those equity instruments at the date those benefits are granted. Recognition of expenses relating to employees' work occurs when the work is performed. The grant date is the date on which the entity and the employee beneficiaries of those instruments understand and accept the terms and conditions of the transaction, except that if the arrangement is subject to a subsequent approval process (for example, by shareholders), the grant date is the date on which that approval is obtained. For equity instruments granted that vest immediately on the grant date, employees are not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments and, in the absence of evidence to the contrary, the entity shall treat the services rendered in exchange for the equity instruments as already having been received. In this case, the related expenses shall be recorded in full against the equity accounts at that time. For equity instruments granted that vest only after employees have completed a specified period of service, the related expenses are recognised as the services are rendered, over the vesting period, against the equity accounts. The amount recognised as an expense shall be based on an 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 vesting date, that estimate equals the number of equity instruments that vest.

In the steps concerning the repurchase of own shares in order to implement the Stock Option Plan, the provisions of Law 31/1990 presented below were also taken into account:

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

- a. Authorization to acquire own shares shall be granted by the Extraordinary General Meeting of Shareholders, which shall determine the conditions of such acquisition, in particular the maximum number of shares to be acquired, the duration for which the authorization is granted, which may not exceed 18 months from the date of registration in the Commercial Register and in the case of acquisition for consideration, the minimum and maximum value of the shares.
- 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 relate to fully paid shares;

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- d. Payment for the shares so acquired shall be made only out of the distributable profits or available reserves of the company shown in the last approved annual financial statements, excluding legal reserves.

If own shares are acquired for distribution to company's employees, the shares so acquired must be distributed within 12 months of the date of acquisition.

Article 104. – (1) Restrictions provided in art. 1031 do not apply to:

- a. Shares acquired in accordance with art. 207, par. (1), let.c), following a decision of the general meeting to reduce the share capital;
- b. Shares acquired through a transfer of shares with universal title
- c. Fully paid-up shares acquired by virtue of a court judgment in an enforcement procedure against a shareholder who is a debtor of the company;
- d. Fully paid-up shares acquired free of charge

(2) The restrictions laid in article 1031, except for the restriction lade in article 1031, paragraph 1 letter d), do not apply to shares acquired in accordance with article 134.

Art. 1041. - (1) Shares acquired in violation of Articles 1031 and 104 must be disposed of within one year of acquisition.

(2) If the nominal value of own shares acquired by the company according to provisions of Art. 104, par. (1), let. b)-d), directly or through an agent acting in its own name, but on behalf of the company, including the nominal value of existing own shares in the company;s portfolio, is grater than 10% of the subscribed share capital, the shares that exceed this percentage will be disposed within 3 years from aqisition.

(3) If the shares are not disposed of in the time limits established in par. (1) and (2), then these have to be cancelled, and the company has to reduce its subscribed share capital accordingly.

## 9. CATEGORIES OF EXPENSES

	<b>FY 2023</b>	<b>FY 2022</b>
Salary Expenses	115,331,617	65,964,443
Employee stock ownership plan costs	15,691,279	4,510,820
Third paty expenses	75,159,151	82,785,478
Property plant and equipment depreciation expenses	11,210,735	9,559,263
Other operating expenses	11,333,119	10,887,362
Cost of goods sold	2,762,319	4,608,607
T & E and advertising expenses	2,592,987	1,971,377
Adjustments for the depreciation of noncurrent assets (expense)	1,556,698	(469,981)
Transportation expenses	1,531,232	1,303,597
Subsidiary acquisitions expenses	1,382,611	600,464
<b>Total</b>	<b>238,316,034</b>	<b>181,452,732</b>

## 10. OTHER INCOME

	<b>FY 2023</b>	<b>FY 2022</b>
Other operating revenues	291,382	547,458
Net revenue from the sale of current assets	160,577	105,943
<b>Total</b>	<b>451,959</b>	<b>653,401</b>

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**11. REVENUE AND EXPENSES RECONCILIATION BY BUSINESS SEGMENTS**

	SOFTWARE SERVICES		SOFTWARE PRODUCTS		DISTRIBUTION OF GOODS		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from software services	224,677,840	186,165,876	-	-	-	-	224,677,840	186,165,876
Revenue from software products	-	-	42,007,506	41,243,883	-	-	42,007,506	41,243,883
Revenue distribution of goods	-	-	-	-	-	1,216,542	-	1,216,542
<b>Total Turnover</b>	<b>224,677,840</b>	<b>186,165,876</b>	<b>42,007,506</b>	<b>41,243,883</b>	<b>-</b>	<b>1,216,542</b>	<b>266,685,347</b>	<b>228,626,301</b>
Salary Expenses	90,377,617	48,822,073	5,556,157	3,572,942	-	-	95,933,774	52,395,015
Employee stock ownership plan costs	7,393,189	2,450,924	518,581	341,152	-	-	7,911,769	2,792,076
Third party expenses	65,354,174	73,557,169	2,259,990	2,748,247	-	-	67,614,164	76,305,415
Cost of goods sold - equipment	-	-	2,762,319	3,176,553	-	1,432,054	2,762,319	4,608,607
Property plant and equipment depreciation expenses	4,652,272	3,797,812	3,186,931	3,397,802	-	-	7,839,204	7,195,614
Other operating expense	2,611,267	1,212,439	3,710,643	3,784,192	-	3,511	6,321,910	5,000,141
<b>Total cost of sales</b>	<b>170,388,519</b>	<b>129,840,416</b>	<b>17,994,623</b>	<b>17,020,888</b>	<b>-</b>	<b>1,435,565</b>	<b>188,383,142</b>	<b>148,296,869</b>
<b>Gross margin</b>	<b>54,289,321</b>	<b>56,325,460</b>	<b>24,012,884</b>	<b>24,222,995</b>	<b>-</b>	<b>(219,023)</b>	<b>78,302,205</b>	<b>80,329,432</b>
<b>Gross margin %</b>	<b>24%</b>	<b>30%</b>	<b>57%</b>	<b>59%</b>	<b>0%</b>	<b>-18%</b>	<b>29%</b>	<b>35%</b>

Sales and marketing and general administration expenses are unallocated costs.

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**12. FINANCIAL RESULT**

	<b>2023</b>	<b>2022</b>
Revenues from shares in affiliated entities	23,300,756	-
Net income/(expense) from exchange rate differences	(377,291)	(249,573)
Interest income	3,096,249	1,869,476
Other financial income	166,124	43,646
Interes expense	(2,234,615)	(862,725)
Other financial expenses	(35,742)	(3,733)
<b>Financial result</b>	<b>23,915,482</b>	<b>797,092</b>

Income from shares held in affiliated entities refers to dividends distributed by subsidiaries during 2023.

**13. INCOME TAX, MICROENTERPRISE TAX AND DEFERED TAX**

	<b>2023</b>	<b>2022</b>
Income tax	5,824,278	6,791,488
Deferred income tax	423,942	(10,986)
<b>Total</b>	<b>6,248,221</b>	<b>6,780,502</b>

The amounts presented relate to revenue and expenditure for each financial year.

	<b>2023</b>	<b>2022</b>
<b>Gross profit</b>	<b>52,736,754</b>	<b>48,624,061</b>
Current period income tax	(5,824,278)	(6,791,488)
Revenue as a result of deferred income tax	(423,942)	10,986
<b>Recalculated net profit</b>	<b>46,488,533</b>	<b>41,843,559</b>

**Theoretical rate and effective rate reconciliation**

	<b>2023</b>	<b>2022</b>
<b>Result before tax</b>	<b>52,736,754</b>	<b>48,624,061</b>
Restated or adjusted income	182,331	95,042
Restated or adjusted expenses	(3,077,792)	458,581
<b>Profit/loss before tax</b>	<b>55,632,215</b>	<b>48,070,438</b>
Non taxable income	(16,366,419)	(3,029,370)
Non taxable expenses for tax calculation	13,042,010	10,622,145
Legal reserves	(2,753,218)	(2,403,522)
<b>Fiscal Profit/loss</b>	<b>49,554,588</b>	<b>53,259,691</b>
<b>Fiscal loss carried forward/Taxable income</b>	<b>49,554,588</b>	<b>53,259,691</b>
<b>Profit tax</b>	<b>7,928,734</b>	<b>8,521,551</b>
<b>Income tax deductions as per Fiscal Code</b>	<b>2,104,456</b>	<b>2,349,566</b>
<b>Income tax after deductions</b>	<b>5,824,278</b>	<b>6,791,488</b>

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**Deferred income tax**

	<b>FY 2023</b>	<b>FY 2022</b>	<b>FY 2021</b>
Deferred income tax - receivable	613,356	1,037,298	1,707,582
<b>Total</b>	<b>613,356</b>	<b>1,037,298</b>	<b>1,707,582</b>

The deferred income tax receivable will be recovered based on future profits earned by the Company.

The temporary differences regarding the deferred payment are generated by the following items: assets related to the rights of use of the leased assets, inventories, trade receivables and other receivables, lease liabilities, income in advance, other tangible fixed assets and provisions.

**14. EBITDA**

EBITDA (Earning Before Interest, Taxes, Depreciation and Amortization) is one of the most widely used indicators of corporate profitability. This indicator helps to show the cash profit generated by the company before depreciation, amortisation, taxes and debt related to the capital structure.

EBITDA is one of the main performance indicators monitored by the Company's management. Individual EBITDA is reconciled to the Company's individual income statement as follows:

	<b>2023</b>	<b>2022</b>
Operating revenue	268,156,146	230,397,785
Operating expenses	226,741,529	172,411,087
<b>EBITDA</b>	<b>41,414,618</b>	<b>57,986,697</b>
<b>EBITDA Margin</b>	<b>15%</b>	<b>25%</b>
ESOP	15,691,279	4,510,820
<b>Normalized EBITDA*</b>	<b>57,105,896</b>	<b>62,497,517</b>
<b>Normalized EBITDA margin*</b>	<b>21%</b>	<b>27%</b>
Depreciation&Provision	11,210,735	9,559,263
Incidental expenses	1,382,611	600,464
Financial result	23,915,482	797,092
<b>Profit before tax</b>	<b>52,736,754</b>	<b>48,624,061</b>
Tax	6,248,221	6,780,502
<b>Net profit</b>	<b>46,488,533</b>	<b>41,843,559</b>
<b>Net profit margin</b>	<b>17%</b>	<b>18%</b>
<b>Normalized net profit**</b>	<b>62,179,812</b>	<b>45,753,915</b>
<b>Normalized net profit margin**</b>	<b>23%</b>	<b>20%</b>

\*Normalized EBITDA = EBITDA less SOP expense

\*\*Normalized net profit excludes the non-cash effect of the Stock Option Plans

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**15. EARNINGS PER SHARE**

The calculation of basic and diluted earnings per share is based on the following amounts of profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

<b>Basic</b>	<b>2023</b>	<b>2022</b>
Profit	46,488,532	41,843,559
Regular shares in circulation	827,332,139	830,351,947
<b>Basic earnings per share</b>	<b>0.0562</b>	<b>0.0504</b>

<b>Diluted</b>	<b>2023</b>	<b>2022</b>
Profit	46,488,532	41,843,559
Diluted regular shares in circulation	856,620,812	840,951,673
<b>Diluted earnings per share</b>	<b>0.0543</b>	<b>0.0498</b>

