



BOARD OF DIRECTORS REPORT FOR 2023

AROBS Transilvania Software S.A.

Company listed on the Main Market of the Bucharest Stock Exchange, Premium Category

Symbol: AROBS

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Disclaimer: The preliminary condensed consolidated financial statements presented in the following pages have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The preliminary condensed consolidated financial statements as at 31 December 2023 are audited.

The financial figures presented in the descriptive part of the report, expressed in millions of lei, are rounded to the nearest whole number and may result in small differences in the restatement.

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Board of Directors Report for 2023
According to	Annex 15 to FSA Regulation 5/2018
Report publishing date	29.03.2024
For financial period	01.01.2023 – 31.12.2023

ISSUER INFORMATION

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

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	87.129.360,90 lei
The market on which securities are traded	Main Market, Premium Category
Total number of shares	871.293.609
Symbol	AROBS

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FINANCIAL RESULTS ON 31 DECEMBER 2023 AT THE CONSOLIDATED LEVEL



RON 427,3 million
TURNOVER
+43% vs. 2022



RON 92,6 million
NORMALIZED EBITDA
+21% vs. 2022



RON 43 million
GROSS
10% GROSS PROFIT MARGIN



RON 31,9 million
NET
PROFIT
7% NET PROFIT MARGIN



RON 51 million
NORMALIZED NET PROFIT
-4% vs. 2022

MESSAGE FROM THE CEO

Dear shareholders,

The year 2023 was special for AROBS, as the company celebrated 25 years since its establishment, and we transferred to the Main Market of the Bucharest Stock Exchange. 2023 started with turmoil in the US IT market, exponential growth in AI, downsizing of teams, and delayed new project launches. Legislative changes—the IT tax breaks waiver—impacted Q4 2023 and continued into 2024 as pressure on the entire industry.

In our 25 years of activity, we encountered many challenges, which we chose to see as opportunities and lessons to learn. In the volatile, uncertain, complex, and ambiguous context of VUCA times, each event comes with its own challenges that force us to step out of our comfort zone.

The 25 years of AROBS are the result of progress, determination, resilience and the desire to continuously grow. There were times when we could have been more focused, with greater agility in scaling certain strategic or business directions, but I learned important lessons. As an entrepreneur, I always tell myself that following a less successful investment, the most valuable are the lessons learned.



The most important aspect is that we never stopped, regardless of the challenges we faced. We always choose to fight if we must choose between flight, fight, or freeze. Our ability to continually learn, adapt on the fly to new realities, and be persistent in what we do has made us a group of companies with over 1,300 colleagues involved in multiple global partnerships in dynamic industries - embedded, automotive, medical, intelligent automation, and beyond. We are participating with our partners and collaborators in building the technology solutions that will define the future, be it big data, data analytics, AI, etc.

2023 was the year in which we fulfilled our promise to our shareholders by carrying out the transfer of AROBS shares on the Main Market of the Bucharest Stock Exchange and delivered results: turnover up 43% compared to 2022 and normalized EBITDA up 21% compared to 2022.

After AROBS was the most traded stock on the AeRO market, it was the right time to move to the next level, on the Main Market. This represented another significant step in our mission to become one of the most important players in the global IT services and products market, starting from Romania. We are proud that in the two years of activity in the capital market, we have grown rapidly, both organically and by completing 10 M&A transactions. During this period, we have acquired companies that operate in the same industry and bring added value by strengthening and expanding the areas of expertise and the geographical footprint of AROBS: România, Moldova, Ungaria, și Marea Britanie.

On the Main Market, we will continue our expansion plans. Yesterday, on February 27, 2024, we signed a new M&A transaction, the tenth since 2021, through the full takeover of the Infobest group, specialized in the development of software solutions for automotive, telecommunications, and manufacturing, with offices in Leverkusen, Germany and Timisoara. I am confident that Infobest's extremely good prospects will support us in our goal of strengthening our position in Germany. Through this strategic acquisition, we are expanding both our technology capabilities and our portfolio of customers, to whom we will continue to provide complex software solutions for an increasingly sophisticated technology market, especially in insurance and telecom.

2023 was a year marked by a turbulent market in the technology area; this was observed in most of the listed IT companies both internationally and locally. It was a year in which massive optimizations were carried out in the IT field with pressure on the companies' profitability indicators. In this context, at AROBS we have continued to grow despite these adversities and delivered consistent results.

Therefore, in 2024, our main objective remains the successful integration of the companies we have added to the Group in the last two years, a process that, in some cases, will also include the absorption of acquired entities to simplify the Group's structure, ease operations between companies, to reduce costs and redundant functions and to maximize synergies. We started this process in 2023 and will continue it in 2024. We will focus on performance and delivering added value for customers.

We will continue the acquisition process, but we enter a stage where we are carefully examining the opportunities at hand, focusing on synergies, complementarities, and solid results of potential acquisitions.

In addition to potential growth through M&A transactions in 2024, we aim to expand organically into the EU and US markets by strengthening relationships with existing customers. We want to come closer to them and tailor our services and software products to better meet their specific needs through even closer proximity to customers and global technology centers.

In what concerns our financial results, at the consolidated level, according to IFRS standards, we ended 2023 with a turnover of 427.3 million RON, an increase of 43% compared to 2022, normalized EBITDA of 92.6 million RON, an appreciation of 21% compared to 2022 and a normalized net profit of 51 million lei. We continue to present the normalized EBITDA and net profit indicators, as they exclude the non-cash effect generated by the Stock Option Plan (SOP) programs. Why non-cash? Because the shares were granted to the company by the majority shareholder at close to zero value, the company used them to give bonuses and motivate performers. We further recommend that investors use the normalized level ratios to analyze AROBS as they represent a more accurate and relevant assessment of our financial performance.

Regarding the SOP programs, in 2024 and 2025, the distribution cycle of the shares I transferred at a nominal value to the company before its listing on the AeRO market of the Bucharest Stock Exchange in 2021 will be concluded. Therefore, the 40 million shares covered all three SOP programs implemented by AROBS since November 2021.

As a former programmer, I acknowledge my colleagues' efforts to add value to clients' projects, making them central to these partnerships' economics. The success of AROBS is directly linked to the talented and dedicated colleagues within the Group. In 2024, we will continue implementing innovative motivation and retention programs that recognize and reward individual and team achievements and promote operational efficiency and excellence. As such, we plan to continue to support professional development opportunities for teams and implement SOP programs. Through these initiatives, we ensure that AROBS remains a place where talent is nurtured and valued.

Regarding business lines, in 2023, our Software Services business line recorded a 44% increase compared to 2022, contributing 81% to the turnover. The Software Products segment registered a 20% increase compared to the previous year, its contribution to turnover being 16%. Also, the Integrated Systems Segment, which focuses on the implementation of hardware and software services for public authorities, had a 3% contribution to the turnover in 2023, generating revenues of 12 million lei.

2023 was a year in which we worked intensively on the effective integration of the companies we brought under the AROBS umbrella since 2021. Transformation and integration are complex and lasting processes, the absolute priority being the identification of synergies between the various entities, in order to capitalize on each company's

strengths to improve our service and software offerings. The integration process is not only a matter of operational alignment, but also of cultivating a common culture that focuses on innovation, excellence in the way we work and close collaboration. Results started to appear in 2023 and will become even more visible in 2024.

However, it is important to note that such an integration process and the accelerated development of the group may have a temporary impact on financial results, including profit. This is a natural aspect for any company that invests in its long-term growth and aligns with our strategy of building a solid foundation for sustainable development. However, as we have already emphasized in previous public statements about our M&A strategy going forward, the integration process remains the main concern of the management team for 2024.

Regarding our activity on the capital market, in August 2023, the company's shares were included by Morgan Stanley Capital International (MSCI) in the MSCI Frontier Markets Small Cap and MSCI Romania Small Cap indices, and starting from March 18, 2024, AROBS shares were also included in the FTSE Global Micro Cap index. Next, for 2024, one of the objectives is the inclusion of AROBS shares in the local indices, BET.

Next, I invite you to go through the Board of Directors Report, in which more details are presented regarding the performance of the AROBS Group in 2023. If you have any questions related to our business activity or the capital market, please contact us at ir@arobsgroup.com.

Voicu Oprean, founder & CEO

DESCRIPTION OF THE ISSUER'S ACTIVITY

SOFTWARE SERVICES

Since its establishment, AROBS Transilvania Software has relied on excellent specialists and well-adjusted yet flexible processes to deliver customized software and high-quality products and software applications consistently. The excellence of our services and our specialists' commitment have helped us build strong, long-term partnerships with over 11,000 partners in Romania and worldwide.

Our passion for technology, combined with intense efforts to acquire new skills and align with market trends, has made AROBS one of the leading Romanian software development companies. The company's **SOFTWARE SERVICES** division is the largest within the Issuer and is structured around two pillars: *Automotive* - Embedded, Marine, Aerospace, Medical Devices, etc., and *High-Level Industries*. The *High-Level Industries* specialization comprises 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. AROBS Transilvania Software won the Continental - Best Engineering Services Supplier 2021 award, which marked an important milestone for collaborating with the Issuer's clients. In February 2023, AROBS Software Moldova joined the Group, with more than 120 software engineers and developers, mostly specialized in automotive.
- **Aerospace - AROBS Engineering** - Experienced in developing complex embedded systems for the

aerospace industry. These skills complement the expertise of AROBS Polska, which has a team of over 30 specialists in the development of products and technologies for quantum and optical communications, data storage and processing, satellite mechanics, and instrument control.

- **Marine – AROBS Engineering** – has expertise in developing solutions for multifunctional navigation systems. These systems are used on marine electronics such as radars, sonars, audio devices, instruments, cameras, and autopilot systems.
- **Embedded Systems for Medical Devices** - Embedded software platforms and solutions for high-tech, connected medical devices that provide improved healthcare capabilities and medical treatments by leveraging cutting-edge technologies such as Artificial Intelligence (AI), Augmented Reality (AR), the Internet of Things (IoT), and wearables.
- **Travel Technology** - Combining niche know-how and technical skills has helped the company 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 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 the US, UK, Germany, Finland, Norway, and the Netherlands.
- **Fintech** – Built on knowledge and experience in partnership with leading **banks and financial institutions**.
- **Intelligent Automation** - In the software services field, the Benelux subsidiary CoSo by AROBS Netherlands and Belgium specializes in **Robotic Process Automation**. The expertise has been expanded by the April 2023 acquisition of the Company - the takeover of the Future WorkForce Global (FWF) group. This transaction asserts the Company's strategy of developing new software services expertise that will keep AROBS competitive in the global technology landscape. The acquisition of FWF strengthens the Company's position in the intelligent automation market through Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in Western Europe.

A big plus for the Software services business line is the joining of Berg Computers, which has very consistent expertise in industries such as **Biomedical, Manufacturing, Retail, Office automation, IT, Storage, and Cloud**.

Moreover, **Nordlogic Software** joining the AROBS Group has also brought 70+ experts in software development and **Enterprise Software Ecosystem Audit**.

Main Categories of Products Sold And/or Services Provided by the Software Services Division

AUTOMOTIVE

Products and/or services: Body Controllers (BCM), Car Access ECUs, Gateways, Transmissions, Infotainment, Car Radar Sensors, Keys, Instrument Clusters.

Automotive is the most important specialization, in terms of number of experts and turnover, in the software services area. The Automotive division works with hundreds of software developers in Romania, Moldova, and Hungary.

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

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

Expertise includes both elements of internal combustion vehicle architecture and modules for electric vehicles or plug-in hybrid vehicles (PHEV).

The issuer follows AUTOSAR (Automotive Open System Architecture) standards and is TISAX (Trusted Information Security Assessment Exchange) certified. TISAX is the most prestigious information security standard in the automotive industry. This certification is obtained through the international ENX ASSOCIATION platform. This platform facilitates the online interaction of companies, from product and service providers to international audits.

AUTOSAR Capabilities: Classical platform.

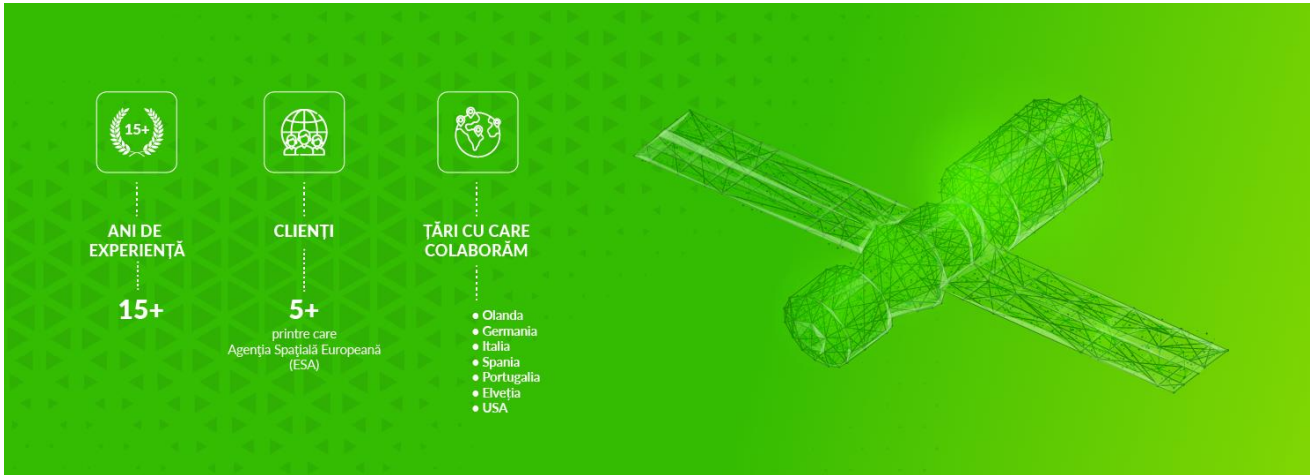


AUTOSAR custom configuration tools, EB Tresos Studio. Vector DaVinci, AUTOSAR Builder.

AEROSPACE

Products and/or services: development of complex embedded systems for the space and aviation industry, including complex software solutions for several high-profile ESA spacecraft and space missions and various FAA Level A certified commercial aerial equipment.

The Issuer has experience in developing complex aerospace engineering solutions for internationally reputable clients and has an impeccable track record of such solutions.



MARINE

Products and/or services: development of integrated technologies for various types of marine electronics used for fishing, navigation, cruising, and commercial use.

The Issuer has contributed to the development of internationally renowned devices for leading companies in the marine industry. With AROBS solutions, companies in the marine industry can deploy optimal products in the marketplace, operate more efficiently and profitably, and provide a more enjoyable and safer experience for their customers. AROBS teams keep pace with the highest industry standards in performance, quality, and safety.