**16. INTANGIBLE ASSETS**

	<b>Research &amp; development expenses</b>	<b>Concessions, patents, licenses, brands and other noncurrent assets</b>	<b>Total</b>
<b>Cost</b>			
<b>31-Dec-21</b>	<b>539.216</b>	<b>10.718.890</b>	<b>11.258.106</b>
Purchases/Transfers	3.782.331	1.402.207	5.184.538
Disposals	(239.014)	-	(239.014)
<b>31-Dec-22</b>	<b>4.082.533</b>	<b>12.121.097</b>	<b>16.203.630</b>
Purchases	3.773.820	78.061	3.851.880
Transfers	-	5.370.214	5.370.214
Disposals	(5.402.708)	-	(5.402.708)
<b>31-Dec-23</b>	<b>2.453.645</b>	<b>17.569.372</b>	<b>20.023.017</b>
<b>Depreciation/Adjustments</b>			
<b>31-Dec-21</b>	<b>0</b>	<b>3.191.828</b>	<b>3.191.828</b>
Period cost	189.036	1.361.510	1.550.546
Disposals	-	-	-
<b>31-Dec-22</b>	<b>189.036</b>	<b>4.553.338</b>	<b>4.742.374</b>
<b>Depreciation/Adjustments</b>			
Period cost	-	1.585.370	1.585.370
Disposals	-	-	-
<b>31-Dec-23</b>	<b>189.036</b>	<b>6.138.708</b>	<b>6.327.744</b>
<b>Net value</b>			
<b>31-Dec-23</b>	<b>2.264.610</b>	<b>11.430.664</b>	<b>13.695.273</b>
<b>31-Dec-22</b>	<b>3.893.497</b>	<b>7.567.760</b>	<b>11.461.257</b>

Intangible assets and development expenses relate to projects to develop and improve the GPS tracking application and other internal products. On December 31, 2023, the budget projections of the division of domestic products monitoring the car fleet for the following years were analyzed and, based on the DCF method, it was found that there are no signs of impairment of these intangible assets.

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## **17. SHARES IN AFFILIATED ENTITIES**

In order to strengthen its position on the market, the company has been pursuing an acquisition policy in recent years. It has transformed itself into an international company, forming partnerships and collaborations with partners and customers in the United States, Canada, Germany, Finland, Switzerland, the Netherlands, Belgium and Italy.

### **Future Workforce Global SA**

At the end of April 2023 Arobs fully acquire Future Workforce Global SA și and its subsidiaries: 100% Future Workforce SRL (Romania), 80% Future Workforce UK (United Kingdom) și 65% Future Workforce GmbH(Germany). FWF by AROBS continued to strengthen its position in intelligent automation and digital transformation with significant increases in the number of new partnerships. One of FwF's success pillars remains its specialization in the financial banking sector, which uses RPA technologies and low-code solutions to deliver complex operations digitization programs. Another remarkable development in 2023 was the increased interest from the public sector in the company's solutions. They have secured their first contract in this sector, an important recognition of their expertise and value in digital transformation in the public sector.

### **Arobs Pannonia Software Kft**

In July 2023, the complete acquisition of Arobs Pannonia Software Kft, based in Budapest, Hungary, a company specialized in fleet management and custom software development, was completed. The acquisition of AROBS Pannonia Software marks a new development perspective in Central Europe, starting with more than 1,000 customers in Hungary.

### **AROBS Software SRL**

The acquisition of AROBS Software SRL was completed in the beginning of February 2023, a transaction with strategic value for software services division development within the Company.

### **AROBS Polska**

For AROBS Polska, where the Company acquired 94% of shareholding, 2023 was a year marked by significant events. The company joined the AROBS and strengthened its position in the European space market. In 2023, AROBS Polska developed quantum communication – especially in a project for the European Space Agency. In addition, the company continued to expand its competencies in controlling mechanisms for space missions, with plans to introduce a dedicated product to this market by the end of 2025. Another significant milestone was the initiation of the first services for the automotive industry, significant project in 2023 that brings AROBS Polska closer to a new technological niche involves the development of Time Sensitive Networking (TSN) for space applications. TSN has significant potential for widespread use by the European Space Agency and the private sector.

### **AROBS TrackGPS SRL**

AROBS TrackGPS SRL from the Republic of Moldova joined the Company in February 2023 following its full acquisition. AROBS TrackGPS SRL is a company with experience in fleet management for companies in all industries, with a portfolio of active clients consisting of approximately 450 companies, with approximately 5,000 monitored vehicles. The integration of the new entity into the Company meant for the fleet management business line of AROBS the consolidation of its presence on the Central and Eastern European market.

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## **2022 Aquisitions**

### **Berg Software Timișoara**

In December 2021 Arobs fully acquired Berg Software, a Romanian software development company, with offices in Timișoara, Lugoj și Oradea. Purchase price was paid in two tranches, the first one in amount of 2,848,800 EUR, being paid upon signing, and the difference of 20% being paid in 18 from contract signing subject to certain conditions fulfillment. Following the transaction AROBS Transilvania Software strengthens its presence in the West part of Romania.

At the time of the acquisition of the Berg Software company, it was agreed that a part of the negotiated purchase price would be paid following the fulfillment of some EBITDA growth objectives, during 2022. This contingent payment was estimated at the value of 312 thousand EURO as of the acquisition and was based on the financial projections of the subsidiary for the year 2022 and for the achievements made up to the date of calculation. Later, in May 2022, the parties renegotiated the final sale price, the contingent debt being reduced by the amount of 125 thousand Euros, payable to the employees of the acquired company and not to the seller. As a result of this change, the value of the participation was updated to the amount mentioned above, being considered a debt to the company's employees. At the end of 2023, the amounts related to this purchase contract have been paid in full.

### **AROBS Development & Engineering (Enea Software Services România)**

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 17.6 million euros. 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 R&D in various fields such as medical, maritime and embedded devices. At the date of acquisition, no contingent liabilities were recognised.

### **Nordlogic**

Also in 2022, AROBS Transilvania Software continued its expansion by acquiring Nordlogic specialized in the development of custom software products and platforms. Following this transaction, the company expanded its team in the Software Services division by integrating more than 60 programmers, testers and software development consultants. At transaction signing it was agreed that part of the negotiated price will be paid subsequently subject to certain EBITDA growth target. The formula for this amount was based on an 2022 EBITDA multiple. The contingent payment was estimated to 0 at transaction date based on available financial forecast of the subsidiary for 2022 and on actual performance. At the date of acquisition, no contingent assets or liabilities were recognised.

Deferred tax computed on non-deductible provisions registered in Nordlogic financial statements was deducted from goodwill calculation. At the end of 2023 purchase price amount was paid in full.

### **Centrul de Soft GPS**

At the end of 2022, AROBS Transilvania Software acquired the GPS Centru de Soft, known on the market under the CDS brand, a Romanian company specialized in providing solutions for fleet management. CDS had in its portfolio a number of approximately 1000 clients, which are added to the existing portfolio of AROBS. Through this acquisition, AROBS Transilvania Software has individual its leading position on the fleet management market. At the acquisition date, no contingent obligations were recognised.

The cost related to subsidiaries acquisition transactions were recognised in profit and loss in accordance with IFRS 3, in amount of 137 thousand LEI in 2021, 600 thousand LEI in 2022, and 198 thousand LEI in 2023.

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Debts related to participations refer to the amounts that remain to be paid for the purchases made in the period 2021-2023 and which are conditional on the fulfillment of certain performance criteria established by the purchase contracts.

*Value of shares in affiliated entities*

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
AROBS DEVELOPMENT & ENGINEERING S.R.L.	89,370,831	87,823,419	-
FUTURE WORKFORCE	40,951,950	-	-
BERG COMPUTERS S.R.L.	20,435,500	19,710,058	19,305,334
AROBS SOFTWARE S.R.L.	15,377,028	-	-
NORDLOGIC SOFTWARE S.R.L.	15,016,046	14,184,648	-
SAS FLEET TRAKING S.R.L.	14,123,307	14,020,330	14,001,635
AROBS PANNONIA SOFTWARE S.R.L.	6,006,210	-	-
CENTRUL DE SOFT GPS S.R.L.	4,939,617	4,934,766	-
UCMS ROMANIA S.R.L.	2,563,986	2,379,108	2,145,521
AROBS TRACKGPS S.R.L.	2,525,728	-	-
AROBS POLSKA (SYDERAL POLSKA)	811,784	-	-
PT AROBS INDONESIA	521,314	521,314	521,314
SOFTMANAGER S.R.L.	196,439	196,439	196,439
CABRIO INVEST BV	87,705	87,705	87,705
AROBS SOFTWARE SOLUTIONS GMBH	72,504	72,504	72,504
AROBS ETOLL SOLUTIONS S.R.L.	61,423	50,178	-
COSO BE & NL	53,580	-	-
ALTE PARTICIPAȚII	800	800	800
ASOCIATIA TRANSILVANIA IT	250	250	250
AROBS SYSTEMS	200	200	-
<b>Total</b>	<b>213,116,201</b>	<b>143,981,719</b>	<b>36,331,502</b>

The company is required to test, annually, whether the value of the participations in the affiliated entities has suffered any depreciation. The recoverable amount is determined based on value in use calculations. Using this method requires estimating discounted future cash flows and determining a discount rate to calculate the present value of the cash flows. Recoverable values for cash-generating units ("CGUs") that hold a significant proportion of the total goodwill balance have been determined from value-in-use calculations based on cash flow forecasts from officially approved budgets covering a period of five years to December 31, 2028.

The main assumptions are the following:

<b>2023</b>	%	%	%	%	%
<b>Main assumptions</b>	<b>AROBS Development &amp; Engineering</b>	<b>Berg Computers</b>	<b>Nordlogic Software</b>	<b>Arobs Software</b>	<b>Future Workforce</b>
Revenue increase rate	13	10.5	12.4	9.9	15.4
EBITDA average rate	21.7	20	17.5	21	16.7
WACC	16.7	17.4	16.7	23.9	16.4
Perpetuity rate	2	2	2	2.5	2

**Main assumptions:**

The revenue growth rate for each entity took into account the history of revenue development but also the dynamics of the markets where each company's customers are.

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The average EBITDA growth rate for each entity was estimated based on the historical evolution but also taking into account the estimated evolution of the main categories of expenses, in particular salaries.

The WACC rate was calculated taking into account both the risk of the industry in which each company operates, the country risk taking into account the place of service provision as well as the country where the customer of the services is located and the specific risk of each entity.