TRAVEL TECHNOLOGY

Products and/or services: Property Management Software System (solution for automating hotel operations, maintaining all information, and optimizing room rentals efficiently), Online Travel Agencies (OTA Software, online solutions for travel agencies), Corporate booking automation (software solution for booking automation), Cybersecurity (cybersecurity component for the implementation of Data Security Standards in the Travel industry), Custom Hotel Channel Integration Software (integration services with GDS, CRS, OTA, Property Management System, Hotel Channel Manager, Payment and Billing applications)

Combining niche knowledge and technical capabilities has helped the Issuer to build long-term partnerships with customers. To date, end-to-end solutions have been developed and delivered to companies in the USA, France, Spain, Germany, and the Netherlands. Experience in the travel software and hospitality industry provides AROBS specialists with an overview of the market and adaptability in the delivery of solutions that are tailored to each customer.



LIFE SCIENCES & IOT

Products and/or services: medical software solutions that simplify clinical trials applied to new drugs launched in the niche market, medical device software, fitness applications, and patient monitoring.

IoT products and/or services: customized home automation or building monitoring applications, centralized environmental management systems such as forest planning, and smart thermostat applications.

Regarding Life Sciences specialization, the Issuer has built solid expertise in recent years in the pharmaceutical industry based on long-standing collaborations with large US companies.

The IoT systems created by AROBS are intuitive and easy to use, thanks to streamlined interfaces and processes. However, although the team's expertise is predominantly in creating systems and architectures for home automation and building monitoring, the issuer provides effective IoT solutions for several market segments.



ENTERPRISE SOLUTIONS

Products and/or services: Customized solutions, including music industry apps for management, recording, portal, copyright processing and track tracking/reporting, intellectual property management apps, malicious and cyber-attack detection apps - for iOS and Android devices.

This business group has expertise in cloud-based applications, real-time or reactive, Big Data, NoSQL, or any other advanced software technology based on which can build custom solutions needed for companies and organizations to function properly.

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



FINTECH

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

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

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



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



Products and/or services: combined hardware and software solutions, cybersecurity services such as penetration testing services, process audit, vulnerability management, preventive actions, threat hunting, and quality assurance (QA) services, including web, mobile, and desktop application testing.

The quality assurance services provided by AROBS are delivered by teams of professionals specializing in manual and automated testing. The AROBS QA team has extensive experience testing various devices, including web, mobile and desktop application testing.

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

In addition to providing state-of-the-art software development to business partners around the world, AROBS has built a strong team of cybersecurity experts who can assess, analyze data, advise, and implement a security strategy to protect the organizations they work with.

AROBS Group has consolidated its software services portfolio in the **intelligent automation** market through Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML).

Future WorkForce and CoSo Netherlands and Belgium's team of +100 experts develop intelligent automation solutions using the latest technologies: RPA (UiPath, Microsoft, Celonis, Outsystems), AI, and ML. These are designed to automate repetitive and time-consuming tasks, allowing companies to focus on activities with significant strategic business value. Specialist teams are in Romania, the Netherlands, Belgium, Germany, and the UK.

Companies in the Software Services Division



Intelligent Automation through RPA by **CoSo** Netherlands and Belgium - The two entities joined the AROBS group in 2018. Business automation is one of the key focuses of CoSo by AROBS, perfected in over 27 years of experience in this field. CoSo by AROBS specializes in software development and is highly qualified in process automation, TMS, and educational software. RPA is now the key element of CoSo, starting with 2019.

In 2023, CoSo teams, specialized in Robotic Process Automation, were integrated operationally and as a brand under the Future WorkForce brand for everything related to the Intelligent Automation specialization. FWF and CoSo capitalized on the synergy between organizations within the AROBS Group, with CoSo taking steps to consolidate its presence in the Benelux market for intelligent automation expertise.



Berg Software joined AROBS in December 2021, the first acquisition made by the company after the private placement organized in October 2021 for the listing of AROBS on the AeRO market of the Bucharest Stock Exchange. Berg Computers' expertise complements the AROBS Group's software services business line offer. Berg Computers has experience on projects in industries such as Biomedical, Manufacturing, Retail, Office automation, IT, Storage and Cloud for large-scale clients in Germany, Austria, and Switzerland.

In 2023, BERG Software has focused on consolidating its presence in the markets in which it operates, more precisely on increasing the number of customers in the SAP area (3 new customers in 2023) and on the accelerated growth of the biomedical business volume.

In 2024, BERG will continue expanding in the DACH market—Germany, Austria, and Switzerland—focusing on retail automation, biomedical, and cybersecurity. A significant increase in demand for cyber security solutions, especially anti-ransomware protection, has been observed. Also, BERG Software is still in the process of integration into the AROBS Group.



AROBS Engineering represents the former Enea Software Services Romania, an entity that joined AROBS in April 2022 from Enea AB Sweden. AROBS Engineering has seen a positive development in the industries it focuses on - medical, aerospace, maritime, and automotive, due to an increased demand for software development and validation services from existing customers and the start of new partnerships.

In the area of software services for the automotive industry, AROBS Engineering has developed new partnerships that involve developing innovative Smart (AI-enabled) products for electric car charging systems. In addition, new complex projects have appeared to integrate software security systems for ECUtype devices.

Also, in 2023, AROBS Engineering began the largest ISVV (expertise services in complete SW systems validation) project – AROBS was selected as the lead partner for this service on the SpaceRider mission.

AROBS Engineering continued to collaborate with global partners and market leaders in the medical device industry.



Nordlogic Group, specializing in custom software development for products and platforms, joined AROBS' Software Services division in July 2022.

Nordlogic by AROBS had a positive turnover evolution in 2023 by consolidating its position, especially in the US market, increasing the volume of software development services for insurance companies, and expanding collaboration with international organizations and agencies.



AROBS Polska formerly SYDERAL Polska - is a company based in Gdansk, Poland, specializing in developing products and technologies for quantum and optical communication, data storage and processing, and control of satellite mechanisms and instruments. The company joined AROBS at the end of January 2023. With this transaction, AROBS has taken another step towards strengthening the aerospace expertise within the group. SYDERAL Polska's expertise complements the new business line within the group brought by AROBS Engineering - the development of embedded

systems and software for the aerospace sector.

For AROBS Polska, 2023 was a year marked by significant events. The company joined the AROBS group 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.

A 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.



The Future WorkForce Global (FWF) Group, which specializes in providing complex business process automation solutions, joined AROBS in April 2023. The acquisition of FWF consolidates the position the company holds in the intelligent automation market through Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in Western Europe. Immediately after the public announcement of the acquisition, the RPA division of CoSo by AROBS Netherlands and Belgium joined forces with Future WorkForce. Thus, the companies will remain in the Benelux area under the Future WorkForce brand. As a result, the

company has quickly capitalized on the synergy between the organizations within the AROBS Group and now has a team of over 100 Intelligent Automation experts in the UK, Benelux, Germany, and Romania.

In 2023, 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, which is an important recognition of their expertise and value in digital transformation in the public sector.

Since 2003, the Issuer has created its own solutions and products, and acquired companies that develop their own products, the most important of which are:

- **TrackGPS** – car fleet management and monitoring solution;
- **SasFleet** – GPS monitoring of car fleets;
- **TrueHR** și **dpPayroll** – human resource management and payroll solutions;
- **Optimall SFA** – sales force automation solution;
- **RateWizz** – channel manager for the hospitality industry;
- **School textbook digitisation solution**;
- **MonePOS** - contactless and paperless payment solution for mobility industries;
- **SoftManager** – CRM+ solution;
- **E-toll Solutions** – solution for transport companies to pay tolls in Europe.



AROBS SOLUTIONS FOR DIGITALIZATION AND EFFICIENCY

The main categories of products sold and/or services provided by the Fleet Management Division

AROBS has been active in the telematics and fleet management solutions market since 2006. TrackGPS is the leading Fleet Management brand developed and owned by AROBS. It is a complex solution for managing and monitoring car fleets that helps companies reduce their maintenance and operation costs, improve their efficiency in the allocation and use of resources, increase safety behind the wheel, as well as improve the services provided.

At the beginning of 2023, AROBS acquired Centrul de Soft GPS, a Romanian company specializing in fleet management solutions. The new entity strengthens AROBS's position as the market leader in Romania through more than 1,000 clients that complete the portfolio of over 10,000 existing clients. Through this purchase, the Issuer confirms the strategic importance of the software products business line, especially the fleet management one.

Arobs TrackGPS SRL from the Republic of Moldova joined the Group in February 2023; this is a company with experience in fleet management for companies from all industries, with an active client portfolio of approximately 450 companies with around 5,000 monitored vehicles. The company's integration into the group meant strengthening our presence in the Central and Eastern European markets.

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

Through acquisitions and market consolidations, AROBS TrackGPS has earned its place among the relevant players in the fleet management market in Central and Eastern Europe. The TrackGPS division aims to expand its activity in the countries in which it is present both through acquisitions and through the development of additional services such as Automatic Toll Collection for Hungary, Bulgaria and Poland, the development of Safety Driving solutions, Predictive Maintenance, as well as the improvement of the services provided through localization IT systems and investments in specialized personnel.



TrackGPS continued its development on the Romanian market, in 2023 over 850 new customers choosing TrackGPS solutions. Thus, more than 5,500 new vehicles were enrolled in the TrackGPS platform.

In 2023, we continued our efforts towards the development and large-scale implementation of solutions based on 4G and 5G technologies, increased presence in the international transport segment, consumption monitoring, and CAN data, as well as the promotion of new solutions: video telematics, safety driving, Electric Vehicle Location, TachoReader module, GDPR module (private mode activation functionality for trips of personal interest).

We continued the activity with our partners from Orange Business Services, one of the important partnerships of the AROBS TrackGPS division through which fleet management solutions are promoted through the operator's portfolio of services and products on a SaaS model.



SASFleet Tracking – also known on the market as alarma.ro - is the second fleet management brand owned by AROBS. SASFleet offers complete monitoring solutions through a wide range of GPS systems - fleet monitoring. SASFleet Tracking continued its consolidation in the enterprise customer segment, but also in the SME segment. SASFleet is focused on meeting the clients' needs for cost efficiency, routing, and predictive maintenance modules.

With over 20 years of experience in GPS tracking services, SAS Fleet Tracking has created strong partnerships with companies in all fields. The

SAS Fleet Tracking portfolio encompasses companies and fleets of all sizes. Their fleet monitoring solutions manage the most diverse fleets of personal cars, vans, machinery, trucks, trailers, electric vehicles, and more.

The strategic direction of the SAS Fleet Tracking company is one in which the two basic components are happily intertwined: customer care and adopting new technologies. Regarding Customer Care, the company boasts the successful implementation of the most modern and complex Fleet Management system, called Fleet Care, a system through which SAS customers have permanent control over the costs of the car fleet, receive alerts regarding the expiration of essential documents as well as the possibility to manage the documents related to fleet management easily - both the authorizations/insurances part and the cost part (invoices, quotations, fuel receipts).

The company grew in 2023, adding two very important partners from the energy industry to its customer portfolio, whose combined fleets reach more than 1,700 vehicles.

For one of the above-mentioned clients, the company developed new functionalities. It is an advanced Pool Car system, created in partnership, through which, with the help of a mobile application for remote locking and unlocking of vehicles, the fleet can be controlled, and multiple users on the intervention cars can be monitored.

In the market, there is a trend of increasing customer interest in fleet cost control tools, especially related to fuel consumption. Thus, the FleetCare solution was very well received by the new partners, especially the modules for fuel consumption vs. budget, document expiration, and driver behavior, as well as the special products of the FMB 140 type through which the customer has access to extremely useful information such as standing with the engine running, fuel supply by reading the car's native literometer probe, engine speed.



AROBS E-toll Solutions - The newly established company in 2022 offers a complementary solution to fleet management, whereby international transport companies – freight (capacity over 3.5 tons) and coaches – are able to pay tolls in Europe through an integrated system.

The company also offers services for the payment of Romania's road taxes, mandatory car insurance, car roadside assistance, and car damage assistance.

In 2023, the Company continued its efforts to increase market share, recording considerable increases in new customers. It also invested in diversifying its toll payment product portfolio.

In the next period, the process of integrating the solution with the fleet management platforms of the Group will start.



Centrul de Soft GPS was the fleet management division of the company Soft Pro Center until June 2022, when a division process took place, and AROBS fully took over the new entity created under this name in December 2022. Soft GPS Center is specialized in the development of ERP applications and the provision of fleet management solutions, fleet monitoring, security applications stolen cars recovery. The client portfolio of the Soft GPS Center consists of more than 1,000 companies with approximately 9,000 monitored vehicles.

The main categories of products sold and/or services provided in the field of HR Solutions

TrueHR is a software solution created by the 26-year experienced UCMS by AROBS for human resources management that automates all industry-specific processes and facilitates the recruitment, administration and training of employees. Carefully designed with a wide range of functionalities, its aim is to help facilitate the management of tasks in Human Resources departments, many of which it automates using its 15+ modules.

Dp-Payroll is a professional payroll management solution that automates processes specific to this field to eliminate human errors. The Dp-Payroll solution simplifies financial processes through a payroll calculation program and helps to obtain an objective view of the business with the help of accurate and fast reports generated by the system. It ensures the efficient and comprehensive management of employee contract data and collects and processes timekeeping, leave, delegations, detentions, etc. data with over 15 distinct modules. The wide range of functionalities makes dp-Payroll a comprehensive solution for the payroll department that reduces costs and optimizes the company's financial accounting processes.



UCMS by AROBS continues its consolidation in the field of human resource management solutions, developing new partnerships with clients in target industries such as Banking, Retail, Production, Automotive, and IT.

The company, distinguished on the market by the exceptionally high quality of customer services, promotes and attracts new partners mainly through a series of functionalities that have attracted the interest of customers: those of timekeeping automation (True Pontaj Electronic), digitalization, internal report configurations/ reports requested by the authorities (dp-Reports), employee evaluation (True Employee Evaluation), delegations and statements (True Delegations and Statements), digitization of the signing of documents with employees (True Electronic Signature).

Main categories of products sold and/or services provided in the field of Business Optimization



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

Of the solutions promoted, Optimall SFA has the most traction in the Romanian market, and it has recently launched new modules aimed at sales team performance - Target and Supervisor. Optimall customers show interest in digitizing and improving internal company processes through various automation. In the case of SFA, but also for the Logistic application - which optimizes the costs of distribution activities by up to 25% - the company has seen an increase in customer requests, both for the implementation of new projects and various customizations of the application.

In 2023, Optimall by AROBS celebrated its 20th anniversary, an event we marked by launching new Optimall SFA Android mobile applications. By refactoring the application, we proposed innovative functionalities to our customers that support the automation of sales processes in distribution and production businesses. We have also developed four additional modules of the Optimall SFA application: the Sell Sheet Module (viewing sales history), the Supervisor Module (monitoring the activity of sales agents), the Target Module (monitoring sales objectives), and the Promotions Module (creating packages attractive promotions for customers).

Optimall division will continue to strengthen in the manufacturing and distribution industries. It has benefited from new partnerships with companies in these industries. It is taking necessary steps to increase market share in other sectors as well, such as public administration, with the Optimall SMIS product, a management solution for heritage and inventory for private companies and public authorities.



MonePOS – The digital payments system supports the complete digitalization of operations for companies in a wide range of industries, such as passenger transport, taxi, FMCG, deliveries, or any type of business where contactless and paperless payments can enhance operations. MonePOS continued strengthening its position in the taxi service market throughout the country, in HoReCa & Tourism, and cross-sale with other AROBS Group software solutions such as Optimall SFA in the Distribution Industry.



SoftManager CRM+ - is a platform comprising a set of strategies, tools, and procedures designed to improve relationships and interactions with an organization's existing or potential customers. The functionalities developed facilitate production, service, finance, marketing, project management, and analysis. Softmanager has implemented new modules and functionalities, such as Warehouse management, as well as integrations with EFactura, WinMentor, and Saga. The new product, SoftManager Sport, is designed for resource management in organizations and companies focusing on sport.

In 2023, SoftManager CRM+ continued the consolidation actions on the data automation market for SMEs by implementing new modules and functionalities, such as Warehouse management. Another direction is promoting the new product, SoftManager Sport, intended for resource management in organizations and companies focusing on sports. New customers come from the financial industry, telemarketing, and B2B sales.

Innovative Projects - A Dedicated Research Department

In addition to its success with project management in the private sector, the Innovative Projects division has extensive experience in delivering reliable solutions to the Romanian public sector at municipal and national level. Moreover, the Issuer's innovative projects support the education sector and the "smart city" concept by digitizing the existing process and services.



School textbooks digitizing solution - AROBS takes learning into the Digital Age: Since 2014, at the initiative of the Ministry of Education, digital books have become mandatory, starting with first and second grade. In partnership with Aramis Publishing House, the Issuer has produced and contributed to digitizing almost 3 million electronic textbooks for grades I-VIII to date.

The tablets come pre-installed with interactive applications that will help children consolidate or summarize the knowledge they have acquired at school. They will also help parents keep track of their children's progress.

With the cost of printing physical textbooks eliminated, these electronic textbooks and tablets provided by AROBS will result in substantial savings.

In 2023, the Digital Textbooks project continues to offer teachers and pupils the opportunity to improve the learning process. Together with strategic partner Aramis, the team has won 5 of the 7 digital textbook tenders they have participated in, and the print run for new 2023 textbooks and reprints are over 250,000. The project team wants to continue growing in the E-learning segment in 2024.



RateWizz Channel Manager is a white label solution that can be integrated with any property management software, such as hotel PMS; it allows hoteliers to manage all channels for reservation management, providing the interface between the reservation software and ADS solutions: Booking, Expedia, Sabre/ SynXis, Travelport. More than **200 hotels in Nordic countries already use RateWizz.**

Thanks to the stability of the existing partnerships, the business model used, and the adaptability to the market requirements affected by the pandemic context, Ratewizz's customer portfolio is stable, and the project's profitability

is showing a positive trend.

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 an increase in interest in the small hotel units segment. RateWizz has also identified new partnerships in the Romanian market, where there is a real need for customized solutions. In addition to the stability of the product and the superior support services we offer, the existing connectivity with the primary sales channels makes this product comparable to the significant Channel Manager systems in the market.



AROBS Systems is one of the new diversification directions in the group, implementing hardware and software solutions for public sector contracting authorities. This company has a team of experts in public sector digitization, and its technical expertise covers the integration of complex systems and ORACLE, HP, DELL, and Microsoft technologies.

AROBS Systems has continued its growth in the sub-segment of public sector digitization, providing implementation services for hardware and software solutions. The company has developed its capabilities in offering and implementing Oracle solutions.

In 2023, the AROBS Systems team started three new projects, both in the public sector with Societatea Nuclearelectrica and Banca Națională a României and in the private sector. AROBS Systems completed a project to acquire hardware and software solutions aimed at consolidating the databases required to function as the components of the Integrated Customs Information System.

CERTIFICATIONS

Certifications ensure the company's credibility in the market, especially for companies providing services.

The Issuer's primary certificates are:

- Confidentiality and information security - an information security management system - ISMS - has been implemented. This system is created by some of the most rigorous international standards, ISO 27001 and TISAX;
- ISO 27001 certification - is an international management standard (International Organization for Standardization) that provides requirements for an information security management system. Therefore, this management standard regulates how to operate securely regarding information. It demonstrates that the Issuer operates according to the strictest international information standards;

- TISAX - Trusted Information Security Assessment Exchange - is the industry's most prestigious information security standard. This certification is obtained through the international ENX ASSOCIATION platform. This platform hosts the online information interaction of automotive companies, from product and service providers to international audits;
- ORDA Certificate - Certificate issued by the Romanian Copyright Office;
- HU-GO Certificate - National Toll Payment Services Plc. - Hungary;
- ISO 9001: 2015 - Quality Management Systems;
- ISO 45001: 2018 - Occupational health and safety management systems;
- ISO 14001: 2015 - Environmental management systems;
- ISO 9001:2015 - Provision of software and services in terms of application development, consulting, implementation and support activities;
- ISO/IEC 27001:2013 - Supply of software and provision of services in respect of application development, implementation and support activities;



EXPERIENCE

Considering the 25+ years since the Issuer's establishment, as well as the partnerships with numerous clients and suppliers in various industries corresponding to AROBS' business lines, the Issuer's experience is extensive.

The most relevant value points are:

- The Issuer has teams of IT professionals with a good reputation in the market for over 25 years;
- Expertise in multiple industries,
- Flexibility in adopting client-specific standards and processes;
- Diverse clients in over 15 countries across 3 continents;
- Dedicated team, challenge-oriented, and new technologies;
- Focus on customers, employees and collaborators;
- Expertise in software solutions including high growth industries: Automotive, IoT, Fintech, Aerospace, Medical, Maritime, Life Sciences, Travel Technology, Enterprise Solutions, RPA, Transportation & Logistics, Retail, Manufacturing, Retail, Office automation, IT, Storage and Cloud, and beyond;
- Software solutions for companies and organizations well positioned in the Romanian market, as well as in Central and South-Eastern Europe, North America and Asia;
- Frequent launch of new software products testing on the Romanian market before expanding into Central and South-Eastern Europe;
- Organic growth, but also through strategic acquisitions, to strengthen business lines and complete the solutions portfolio.

DIFFERENTIATION FROM THE COMPETITION

The Issuer differentiates itself from the competition through its business model, the integrated way the group companies operate, and the synergies created between them, creating a complete package of digitization and business efficiency solutions. In this respect, the elements that differentiate the Issuer from its competitors are:

At the level of services delivered by the Issuer:

- Experience in developing proprietary software solutions since 2003;
- Research and development teams;
- Dedicated teams with extensive experience in product development: Dozens of specialists in developing web, mobile, and complete solutions for dynamic industries;
- Experienced management team;
- Enduring partnerships with thousands of companies in Central and Southeast Europe and Asia;
- Presence in European rankings as a representative company in European fleet management;
- Continuous innovation, agility, and adaptability based on the market needs;
- Frequent launch of new software solutions testing on the Romanian market before expanding into Central and Southeast Europe;
- Organic growth, but also through strategic acquisitions, to strengthen business lines and complete the solutions portfolio

NON-FINANCIAL STATEMENT

AROBS will be and has always been involved in environmental and quality-of-life actions in the community. As detailed in this report, our ecological initiatives range from afforestation to attention to resource use and recycling and prioritizing recycled and/or locally produced materials.

AROBS' software products—such as TrackGPS and SASFleet—in fleet management and Optimall Logistic—in business optimization in distribution and manufacturing—support companies in fuel efficiency, carbon footprint reduction, route optimization, etc. MonePOS is our contactless and paperless solution for digital payments.

AROBS is preparing its 2023 sustainability report, which will bring together the company's initiatives in line with sustainable development. The report will elaborate on international standards in the field and aim to provide a comprehensive picture of our projects in sustainability, CSR, and governance.

Environmental Initiatives in 2023

- 2 AROBS planting actions, near Cluj-Napoca and Bucharest, over 10,000 trees in 2023
- Existence of internal paper and energy-saving policies
- Use of a minimum amount of printed materials
- Top priority purchase of promotional items such as stone paper diaries every year, pens and bottles made from recycled materials
- Organise workshops on how to use recyclable materials
- Fight for Your Green Cause, an annual internal competition for green cause ambassadors

Education for the next generation

We support many initiatives supporting future generations, such as:

- Innovation Labs - we are a national partner of the largest startup competition
- FIX Cluj-Napoca - we support the local youth entrepreneurship program
- We support Hard&Soft Suceava - a student competition for future engineers
- Electrosofting Baia Mare - a competition for future IT professionals
- We support advanced courses and programs for students
- Main sponsor of the Project management in IT program at Babeş Bolyai University

- Platinum sponsor of the IoT Lab at Babes Bolyai University
- Hackathon competitions are held in Cluj, Mures, Arad, etc.
- Technical articles contest - Writers of AROBS
- Drag de Școală project, Suceava, against school dropouts

Quality of life initiatives and disadvantaged groups

- AROBS XMAN Romania: triathlon sports competition
- Support for our colleagues who perform outstandingly in sport
- Sponsorship for hospitals and clinics in Romania
- Project Căsuța Bucuriei, Cluj-Napoca, housing and education for orphaned children
- Ajută o mamă se se ridice, a national project for rural women's access to health care.

Regarding employee health and safety, the company has staff in charge of training staff and updating policies on OHSAS. The ultimate goal of occupational safety and health work is:

- To protect the life, integrity, and health of workers against the risks of occupational injury and illness that may occur in the workplace;
- to create working conditions that provide them stable physical, mental, and social comfort.

AROBS Transilvania Software SA impacts the environment through its telematics activity. Thus, for the packaging placed on the Romanian market, the company must comply with the updated Law 249/2015 on the recovery and recycling of packaging. Under Art. 16, para. 2 of the Law, the company has concluded a contract with Ecologic 3R Ambalaje S.A., which assumes responsibility for the recovery and recycling of packaging placed on the Romanian market by ATS. At the same time, the company also complies with Government Decision No 1132/2008 on the regime for batteries and accumulators and waste batteries and accumulators, as well as its subsequent legislation, and has concluded a contract with the company RLG Systems Romania SRL for the collection of this waste. The company makes monthly declarations to the National Environmental Protection Agency and has staff responsible for monitoring and assessing the company's environmental impact.

GROUP STRUCTURE

As of 31 December 2023, the AROBS Group consisted of AROBS Transilvania Software S.A. ("the Company" or "AROBS" or the "Parent Company") and 27 subsidiaries:

NO.	Company	Control (AROBS)	Percent
1	AROBS DEVELOPMENT & ENGINEERING SRL		100%
2	AROBS ETOLL SOLUTIONS SRL		100%
3	AROBS PANNONIA SOFTWARE KFT		100%
4	AROBS POLSKA (SYDERAL POLSKA)		94%
5	AROBS SOFTWARE SOLUTIONS GMBH		60%
6	AROBS SOFTWARE SRL		100%
7	AROBS SYSTEMS SRL		100%
8	AROBS TRACKGPS SRL		100%
9	ATS ENGINEERING LLC		100%
10	BERG COMPUTERS SRL		100%
11	CABRIO INVEST B.V.		90%
12	CENTRUL DE SOFT GPS SRL		100%
13	COSO BY AROBS B.V. NL		90%
14	COSO BY AROBS B.V. BE		90%
15	COSO TEAM UK LTD		90%
16	FUTURE WORKFORCE S.A.		100%
17	FUTURE WORKFORCE SRL		100%
18	FUTURE WORKFORCE GmbH		65%
19	FUTURE WORKFORCE Limited		80%
20	NORDLOGIC SOFTWARE SRL		100%
21	NORDLOGIC USA, INC		100%
22	PT AROBS SOLUTIONS INDONESIA.		70%
23	SAS FLEET TRACKING SRL (SAS GRUP)		100%
24	SILVER BULLET SRL		100%
25	SOFTMANAGER SRL		70%
26	SKYSHIELD MAGYARORSZAG KFT		100%
27	UCMS GROUP ROMANIA SRL		97,67%

EMPLOYEES

As of 31.12.2023, the average number of employees at Group level was 1,254 compared to 2022, when the average number was 796 at Group level.

The organizational structure of AROBS Transilvania Software S.A is shown below:



DIRECTORS

The company is managed by a Board of Directors of five members appointed by the ordinary general meeting of shareholders for a four-year term of office, starting on 29.09.2023. In 2023, the Board of Directors of the Issuer was evaluated by its Chairman, the conclusions of which were that the members have fulfilled their duties in accordance with the provisions of the Articles of Association and the applicable legal provisions. In addition, 23 meetings of the Board of Directors were held during the past year.

The Board of Directors of the Issuer consists of:



Voicu Oprean - Chairman of the Board of Directors and C.E.O.

Founder of AROBS, Voicu Oprean is a graduate of the Technical University of Cluj-Napoca, holding a Bachelor's degree in Computer Automation and a Master's degree in Business Administration from Babeş Bolyai University. He has also completed an EMBA from Wu Wien in 2008, the London Executive Business School in 2018, and the President's Program in Leadership Y.P.O. at Harvard Business School in 2021.

Voicu Oprean mentors and coaches multiple startups and generations of entrepreneurs.

Additional information as per legal regulations:

- Voicu Oprean is currently an active partner in the following companies/associations: AROBS TRANSILVANIA SOFTWARE S.A., AROBS SOFTWARE DOO, AROBS TRADING&DISTRIBUTION GMBH, B.A.R. AROBS INTERNATIONAL SRL, CABRIO INVEST B.V., NEWCAR4FUTURE SRL., AROBS BUSINESS CENTER S.R.L., AXISPOINT SOLUTIONS S.R.L., AROBS BUSINESS CENTER PLUS S.R.L., AROBS BUSINESS SERVICES S.R.L., AROBS TRADING & DISTRIBUTION SRL, MED CONTROL SOLUTIONS S.R.L., TINN TECH AS, UCMS GROUP ROMANIA S.R.L., VISION PLUS MOBILE S.R.L., ONLINE DISTRIBUTION SERVICES S.R.L., OOMBLA TRAVEL MANAGEMENT S.R.L., CLEVERAGE VENTURE CAPITAL S.R.L., TRANSILVANIA SOFTWARE RECRUITMENT S.R.L., CABRIO INVESTMENT S.R.L..
- In the last five years, Voicu Oprean has not been prohibited by a court from serving as a member of the board of directors or supervisor of a company.
- In the last five years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of companies of which Voicu Oprean was a member of the board of directors or the supervisory board.



Mihaela Cleja - Non-executive member

Mihaela Cleja joined AROBS Transilvania Software in 2008 as Chief Financial Officer (C.F.O.) until September 2021, coordinating capital budgeting, forecasting, reporting, and controlling operations. Before this position, he held the position of C.F.O. in several companies, with over 28 years of professional experience. He graduated in 1993 from the Faculty of Economic Sciences at Babeş Bolyai University, and in 2008, he obtained a Master's degree in Management in Administration of Credit Institutions and Commercial Companies.