**Sensitivity analysis**

If any of the following changes were made to the key assumptions above, for cash-generating units holding a significant proportion of the total goodwill balance, the carrying amount and recoverable amount would be equal:

2023 Sensitivity analysis	p.% AROBS Development & Engineering	p.% Berg Computers	p.% Nordlogic Software	p.% Arobs Software	p.% Future Workforce
Revenue increase rate	-11	-16.5	-2.5	-2.5%	-5
EBITDA average rate	-6	-10	-1.2	-1.5%	-3
WACC	6	13	+1.3	+1.5%	3

**18. TANGIBLE ASSETS**

	Buildings	Plant, machinery and motor vehicles	Other instalations and fixtures and fittings	WIP Tangible assets	Total
<b>Cost</b>					
<b>31-Dec-21</b>	<b>5,025,546</b>	<b>14,617,959</b>	<b>3,424,320</b>	<b>207,219</b>	<b>23,275,044</b>
Purchases/Transfers	332,348	7,259,081	1,074,136	2,469,062	11,134,627
Disposals	-	(240,949)	(156,727)	(1,729,435)	(2,127,111)
<b>31-Dec-22</b>	<b>5,357,894</b>	<b>21,636,091</b>	<b>4,341,729</b>	<b>946,846</b>	<b>32,282,560</b>
Purchases	274,024	432,992	311,804	631,778	1,650,598
Transfers	54,979	2,682,380	330,589	698,653	3,766,602
Disposals	(182,224)	(981,557)	(95,893)	(1,933,217)	(3,192,891)
<b>31-Dec-23</b>	<b>5,504,673</b>	<b>23,769,906</b>	<b>4,888,230</b>	<b>344,060</b>	<b>34,506,869</b>
<b>Amortizare/Ajustări</b>					
<b>31-Dec-21</b>	4,027,809	10,326,648	2,631,018	-	16,985,475
Period cost	400,760	6,058,711	443,189	-	6,902,660
Disposals	-	(228,833)	(156,727)	-	(385,560)
<b>31-Dec-22</b>	<b>4,428,569</b>	<b>16,156,525</b>	<b>2,917,480</b>	-	<b>23,502,574</b>
<b>Amortizare/Ajustări</b>					
Period cost	687,061	2,110,479	752,390	-	3,549,931
Disposals	(182,224)	(537,961)	(92,398)	-	(812,583)
<b>31-Dec-23</b>	<b>4,933,406</b>	<b>17,729,043</b>	<b>3,577,472</b>	-	<b>26,239,922</b>
<b>Net value</b>					
<b>31-Dec-23</b>	<b>571,267</b>	<b>6,040,863</b>	<b>1,310,757</b>	<b>344,060</b>	<b>8,266,947</b>
<b>31-Dec-22</b>	<b>929,325</b>	<b>5,479,566</b>	<b>1,424,249</b>	<b>946,846</b>	<b>8,779,986</b>

Tangible fixed assets mainly refer to laptops, switches, workstations and other equipment, as well as fittings of the leased premises where the activity is carried out. Also, the equipment rented in the fleet monitoring activity is included in the position of technical installations and machines.

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**19. FINANCIAL ASSETS**

Net value	31.12.2022	31.12.2022	31.12.2021
Affiliated company shares	212,955,994	143,821,510	36,331,502
Loans to affiliated and related parties	18,685,471	8,757,419	1,788,501
Other long term investments	2,220,548	2,331,043	-
Guarantees and other financial assets	748,304	1,594,994	857,752
<b>Total</b>	<b>234.610.316</b>	<b>156.504.966</b>	<b>38.977.755</b>

The increase in the value of loans in 2023 compared to the previous year is mainly due to the reclassification of some short-term loans to long-term loans as a result of the renegotiation of the collection terms with the related parties to whom these loans were granted.

Part of these loans granted to related parties have been fully adjusted, the amount of the adjustments at 2023 being 2,758,835 lei.

Long term loans granted are presented below:

<b>Loans granted by AROBS to ONLINE SOFTWARE SYSTEMS</b>	31.12.2023	31.12.2022	31.12.2021
Loan value	1,190,697	1,304,187	1,354,187
Interest value	111,521	118,031	118,030
<b>Total</b>	<b>1,302,218</b>	<b>1,422,218</b>	<b>1,472,217</b>

The loan was granted for investment opportunities and working capital. At December 31, 2023, the loan amount is fully adjusted.

<b>Loan granted by AROBS to INVESTO CORP</b>	31.12.2023	31.12.2022	31.12.2021
Loan value	1,004,945	1,039,450	1,079,450
Interest value	132,936	138,431	138,431
<b>Total</b>	<b>1,137,881</b>	<b>1,177,881</b>	<b>1,217,881</b>

The loan was granted to cover immediate investment needs in developing an online platform that incorporates the main processes, entities and working tools that ensure the monitoring, collection, transmission, localization and processing of data and information so as to provide optimal and efficient solutions for investment management. As of December 31, 2023, the loan amount is fully adjusted.

<b>Loan granted by AROBS to INOVO FINANCE</b>	31.12.2023	31.12.2022	31.12.2021
Loan value	148,904	158,090	158,090
Interest value	41,618	42,432	42,432
<b>Total</b>	<b>190,522</b>	<b>200,522</b>	<b>200,522</b>

This loan was granted for immediate working capital needs. As of 31 December 2023 the loan amount is fully adjusted.

**Guarantees granted and guarantees received**

The guarantees in balance as of 31 December 2023, amounting 739,174 lei, are detailed below:

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<b>Guarantees</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Building lease	716,561	687,649	748,466
Guarantees for adequate execution	3,984	884,859	-
Economic mission EC	-	-	2,000
Auctions	11,628	13,357	21,081
Other	7,000	-	77,075
<b>Total</b>	<b>739,174</b>	<b>1,585,864</b>	<b>848,622</b>

## 20. LEASING

The Company has lease agreements for various elements of buildings and vehicles used in its operations. Building leases generally have rental terms between 3 and 15 years, while cars and other equipment generally have rental terms between 3 and 5 years. The 's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from divesting and subletting leased assets, and some contracts require the Company to maintain certain financial indicators.

There are several leases that include extension and termination options and variable lease payments, which are further disclosed below.

The carrying amounts of recognised right-of-use assets and movements during the period are shown below:

	<b>Land and buildings</b>	<b>Transport vehicles</b>
<b>Balance at 31.12.2021</b>	<b>12,131,796</b>	<b>1,448,933</b>
Purchases	3,398,212	520,562
Derecognition of right of use assets	(2,018,148)	-
Accumulated depreciation	(6,516,930)	(1,135,547)
<b>Balance at 31.12.2022</b>	<b>6,994,930</b>	<b>873,948</b>
	<b>Land and buildings</b>	<b>Transport vehicles</b>
<b>Balance at 31.12.2022</b>	<b>13,511,859</b>	<b>2,009,495</b>
Purchases	4,413,985	1,897,902
Accumulated depreciation	(10,432,284)	(1,942,720)
<b>Balance at 31.12.2023</b>	<b>7,493,561</b>	<b>1,964,676</b>

The right-of-use liabilities recognised and movements during the period are listed below:

<b>Balance at 31.12.2021</b>	<b>Leasing payments</b>	<b>Additions</b>	<b>Disposals</b>	<b>Interest</b>	<b>Net exchange difference</b>	<b>Balance at 31.12.2022</b>
11,480,339	(5,256,852)	4,711,756	(1,675,701)	184,980	(15,030)	9,429,492
<b>Balance at 31.12.2021</b>	<b>Leasing payments</b>	<b>Additions</b>	<b>Disposals</b>	<b>Interest</b>	<b>Net exchange difference</b>	<b>Balance at 31.12.2022</b>
9,429,492	(5,872,255)	6,842,989	-	218,686	29,223	10,648,136

### Commitments and contingencies - Leasing

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Future lease obligations for the right to use assets (including interest) under IFRS 16 that fall due after the reporting date are presented as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>T0 (Under 1 year)</b>	4,300,037	4,522,365	4,490,122
<b>TL 1 (1-5 years)</b>	7,106,755	5,181,133	7,244,042
<b>TL 2 (Over 5 years)</b>	-	22,800	167,374
<b>Total</b>	<b>11,406,792</b>	<b>9,726,299</b>	<b>11,901,538</b>

***Lease contracts term and discount rate – significant estimates:***

AROBS applied the following provisions in accordance with IFRS 16 and IFRS 1:

- applying a single discount rate to a leasing portfolio with reasonably similar characteristics
- the application of the requirements regarding leasing contracts for which the leasing term ends within 12 months from the date of transition to IFRSs, namely their non-classification as leasing contracts.
- the application of the requirements regarding leasing contracts for which the underlying asset is of low value, i.e. not classifying them as leasing contracts.
- exclusion of initial direct costs from the measurement of the right to use asset at the date of transition to IFRS.
- Recognition of a right to use asset at the same value as the leasing liability from the date of transition to IFRS.

AROBS rents office spaces and cars for a period between 2 and 7 years. Leasing contracts are concluded both in LEI and in EUR.

The Company determined the discount rate used to apply the provisions of IFRS 16 based on the interest rate applied by financial institutions in credit agreements with Companies for loans with the same characteristics as leasing agreements, in terms of the asset used, currency and maturity.

**21. INVENTORIES**

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Raw materials	250,842	381,048	376,699
Work in progress - services	-	45,940	575,164
Goods purchased for resale	864,256	1,195,215	2,223,258
Advances to suppliers	378,537	271,545	88,020
<b>Total</b>	<b>1,493,635</b>	<b>1,893,749</b>	<b>3,263,141</b>

The decrease in the balance of inventories at 31.12.2023, compared to 2022, is mainly due to giving up to the business segment related to the distribution of goods.

Inventory adjustments are calculated according to age, namely: 30% of the entry value for stocks between 181 and 365 days old and 100% of the value of stocks older than one year and with slow movement. The value of adjusted stocks for 2023 is 1,045,248 lei, being at a similar level to the previous year.

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**22. TRADE AND OTHER RECEIVABLES**

	<b>Balance at 31.12.2023</b>	<b>Balance at 31.12.2022</b>	<b>Balance at 31.12.2021</b>
Trade receivables	61,279,859	46,347,016	32,352,146
Customers - invoices to be issued	3,803,343	1,086,250	5,288,349
Adjustments for trade receivables	(2,968,637)	(2,455,116)	(2,886,351)
Trade receivables – affiliated entities	5,768,960	7,125,313	3,035,556
Adjustments for claims from affiliated entities	(2,548,002)	(1,459,361)	(708,356)
Subsidies	195,573	535,818	12,046
Other receivables	2,910,555	1,097,446	907,700
Advances to suppliers	79,365	282,711	143,608
<b>Total</b>	<b>68,521,017</b>	<b>52,560,078</b>	<b>38,144,699</b>
Loans granted – affiliated entities	9,192,978	17,948,527	18,463,937
Deferred expenses, out of which:	1,323,501	1,613,259	1,632,277
Long term	147,545	2,890	3,902
Short term	1,175,956	1,610,369	1,628,375
<b>Total deferred income and revenue</b>	<b>79,037,496</b>	<b>72,121,864</b>	<b>58,240,914</b>

The increase in trade receivables is due to business expansion. For customer receivables - outstanding invoices at the end of the year, invoices were recorded at the beginning of 2024 related to the provision of services from 2023. According to IFRS 9, the recording of receivables impairment adjustments is recorded based on the depreciation rates, calculated on seniority intervals. At the end of each financial year, bad debts are analyzed and adjusted by 100%.

Other receivables represent amounts overpaid for income tax and sick leave to be recovered.

Loans granted to affiliated entities are detailed in the related party note NOTE 30 RELATED PARTIES AND AFFILIATED PARTIES.