Additional information according to legal regulations:

- Mihaela Cleja is an active associate in the company NEWCAR4FUTURE SRL.
- In the last five years, Mihaela Cleja has not been prohibited by a court of law from serving as a member of the board of directors or supervisor of a company.
- In the last five years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of companies of which Mihaela Cleja is a member of the board of directors or the supervisory board.



Aurelian Deaconu - Executive Member

Aurelian Deaconu has been Executive Director of the Software Services Division of AROBS Transilvania Software since 2011, having previously held C.F.O. positions at Endava Romania (2007-2011), A.G.S. Romania (1999-2004) and Alfasoftware SA (1993-1999). He has a degree in Electronics and Telecommunications from the Technical University, in Industrial and Financial Management from Babeş Bolyai University, and an M.B.A. from the Conservatoire de Arte et Métiers, Paris.

Additional information as required by legal regulations:

- Aurelian Deaconu is not an active partner in any company currently.
- In the last five years, Aurelian Deaconu has not been prohibited by a court of law from serving as a member of the board of directors or supervisor of a company.
- In the last five years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of companies of which Aurelian Deaconu was a member of the board of directors or the supervisory board.



Ioan Nistor - Independent Member

Ioan Alin Nistor, Professor of Finance at Babeş-Bolyai University in Cluj-Napoca, is distinguished by a career of over 20 years in the academic world. After graduating with a PhD in finance, he broadened his global perspective through a post-doctoral internship at Kobe University in Japan and an Executive M.B.A. program at Hull University in the U.K. His commitment to values-based leadership has been reinforced by his graduation from the prestigious Aspen Institute - Public Service Leadership program.

Additional information as required by legal regulations:

- Ioan Nistor is not an active partner in any company currently.
- In the last five years, Ioan Nistor has not been prohibited by a court of law from serving as a member of the board of directors or supervisor of a company.
- In the last five years, there have been no cases of insolvency, liquidation, bankruptcy, or special administration of companies in which Ioan Nistor was a board of directors or supervisory board member.



Răzvan Gârbacea –Independent member

Răzvan-Dimitrie Gârbacea has been co-opted as an independent member of the Board of Directors out of AROBS' desire to align itself with best corporate governance practices. Mr. Răzvan Gârbacea has 20 years of experience in the banking sector, having held management positions in B.C.R. (Regional Corporate Director) and BRD (Regional Corporate Director) and currently holding the position of Corporate Executive Director in EXIMBANK Romania.

Additional information as per legal regulations:

- Răzvan Gârbacea is currently not an active partner in any company.
- In the last five years, Răzvan Gârbacea has not been prohibited by a court of law from serving as a member of the board of directors or supervisor of a company.
- In the last five years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies in which Răzvan Gârbacea was a member of the board of directors or the supervisory board.

All members of the Board of Directors are covered by professional liability insurance. Details of the remuneration of the members of the Board of Directors and Executive Directors are available in the Remuneration Report for 2023, available on the company's website under the Investors Section – General Shareholder Meetings.

AROBS SHARES ON THE BUCHAREST STOCK EXCHANGE

AROBS shares were admitted to trading on the SMT-AeRO segment of the Bucharest Stock Exchange on 06.12.2021.

Previously, the Issuer had conducted a private placement whereby it offered for sale a total of 54.7 million shares, and at the end of the first day of subscription, investors had placed subscription orders for 154.5 million shares, resulting in an oversubscription of 2.82 times. The offer price was 1.357 lei per share, meaning that total subscriptions amounted to 209.7 million lei.

As of 25 September 2023, AROBS shares were admitted to trading on the Main Market of the Bucharest Stock Exchange.

During 2023, investors traded 78.8 million AROBS shares in more than 23,500 transactions totalling RON 77.8 million. AROBS shares were the most traded shares on the AeRO market in 2023, a performance achieved between January and September 2023 (as of 25 September 2023, AROBS shares are traded on the Main Market of the B.V.B.).

As of 31.12.2023, the shareholding structure of the company was as follows:

Shareholders	No of shares	Percentage
Voicu Oprean	578.278.772	66,3701%
Other shareholders	293.014.837	33,6299%
TOTAL	871.293.609	100%

2023 KEY EVENTS

THE MAIN BUSINESS EVENTS

CENTRUL DE SOFT GPS S.R.L. ACQUISITION

On January 18, 2023, the Company informed the market about the complete acquisition of Centrul de Soft GPS S.R.L. Centrul de Soft GPS represented the fleet management division of Centrul de Soft Pro until June 2022, when a demerger process took place, and the Company entirely took over the new entity created under this name. Centrul de Soft GPS specializes in developing ERP applications and providing solutions for fleet management, fleet monitoring, security applications, or stolen car recovery. GPS Soft Center's customer portfolio comprises more than 1,000 companies with approximately 9,000 monitored vehicles.

SYDERAL POLSKA ACQUISITION

On February 2, 2023, the Company informed the market about the acquisition of a majority stake, 94%, in SYDERAL Polska, a company based in Gdansk, Poland, specializing in the development of products and technologies for quantum and optical communication, data storage and processing, and control of satellite mechanisms and instruments.

SYDERAL Polska was established in 2016 and has a team of 28 specialists who provide software and hardware solutions for the needs of customers operating in the aerospace sector. The Company implements projects for the European Space Agency (E.S.A.) and, at the same time, works on R&D projects funded by the National Centre for Research and Development (NCBiR) in Poland. With the acquisition of SYDERAL Polska, AROBS enters a new market in Poland and strengthens its business expertise in embedded systems for the aerospace sector.

The management of the Company will continue to be led by Michal Drogosz, the current C.E.O., who also remains a shareholder with a 6% stake.

CFO APPOINTMENT

On February 8, 2023, the Company informed the market of the appointment of Mr Bogdan Ciungradi as Chief Financial Officer. Mr Ciungradi's mandate is granted for an indefinite period. Bogdan Ciungradi is an executive with 25 years of experience in finance and operations. Over the years, he has held various management positions in companies such as Noriel Group, Ţiriac Imobiliare, SIVECO Romania, and Flanco, where he contributed to optimizing their business and financial processes.

As the Company's C.F.O., Bogdan Ciungradi is responsible for coordinating the activity of the finance department and streamlining operations to boost financial performance at group level. At the same time, he was involved in transferring AROBS shares to the primary market of the Bucharest Stock Exchange, a goal that the Company achieved in 2023.

FUTURE WORKFORCE GLOBAL ACQUISITION

On April 26, 2023, the Company informed the market about the complete acquisition of the Future WorkForce Global (FWF) group, based in Cluj-Napoca, specialized in providing complex business process automation solutions. In addition to Romania - with offices in Cluj-Napoca and Bucharest- the Group has subsidiaries in London, UK, and Munich, Germany. The Future WorkForce Global Group has approximately 100 specialists in business process optimization and automation using innovative technologies and solutions, such as Robotic Process Automation, Artificial Intelligence, and Machine Learning, located in Romania, the UK, and Germany. It started its activity in 2017 and has partnerships with the world's leading technology companies - UiPath, Microsoft, Celonis, and Outsystems. Its clients include companies from banking, insurance, retail, logistics, etc.

FWF has an excellent reputation in the local and international markets, with its team being recognized for the personalized approach and innovative solutions it offers to clients. In 2022, the FWF group recorded a turnover of approximately 22 million lei.

The management of the Company will continue to be provided by Mihai Bălaj and Marius Bene in the roles of executive directors Daniel Mureșan - CTO, and Voicu Oprean, Chairman of the Board of Directors.

ACQUISITION OF AROBS PANNONIA SOFTWARE

On July 4, 2023, the Company informed the market about the full acquisition of AROBS Pannonia Software Kft, a company based in Budapest, Hungary, specializing in fleet management and custom software development. As a result of the implementation of this transaction, the Company indirectly owns, through AROBS Pannonia Software, 100% of the share capital of Skyshield Magyarország Kft, which also specializes in fleet management services.

AROBS Pannonia Software currently employs more than 20 specialists. Since its inception in 2011, the team has delivered to more than 1,000 clients in Hungary in the fleet management specialization.

INTEGRATION DIRECTOR APPOINTMENT

On October 5, 2023, the Company informed the market about the appointment of Ms Gabriela Mechea as the Company's Integration Director. As Chief Integration Officer of AROBS, Gabriela Mechea is responsible for harmonizing the activities of the companies acquired by the Group in the last almost two years and the entities to join AROBS in the ongoing process of growing the Group through M&A transactions.

KEY GOVERNANCE EVENTS

EGMS FROM 19 APRIL 2023

On 16 March 2023, the Board of Directors of AROBS Transilvania Software convened an Extraordinary General Meeting of Shareholders for 19 April 2023. The legal and statutory quorum was constituted at the first conference. The critical points voted at the EGM were:

- Approval for the future admission to trading of the Company's shares on the regulated market administered by the Bucharest Stock Exchange;
- Approval of the distribution of shares through the stock option plan to employees of Berg Computers SRL and COSO by AROBS B.V.;
- Approval of the reduction of the share capital of Arobs Transilvania Software S.A. from RON 91,139,498.8 to RON 87,129,360.9, i.e. by RON 4,010,137.9, as a result of the cancellation of 40,101,379 own shares (in the proportion of 4.4% of the total number of shares) acquired by the Company, under the EGMS Resolution no. 4 of 23.08.2021 and EGMS Resolution no. 8 of 11.10.2021 and not distributed within the legal term, under art. 1041 para. (3) of the Companies Act no. 31/1990 republished, as amended. After the reduction, the share capital of Arobs Transilvania Software S.A. will amount to RON 87,129,360.9 divided into 871,293,609 ordinary, registered, dematerialized shares with a nominal value of RON 0.1 each.

OGMS FROM 28 APRIL 2023

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

- Approval of the income and expenditure budget for the financial year 2023;
- Approval of the allocation of the Company's net profit for RON 41,898,453.37 for the financial year ended 31 December 2022, determined following the applicable laws, as follows: the amount of RON 38,547,374.37 retained net profit (retained earnings), the amount of RON 2,403,521.88 shall be allocated to the legal reserve, and the amount of RON 947,557.12 shall be assigned to other reserves;
- Approval of the remuneration policy of AROBS Transilvania Software S.A.;
- Approval of the discharge of the members of the Board of Directors for the financial year 2022 (secret ballot).

EGMS AND OGMS FROM 29.09.2023

On 29 September 2023, the Extraordinary and Ordinary General Meeting of Shareholders of the Company was held. The legal and statutory quorum was constituted at the first call for both meetings. Among the items approved on the AGM and AGOA agendas are:

- Approval of the amendment of the Company's Articles of Association to bring them in line with the Company's status as a listed company on the Main Market of the Bucharest Stock Exchange, as well as to implement best practices in the way the Company is organized;
- Approval of the delegation of the powers of the EGM regarding the increase of the Company's share capital to the Board of Directors for 3 years, with the possibility of exercising the shareholders' preemptive right through one or more issues of ordinary, registered, and dematerialized shares, with a nominal value not exceeding RON 9,000,000 (representing 90,000,000 shares). Of the 90,000,000 shares:
- 75,000,000 shares are intended to be used to finance investments and acquisitions of shareholdings in other entities (including with the possibility of payment of the price relating to such acquisition in part or in full in Company shares), provided that no more than 25,000,000 shares are used for this purpose annually (with the possibility of carry-over to subsequent years to the extent that this limit is not reached in a given year); and
- 15,000,000 shares will be used to carry out the Company's ESOP plans, provided that a maximum of 5,000,000 shares are used annually (with the possibility of carry-over to subsequent years to the extent that this limit is not reached in a given year).
- Approval of the ratification of the sale and purchase agreements for the acquisition of AROBS Pannonia Software Kft. and Future Workforce Global S.A.
- Approval of the appointment of a 5-member Board of Directors and selection of the Board members Voicu Oprean, Mihaela-Stela Cleja, Răzvan-Dimitrie Gârbacea, Ioan-Alin Nistor, Aurelian-Călin Deaconu.

APPOINTMENT OF CHAIRMAN AND COMMITTEE MEMBERS

On October 10, 2023, the Company informed the market of the appointment of the Chairman of the Board and the members of the Company's committees. Accordingly, at the Board of Directors meeting held on 09.10.2023, the following items were approved:

- Mr. Voicu Oprean was appointed Chairman of the board of directors for a four-year term, from 29.09.2023 to 29.09.2027.
- Appointment of the members of the Audit Committee for a four-year term of office from September 29, 2023, to September 29, 2027. The members of the Committee are Ioan Alin Nistor, Chairman, Răzvan-Dimitrie Gârbacea, and Mihaela Stela Cleja.
- Appointment of the Nomination and Remuneration Committee members for a four-year term of office, from 29.09.2023 to 29.09.2027. The Committee members are Voicu Oprean, Chairman of the Committee, Ioan Alin Nistor, Răzvan-Dimitrie Gârbacea, and Mihaela Stela Cleja.

APPOINTMENT OF THE CEO AND OTHER EXECUTIVES OF THE COMPANY

On October 12, 2023, the Company informed the market about appointing Mr. Voicu Oprean as Chief Executive Officer and Mr. Aurelian Deaconu and Mr. Ovidiu Bojan as executive directors with the power to represent the Company.

MAIN CAPITAL MARKET EVENTS

COMPLETION OF THE SHARE BUYBACK PROGRAMME

On June 6, 2023, the Company informed the market about the completion of the 02.06.2023 share buyback program, which was communicated to the market on 22.06.2022 and initiated on 11.07.2022. The repurchase of a maximum number of 10,936,740 shares was carried out following AGEA Resolution No. 4 of 31.05.2022, published in the Official Gazette Part IV No. 2574/20.06. 2022, at a minimum price of RON 0.1 per share and a maximum price equal to the lower of (i) RON 3 per share and (ii) the higher of the price of the last independent transaction and the highest price at the respective time of the independent tender offer at the trading venue where the acquisition is carried out, under Article 3 paragraph (2) Delegated Regulation No 1052/2016 supplementing Regulation (EU) No 596/2014.

The repurchase was carried out to implement the Stock Option Plan, a remuneration and loyalty scheme for employees and members of the Company's governing bodies designed to reward them for their work with the Company.

SHARE CAPITAL REDUCTION

On July 5, 2023, the Company informed investors about the registration with the Commercial Register of the reduction of the Company's share capital, as this operation was approved by the Extraordinary General Meeting of Shareholders Resolution No. 1 / 19.04.2023.

On July 13, 2023, the Company received from the Financial Supervisory Authority the Certificate of Registration of Financial Instruments (CIIF) no. AC-5433-3/12.07.2023. The CIIF certifies the registration of the operation to reduce the share capital by 40,101,379 shares following the Resolution of the Extraordinary General Meeting of Shareholders of the Company no. 1 dated 19.04.2023.

As a result of the reduction, the Company's share capital is 87,129,360.9 RON, divided into 871,293,609 registered shares, each with a nominal value of RON 0.1.