<b>Receivables ageing</b>	<b>Balance at 31.12.2023</b>	<b>Balance at 31.12.2022</b>	<b>Balance at 31.12.2021</b>
Nescadent	33,521,157	33,918,158	21,532,456
0-30	14,176,411	6,272,594	3,162,748
31-90	9,935,784	2,871,950	4,238,756
91-360	1,195,385	1,174,203	848,642
Peste 360	2,451,122	2,110,112	2,569,544
<b>Total</b>	<b>61,279,859</b>	<b>46,347,016</b>	<b>32,352,146</b>

<b>Software services</b>	<b>Expected average loss rate</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Not due	0.24%	32,205,315	32,817,458	20,615,121
1-30	0.32%	13,639,771	5,579,135	2,811,622
31-60	2.08%	9,242,519	1,782,505	2,733,670
61-90	3.96%	617,015	771,091	1,039,454
91-180	5.92%	1,066,429	702,341	242,225
181-270	48.94%	106,873	27,084	36,196
271-360	59.18%	(2)	88,426	128,814
Over 360	99.62%	684,383	347,569	516,246
<b>Total</b>		<b>57,562,303</b>	<b>42,115,608</b>	<b>28,123,348</b>

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Software products – GPS tracking	Expected average loss rate	2023	2022	2021
Not due	0.55%	1,290,628	1,112,893	874,543
1-30	1.00%	536,974	702,187	337,983
31-60	4.81%	45,605	230,982	245,342
61-90	14.96%	31,004	87,306	49,349
91-120	25.91%	12,224	86,168	46,064
Over 120	33.34%	796,558	994,249	1,281,782
<b>Total</b>		<b>2,712,993</b>	<b>3,213,785</b>	<b>2,835,063</b>

Distribution	Expected average loss rate	2023	2022	2021
Not due	2.91%	25,214	(12,194)	42,793
1-30	3.65%	(334)	(8,728)	13,142
31-60	5.40%	-	-	161,048
61-90	6.56%	(359)	66	9,893
91-180	6.97%	(1,912)	684	44,923
181-270	8.96%	(3,820)	331	76,989
271-360	17.00%	(3,995)	9,407	8,531
Over 360	68.36%	989,770	1,028,056	1,036,415
<b>Total</b>		<b>1,004,562</b>	<b>1,017,623</b>	<b>1,393,734</b>

***Impairment losses related to trade receivables and assets related to contracts with customers as well as related to loans granted.***

To estimate the potential losses related to trade receivables and assets related to contracts with customers, the Company used a calculation model based on the analysis of revenue collection behavior by aging periods in the last three financial years. Trade receivables and assets related to contracts with customers were ed by category according to the services provided, namely: software services and other services, software products – GPS monitoring. Based on the analysis, a historical weighted average rate of impairment was determined for each aging period, which was applied to the outstanding balance of receivables at December 31, 2023 for each category of receivables mentioned above.

Contractual assets are initially recognised for revenue from services provided by the Company, since receipt of consideration is conditional on successful completion of services and delivery of goods. Upon completion of services, delivery of goods and acceptance by the customer, amounts recognised as contract assets are reclassified into trade receivables.

**23. CASH AND CASH EQUIVALENTS**

	Balance at 31.12.2023	Balance at 31.12.2022	Balance at 31.12.2021
Cash at bank and deposits in lei	12,652,369	27,612,002	43,528,417
Cash at bank and deposits in foreign currencies	45,525,982	44,922,284	44,384,228
Petty cash	44,908	102,993	150,944
Bonds and deposits	302,033	523,375	-
Other short term financial investments	35,345	20,359	-
Interest pertaining to bonds	-	14,985	-
Amounts under settlement	4,522	105,089	140,088
Other cash equivalents	166	-	1,008
<b>Total</b>	<b>58,565,325</b>	<b>73,301,088</b>	<b>88,204,684</b>

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Balance of foreign and domestic currencies Current account	Balance at 31.12.2023	Balance at 31.12.2022
LEI	12,652,369	27,612,002
EUR	33,382,461	36,744,245
USD	12,125,332	8,101,659
GBP	17,696	12,446
Other currencies	493	63,934
<b>Total</b>	<b>58,178,350</b>	<b>72,534,286</b>

Cash and cash equivalents varied during 2023 as a result of the normal conduct of business, as well as the raising of additional funds from bank loans to meet the acquisition target proposed by the Company.

Cash in the bank bears interest at the daily interest rate when deposits are made. Short-term deposits are made for different periods of time between 1 day and 3 months, depending on the cash needs of the Company and accrue interest at the corresponding interest rates.

#### 24. TRADE AND OTHER PAYABLES

	Balance at 31.12.2023	Balance at 31.12.2022	Balance at 31.12.2021
Suppliers	3,244,623	4,585,491	2,721,542
Client advances	176,002	374,905	268,070
Fixed asset suppliers	40,729	40,837	-
Suppliers - invoices to be received	563,861	3,543,530	2,093,927
Suppliers – affiliated entities	1,867,946	2,409,055	1,178,181
Employees - salaries payable	6,083,237	4,111,998	2,987,320
Company’s contribution to social security	3,444,089	2,293,444	1,701,370
Other debts payable to the Treasury	2,268,579	2,111,545	1,803,648
Sundry debtors	-	5	4
Charges pertaining to leasing contract	-	123,773	139,326
Other payables	58,929	31,775	571,208
<b>Total</b>	<b>17,747,995</b>	<b>19,626,357</b>	<b>13,464,597</b>

#### 25. BANK LOANS

	Sold la 31 Decembrie 2023	Sold la 31 Decembrie 2022	Sold la 31 Decembrie 2021
Long terms bank loans	69,963,604	65,202,609	2,226,645
Short term bank loans	-	2,762,927	-
<b>Total</b>	<b>69,963,604</b>	<b>67,965,537</b>	<b>2,226,645</b>

#### Bank loans by due date:

	Balance at 31.12.2023	Balance at 31.12.2022	Balance at 31.12.2021
Bank loans due up to 1 year	20,122,257	18,470,922	2,226,645
Bank loans due between 1 and 5 years	49,841,347	49,494,614	-

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Bank loans due over 5 years	-	-	-
<b>Total</b>	<b>69,963,604</b>	<b>67,965,537</b>	<b>2,226,645</b>

**Bank loans contingencies**

At 31.12.2023 AROBS TRANSILVANIA SOFTWARE SA (The Company) has a short term bank loan in value of 2,137,500 EUR (10,633,208 lei) which is due on 27.02.2026 and a loan of 9,583,334 EUR (47,673,253 lei) with a due date on 31.05.2027. The Company also benefits from a loan of 4,350,000 EUR (21,639,510 lei) that is due on 14.08.2028. All of the three loans are contracted with Citi Bank.

The interest related to these loans is according to the contracts negotiated between the parties. The loans are guaranteed by the company through:

- Mortgage on bank accounts with Citi;
- Assignment of third party claims acceptable to Citi;
- Mortgage on the entire stock of goods;
- Mortgage on all shares of the Joint Debtor S.A.S FLEET TRACKING SRL (former S.A.S GRUP SRL), entirely owned by the Company;
- Mortgage on bank accounts of S.A.S FLEET TRACKING SRL (former S.A.S GRUP SRL) opened with Citi;
- Mortgage on the entirety of receivables to be received by S.A.S FLEET TRACKING SRL (former S.A.S GRUP SRL) from third parties acceptable to Citi;
- A mortgage on a generality of claims relating to the following two types of activities: GPS Tracking services (GPS Track Monitoring), wholesale of GPS navigation systems and „software outsourcing” services;
- Mortgage on all shares of BERG COMPUTERS SRL, entirely owned by AROBS TRANSILVANIA SOFTWARE;
- Mortgage on the bank accounts of the Joint Debtor BERG COMPUTERS SRL;
- Mortgage on the entirety of receivables to be received by BERG COMPUTERS SRL from third parties;
- Mortgage on all shares of AROBS DEVELOPMENT & ENGINEERING SRL entirely owned by the Borrower AROBS TRANSILVANIA SOFTWARE SA;
- Mortgage on the bank accounts of AROBS DEVELOPMENT&ENGINEERING SRL (formerly ENEA SERVICES ROMANIA SRL), opened with Citi;
- Mortgage on the entirety of receivables to be received by AROBS DEVELOPMENT&ENGINEERING SRL from third parties acceptable to Citi.
- Mortgage on the entirety of receivables to be received by AROBS SYSTEMS SRL;
- Mortgage on the entirety of receivables to be received by FUTURE WORK FORCE SRL;
- Mortgage on the entirety of receivables to be received by FUTURE WORK FORCE SRL from third parties acceptable for Citi;
- Mortgage on all shares of FUTURE WORKFORCE SRL, entirely owned by FUTURE WORKFORCE GLOBAL SA;
- Mortgage on all FUTURE WORKFORCE GLOBAL SA shares, fully owned by the Borrower AROBS TRANSILVANIA SOFTWARE SA and CABRIO INVESTMENTS SRL;

**Obligations:**

- The company undertakes to run through its bank accounts an amount of money that is equivalent to at least 80% of its business volume, i.e. the receipts from third parties on its bank accounts must represent the equivalent of at least 80% of its turnover, but not less than the equivalent of €3,300,000 per month. If this condition is not met, the bank charges a fee of 0.25% per quarter of the maximum amount of the facility contracted.
- The Company undertakes not to distribute and/or pay dividends without the Bank's prior written consent for amounts exceeding EUR 1,000,000 cumulatively during a calendar year.

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- The Company undertakes to maintain the "Debt Service" ratio greater than or equal to 1.5x for the duration of its obligations under the contract.
- The Company undertakes to maintain a "Financial Leverage Ratio" of less than 3.5x for the duration of its contractual obligations.
- The Borrower undertakes to notify the Bank if it takes out Bank Loans from other financial-banking institutions.
- The Company undertakes to notify the Bank in the event that it considers a transaction of acquisitions of shares in another company that exceeds 10% of the value of the assets of this Borrower on 31.12.2022 as soon as there is reasonable assurance regarding the materialization of the transaction. The information may be provided under a Confidentiality Agreement before the information becomes public and will contain as a minimum: company name, details regarding the scope of activity and number of employees, motivation behind the acquisition / strategy, shareholding.
- Specific obligations arising from the use of the type of credit provided for in the contract negotiated between the parties;
- In the event that the company FUTURE WORKFORCE GLOBAL SA (the sole associate of the Borrower FUTURE WORK FORCE SRL) will dissolve (including through absorption by the Borrower AROBS TRANSILVANIA SOFTWARE SA), the latter undertakes to promptly establish a new mortgage in the Bank's favor over all the shares of FUTURE WORK FORCE SRL, as they will be transferred, if necessary, to the Borrower AROBS TRANSILVANIA SOFTWARE SA. In the situation where the dissolution / liquidation of FUTURE WORKFORCE GLOBAL SA will result in the transfer of the shares owned by it to the Borrower FUTURE WORK FORCE SRL and to other entities, the express prior consent of the Bank will be necessary, and its absence will be considered a case of non-execution of obligations according to art. 9.2 of Part II.A of the Contract.
- The debtor S.A.S FLEET TRACKING SRL (formerly S.A.S GRUP S.R.L.), undertakes to run through its bank accounts opened at CITI an amount of money that is equivalent to at least 90% of its volume of activity, respectively the receipts from third parties in its accounts opened at the Bank to represent the equivalent of at least 90% of its turnover, but not less than the equivalent of EUR 200,000 per month.
- The debtor BERG COMPUTERS SRL undertakes to run through its accounts opened at the Bank an amount of money that is the equivalent of at least 90% of its volume of activity, respectively the receipts from third parties in its accounts opened at the Bank represent the equivalent of the a little over 90% of its turnover, but not less than the equivalent of €250,000 per month.
- The AROBS DEVELOPMENT&ENGINEERING SRL debtor undertakes to run through its accounts opened at the Bank an amount of money that is equivalent to at least 90% of its volume of activity, respectively the receipts from third parties in its accounts opened at the Bank represent the equivalent of the a little over 90% of its turnover, but not less than the equivalent of €900,000 per month.
- The borrower AROBS SYSTEMS SRL undertakes to run through its accounts opened at the Bank an amount of money that is equivalent to at least 90% of its volume of activity, respectively the receipts from third parties in its accounts opened at the Bank represent the equivalent of the a little over 90% of its turnover. Borrower FUTURE WORK FORCE SRL undertakes to run through its accounts opened at the Bank an amount of money that is equivalent to at least 90% of its volume of activity, respectively the receipts from third parties in its accounts opened at the Bank represent the equivalent of at least 90% of its turnover, but not less than the equivalent of EUR 350,000 per month

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**Contingent liabilities**

The Company has the following contingent liabilities – bank guarantee letters:

Amount	Currency	Date of document that certifies the start of the obligation	Payment/due date
15,497,64	EUR	08 May 2023	03 May 2024
275,000	EUR	10 May 2022	23 February 2024
9,918	EUR	10 March 2023	08 March 2024

**26. PROVISIONS**

The Company has recorded provisions for untaken holidays, performance bonuses and other charges for contractual employment relationships.