PUBLICATION OF FINANCIAL RESULTS IN IFRS FORMAT

On July 26, 2023, the Company published its financial results, prepared following International Financial Reporting Standards (IFRS), for the financial years ended December 31, 2022, December 31, 2021, and December 31, 2020. Preparing the audited financial results in accordance with IFRS was one of the main steps to be achieved before the formal start of the transfer process to the Main Market, which was approved at the Extraordinary General Meeting of Shareholders on 19.04.2023.

INCLUSION OF AROBS SHARES IN MSCI INDICES

On August 14, 2023, the Company informed the market that the Company's shares will be included in the MSCI Frontier Markets Small Cap Index and the MSCI Romania Small Cap Index, effective August 31, 2023. The MSCI Romania Small Cap Index measures the performance of the small cap segment of the Romanian market, while the MSCI Frontier Markets Small Cap Index reflects the representation of small cap companies in 28 countries classified as Frontier Markets by MSCI.

The inclusion of AROBS TRANSILVANIA Software S.A. shares in these indices represents a significant moment for the Company and attests to its solid performance and growth potential. It is also an important step in the Company's strategy to improve the liquidity of its shares and attract international institutional investors.

APPROVAL AND PUBLICATION OF PROSPECTUS FOR ADMISSION TO TRADING ON THE REGULATED MARKET

On 6 September 2023, the Company notified the market of the approval of the prospectus for admission to trading on the Regulated Market of the Bucharest Stock Exchange by the Financial Supervisory Authority (ASF). On 8 September 2023, the Company published the prospectus for admission to trading on this market.

START OF TRADING OF AROBS SHARES ON THE REGULATED MARKET

As of 25 September 2023, AROBS shares are traded on the Regulated Market of the Bucharest Stock Exchange.

INFORMATION ON THE FREE ALLOTMENT OF SHARES TO EMPLOYEES

On 26 September 2023, the Company informed the market about the free allotment of 10,979,553 shares to employees and members of the management bodies of the Company and affiliated companies, in which sense it published the Information Document drawn up in accordance with art. 1 para. (4) lit. i) of Regulation 1129/2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC. More details are available [HERE](#).

INVESTOR DAY AROBS

On 19 October 2023, the Company organised the first AROBS Investor Day. The event was broadcast live and a recording is available [HERE](#).

KEY EVENTS AFTER THE END OF THE REPORTING PERIOD

INFOBEST ACQUISITION

On 27 February 2024, the Company informed the market about the full acquisition of Infobest Group, which specializes in the development of custom software solutions, with offices in Timisoara and Leverkusen, Germany. Currently, Infobest has a team of over 100 specialists in developing custom software solutions for the e-commerce, manufacturing, automotive, telecommunications, finance, media, and communications industries, covering the entire lifecycle of an application - from business analysis, architecture, and UX design to development, testing, and maintenance. Infobest has a strong presence in the DACH market with many long-term clients ranging from mid-sized companies to multinational corporations, including global market leaders in the automotive, telecommunications, and manufacturing industries.

Infobest's management will continue to be provided by Christian Becker and Yvonne Abstoss-Becker. Infobest's financial results will be included in the Company's consolidated financial statements upon completion of the transaction, which is subject to the satisfaction of certain conditions and regulatory approval. For 2023, the Infobest Group estimates a turnover of approximately €4.8 million.

INCLUSION OF AROBS SHARES IN THE FTSE GLOBAL MICRO CAP INDEX

On 19 February 2024, the Company informed the market that the global index provider FTSE Russell had announced, following its quarterly review, that the Company's shares would be included in the FTSE Global Micro Cap Index from 18 March 2024. The FTSE Global Micro Cap Index includes global micro-sized companies and is suitable for investment products such as funds, derivatives, and exchange-traded funds (ETFs). The inclusion of AROBS TRANSILVANIA Software S.A. shares in this index represents a significant new moment for the Company, reflecting the recognition of the international performance of AROBS shares and opening new opportunities for the Company's growth and visibility in global markets.

ANALYSIS OF THE FINANCIAL RESULTS

In 2023, on the 25th anniversary of its foundation, AROBS TRANSILVANIA SOFTWARE (AROBS) transferred to the Main Market of the Bucharest Stock Exchange (BVB) almost two years after its debut on the AeRO market. This important event in the Company's mission to become one of the major players in the global IT services and products market brought challenges and changes in financial reporting requirements. According to market requirements, the Company prepared the first set of consolidated financial statements according to IFRS for 2020-2022 to be admitted to trading on the BVB Regulated Market. Next, the preliminary consolidated financial statements for the 2023 financial year are prepared following the International Financial Reporting Standards. The quarterly financial reports from 2023 contained financial data prepared according to the national OMFP regulations. The differences in accounting policies and the most important effects are presented in the following chapters and in the summary of accounting policies.

CONSOLIDATED FINANCIAL RESULTS

AROBS acquired, at the end of January 2023, the company Syderal Polska. The financial performance (revenue and expenses) of this subsidiary is reflected, within the group, as of February 2023.

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

During April 2023, AROBS acquired the Future WorkForce Global (FWF) group, whose financial performance (revenue and expenses) is reflected within the group as of May 2023.

In July 2023, AROBS fully acquired the company AROBS Pannonia Software Kft and its subsidiary, Skyshield Hungary Kft. The financial performance (revenue and expenses) of these subsidiaries is reflected, within the group, as of July 2023.

CONSOLIDATED P&L ANALYSIS

Profit and Loss Account Indicators

INCOME STATEMENT (LEI)	2023 AROBS Group	2022 AROBS Group	Variation %
Turnover:	427,294,137	299,815,687	43%
Software services revenue	344,775,332	239,774,681	44%
Software products revenue	70,537,191	58,113,647	21%
Integrated systems revenue	11,981,615	710,817	1586%
Revenue from the distribution of goods	-	1,216,542	-100%
TOTAL – Cost of sales	295,755,657	190,210,575	55%
Cost of sales from software services	254,215,350	162,025,518	57%
Cost of sales from software products	31,653,344	26,493,027	19%
Cost of sales from integrated systems	9,886,963	256,464	3755%
Cost of distribution of goods	-	1,435,565	-100%
Gross result	131,538,480	109,605,112	20%
<i>Software services - gross margin</i>	<i>26%</i>	<i>32%</i>	
<i>Software products - gross margin</i>	<i>55%</i>	<i>54%</i>	
<i>Integrated systems - gross margin</i>	<i>17%</i>	<i>0%</i>	
<i>Distribution of goods - gross margin</i>	<i>0%</i>	<i>-18%</i>	
Sales and marketing expenses	(18,370,931)	(11,157,950)	65%
General and administrative expenses	(70,739,928)	(45,924,271)	54%
Other revenues/(expenses)	1,131,751	659,412	72%
Operating result	43,559,373	53,182,303	-18%
EBITDA	73,489,365	70,531,477	4%
EBITDA margin	17%	23%	17%
Normalized EBITDA*	92,618,775	76,570,408	21%
Normalized EBITDA margin*	22%	25%	
Financial income/(expenses), net	(517,637)	82,159	-730%
Profit before tax	43,041,736	53,264,462	-19%
Income tax	(11,125,850)	(6,195,378)	80%
Net profit	31,915,886	47,069,084	-32%
Net profit margin	7,4%	16%	7.4%
Normalized net profit**	51,045,297	53,108,016	-3.9%
Normalized net profit margin**	12%	18%	

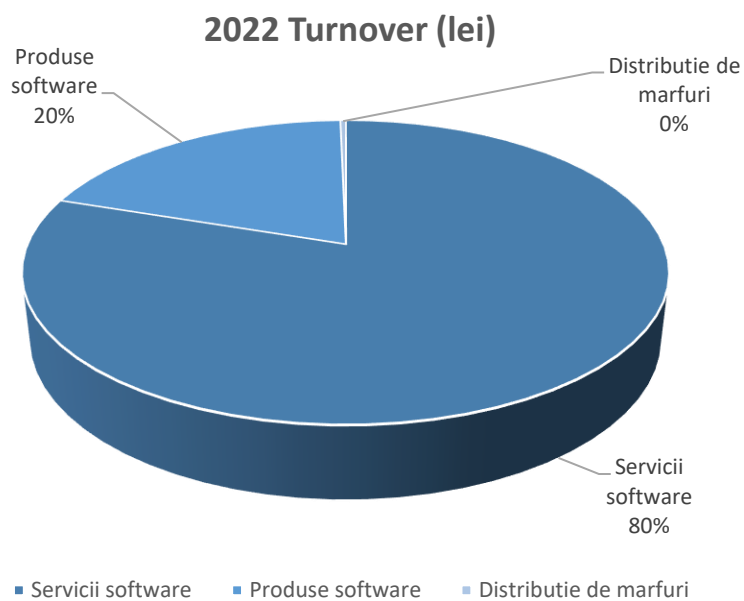
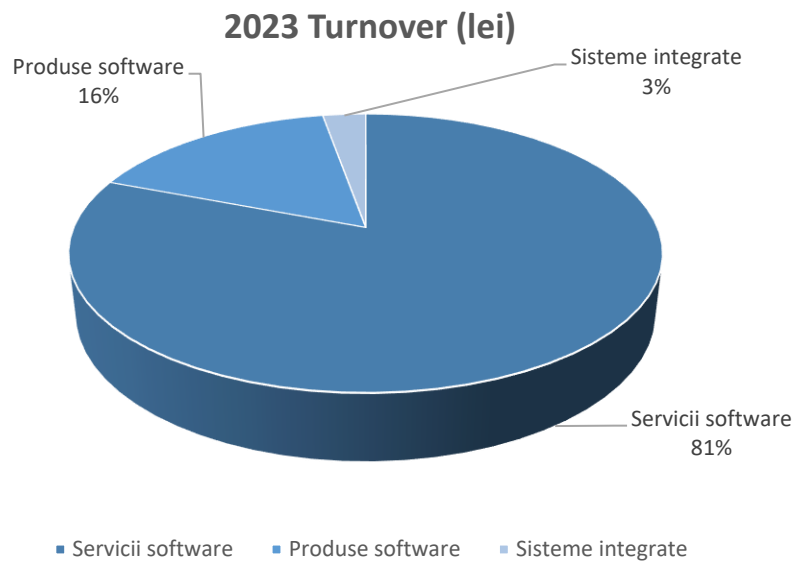
*Normalized EBITDA = EBITDA without ESOP impact

** Normalized net profit excludes the non-cash effect generated by the Stock Option Plan (ESOP) programs)

Turnover analysis

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

Business lines	2023 Turnover (lei)	2022 Turnover (lei)	Variation %
Software services	344,775,332	239,774,681	44%
Software products	70,537,191	58,113,647	21%
Integrated systems	11,981,615	710,817	1586%
Distribution of goods	-	1,216,542	-100%
Total	427,294,137	299,815,687	43%



Due to the AROBS strategy of acquiring companies with which there were synergies, or which had a contribution of additional skills in new technologies and new areas of software development services, the turnover had a substantial evolution compared to the previous year, with a 43% increase in 2023, compared to 2022. The expansion of collaboration with existing clients had a favorable contribution to the increase in turnover.

The “Software Services” segment registered an increase in turnover of 105.1 million lei (44%) at the consolidated level during 2023, compared to 2022. The contribution of the companies acquired starting from 2022 to this increase was 67 million lei.

The “Software Products” segment registered an increase in turnover of 11.8 million lei (21%) at the consolidated level during 2023, compared to 2022. The contribution of the companies acquired starting from 2022 to this increase was 6.3 million lei.

The "Integrated Systems" segment is developed by one of the Group's subsidiaries, AROBS Systems, which is responsible for implementing hardware and software solutions and software products for public sector contracting authorities. This company has a team of public sector professionals, and its technical expertise covers integrating complex systems and technologies such as ORACLE, HP, DELL, and Microsoft. The revenues and expenses recorded within this segment were restated following the application of the accounting policies according to IFRS; namely, the related revenues and costs were adjusted, which corresponded to the partners within the joint venture contracts, and the associated revenues and expenses, within the contracts in which AROBS Systems had the capacity of agent. The impact of the adjustment, both on revenues and related costs, was 21.8 million lei.

The contribution of the new acquired companies, starting in 2022 (AROBS Development & Engineering, Nordlogic Group, Centrul de Soft GPS, AROBS Software SRL, AROBS TrackGPS SRL, Syderal Polska, Future WorkForce Global Group, AROBS Pannonia Software Kft) was a significant one of 109,6 million lei (26%), to the consolidated turnover of 2023.

Globally, demands for services and software products are constant as companies and organizations continue to need to digitalize their processes. In software products, such as fleet management, business optimization, digital payments, HR solutions, and implementing digitalization projects in the public sector, the market is also growing due to challenges and the socio-economic context of recent years.

The cost of sales from software services consists of the salaries and benefits (including compensation in equity instruments) of the directly productive personnel involved in the delivery of these services, the cost of services performed by third parties related to the software services projects, depreciation of the equipment used and other operating expenses necessary to deliver the software services: rent and utilities costs and travel expenses. Following the application of IFRS accounting policies, the amortization of customer relations identified in the acquisitions of companies with software services activity was included in the cost of sales from software services. Customer relationships were recognized as intangible assets with a useful life of 10 years, over which the amortization expense is calculated on a straight-line basis.

Cost of sales from software services increased by 92.2 million lei compared to the previous year especially due to increase of expenses with salaries of 88 million lei, followed by the increase of ESOP which had an impact of 6.1 million lei and the increase in amortization of customers relationships of 6.5 million lei.

Third party services decreased in 2023 by 8 million lei compared with the previous year. In 2023, services contracted from third parties represented mainly expenses for software services, IT consulting, recruitment services, and participation in fairs and conferences.

Increase in payroll cost for software services segment was due to the labor market pressure for salaries increase in order to maintain competitiveness through fair salaries and incentive by ESOP programs implemented.

The cost of sales from software products consists of the salaries and benefits (including remuneration in equity instruments) of the directly productive personnel involved in the delivery of these products and the provision of related services, the cost of equipment sold, the depreciation of used equipment and other operational expenses necessary to deliver the software products and provide related services: telecommunications services, rents, and energy and water costs, travel expenses, fuel, maintenance, and repairs. The services contracted from third parties represented, during 2023, mainly services with installations of devices for monitoring and software services.

The costs of sales of software products increased by 5.2 million lei compared to 2022. Salary expenses have a significant impact on the variation of these costs, with an increase of 3.8 million lei compared with previous year, followed by the increase in depreciation of fixed and intangible assets .

The increase of the salary expenses in the area of software services and software products, was generated by the increase in employee costs, with the aim of maintaining competitiveness in the market through salary increases and share options offered within the ESOP programs, carried out throughout the year, and also by the M&A activities.

The increase in expenses for services performed by third parties is consistent with the expansion of the business and the development of new internal products.

The cost of sales from integrated systems

AROBS Systems was established in 2022 and the most significant projects were completed in 2023. Some of these projects were started in 2022, but their realization took place in 2023, with the related income and expenses reflected in the income statement in 2023. The revenues and expenses recorded within this segment have been restated following the application of IFRS accounting policies, i.e. the related revenues and expenses corresponding to joint venture partners and the related revenues and expenses corresponding to contracts where AROBS Systems acted as agent have been adjusted. The impact of the adjustment on both revenue and related expenses was RON 21.8 million.

Sales and marketing expenses are made up of the salaries and benefits (including remuneration in equity instruments) of the staff in the sales and marketing departments, protocol, advertising and publicity expenses, and the services performed by third parties generated by the Group's promotional actions. Sales and marketing expenses increased in 2023 by 7.2 million lei compared to the previous year. The most significant increase of 4.9 million lei comes from salary expenses related to the sales staff of the companies included in the Group following the acquisitions in 2022 and 2023 respectively, followed by an increase in protocol, advertising and publicity expenses of 1.6 million lei.

General and administrative expenses comprise the salaries and benefits (including remuneration in equity instruments) of personnel in the management, administrative, procurement, finance, legal, management, labor protection, human resources, and IT support departments and from the expenses of services performed by third parties, consulting expenses, rent expenses and other expenses generated by the Group's administrative actions. General and administrative expenses increased in 2023 by 24.8 million lei compared to the previous year.

The increase in general and administrative expenses was generated by increased employee costs, with the aim of maintaining competitiveness in the market through salary increases and stock options offered under ESOP

programs run during the year. Another significant contribution to the increase in expenditure was made by the costs of services contracted from third parties. This increase in expenditure is in line with the expansion of the business, the surplus related to acquired companies and the development of internal products.

Following the application of IFRS accounting policies, the amortization of customer relationships identified in company acquisitions has been included in general and administrative costs. Customer relationships have been recognized as intangible assets with a life of 10 years, for which the amortization charge is calculated on a straight-line basis.

Normalized EBITDA, at the consolidated level, recorded a value of 92.6 million lei in 2023, up 21% compared to 2022, and the normalized net result recorded a value of 51 million lei. The normalization of these indicators was achieved by canceling the effect of the ESOP expense.

BUSINESS & SALES STRATEGY

In the long term, AROBS Group's strategy is built on four major pillars:

- Concentric diversification based on research and innovation – by enhancing the existing product portfolio, adding new functionalities and modules, as well as testing products in the Romanian market before launching them in regional markets and beyond.
- Development of new areas of expertise – by creating new specializations that are highly sought after in the global software services market, along with the continuous transfer of knowledge in-house to the future generations of programmers and hardware specialists.
- Acquisitions through the integration of existing players operating in the same industry, which can enable synergies and are easy to integrate, and through expansion into Europe, North America, and Southeast Asia.
- Stimulating and retaining employees – by constantly supporting the professional and personal growth of colleagues and transforming them into partners in AROBS's success.

SIGNIFICANT CLIENTS

The following table shows the distribution of clients by business line:

Business line	Top clients 2023	% of turnover	Top clients 2022	% of turnover
Software Services	Client 1	25,82%	Client 1	29,13%
	Client 2	5,93%	Client 2	6,16%
	Client 3	4,35%	Client 3	3,13%
	Client 4	4,21%	Client 4	4,13%
	Client 5	3,23%	Client 5	1,99%
Software Products	Client 6	0,41%	Client 6	0,28%
	Client 7	0,31%	Client 7	0,54%
	Client 8	0,14%	Client 8	0,23%
	Client 9	0,09%	Client 9	0,14%
	Client 10	0,03%	Client 10	0,11%
Integrated Systems	Client 11	1,71%	Client 11	
	Client 12	0,40%	Client 12	
	Client 13	0,08%	Client 13	

KEY FINANCIAL RATIOS

AROBS AT GROUP LEVEL

Current ratio as of 31.12.2023

$$\frac{\text{Current assets } 201,819,682}{\text{Current liabilities } 90,189,175} = 2.24$$

Quick ratio as of 31.12.2023

$$\frac{\text{Current assets-inventories } 194,843,757}{\text{Current liabilities } 90,189,175} = 2.16$$

Debt to equity ratio as of 31.12.2023

$$\frac{\text{Borrowed capital } 103,989,698}{\text{Equity } 273,687,158} \times 100 = 38 \%$$

$$\frac{\text{Borrowed capital } 103,989,698}{\text{Employed capital } 377,676,855} \times 100 = 27.53\%$$

Borrowed capital = Loans over 1 year

Employed capital = Borrowed capital + Equity

Debt turnover ratio - clients (days) as of 31.12.2023

$$\frac{\text{Average client balance } 89,619,320}{\text{Turnover } 427,294,137} \times 365 = 76.55$$

Fixed assets turnover as of 31.12.2023

$$\frac{\text{Turnover } 427,294,137}{\text{Fixed assets } 276,417,486} = 1.55$$

Bank financing debt ratio as of 31.12.2023

$$\frac{\text{Total bank liabilities } 86,813,406}{\text{Normalized EBITDA } 92,618,775} = 0.94$$

CONSOLIDATED BALANCE SHEET ANALYSIS

BALANCE SHEET INDICATORS

Balance sheet indicators (LEI)	31.12.2023 AROBS Group	31.12.2022 AROBS Group	Variation %
Fixed assets, of which:	278,546,751	198,315,455	40%
Goodwill	104,761,369	57,763,288	81%
Customer relationship	76,561,802	74,953,751	2%
Other intangible assets	23,044,459	18,364,676	25%
Tangible fixed assets	35,556,876	19,626,077	81%
Assets related to the rights of use of leased assets	17,236,489	12,170,189	42%
Financial fixed assets	3,700,985	4,557,083	19%
Deferred income tax assets	2,129,265	3,131,036	-32%
Total current assets, out of which:	201,819,682	198,479,384	2%
Cash and cash equivalents	87,773,888	101,373,631	-13%
Total assets	480,366,433	396,794,840	21%
Current liabilities, of which:	90,189,175	76,290,204	18%
Bank financing	24,184,008	18,470,922	31%
Non-current liabilities, of which:	116,490,101	90,781,700	28%
Bank financing	62,629,398	55,381,056	13%
Total liabilities	206,679,276	167,071,903	24%
Total Equity	273,687,158	229,722,938	19%
Total equity and liabilities	480,366,434	396,794,841	21%
Net accounting assets	273,687,158	229,722,937	19%

As of December 31, 2023, total assets reached a value of 480.4 million lei, up 21% compared to the end of 2022, mainly determined by the 80.2 million lei increase in fixed assets, which registered at the end of 2023, a total value of 278.5 million lei.

The increase in fixed assets is primarily due to the increase in the value of the goodwill by 47 million lei. The increase in the value of goodwill is due to the acquisition of shares in AROBS POLSKA (SYDERAL POLSKA), AROBS SOFTWARE SRL, AROBS TRACKGPS SRL, AROBS PANNONIA SOFTWARE Kft, SKYSHIELD MAGYARORSZAG KFT and FUTURE WORKFORCE Group. Goodwill in the net amount of 104,761,369 lei resulted as the positive difference between the acquisition cost and the value, at the transaction date, of the portion of net assets acquired.

In order to determine goodwill, the Parent Company has valued, through independent licensed valuers, the identifiable assets acquired and liabilities assumed at their fair values as of the date of acquisition of the above-mentioned companies as well as those acquired in prior years. Following impairment testing based on the DCF method, goodwill is not impaired at December 31, 2022 and 2023.

As regards customer relationships recognised on acquisition, these are amortised over 10 years. The impairment tests performed concluded that no further impairment of customer relationships is required.

At the same time, the increase in fixed assets is also due to the investment in a new headquarters, which increased by the value of 15.1 million lei during 2023, and the increase in the value of assets related to the rights to use leased assets, in the amount of 5.9 million lei.

The cash and cash equivalents remained at a solid level of 88 million lei at the end of 2023, as a result of the normal development of the activity, even if funds were needed for the payments related to the acquisitions of subsidiaries during the year, in order to meet the M&A objective proposed by the mother company.

The cash in the bank bears interest at the daily interest rate when deposits are made. Short-term deposits are made for various periods of time between 1 day and 3 months, depending on the cash requirements of the Parent Company and subsidiaries accruing interest at the corresponding interest rates.

Total liabilities increased in 2023 compared to the previous year by 24%. This increase follows the same upward trend with the expansion of the business, through organic growth and the contribution of new companies established and acquired, during 2023.

At the end of 2023, even if bank loans had a net increase of 13 million lei, the debt ratio regarding bank financing, calculated as a ratio between total bank debts and normalized EBITDA, is 0.94, which indicates a financial position very solid that allows access to future financing for the fulfillment of the Group's strategic objectives.

In the position of Trade and other liabilities, liabilities related to contingent payments related to acquisitions of subsidiaries in 2022 and 2023, amounting to 20 million lei, are included. Also, the liabilities related to the right to use the leased assets increased by 6 million lei at the end of 2023.

During the period, equity increased also due to the effect of treasury shares transferred to employees at ESOP vesting date. Prior to vesting, as the ESOP programs progress, the cost of employee compensation in equity instruments is reflected in the Profit and Loss account and generates a counterpart in equity items.

In July 2023, the share capital was reduced by 40,101,379 shares. As at 31 December 2023, the share capital of the Parent Company is 87,129,361 lei, divided into 871,293,609 registered shares with a nominal value of 0.1 lei per share. The share capital is fully subscribed and paid up on 31 December 2022. The parent company was transformed into a public limited company on 5 September 2014.

Between June 2022 and June 2023, the Company has a share buyback program for the implementation of ESOP programs. As at 31.12.2023, the total number of repurchased shares outstanding is 35,203,467 shares.

DIVIDEND POLICY

The dividend policy and practice of AROBS Transilvania Software S.A. is available [HERE](#).

PROFIT DISTRIBUTION PROPOSAL

The proposal of the Board of Directors on the distribution of the profit for the financial year ended 31 December 2023, in the amount of 46,488,533 lei, determined in accordance with the applicable laws, is as follows: the amount of 43,167,461 lei net undistributed profit (retained earnings), the amount of 2,781,611 lei shall be distributed to constitute the legal reserve and the amount of 539,461 lei shall be distributed to constitute other reserves.

OUTLOOK ELEMENTS REGARDING THE ISSUER'S ACTIVITY

2024 CONSOLIDATED REVENUE AND EXPENSE BUDGET

PROFIT AND LOSS ACCOUNT	2024
Turnover:	494,876,000
Software services revenue	395,745,000
Software products revenue	81,679,000
Integrated systems revenue	17,452,000
Total sales costs:	341,555,000
Cost of sales from software services	287,136,000
Cost of sales from software products	39,637,000
Cost of sales from integrated systems	14,782,000
Gross result	153,321,000
Sales and marketing expenses	22,396,000
General and administrative expenses	77,468,000
Other revenues/(expenses)	1,020,000
Operating result	54,477,000
EBITDA	84,870,000
EBITDA margin	17,15%
Normalized EBITDA*	92,869,000
Normalized EBITDA margin*	18,77%
Profit before tax	53,213,000
Income tax	12,381,000
Net profit	40,832,000
Net profit margin	8,25%
Normalized net profit**	48,831,000
Normalized net profit margin**	9,87%

*Normalized EBITDA = EBITDA without ESOP 1, 2, 3 impact. The impact of the new ESOP program to be implemented in 2024 is not normalised

** Normalized net profit excludes the non-cash effect generated by the Stock Option Plan (ESOP) 1, 2, 3 programs

In 2024, AROBS aims to continue focusing on expansion, innovation, and operational efficiency to strengthen its position in services and software products both locally and internationally. Therefore, the Group's priorities for 2024 are as follows:

Integration of Group entities

- In 2024, AROBS will continue the process of integrating Group entities to optimize resources to increase added value for customers.

Streamlining Group operations

- Operational efficiency remains at the heart of the Group's strategy. Through the use of advanced technologies and improved processes internally, the Group's management aims to increase activity in providing services and software products, while developing an organizational culture that promotes knowledge transfer and best practices between teams within the Group companies.

Organic expansion in the EU/USA through customer proximity

- AROBS' strategic expansion into the EU and US markets will focus on strengthening relationships with existing customers. By deeply understanding their specific needs and challenges, the Group strives to

tailor the range of services and software products to meet their needs while facilitating access to AROBS' technological innovations.

Motivation and retention with a focus on efficiency

- The success of AROBS is directly linked to talented and dedicated colleagues within the Group. In 2024, AROBS will continue implementing innovative motivation and retention programs that recognize and reward individual and team achievements and promote efficiency and operational excellence. As such, the Group plans to continue supporting professional development opportunities for teams by covering these costs and continuing Stock Option Plan programs. Through these initiatives, management ensures that AROBS remains a place where talent is nurtured and valued.

Furthermore, in 2024 and 2025, the distribution cycles of the shares transferred by founder Voicu Oprean at nominal value to AROBS before the company's listing on the AeRO market of the Bucharest Stock Exchange in 2021 will be completed. The 40 million shares have covered all three SOP programs implemented by the company as of November 2021.

OUTLOOK ON THE GROUP PERFORMANCE

The Issuer aims for a rapid expansion of the company, in terms of both revenue and profit. Benefiting from a solid financial situation, as well as experience and expertise in integrating business lines, this growth will be achieved through the continuation of the mergers and acquisitions (M&A) strategy, which will stimulate the organic growth of the integrated companies. To this end, the Company intends to use its own reserves and obtain financing from specific capital market sources, which will help it achieve its development strategy through acquisitions of companies with potential and business synergies with AROBS.

The targeted companies must be located in both Western and Eastern Europe, as well as have a global presence in America and Asia. This diversified strategy aims to cover both the necessity of having representation in the countries where clients are located and, on the other hand, to have access to top talents, predominantly located in Eastern Europe.

Furthermore, through the Software Services division, the Issuer aims to consolidate its global presence by consolidating existing specializations, developing new expertise, in response to both global industry trends and requests from portfolio clients. The company aims to stabilize its position as a primary global partner for IT services outsourcing and custom software development. One of AROBS's objectives is to become an outsourced research and development center for global companies, recognized for the quality of delivery, as well as for taking full responsibility for service development for partners.

Part of the development strategy aims to own satellite offices on three continents, with a focus on Western Europe and the USA, to be closer to key clients. The activity of these offices will focus on sales, cross-sales, and up-sell. In this sense, the Company considers intensifying operational activity in the US market in the next period. The integration into the AROBS Group of AROBS Engineering and the Nordlogic Group, which have work points also in the USA, acquisitions made in 2022, represents a significant step for consolidating the presence in the USA, but also for expanding partnerships in North America through the new client portfolio.

The subsidiaries in Germany and the United Kingdom play a major role in connecting with these two extremely valuable markets, through direct access to strategic prospective clients. The acquisition of Berg Computers, as well as Future WorkForce Global, consolidates AROBS's footprint in the DACH market, respectively, the United Kingdom. The subsidiaries in the Republic of Moldova, integrated into the Group starting with February 2023, also have a significant strategic importance for the Company, through the expertise they bring, but also through their footprint in the ecosystem of the Republic of Moldova.