	Balance at 31.12. 2022	In the account	From the account	Balance at 31.12. 2023
Provisions	3,214,799	2,370,074	1,919,403	3,665,470
<b>Total</b>	<b>3,214,799</b>	<b>2,370,074</b>	<b>1,919,403</b>	<b>3,665,470</b>

	Balance at 31.12. 2021	In the account	From the account	Balance at 31.12. 2022
Provisions	596,879	3,214,799	596,879	3,214,799
<b>Total</b>	<b>596,879</b>	<b>3,214,799</b>	<b>596,879</b>	<b>3,214,799</b>

**27. CAPITAL AND RESERVES**

On the 10th of August 2021 a share capital increase in value of 40,000,000 lei has been implemented through the incorporation of other reserves in value of 2,426,871 lei and through the incorporation of the profit carried forward from the years 2018, 2019 in value of 37,573,129 lei. The share capital has thus increased to the value of 40,100,000 lei. At a later time, on the 11th of October 2021, the Company implemented a split of the nominal value of the shares, from 10 lei/share to 0.1 lei/share. The share capital of the Company has increased from 40,100,000 lei to 45,569,749 lei through the implementation of a private placement program in value of 74,224,499 lei, as a result of which, 54,697,494 new shares were issued. Following the issuance of new shares for the private placement, which took place in October 2021, share premiums in value of 68,754,750 lei have resulted.

In the year 2022 the share capital has been increased through the issuance of new shares in order to be distributed to the shareholders with a 1:1 ratio, through the incorporation of share premiums.

In July 2023 the share capital has diminished as a result of the cancellation of 40,101,379 of the Company's own shares. The share capital of ARBOS Transilvania Software at the 31<sup>st</sup> of December 2023 valued at 87,129,361 lei divided into 871,293,609 nominal shares with an individual nominal value of 0.1 lei per share. The capital was fully subscribed and paid capital at the 31<sup>st</sup> of December 2022.

During June 2022 – June 2023 the Company ran a program to buy back its own shares in order to implement ESOP programs. As of 31 december 2023 the total number of redeemed shares in balance is 35,203,467 shares. During the period, shareholders' equity increased as a result of recording the effect of the grant of treasury shares, to employees, at the maturity of the ESOP programs. Prior to maturity, as the ESOP programs progress, the cost of employee

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compensation in equity instruments is reflected in the Profit and Loss account and generates a counterpart in equity items.

Legal reserves are established in accordance with the regulations in place. The legal reserve has been established in accordance with the terms of the Law on Commercial Companies. As at 31 December 2023, the value of the legal reserves amounts LEI 7,664,524.

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Number of shares	871,293,609	911,394,988	455,697,490
Subscribed and paid capital	87,129,361	91,139,499	45,569,749
<b>TOTAL</b>	<b>87,129,361</b>	<b>91,139,499</b>	<b>45,569,749</b>

## **28. RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS**

The Company's financial liabilities comprise loans and borrowings, including finance leases, derivative financial instruments, trade and other payables and contract liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's financial assets are represented by trade and other receivables and contract assets, cash and short-term deposits, restricted cash, available-for-sale financial assets and derivative financial instruments.

AROBS Transilvania Software is exposed to interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Company's senior management ensures the Company's financial risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with the Company risk appetite.

### **28.1. Interest rate fluctuation risk rate**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Trade and other receivables and payables are non-interest bearing financial assets and liabilities. The borrowings are exposed to cash flow interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities, as the interest rates on the Company's loans and borrowings are variable. Management's policy is to resort mainly to fixed rate financing in order to reduce the risk.

In addition, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favorable to the Company over the expected period until maturity.

### **28.2. Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax and equity are affected through the impact on floating rate borrowings without considering the CAPs effect, as follows:

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Fixed rate financial instruments</b>			
Financial liabilities (loans and leasing)	80,611,740	74,632,101	13,706,984
<b>Variable rate financial instruments</b>			
Financial liabilities (loans and leasing)	-	2,762,927	-
	Base point increase	Impact on profit before tax	
2023	1%	13,815	
2022	1%	13,815	

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The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. An equal decrease of the interest rate would have the same effect but of opposite impact.

**28.3. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's financing activities, as part of the financing contracted by the Company is Euro based and to cash balances denominated in foreign currencies,

For the Company, the majority of revenues and expenses, trade and other receivables and payables is in LEI, and the rest in EUR or linked to EUR. For the Company, the majority of revenues and trade receivables are linked to EUR or USD, being settled in LEI equivalent.

The Company monitors the currency risk by following changes in exchange rates in currencies in which its external debts are denominated.

**28.4. Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in the EUR or USD exchange rate. The Company's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Company's profit before tax and equity are affected as follows:

	<b>Exchange rate increase</b>	<b>Effect on profit before tax</b>
2023 – EUR	1%	1,565,531
2022 – EUR	1%	1,459,094
2021 – EUR	1%	806,253
2023 – USD	1%	163,689
2022 – USD	1%	157,108
2021 – USD	1%	79,243

An equal decrease of the EUR rate would have the same effect but of opposite impact.

<b>31.12.2023</b>	<b>EUR</b>	<b>LEI</b>	<b>USD</b>	<b>Other currencies</b>	<b>Total</b>
Cash and cash equivalents	33,399,445	13,004,790	12,133,839	27,251	<b>58,565,325</b>
Commercial Accounts receivable	10,666,446	50,205,263	4,210,985	508	<b>65,083,202</b>
Loans to affiliated and non-affiliated entities	31,491,738	4,467,056	-	-	<b>35,958,793</b>
Long term bank loans	(49,841,347)	-	-	-	<b>(49,841,347)</b>
Short term bank loans	(20,122,257)	-	-	-	<b>(20,122,257)</b>
Leasing	(10,545,597)	(102,539)	-	-	<b>(10,648,136)</b>
Commercial liabilities	(486,230)	(2,772,789)	(24,061)	(2,272)	<b>(3,285,352)</b>
<b>Net result of financial exposure</b>	<b>(5,437,802)</b>	<b>64,801,780</b>	<b>16,320,763</b>	<b>25,488</b>	<b>75,710,229</b>

<b>31.12.2022</b>	<b>EUR</b>	<b>LEI</b>	<b>USD</b>	<b>Other currencies</b>	<b>Total</b>
Cash and cash equivalents	36.770.718	28.312.440	8.127.112	90.818	<b>73.301.088</b>
Commercial Accounts receivable	2.348.888	37.540.988	7.542.651	740	<b>47.433.267</b>
Loans to affiliated and non-affiliated entities	28.692.183	5.858.394	-	-	<b>34.550.577</b>
Long term bank loans	(49.494.614)	-	-	-	<b>49.494.614)</b>

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Short term bank loans	(18,470,922)	-	-	-	<b>(18,470,922)</b>
Leasing	(9,429,492)	-	-	-	<b>(9,429,492)</b>
Commercial liabilities	(702,534)	(7,424,043)	(41,021)	(2,259)	<b>(8,169,858)</b>
<b>Net result of financial exposure</b>	<b>(10,285,773)</b>	<b>64,287,778</b>	<b>15,628,741</b>	<b>89,299</b>	<b>69,720,044</b>

<b>31 decembrie 2021</b>	<b>EUR</b>	<b>LEI</b>	<b>USD</b>	<b>Other currency</b>	<b>Total</b>
Cash and cash equivalents	39,700,950	43,714,386	4,678,502	110,846	<b>88,204,684</b>
Commercial Accounts receivable	5,431,729	28,958,015	3,245,553	5,197	<b>37,640,495</b>
Loans to affiliated and non-affiliated entities	21,131,959	7,045,659	-	-	<b>28,177,618</b>
Long term bank loans	-	-	-	-	-
Short term bank loans	(2,226,645)	-	-	-	<b>(2,226,645)</b>
Leasing	(11,480,339)	-	-	-	<b>(11,480,339)</b>
Commercial liabilities	(653,718)	(4,154,082)	(229)	(7,441)	<b>(4,815,470)</b>
<b>Net result of financial exposure</b>	<b>51,903,937</b>	<b>75,563,978</b>	<b>7,923,826</b>	<b>108,602</b>	<b>135,500,344</b>

#### 28.5. Credit risk

The Company's credit risk is primarily attributed to trade and other receivables, contract assets and balances with banks. The carrying amount of trade and other receivables and contract assets, net of allowances for expected credit losses plus balances with banks, represent the maximum amount exposed to credit risk. Management believes that there is no significant risk of loss to the Company beyond the allowances already recorded. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company does not track changes in credit risk for trade receivables and contract assets, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In this respect, the Company has established a provision policy to measure expected credit losses that is based on historical credit loss experience, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due but no more than 90 days past due.

##### a. Categorized financial assets – exposure to credit risk

<b>31.12.2023</b>	<b>Note</b>	<b>Gross accounting value</b>	<b>Depreciation</b>	<b>Net accounting value</b>
Loans granted to affiliated an non affiliated parties	29	35,958,794	(10,628,347)	25,330,447
Commercial receivables	24	65,083,202	(2,968,637)	62,114,565
<b>Total</b>		<b>101,041,996</b>	<b>(13,596,983)</b>	<b>87,445,012</b>

  

<b>31.12.2022</b>	<b>Note</b>	<b>Gross accounting value</b>	<b>Depreciation</b>	<b>Net accounting value</b>
Loans granted to affiliated an non affiliated parties	29	34,550,576	(9,303,992)	25,246,584
Commercial receivables	24	47,433,267	(2,455,116)	44,978,151
<b>Total</b>		<b>81,983,843</b>	<b>(11,759,108)</b>	<b>70,224,735</b>

  

<b>31.12.2021</b>	<b>Note</b>	<b>Gross accounting value</b>	<b>Depreciation</b>	<b>Net accounting value</b>
Loans granted to affiliated an non	29	28,177,618	(8,633,535)	19,544,082

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affiliated parties				
Commercial receivables	24	37,640,495	(2,886,351)	34,754,145
<b>Total</b>		<b>65,818,113</b>	<b>(11,519,886)</b>	<b>54,298,227</b>

**b. Categorized financial liabilities - exposure to credit risk**

31.12.2023	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans		69,963,604	69,963,604	20,122,257	49,841,347	-
Leasing		10,648,136	10,648,136	3,939,382	6,708,754	-
Commercial debt		3,849,213	3,849,213	3,849,213	-	-
<b>Total</b>		<b>84,460,953</b>	<b>84,460,953</b>	<b>27,910,852</b>	<b>56,550,101</b>	-

31.12.2022	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans		67,965,537	67,965,537	18,470,922	49,494,614	-
Leasing		9,429,492	9,429,492	4,372,796	5,034,413	2,284
Commercial debt		8,169,858	8,169,858	8,169,858	-	-
<b>Total</b>		<b>85,564,887</b>	<b>85,564,887</b>	<b>31,013,575</b>	<b>54,529,027</b>	<b>22,284</b>

31.12.2021	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans		2,226,645	2,226,645	2,226,645	-	-
Leasing		11,480,339	11,480,339	4,301,623	7,014,175	164,542
Commercial debt		4,815,470	4,815,470	4,815,470	-	-
<b>Total</b>		<b>18,522,453</b>	<b>18,522,454</b>	<b>11,343,737</b>	<b>7,014,175</b>	<b>164,542</b>

**28.6. Liquidity risk**

The Company has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines. The tables below summarize the maturity profile of the Company's financial liabilities, including principal amounts and interests according to contractual terms, at 31 December 2023, 31 December 2022 and 31 December 2021 based on contractual undiscounted payments.

	31.12.2023	31.12.2022	31.12.2021
Non-current assets	139,096,456	147,316,700	149,708,739
Short term liabilities	50,364,259	52,768,270	24,108,518
<b>Current liquidity ratio</b>	<b>2.76</b>	<b>2.79</b>	<b>6.21</b>
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Non-current assets	139,096,456	147,316,700	149,708,739

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Inventories	1,493,635	1,893,749	3,263,141
Short term liabilities	50,364,259	52,768,270	24,108,518
<b>Immediate liquidity ratio</b>	<b>2.73</b>	<b>2.76</b>	<b>6.07</b>

### 28.7. Capital Management

Capital includes the equity attributable to the equity holders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants, To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital, among other things, by using a gearing ratio, which is net debt divided by total capital plus net debt, The Company does not have a target gearing ratio, The Company includes within net debt, interest bearing loans and borrowings, trade and other payables and contract liabilities, less cash and cash equivalents.

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Long term debt	74,540,599	58,659,476	13,104,760
Capital	280,835,730	221,541,341	177,440,904
<b>Gearing ratio</b>	<b>21%</b>	<b>21%</b>	<b>7%</b>

The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended at 31 December 2023 and 31 December 2022.

## 29. RELATED AND AFFILIATED PARTIES

The transactions carried out by the Company with related parties are the following:

<b>Related parties – Receivables</b>	<b>Balance at 31.12.2023</b>	<b>Balance at 31.12.2022</b>	<b>Balance at 31.12.2021</b>
AROBS BUSINESS CENTER S.R.L.	150,289	688,951	612,554
AROBS BUSINESS SERVICES S.R.L.	19,927	15,589	274,429
AROBS DEVELOPMENT&ENGINEERING S.R.L.	922,545	712,746	-
AROBS ETOLL SOLUTIONS S.R.L.	97,169	30,077	-
AROBS PANNONIA SOFTWARE	116,541	108,533	57,043
AROBS POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	98,975	-	-
AROBS SOFTWARE SOLUTIONS GMBH	101,487	108,343	68,180
AROBS SOFTWARE SRL	17,212	18,346	18,348
AROBS SYSTEMS S.R.L.	5,767	55,567	-
AROBS TRACKGPS SRL	40,333	38,736	29,966
AROBS TRADING&DISTRIBUTION GmbH	469,881	466,134	465,131
AROBS Turkey Yazilim Limited Sirketi	313	-	-

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ATD CORNER S.R.L.	1,495,205	1,352,292	-
BERG COMPUTERS SRL	44,432	1,165,070	-
CABRIO INVEST SRL	5,718	20,851	13,848
CABRIO INVESTMENT SRL	-	118	141
CENTRUL DE SOFT GPS S.R.L.	(54,062)	-	-
COSO BY AROBS BV	239,854	108,231	14,309
COSO BY AROBS BVBA	64,774	12,042	5,938
FUTURE WORK FORCE S.R.L.	162,975	-	-
MED CONTROL SOLUTION SRL	102,531	102,531	327,401
NEWCAR4FUTURE S.R.L.	220,825	217,603	191,591
NORDLOGIC SOFTWARE SRL	151,363	204,359	-
OOMBLA TRAVEL MANAGEMENT S.R.L.	454	54,598	31,074
PT AROBS SOLUTIONS INDONESIA	364,640	819,905	407,593
S.A.S. FLEET TRACKING S.R.L.	134,317	541,862	198,431
SILVER BULLET SOFTWARE SRL	-	5,283	-
SMAIL COFFEE SRL	140,866	180,257	161,869
SOFTMANAGER S.R.L.	-	4,403	7,773
UCMS ROMANIA SRL	666,220	128,700	100,320
VISION PLUS MOBILE SRL	49,616	49,616	49,616
<b>Total</b>	<b>5,830,167</b>	<b>7,210,743</b>	<b>3,035,556</b>

<b>Related parties – Payables</b>	<b>Balance at 31.12.2023</b>	<b>Balance at 31.12.2022</b>	<b>Balance at 31.12.2021</b>
AROBS BUSINESS CENTER S.R.L.	8,988	-	-
AROBS BUSINESS SERVICES S.R.L.	29,836	65,232	-
AROBS DEVELOPMENT&ENGINEERING S.R.L.	-	32,449	-
AROBS ETOLL SOLUTIONS S.R.L.	65	-	-
AROBS PANNONIA SOFTWARE	43,665	10,048	-
AROBS SOFTWARE SOLUTIONS GMBH	-	69,016	-
AROBS SOFTWARE SRL	1,629,539	1,293,608	1,036,712
AROBS SYSTEMS S.R.L.	-	539,158	-
AROBS TRACKGPS SRL	-	1,734	-
AROBS TRADING&DISTRIBUTION GmbH	5,726	-	-
ATD CORNER S.R.L.	-	692	-
CABRIO INVEST SRL	7,509	12,559	12,517
COSO BY AROBS BVBA	-	140,231	-
COSO TEAM UK LTD	(2,718)	(16,226)	-
IKON SOFT SRL	64,644	40,624	87,158
MED CONTROL SOLUTION SRL	-	-	840
NORDLOGIC SOFTWARE SRL	26,708	8,407	-
OOMBLA TRAVEL MANAGEMENT S.R.L.	39,119	61,624	11,767
SMAIL COFFEE SRL	50,202	50,806	4,584
SOFTMANAGER S.R.L.	-	240,118	4,823
UCMS ROMANIA SRL	51,498	-	19,779
<b>Total</b>	<b>1,954,780</b>	<b>2,550,079</b>	<b>1,178,181</b>

**Related parties - Sales**

**FY 2023**

**FY 2022**

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AROBS BUSINESS CENTER S.R.L.	127,725	21,262
AROBS BUSINESS SERVICES S.R.L.	110,924	55,065
AROBS DEVELOPMENT&ENGINEERING S.R.L.	3,008,061	959,552
AROBS ETOLL SOLUTIONS S.R.L.	56,380	22,459
AROBS PANNONIA SOFTWARE	446,137	419,801
AROBS POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	98,705	-
AROBS SOFTWARE SOLUTIONS GMBH	904,596	836,716
AROBS SOFTWARE SRL	42,861	-
AROBS SYSTEMS S.R.L.	30,633	29,438
AROBS TRACKGPS SRL	712,499	793,959
AROBS TRADING & DISTRIBUTION SRL	-	1,136,380
AROBS TRADING&DISTRIBUTION GmbH	1,182	1,068
AROBS Turkey Yazilim Limited Sirketi	2,496	-
ATD CORNER S.R.L.	135,031	-
BERG COMPUTERS SRL	404,114	990,398
CABRIO INVEST SRL	63,129	54,611
CABRIO INVESTMENT SRL	105	-
CENTRUL DE SOFT GPS S.R.L.	433,952	-
COSO BY AROBS BV	155,834	175,936
COSO BY AROBS BVBA	102,496	21,057
FUTURE WORK FORCE S.R.L.	98,207	-
MANAGIS SERV SRL	120	-
MED CONTROL SOLUTION SRL	-	12,464
NEWCAR4FUTURE S.R.L.	2,708	21,858
NORDLOGIC SOFTWARE SRL	897,446	168,629
OOMBLA TRAVEL MANAGEMENT S.R.L.	7,647	21,344
PT AROBS SOLUTIONS INDONESIA	94,639	540,178
S.A.S. FLEET TRACKING S.R.L.	1,965,197	1,821,091
SILVER BULLET SOFTWARE SRL	4,454	-
SMAIL COFFEE SRL	76,862	65,872
SOFTMANAGER S.R.L.	3,711	-
UCMS ROMANIA SRL	1,228,957	795,844
<b>Total</b>	<b>11,216,809</b>	<b>8,964,983</b>

Sales to related parties include the provision of software services, sales of GPS equipment, tablets, car sales and subletting of premises.

<b>Related parties - Purchases</b>	<b>FY 2023</b>	<b>FY 2022</b>
AROBS BUSINESS CENTER S.R.L.	1,528,966	1,123,523
AROBS BUSINESS SERVICES S.R.L.	346,524	488,558
AROBS DEVELOPMENT&ENGINEERING S.R.L.	1,467,505	50,591
AROBS ETOLL SOLUTIONS S.R.L.	4,367	-
AROBS PANNONIA SOFTWARE	583,117	652,264
AROBS SOFTWARE SOLUTIONS GMBH	276,680	338,202
AROBS SOFTWARE SRL	17,706,802	17,726,099
AROBS SYSTEMS SRL	-	453,074
AROBS TRACKGPS SRL	1,346	1,731
AROBS TRADING&DISTRIBUTION GmbH	5,722	-
AROBS TRADING & DISTRIBUTION S.R.L.	-	581

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AROBS Turkey Yazilim Limited Sirketi	1,621,328	-
ATD CORNER S.R.L.	14,459	-
CABRIO INVEST SRL	98,491	95,934
CENTRUL DE SOFT GPS S.R.L.	14,863	-
COSO BY AROBS BVBA	140,231	792,171
FUTURE WORK FORCE S.R.L.	67,866	-
IKON SOFT SRL	495,567	471,168
MED CONTROL SOLUTION SRL	-	4,875
NORDLOGIC SOFTWARE SRL	330,320	129,453
OOMBLA TRAVEL MANAGEMENT S.R.L.	1,048,572	717,898
SMAIL COFFEE SRL	555,140	571,642
SOFTMANAGER S.R.L.	1,156,718	554,695
UCMS ROMANIA SRL	186,053	79,690
<b>Total</b>	<b>27,650,637</b>	<b>24,252,148</b>

The purchases from the affiliated entities mainly represent software services and miscellaneous services with the exception of Cabrio Invest which offers hotel services