The TrackGPS business line, managing vehicle fleet monitoring platforms, aims to expand its activity in the countries where it is present by supporting clients increasingly interested in interfacing the fleet management solution with other systems, such as ERPs, transport exchanges, as well as in monitoring solutions consumption, against the backdrop of the energy crisis.

SASFleet Tracking aims to maintain the performance level of the SAS Fleet application by adding new modules for fleet management activities, increasing the number of customers in Romania, and migrating a part of the customers to the TrackGPS v4 platform.

Regarding the solutions for business optimization, the Company considers positioning Optimall as a prime option partner for process automation in the retail, FMCG, and HoReCa industries, by building a stronger presence in the online and offline environment, through the development of institutional partnerships and attracting a constant number of new clients.

At the same time, AROBS considers positioning the payment solution MonePOS as the safest, fastest, and most ecological contactless and paperless payment solution.

The SoftManager CRM+ solution aims to consolidate in the data automation market for SMEs.

Regarding the HR management business line, represented by UCMS by AROBS, the main strategic objectives are to consolidate its position in the top of HR and payroll solutions at the national level, to consolidate its position as the most experienced and innovative software company in human resource management, to enter the SME segment and to increase market share in the current segment. UCMS is also working on finalizing the new solution and testing it with an initial number of customers.

The company aims to maintain its position on the Scandinavian market with the RateWIZZ solution, to attract new clients, and to perfect AROBS's offering in the segment of digital manuals to increase the market share currently held.

Regarding the Robotic Process Automation (RPA) market, with the acquisition of the Future WorkForce Global (FWF) group, the Company has consolidated its position in the intelligent automation market, through RPA, Artificial Intelligence (AI), and Machine Learning (ML) in Western Europe.

Also, through AROBS Engineering, specialized in the medical, maritime, aerospace, and embedded industries, as well as with the acquisition at the beginning of 2023, taking over SYDERAL Polska (now called AROBS Polska), AROBS's activity aligns with the strategic directions assumed - developing new areas of expertise highly sought after in the global software services market, along with the continuous transfer of knowledge in-house to future generations of programmers and hardware specialists and horizontal integration (inorganic development) through the acquisition of existing players operating in the same industry, which can allow synergies and are easy to integrate, with a solid EBITDA, as well as expansion in Europe, North America, and Asia.

RISKS

RISKS RELATED TO THE ACTIVITY AND FIELD OF ACTIVITY OF THE ISSUER

The Issuer faces intense competition in the market in which it operates and may not have sufficient financial or other resources to maintain or improve its competitive position

Many of the Issuer's existing competitors have, and some of its potential competitors may have, substantial competitive advantages such as:

- greater name recognition and a more extended operating history;
- larger budgets and resources for sales and marketing;
- wider distribution and established relationships with distribution partners and end customers;
- more customer support resources;
- more significant resources to make strategic acquisitions or enter into strategic partnerships;
- lower labor costs and the development of new services and/or products;
- newer and/or disruptive services, products and/or technologies;
- broader and more mature intellectual property portfolios; and/or
- much more significant financial, technical, and other resources.

In addition, some of the Issuer's more prominent competitors have substantially broader and more diverse service and product offerings, which may make them less sensitive to slowdowns in a particular market and allow them to leverage their relationships based on other services/ products or incorporate functionality into existing services/products to gain business in a way that discourages users from purchasing the services and/or products. To the Issuer, including by selling at zero or negative margins, offering concessions or bundling products. Many of the Issuer's smaller competitors, which specialize in providing only one type of product or service, can often bring these specialized products to market more quickly than the Issuer.

Organizations using traditional services and products may find that these services and products are sufficient to meet their needs or that the Issuer's offerings meet the needs of only a portion of the industry. Consequently, these organizations can continue to allocate their IT budgets to traditional services and products and may not adopt the services and products of the Issuer. Many organizations have invested substantial financial and personnel resources to design and operate their networks and have established deep relationships with other service and product providers. As a result, these organizations may prefer to purchase from their existing suppliers rather than add or switch to a new supplier/manufacturer, such as the Issuer, regardless of product performance or better features or service offerings. These organizations may also be willing to incrementally add solutions to their already existing solutions rather than completely replace them with the Issuer's solutions/products.

Market conditions in which the Issuer operates could change rapidly and significantly due to technological advances, partnerships, or acquisitions carried out by the Issuer's competitors or the continued consolidation of the market. Start-ups that innovate and the Issuer's major competitors that make significant investments in research and development may invent similar or superior services, products, and technologies that compete with the Issuer's products and services. Some of the Issuer's competitors have made or may make acquisitions of companies that may enable them to directly offer more competitive and comprehensive resources or solutions than they previously provided and to adapt more quickly to new technologies and the new needs of end customers. Current and potential competitors of the Issuer may also establish cooperative relationships with each other or third parties that may further enhance their resources.

These competitive pressures in the market in which the Issuer operates, or its failure to compete effectively, may result in price reductions, fewer orders, reduced revenues and gross margins, and loss of market share. Failure to address and address these factors could seriously harm our business and operating results.

The risk related to scaling the business

The Issuer has recently experienced growth and increased demand for its products and services. As a result, the number of staff has increased significantly in recent years, and the Issuer expects it to continue to grow in the coming year. For example, from the end of fiscal year 2021 to the end of fiscal year 2022, the number of staff at the consolidated level increased from 680 to 1009. In addition, as the Company grew, the number of end customers also increased significantly, and the Issuer managed more and more service projects and implementations of its products and services. The growth and expansion of the business, services, and products and the level of support it provides to customers place significant pressure on management, operational, and financial resources. To effectively manage any future growth, the Issuer must continue to improve and expand its financial and information technology infrastructure, improve and expand its operational and administrative control and systems infrastructure, and its capacity to effectively manage staff, capital, and processes, all of which may be more difficult to achieve as part of the Issuer's employees continue to work remotely.

The Issuer may be unable to successfully implement or scale improvements to its systems and processes efficiently or timely. In addition, existing systems and processes may not be able to prevent or detect all errors, omissions, or fraud. The Issuer may also experience difficulties managing improvements to its systems and processes or in connection with software provided by third parties and licensed to support the Issuer in connection with such improvements. Any future growth would add complexity to the Issuer's organization and require effective organization-wide coordination. Failure to effectively manage any future growth could increase costs, disrupt existing relationships with end customers, reduce demand, or limit the Issuer to reduced distribution of its services and/or smaller deployments of its products or harm its business performance and operational results.

If the Issuer does not accurately anticipate, prepare for, and promptly respond to technological and market developments and successfully manage the market introduction and transition to new services and products to meet the changing needs of end customers, its competitive position and prospects will be affected

Software service and solution delivery or software development has grown rapidly and is expected to continue to evolve rapidly. Moreover, most of the Issuer's customers operate in markets characterized by continuously evolving technologies and business plans, which require them to add numerous network access points and adapt increasingly complex business networks incorporating various hardware products, software, operating systems, and network protocols. For this reason, the Issuer must continuously adapt its services and/or products.

In addition, the Issuer must commit significant resources to developing new services and products before knowing whether its investments will result in products and services that the market will accept. The success of the new features depends on several factors, including the proper definition of the latest services and products, the differentiation of the new products, services, and features from those of the Issuer's competitors, and the market acceptance of those products, services, and features.

Users or customers may not widely adopt new services and software technologies. This could be due to multiple reasons, such as a lack of awareness about the benefits of new services and technologies, resistance to change, or preference for existing solutions and technologies. In such cases, the investment and efforts in developing new services and technologies may not provide an adequate return, and market success may be limited.

Analyzing and addressing this risk requires conducting appropriate market research, testing, and user feedback in the development stages, as well as effective marketing and communication strategies to promote the benefits and innovative advantages of services and technologies.

If the Issuer fails to hire, integrate, train, retain, and motivate qualified personnel and the Company's senior management, its business could suffer

The Issuer's future success depends, in part, on its ability to continue to hire, integrate, train, and retain qualified and highly skilled personnel. The Issuer is substantially dependent on the continued services of existing personnel, primarily due to the complexity of the Issuer's product and service offerings. In addition, any failure to adequately hire, onboard, train, and incentivize sales personnel or the inability of newly hired sales and operations personnel to achieve targeted productivity levels effectively could adversely impact the growth and marginal operations of the Issuer. Competition for highly skilled personnel, particularly in engineering, is often intense, particularly in large business centers where the Issuer has a substantial presence and need for such personnel.

In addition, the industry in which the Issuer operates generally experiences high employee attrition. If the Issuer cannot hire, integrate, train, or retain the qualified and highly qualified personnel necessary to meet its current or future needs, its business, financial condition, and results of operations could be adversely affected.

The Issuer's future performance also depends on the continued services and contributions of the Issuer's management to execute the business plan and to identify and pursue new opportunities and product innovations. The loss of the services provided by these persons, the decrease in the efficiency of these services, or the ineffective management of any transition at the management level could significantly delay or prevent the realization of the development plan, which could adversely affect the activity, financial situation and operational results of the Issuer.

Acquisitions, joint ventures, and strategic alliances may have a negative effect on the Issuer's business

The Issuer expects to continue to make acquisitions and enter into strategic partnerships and alliances as part of its long-term business strategy. Acquisitions and other transactions and arrangements announced by the Issuer in the recent period or that will occur in the future involve significant challenges and risks, including that they do not address the Issuer's business strategy, that the Issuer obtains an unsatisfactory return on its investment, that it raises new obligations and compliance challenges, that there are difficulties in integrating and retaining new employees, business systems and technology, that it distracts management from the Issuer's other businesses, or that the announced transactions may not be completed. Failure of an agreement to adequately anticipate a party's changing circumstances and interests may result in early termination or renegotiation of the agreement. The success of these transactions and arrangements will depend in part on the Issuer's ability to use them to improve its services and existing products or to develop new ones, as well as the ability of the acquired companies to comply with the Issuer's policies, processes in areas such as data governance, privacy, and cybersecurity. It may take longer than anticipated to realize the full benefits of these transactions and arrangements, such as increased revenues or increased efficiency, or the benefits may ultimately be less than the Issuer anticipated. These events could negatively affect the Issuer's consolidated financial statements.

The risk related to the automotive industry

As a software company that also operates in the automotive industry, there is a high dependency on third-party suppliers and partners involved in the automotive supply chain. This includes suppliers of hardware components, electronic systems, and other critical components required to operate automotive software solutions. The risk lies in the possible disruptions or problems that may arise from these dependencies, which may have significant implications on the operations and reputation of the Issuer.

Thus, the automotive supply chain can be complex and interconnected, involving numerous suppliers from different geographic locations. Any disruption in the supply chain, such as component shortages, production delays, quality issues, or logistical challenges, can directly impact the Issuer's ability to deliver its solutions on time and meet customer expectations.

The Issuer also relies on the quality and reliability of components provided by third parties. If the supplied components are defective or of inferior quality, this may result in software malfunctions, system failures, or safety issues in automotive products that include the software.

This may cause customer dissatisfaction, possible withdrawals from the market, incur liability for the Issuer, and harm the reputation of the Issuer.

In addition, working with third-party vendors and partners involves sharing intellectual property, trade secrets, and sensitive information. There is a risk of unauthorized use, appropriation or unauthorized disclosure of valuable intellectual property, which may lead to intellectual property disputes or loss of competitive advantage. Strong contractual agreements and measures to protect intellectual property rights are crucial to mitigate this risk.

In terms of industry regulations, the automotive industry is subject to strict regulations, standards and safety requirements. The issuer must ensure its solutions comply with all applicable regulations, such as functional safety standards and cyber security requirements. Failure to comply with these regulations may result in fines, legal consequences, and the inability to operate in the automotive industry.

The Issuer's solutions may become outdated regarding technological progress in this field. Emerging technologies such as autonomous driving, connected cars, and electric vehicles may disrupt traditional automotive software paradigms. The company must continuously invest in research and development to keep pace with technological trends and evolving customer requirements.

A network or data security incident could allow unauthorized access to the Issuer's network or data, harm its reputation, create additional liability issues, and adversely impact financial results

Companies are constantly and increasingly subjected to various attacks on their networks. In addition to traditional hacker-led attacks, malicious code (such as viruses and worms), phishing attempts, theft, or employee misuse, sophisticated actors engage in intrusions and attacks (including advanced persistent attacks), which increase risks to the Issuer's internal networks and customer-facing environments, as well as the information they store and process.

The incidence of cybersecurity breaches has increased. Despite significant efforts to create security barriers to such threats, it is practically impossible for the Issuer to mitigate these risks fully. The Issuer and third-party service providers may face security threats and attacks from various sources. The Issuer's data, corporate systems, third-party systems, and security measures may be breached due to actions of third parties, employee error, malicious act, a combination of these factors, or otherwise, and, as a result, an unauthorized party may gain access to the Issuer's data.

In addition, as an established provider and manufacturer of software solutions, services, and products, the Issuer may be a more attractive target for such attacks. A breach in the security of the Issuer's data or an attack against the availability of its services and products or its service providers could affect the Issuer's networks or secure product networks, creating interruptions or slowdowns of the systems and the exploitation of security vulnerabilities of the Issuer's products, as well as of information stored on its networks or those of its service providers, this data could be accessed, publicly disclosed, modified, lost or stolen, which could cause financial harm.

Although the Issuer has not yet suffered significant damage as a result of unauthorized access by a third party to its internal network, any actual or perceived breach of the security of the Issuer's systems or networks could result in damage to its reputation, negative publicity, loss of partners, customers bottom lines and sales, loss of competitive advantages over its competitors, increased costs of remediating any problems and incident response, regulatory investigations and law enforcement actions, costly litigation, and other liabilities.

In addition, the Issuer may incur significant costs and operational consequences to investigate, remediate, remove, and implement additional tools and devices designed to prevent actual or perceived security breaches and other security incidents, as well as compliance costs with any notification obligations arising from any security incident.

Any of these negative effects could negatively impact the market perception of the Issuer's services and products, as well as the confidence of end customers and investors in the Issuer, and could seriously affect its business or operating results.