	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
<b>Related parties Loans</b>			
TRANSILVANIA SOFTWARE RECRUITMENT SRL	-	676,000	1,696,000
AROBS TRADING & DISTRIBUTION GMBH	5,074,092	5,778,563	4,616,577
CABRIO INVESTMENT SRL	822,497	1,629,482	1,585,578
AROBS BUSINESS CENTER	7,252,468	6,883,363	6,624,300
CABRIO INVEST BV	5,122,346	5,094,338	5,095,059
SOFTMANAGER SRL	-	890,532	890,658
COSO BY AROBS BV	512,384	222,633	222,665
AROBS SOFTWARE SOLUTIONS GMBH	74,619	148,422	148,443
AROBS SYSTEMS SRL	-	1,289,756	-
UCMS ROMANIA SRL	8,320,598	2,503,796	-
AROBS ETOLL SOLUTION SRL	472,465	162,344	-
NORDLOGIC SOFTWARE SRL	-	2,968,440	-
AROBS POLSKA	1,492,380	-	-
<b>Related parties Total Loans</b>	<b>29,143,848</b>	<b>28,247,669</b>	<b>20,879,279</b>
<b>Interest Value for to the loans to related parties</b>			
TRANSILVANIA SOFTWARE RECRUITMENT SRL	-	95,517	609,883
AROBS TRADING & DISTRIBUTION GMBH	1,416,815	1,168,775	1,983,508
CABRIO INVESTMENT SRL	591,209	661,674	581,107
AROBS BUSINESS CENTER	1,124,412	841,617	594,393
CABRIO INVEST BV	481,505	509,512	508,792
SOFTMANAGER SRL	-	117,416	86,260
COSO BY AROBS BV	16,862	19,660	19,628
AROBS SOFTWARE SOLUTIONS GMBH	5,855	1,496	7,544
MED CONTROL SOLUTION	-	-	332
AROBS BUSINESS CENTER PLUS	-	-	254
AROBS SYSTEMS SRL	-	12,217	-
UCMS ROMANIA SRL	222,289	33,750	-
AROBS ETOLL SOLUTION SRL	16,182	1,373	-
NORDLOGIC SOFTWARE SRL	-	39,281	-
AROBS POLSKA	61,336	-	-
<b>Total Interest Value for to the loans to related parties</b>	<b>3,936,466</b>	<b>3,502,286</b>	<b>4,391,700</b>

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<b>Total Loans and Interest Value for to the loans to related parties</b>	<b>33,518,694</b>	<b>31,948,514</b>	<b>25,270,979</b>
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The loan to AROBS Trading & Distribution GmbH is to support working capital needs. AROBS Trading & Distribution GmbH is a trading and distribution company for premium electronics and household appliances with an international guarantee. Products are purchased with full payment in advance from distributors and manufacturers all over Europe and sold in Turkey, Dubai, France, Germany, Denmark. The loan was granted to cover the current needs of the companies. In 2023, the repayment terms were renegotiated and a timetable was drawn up in this regard.

The loan granted to the company AROBS BUSINESS CENTER was used for the development of the "Business Incubator" project realized through the absorption of European funds and for working capital. In 2023, the repayment terms were renegotiated and a timetable was drawn up in this regard.

### 30. FAIR VALUE

The financial instruments that are not recorded at fair value in the financial statements also include trade receivable and other receivables, contractual assets, cash and cash equivalents, restricted cash, trade payables, and other contractually derived payables. The value of these financial instruments is considered to approximate their fair value due to their short term nature (for the majority of them) and due to the low cost of transaction pertaining to these instruments (level 3).

#### 30.1. Financial assets

	Depreciated cost		
	31.12.2023	31.12.2022	31.12.2021
Trade receivables and other receivables	68,521,017	52,560,078	38,144,699
Cash and cash equivalents	58,263,292	72,777,713	88,204,684
<b>Total</b>	<b>126,784,309</b>	<b>125,337,791</b>	<b>126,349,383</b>

#### 30.2. Short term investments – fair value

	Category	Value at 31.12.2023	Fair value assesment at 31.12. 2023
Investiții pe termen scurt	Shares	302,033	Level 1
<b>Total</b>		<b>302,033</b>	

#### 30.3. Financial liabilities

	Depreciated cost		
	31.12.2023	31.12.2022	31.12.2021
Leasing debt	10,648,136	9,429,492	1,480,339
Bank loans	69,963,604	67,965,537	2,226,645
Trade payables and other payables	36,196,414	26,220,512	18,533,964
Deferred revenue	7,071,417	7,976,745	7,202,112
Subsidies	921,362	1,218,067	1,548,792
Tax payables			522,447
<b>Total</b>	<b>124,800,933</b>	<b>112,810,353</b>	<b>41,514,298</b>

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### **31. ACCOUNTING PRINCIPLES, POLICIES AND METHODS**

The following paragraphs describe the significant accounting policies applied by the Company in preparing its individual Financial Statements:

#### **31.1. IFRS 15 Revenue from contracts with customers**

In accordance with IFRS 15, revenue is recognized when or as the customer acquires control of the goods or services provided, at an amount that reflects the price the Company expects to be entitled to receive in exchange for those goods or services.

Revenues from contracts with customers are recognised when the control over the goods or services delivered is transferred for an amount equal to consideration expected by the Company for the good and services delivered to the customers.

When (or as) a performance obligation is satisfied, the Company will recognize as revenue the amount of the transaction price that is allocated to that performance obligation. The Company takes into consideration the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. For the purpose of determining the transaction price, an entity shall assume that the goods or services will be transferred to the customer as promised in accordance with the existing contract and that the contract will not be cancelled, renewed or modified.

In determining the transaction price, the entity will adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

The objective when allocating the transaction price is for an entity to allocate the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

To allocate the transaction price to each performance obligation on a relative stand-alone selling price basis, the entity will determine the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocate the transaction price in proportion to those stand-alone selling prices.

A customer receives a discount for purchasing a bundle of goods or services if the sum of the stand-alone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract.

If a discount is applied to one or more execution obligations, the Company will apply the discount prior to using the residual approach in order to estimate the price of sale for an individual good or services.

The Company will recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs. When either party to a contract has performed, the Company will present the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. The Company must present any unconditional rights to consideration separately as a receivable.

The recognition and measurement requirements of IFRS 15 are also applicable to the recognition and measurement of any gains or losses arising from the disposal of non-financial assets (such as property, plant and equipment and intangible assets) when such disposal is not in the ordinary course of business. However, upon transition, the effect of these changes is not significant for the Company.

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**A. Revenue from software services**

The Company's services are generally performed under time-and-material based contracts (where materials consist of travel and out-of-pocket expenses) and fixed-price contracts. The vast majority of our contracts are relatively short term in nature and have a single performance obligation.

Under time-and-materials based contracts, the Company charges for services based on daily or hourly rates and bills and collects monthly in arrears. The Company applies the practical expedient and revenue from time-and-materials contracts is recognised based on the right to invoice for services performed, with the corresponding cost of providing those services reflected as expenses when incurred.

Under fixed-price contracts, the Company bills and collects periodically throughout the period of performance. Revenue is recognised in the accounting periods in which the associated services are rendered. In limited instances where final acceptance of a milestone deliverable is specified by the client and there is risk or uncertainty of acceptance, revenue is deferred until all acceptance criteria have been met. For multi-year contracts, any deferral of revenue recognition does not generally span more than one accounting period.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company identifies its distinct performance obligations under each contract. A performance obligation is a promise in a contract to transfer a distinct product or service to the customer. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring products or services to a customer. With respect to all types of contracts, revenue is only recognised when the performance obligations are satisfied and the control of the services is transferred to the customer, either over time or at a point in time, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company considers the majority of its contracts to have a single performance obligation. In cases in which there are other promises in the contract, a separate price allocation is done based on relative stand alone selling prices.

Receivables are considered fully impaired when they exceed 365 days. The analysis regarding the impairment of receivables is carried out in Note 23. **TRADE RECEIVABLES AND OTHER RECEIVABLES.**

**B. *Venituri din vânzarea soluției de monitorizare Track GPS, și alte soluții de monitorizare și management flotă auto***

Sursa secundară de venit a Societății este furnizarea soluției proprii de urmărire a flotei, bazată pe tehnologia GPS, un dispozitiv special și accesibil din interfețele web și mobile. Societatea oferă o soluție complexă de gestionare și monitorizare a flotelor auto care ajută companiile să își reducă costurile de întreținere și exploatare, să își îmbunătățească eficiența alocării și utilizării resurselor, creșterea profesionalismului șoferilor, a siguranței la volan, precum și îmbunătățirea serviciilor prestate. Având în vedere că prestarea serviciului de monitorizare se face prin punerea la dispoziția clientului și echipamentul care asigură furnizarea de date, Societatea AROBS a concluzionat că echipamentul și serviciul de monitorizare nu pot fi privite ca fiind distincte datorită contractului și reprezintă o singură prestare de obligații către client. La baza acestui raționament au stat articolele 27a și 29c din IFRS 15:

- 27a: clientul poate beneficia de bun sau de servicii fie separat, fie împreună cu alte resurse care sunt puse la dispoziția clientului
- 29c: bunurile sau serviciile sunt puternic interdependente sau puternic interconectate. Cu alte cuvinte, fiecare dintre bunuri sau servicii sunt afectate semnificativ de unul sau mai multe dintre celelalte bunuri sau servicii din contract. De exemplu, în unele cazuri, două sau mai multe bunuri sau servicii sunt afectate în mod semnificativ unele de celelalte, deoarece entitatea nu și-ar putea îndeplini promisiunea prin transferul fiecăruia dintre bunurile sau serviciile în mod independent.

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În ceea ce privește echipamentul, acesta este esențial pentru prestarea serviciului de monitorizare, astfel încât, dacă clientul renunță la aceste servicii, atunci beneficiile obținute de către acesta din utilizarea echipamentelor sunt semnificativ diminuate. În vederea acestui raționament au fost luate în considerare prevederile articolului 27 din IFRS 15, *Un bun sau serviciu care este promis unui client este distinct dacă sunt îndeplinite criteriile următoare: (a) clientul poate beneficia de bunul sau serviciul fie singur, fie împreună cu alte resurse care sunt ușor disponibile clientului (adică bunul sau serviciul poate fi distinct); și (b) promisiunea entității de a transfera bunul sau serviciul către client este identificabilă separat de alte promisiuni din contract (adică promisiunea de a transfera bunul sau serviciul este distinctă în contextul contractului)*. Recunoașterea venitului se face conform prevederilor art. 35a din IFRS 15: *clientul primește și consumă simultan beneficiile oferite de prestația entității*. Clientul consumă beneficiile pe măsura livrării serviciilor, astfel că, satisfacerea obligației se realizează în timp. Costul echipamentului a fost capitalizat și se descarcă pe măsura realizării venitului.

**C. Revenue from sales of goods**

The Company also operates the sale of own brand goods / finished products and also other third party goods through its dedicated e-commerce sites: softcare.ro, soundon.ro and gps-auto.ro. The Company also sells its goods on third-party websites, online and offline: Altex, Emag, Flanco, Carrefour, Auchan, Cel.ro, Evomag.ro being its main distribution partners.

Revenue from the sale of goods is recognized when the performance obligation established through a contract with a customer is fulfilled, being the actual delivery and transfer of control over that good sold to the customer. The payment terms are between 30 and 90 days from the fulfillment of the performance obligation.

**31.2. Property, Plant and Equipment**

***Initial recognition***

Property, plant and equipment are initially measured at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

This cost includes the replacement cost of the tangible asset in question at the time of replacement and the borrowing cost for long-term construction projects if the recognition criteria are met.

All other repair and maintenance costs are recognised in the income statement when incurred. The present value of the expected costs of casing the asset after use is included in the cost of that asset if the criteria for recognition of a provision are met.

***Usefull life***

Average usefull life for each fixed assets category are as follows:

Buildings	40 - 50 years
Investments in leased buildings	1 - 15 years
Monitoring equipment	3 years
Installations and equipment	3 - 8 years
Vehicles	3 - 6 years
Offices equipment	1 - 13 years
Stationary	4 - 9 years
Protection systems	8 - 16 years

The carrying amount of an item of property, plant and equipment shall be derecognized on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds on disposal and the carrying amount of the item) shall be included in profit or loss when the item is derecognized.

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As at 31 December 2023, management has completed its assessment of the estimated useful lives and has decided that no revision is required as the consumption pattern of its assets is consistent with the current best estimate of the period over which these assets will generate future economic benefits.

### **31.3. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets recognized following a business combination is their fair value at acquisition date, as determined through the purchase price allocation exercise. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expense is reflected in the income statement when the expense is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with an indefinite useful life are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The useful life of an intangible asset that is not being amortised is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss when the asset is derecognised.

#### ***Research and development expenditure***

The research and development expenditure are recognized when they are incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it and its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

După recunoașterea inițială a cheltuielii cu dezvoltarea unui activ, este aplicat modelul bazat pe cost, care prevede contabilizarea activelor la cost minus orice amortizare acumulată și orice pierderi din depreciere cumulate. Amortizarea imobilizărilor începe atunci când dezvoltarea este finalizată și activul este disponibil în vederea vânzării/utilizării. Acesta este amortizat pe perioada beneficiului viitor preconizat. Amortizarea este recunoscută în costul bunurilor vândute. În perioada de dezvoltare, activul este testat anual pentru depreciere.

The Company's intangible assets are mainly represented by: internally generated applications (Track GPS, Optimall) and software licences.

Average useful life for each fixed assets category are as follows:

Computer programs, software, licenses, other intangible assets	3 years or contractual duration
Customers relationship	10 years

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#### **31.4. Assets relating to rights to use leased assets**

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Assets relating to rights to use leased assets*

The determination of whether an agreement is or contains a lease is based on the commitment made at the inception of the agreement. The commitment is or contains a lease :

- if performance of the commitment is dependent on the use of a specific asset or assets
- or if the commitment confers a right to use the asset or assets, even if that right is not explicitly specified in a commitment.

Under IFRS 16, at the commencement date of the lease contract, the entity measures a right-of-use asset (as of the date on which the underlying asset is available for use). The right-of-use asset are evaluated at cost, less any accumulated depreciation and accumulated impairment losses and adjusted for any revaluation of lease liabilities. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any initial direct costs incurred by the lessee and any lease payments made at or before the commencement date, less any lease incentives received.

##### *Lease liability related to right-of-use asset*

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such leases, at inception, a lessee must recognise a right-of-use asset and an interest-bearing liability under the lease.

At the commencement date, the lessee measures the lease liability at the present value of the lease payments that has to be paid during the contract period. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be payable by the lessee under residual value guarantees. The lease payments include the payments of penalties for terminating the lease, if the lease term reflects the entity exercising an option to terminate the lease. Variable lease payments that are not dependent on an index or rate are recognised as an expense in the period in which the triggering event or event occurs.

In calculating the present value of lease payments, the Company uses the marginal borrowing rate at the lease inception date if the interest rate cannot be determined immediately from the lease contract. After the commencement date, the amount of lease liabilities is increased to reflect interest and reduced by the amount of lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (for example, changes in future lease payments resulting from a change in an index or the rate used to determine those payments) or a change in the valuation of a call option on the underlying asset.

#### **31.5. Impairment of non-financial assets**

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Property, plant and equipment Note 18
- Intangible assets Note 16

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of

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disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or s of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### **31.6. IFRS 9 Financial instruments**

#### **Financial assets**

##### *Initial recognition and measurement*

Company financial assets consist of loans granted and receivables (trade receivables, contractual assets, other receivables), cash and cash equivalents.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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*Subsequent measurement*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

*Impairment of financial assets*

The Company recognizes an allowance for expected credit losses (ECLs) for debt instruments not held at fair value through profit or loss. For trade receivables and contract assets, the Entity applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company analyses claims individually and takes into account the effect of financial guarantees received from insurers in the calculation of expected credit losses. For more information, see Note 14 - Trade and other receivables.

**Financial liabilities**

*Initial recognition*

Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not recorded at fair value through profit or loss, net of directly attributable transaction costs, on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

*Subsequent measurement*

The Company evaluates financial liabilities according to their classification as follows:

- Interest bearing loans and borrowings: Interest bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.
- Financial collateral contracts: The Company initially recognises financial collateral contracts as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

*De-recognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company’s financial statements are presented in Romanian New Lei (‘‘RON’’).

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### **28.1. Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

### **29.1.IAS 19 Employee Benefits**

#### ***Short term employee benefits***

Short-term employee benefits are measured on an undiscounted basis and are recognized as an expense as the related services are rendered. A liability is recognized at the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount for services previously provided by the employee and the obligation can be reliably estimated.

#### ***Defined benefit plans***

In the normal course of business, the Company makes payments on behalf of its employees to public pension schemes and public health insurance, which are calculated according to the rates in force during the year. Meal allowances, travel expenses, bonuses and holiday allowances are also calculated in accordance with the legislation applicable to each Company company.

The cost of these payments is recognized in profit or loss in the same period as the related salary cost. Provision is made for unused leave if there are any unused days, in accordance with local legislation.

All Company employees are members of state-administered pension schemes.

The Company does not operate any other pension scheme or post-retirement benefit plan and therefore has no pension liabilities.

In order to retain employees, the Company has implemented a Stock Option Plan, which offers employees stock options based on seniority and performance criteria in the Company's business.

### **31.7. Income tax**

Income tax expense includes current tax and deferred tax. Income tax expense is recognized in the statement of profit or loss unless it relates to business combinations or items recognized directly in equity or other comprehensive income.

#### ***Current income tax***

Current tax includes tax expected to be paid or received on taxable profit or tax loss realized in the current year and any adjustment for tax payable or recoverable in respect of previous years.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

#### ***Deffered tax***

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Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date

Deferred tax liabilities are recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- The initial recognition of goodwill; or
- The initial recognition of an asset or a liability in a transaction which: -is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit or loss and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognized for: all deductible temporary differences and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would result from the way the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax assets and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

If the carrying amount of goodwill arising in a business combination is less than its tax base, the difference gives rise to a deferred tax asset. The deferred tax asset arising from the initial recognition of goodwill shall be recognized as part of the accounting for a business combination to the extent that it is probable that taxable profit will be available against which the deductible temporary difference could be utilized.

For deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, a deferred tax asset must be recognized.

The reversal of deductible temporary differences results in deductions in determining taxable profits of future periods. However, economic benefits in the form of reductions in tax payments will flow to the entity only if it earns sufficient taxable profits against which the deductions can be offset. Therefore, an entity recognizes deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

At the end of each reporting period, an entity reassesses unrecognized deferred tax assets. The entity recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### **31.8. Inventories and work in progress**

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Goods and work in progress are valued at the lower of cost and net realizable value. The 's management analyses inventory age, product quality and potential non-conformity issues, products that cannot be sold further or are rejected based on quality issues and considers their implications in determining the net realizable value of old inventory. Net realizable value is the selling price, in the normal course of business, less costs of completion, marketing and distribution, considering the future evolution of selling prices. Also it is analysed the recoverability of ongoing work in progress projects registered at the end of the year..

Management analyzed the net realizable value of the goods and work in progress annually, considering market selling prices as well as regulations specific to the industry in which it operates.

All assumptions are reviewed annually.

### **31.9. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

### **31.10. Equity**

#### ***Share capital***

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

#### ***Repurchase, disposal and reissue of share capital (treasury shares)***

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in other reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium. When treasury shares are cancelled the excess of cost above nominal value is debited to retained earnings.

#### ***Dividends***

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws of Romania, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### **31.11. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset, All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **31.12. Provisions and contingent liabilities**

#### ***General***

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Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Contingent liabilities recognised in a business combination***

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

***Fees, taxes, and provisions for taxes***

Uncertainties exist regarding the interpretation of complex fiscal regulations, changes in tax legislation and the value and timing of future taxable profit.

The Company is subject to income tax in several jurisdictions. There are several transactions and calculations for which the final tax determination is uncertain. Therefore, the Company will constitute provisions, if applicable, for possible consequences of future tax inspections. If the final fiscal result of these matters is different from the amounts initially recorded, the respective differences will have an impact on the current and deferred income tax assets and liabilities in the period in which the respective differences occur.

## **32. OTHER INFORMATION**

### **Environment**

Romania is currently in a period of rapid harmonization of environmental legislation with the European Economic Community legislation in force. As at 31 December 2023, 2022 and 2021 the Company has not recorded any liabilities relating to anticipated costs, including legal and consultancy fees, studies, design and implementation of environmental remediation plans. The Company does not consider costs associated with environmental issues to be significant.

### **Transfer price**

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

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The Company is a large taxpayer. At the date of preparation of the individual financial statements, the transfer pricing file for the Parent Company is in progress.

**Russia - Ukraine conflict**

The invasion of Ukraine by the Russian F

ederation and the subsequent global response to these military actions could have a significant impact on a number of companies, in particular companies with physical operations on the territory of Ukraine, Russia and Belarus, but also entities with indirect interests (with suppliers, customers, investments and creditors with operations on the territory of these countries).

We 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 which may result in significant adjustments to the carrying value of certain assets and liabilities in the next financial year. At this stage, we cannot reliably estimate the impact as events unfold on a daily basis.

Based on the information available to date, the 's management has not identified any concrete potential risks related to the Russia-Ukraine conflict, and thus at this time does not expect a significant impact on the conduct of current operations. The Company has no direct exposure to third parties affected by the sanctions imposed since the conflict began (customers, suppliers, banking institutions with which the Company collaborates). Indirect exposure (customers, suppliers, with whom the Company collaborates, with links to third parties affected by sanctions), as well as risks related to future volatility of commodity prices, foreign exchange rates, or possible cyber attacks, are currently unquantifiable, as the's management has so far given no indication of any significant impact on the 's business.

**Audit expenses**

The fees for the audit of the 's financial statements in accordance with the International Reporting Standards adopted by the European Union for the financial years ending 31 December 2023, 31 December 2022 and 31 December 2021 were in accordance with the contract concluded with BDO Auditors & Accountants S.R.L.

**33. SUBSEQUENT EVENTS**

**Infobest acquisition**

On 27 February 2024, the Company informed the market about the full acquisition of Infobest, which is specialized in the development of custom software solutions, with offices in Timisoara and Leverkusen, Germany. Through this acquisition AROBS wants to consolidate position in Germany, and also in the DACH region. The transaction is subject to legal approval.

These financial statements were signed and approved on March 29, 2024, by:

**Voicu Oprean**  
Administrator

**Bogdan Ciungradi**  
Chief Financial Officer