Operating results may vary significantly from period to period and may be unpredictable

The Issuer's operating results may vary significantly from period to period and may be unpredictable, which could cause the market price of the Shares to decline. Although operating results, particularly revenues, gross margins, operating margins, and operating expenses, have shown increases in the prior period, they may vary as a result of a number of factors, many of which are beyond the control of the Issuer and may be difficult to predict, including:

- the Issuer's ability to attract and retain new end customers or sell services and/or products in addition to existing end customers;
- budget cycles, seasonal purchasing patterns, and purchasing practices of end customers, including the likelihood of a slowdown in technology spending due to the global economic slowdown;
- changes in the requirements of end customers, distributors or resellers or market needs;
- price competition;
- the timing and success of the introduction of new services and products by the Issuer or its competitors or any other change in the competitive landscape of the industry in which the Issuer operates, including

consolidation among its competitors or end customers and strategic changes, partnerships concluded by to and between the Issuer's competitors;

- the Issuer's ability to successfully and continuously expand its business nationally and internationally, particularly given the current global economic slowdown;
- the Issuer's inability to complete or effectively integrate any acquisitions it may undertake;
- the increase in expenses or unforeseen liabilities and any impact on the operational results of the Issuer as a result of any acquisitions it makes;
- the ability of the Issuer to increase the scope and productivity of the distribution channel;
- decisions of potential end customers to purchase services and products from larger and internationally recognized suppliers or their main suppliers of network equipment and/or services;
- the risk of insolvency or credit difficulties faced by end customers, which could increase due to the global economic situation, adversely affecting their ability to purchase or pay in a timely manner / at all for the Issuer's products and services, or faced the Issuer's key suppliers, including its sole suppliers, which could disrupt the Issuer's supply chain;
- any interruption in the distribution channel or the termination of the relationships that the Issuer has with important distribution partners, including as a result of consolidation among distributors and resellers of products and services;
- the inability of the Issuer to fulfill the orders of end customers due to supply chain delays or events affecting the suppliers and partners of the issuer or their suppliers, as well as the unavailability of internal resources or partners for the execution of the services and the delivery of the requested products, all of which may be affected in negative way from the effects of the global economic situation;
- the cost and results of potential litigation, which could have a significant negative effect on the Issuer's business;
- seasonality or cyclical fluctuations of the market in which the Issuer operates, including the market of IT resources, employees, and subcontractors;
- political, economic, and social instability caused by the military conflict initiated by the Russian Federation in Ukraine, the continuation of hostilities in the Middle East, terrorist activities, any disruptions caused by COVID-19 and/or any other pandemic or general health crisis that may occur and any disruption on what these events could cause in the global industrial economy;
- the general macroeconomic conditions, both nationally and in the foreign markets where the Issuer is present, which could have an impact on some or all of the regions in which the Issuer operates, including the expected slowdown in global economic growth, the increased risk of inflation and the potential for global recession;

Any of the above factors or the cumulative effect of some of the above factors may result in significant fluctuations in the Issuer's financial and other operating results. This unpredictability could result in the Issuer's failure to meet its expectations regarding revenues, margins or other operating results.

Continued global economic uncertainty could have an adverse effect on the Issuer's business and operating results

The Issuer operates in a globalized market; therefore, its business and revenues are interdependent on global macroeconomic conditions. International efforts to contain the spread of COVID-19 have significantly negatively affected global macroeconomic conditions, which continue to cause economic uncertainty. In addition, the military conflict generated by the Russian Federation in Ukraine, instability in global credit markets, rising prices of essential commodities (oil, electricity, etc.), changes in public policies, such as both domestic and international, such as regulations, taxes or international trade agreements, international trade disputes, changes in governments, geopolitical turmoil and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions.

These adverse conditions could result in reductions in sales of the Issuer's services and products, longer sales cycles, reductions in the duration and value of contracts with the Issuer's customers, slower adoption of new technologies, and increased price competition and rates. As a result, any continued or more significant uncertainty or deterioration in global macroeconomic and market conditions could cause end customers to change their

spending priorities or postpone decisions to subcontract services or purchase products, which could have effect prolonging sales cycles, any of which could harm the Issuer's business and operating results.

The rate of revenue growth in recent periods may not be indicative of the Issuer's future performance

The Issuer's revenue for any prior quarterly or annual period should not be considered an indication of its future revenue or revenue growth, whether such growth is generated both organically and through acquisition activities. If the Issuer cannot maintain consistent revenue or revenue growth, its shares may experience high volatility, making it difficult for the Issuer to achieve and maintain profitability or maintain and/or increase cash flow on a consistent basis.

The Issuer's current research and development efforts may not produce successful products or services that result in significant revenue, cost savings, or other benefits in the foreseeable future

The development of services and products related to the Issuer's activity is an expensive process. The Issuer's investments in research and development may not result in significant improvements, marketable services or products, or may result in services or products that are more expensive than anticipated. In addition, the Issuer may not realize the anticipated cost savings or performance improvements it had anticipated (it may take longer to generate revenue). The Issuer's future plans include significant investments in research and development. The Issuer believes that it must continue to devote significant resources to its research and development efforts to maintain its competitive position. However, the Issuer may not experience significant income from these investments in the near future, or these investments may not yield the expected benefits, which could adversely affect its business and operating results.

Intellectual Property Rights Risks

Other entities may claim that the Issuer infringes their intellectual property rights. The number of these claims may increase due to constant technological changes in the markets in which the Issuer competes, the expanded patent coverage of existing technologies, the rapid issuance rate of new patents and its offering. In order to resolve these claims, the Issuer may enter into royalty agreements and license agreements on terms less favorable than those currently available, stop selling or redesigning the affected services or products, or pay damages to fulfill the commitments of compensation to his clients. These results may cause operating margins to decline. In addition to monetary damages, in some jurisdictions, plaintiffs may seek court-ordered injunctive relief that may limit or prevent the importation, marketing, and sale of our services or products with technologies that infringe intellectual property rights. In some countries, such as Germany, an injunction may be issued before the parties fully challenge the validity of subsequent patents.

Liquidity risk and cash-flow risk

Liquidity risk also includes the risk generated by the possibility of receivables not being recovered. Due to the specifics of its activity, the Issuer maintains a level of receivables and debts that allows the optimal performance of the activity.

However, in the context of an IT company, there is an inherent risk associated with low liquidity, which can affect its ability to meet payment demands and operate efficiently.

One factor contributing to this risk is the nature of IT services, which can often involve long-term contracts with corporate or government customers. In such cases, customers may delay or not pay the invoices in full or not respect the agreed payment terms. This may lead to an increase in uncollected receivables and pressure on the Issuer's liquidity.

Also, in the IT industry, competition is fierce, and the rapid evolution of technology can cause a sudden change in customer demand and preferences. If the Issuer cannot respond quickly to market changes or fails to retain its existing customers, it may experience difficulties generating revenues and, implicitly, maintaining adequate liquidity.

Furthermore, the high costs associated with developing and implementing the technology may result in significant expenses and pressure on the Issuer's cash flow. These expenses may include purchasing equipment, paying IT

specialists, and investing in research and development. If the Issuer fails to manage these costs effectively or does not obtain an adequate return on investments, its liquidity may be adversely affected.

To minimize the risk of low liquidity, the Issuer implements rigorous financial management, carefully monitors cash flow, develops clear debt collection policies and procedures, and diversifies its client portfolio. Also, the Issuer maintains an adequate reserve of liquidity and establishes solid relationships with suppliers and financial partners to deal with unforeseen situations and ensure long-term financial stability.

The risk associated with interest rates and funding sources

In the event of deterioration of the economic environment in which the Issuer operates, it could find itself unable to contract a new loan under the conditions it previously benefited from, which could lead to an increase in financing costs and negatively affect the financial situation of the Issuer.

A risk directly associated with this situation is that related to interest rate fluctuations and the availability of financing sources. If market interest rates rise significantly, the Issuer could be affected by increased funding costs when it needs to refinance or take out new loans. An increase in interest rates may result in higher interest payments on existing loans and may adversely affect the Company's cash flow.

Also, if the economic environment deteriorates and investors' and creditors' confidence decreases, the Issuer may experience difficulties obtaining the necessary financing for current operations or development projects. Financial institutions may impose tighter restrictions and increase security requirements to grant loans in these circumstances. This may limit the Issuer's access to convenient and adequate financing, affecting its ability to effectively finance its activities and grow.

Another risk related to interest rates and funding sources is related to exposure to currency risk. If the Issuer has debt in foreign currency and the local currency depreciates, financing costs may increase significantly, which may affect the company's profitability and liquidity.

In order to manage the risk associated with interest rates and funding sources, the Issuer constantly assesses the economic environment, monitors interest rate fluctuations, and develops appropriate risk management strategies. These include diversifying funding sources, using financial instruments to hedge against interest rate fluctuations, maintaining an adequate level of cash reserves, and maintaining a strong relationship with financial institutions and lenders.

LEGAL, REGULATORY AND LITIGATION RISKS

Changes in tax laws or interpretations, as well as unfavorable decisions by tax authorities, could have a material adverse effect on the Issuer's results of operations and cash flows

Tax laws and regulations in Romania may be subject to change, as well as changes in the interpretation and application of tax legislation. These changes in tax legislation and/or the interpretation and application of tax law may be adopted/applied with speed by the authorities, difficult to anticipate. Therefore, the Issuer may not be prepared for these changes. That is why the Issuer believes that there is a risk that certain collaborative relationships with subcontractors will be considered by the tax authorities as dependent activities, which may lead to the recalculation of their related taxes and fees.

Currently, there is a risk that the Issuer will face the elimination of the tax exemption from income tax for employees in the IT field (as a result of some steps at the government level to eliminate the exemptions granted to certain industries), and even increases in the taxes due in the event of a change in tax rates or in the event that tax laws or regulations are amended or reinterpreted by the relevant authorities in a manner that disadvantages the Issuer, which could have a material adverse effect on its cash flows, business, prospects, of the results of operations and financial position for any affected reporting period.

Legislative risk associated with the fleet management industry

The fleet management industry is subject to strict regulations regarding road safety, environmental protection, compliance with commercial vehicle driving, and personal data protection laws and regulations.

As a provider of fleet management solutions, the company is aware of these regulations. It ensures that every effort is made to ensure that the services provided comply with all legal and administrative requirements.

The risk associated with litigation

In the context of the performance of its activity, the Issuer is subject to a risk of litigation, among others, due to changes and developments in legislation. The Issuer may be affected by other contractual claims, complaints, and litigation, including from third parties with whom it has contractual relationships, customers, competitors, or regulatory authorities, as well as any adverse publicity that such an event attracts.

At the time of this report, the Issuer, AROBS Transilvania Software SA, was not involved in any significant litigation, either in an active or passive procedural capacity.

RISKS RELATED TO INVESTMENTS IN ROMANIA

Political and military instability in the region may have negative consequences on the Issuer's business

The political and military instability in the region, determined by the invasion of Ukraine by the Russian Federation in February 2022, preceded by the loss of control over the Crimean Peninsula in favor of the Russian Federation and the conflict in Eastern Ukraine with pro-Russian separatists in 2014, as well as the international sanctions imposed on the Federation Russians as a result of these events, may cause deeply unfavorable economic conditions, social unrest or, in the worst case, extensive military confrontations in the region. The effects are largely unpredictable and may include a decline in investment, significant currency fluctuations, increases in interest rates, reduced availability of credit, trade and capital flows, increases in energy prices, etc.

These effects and other unforeseen negative effects of crisis situations in the region could significantly negatively affect the Issuer's activity, prospects, results of operations, and financial position.

The upward trend of the inflation rate could produce significant negative consequences on the Issuer's financial performance

The unpredictability of the inflation rate can have negative effects on the Issuer's activity by increasing the difficulty of the Issuer's estimation of the total costs related to the activities carried out by it and the creation of a potential mismatch between the prices charged by the Issuer in relation to its customers and the Issuer's costs, with a significant negative effect. A significant difference between the anticipated inflation rate in a certain period and the value actually recorded in that period can significantly negatively influence the way the Issuer's resources are allocated, thus influencing its activity, financial availability, prospects, and profitability.

Moreover, an unpredictable increase in the inflation rate can bring imbalances at the macroeconomic level, characterized by the increase in interest rates, the decrease in the standard of living, and, in general, the slowdown in the development of the economy in Romania, imbalances that can contribute to the decrease in demand in the field of cyber security.

A potential deterioration of the general economic, political, and social conditions in Romania could have negative effects on the Issuer's activity

The Issuer's success is closely linked to the general economic developments in Romania. Negative developments or the general weakening of the Romanian economy, the decrease in the standard of living, the limited liquidity resources of potential customers, and the increase in the level of unemployment could directly negatively impact the demand in the market where the Issuer operates in Romania.

In recent years, Romania has gone through far-reaching political, economic, and social changes. As is expected of emerging markets, they do not possess the entire business infrastructure and legal and regulatory framework that generally exists in more mature free-market economies. Likewise, Romania's tax legislation is subject to multiple, diverse interpretations and may undergo changes frequently and sometimes suddenly or too quickly implemented.

Romania's economy's future direction remains largely dependent on the effectiveness of the economic, financial, and monetary measures adopted at the governmental level and on developments in the fiscal, legal, regulatory, and political fields. Romania's unfavorable economic conditions, fiscal uncertainty, and increased taxation could ultimately have a direct and/or indirect negative impact on the prices charged for the Issuer's products and services.

Romania's difficulties related to its integration into the European Union may have a significant negative effect on the Issuer's activity

Romania entered the European Union in January 2007 and continues to go through processes of legislative changes as a result of EU accession and continued EU integration. As part of the accession process, the EU established a series of measures that Romania must comply with to fulfill the basic requirements for EU accession. The European Commission received the task of monitoring the progress made by Romania by issuing annual compliance reports through the Cooperation and Verification Mechanism; in November 2022, the European Commission recommended lifting the MCV.

In the future, Romania will be subject to evaluations and discussions within the European Rule of Law Mechanism, which provides for a process for an annual dialogue in which the Commission, the Council, and the European Parliament participate, together with the member states, national parliaments, civil society and other interested parties from the domain of the rule of law.

If Romania does not comply with the measures it must comply with to meet the basic requirements for EU membership or does not implement the recommendations issued by the competent bodies, it may be subject to EU sanctions that could have an effect materially negative on the financial operations, investments and capital flows in the country and therefore on the activity, prospects, results of operations and financial condition of the Issuer.

RON currency can be subject to high volatility

The leu is subject to a variable exchange rate regime, whereby its value against foreign currencies is established on the interbank exchange market. The monetary policy of the BNR aims at inflation. The floating exchange rate regime is aligned with using inflation targets as the nominal anchor of monetary policy. It allows for a flexible policy response to unforeseen shocks that might affect the economy. The NBR does not consider a specific level or range for the exchange rate. The NBR's ability to limit the volatility of the leu depends on a number of economic and political factors, including the availability of foreign currency reserves and the volume of new foreign direct investment.

Any changes in global investors' perceptions of the global or Romanian economic prospects may lead to the depreciation of the Romanian leu. A significant depreciation of the leu could adversely affect the country's economic and financial situation, which could have a substantial negative effect on the Issuer's business, operating results, and financial situation.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31.12.2023 AROBS Group	31.12.2022 AROBS Group	Variation %
TURNOVER:	427,294,137	299,815,687	43%
Revenue from software services	344,775,332	239,774,681	44%
Revenue from software products	70,537,191	58,113,647	21%
Revenue from integrated systems	11,981,615	0	100%
Revenue from the distribution of goods	0	1,216,542	-100%
TOTAL COST OF SALES:	295,755,657	190,210,575	55%
Cost of sales from software services	254,215,350	162,025,518	57%
Cost of sales from software products	31,653,344	26,493,027	19%
Cost of sales from integrated systems	9,886,963	256,464	3755%
Cost of distribution of goods	0	1,435,565	-100%
GROSS RESULT	131,538,480	109,605,112	20%
Sales and marketing expenses	(18,370,931)	(11,157,950)	65%
General and administrative expenses	(70,739,928)	(45,924,271)	54%
Other operating revenues / (expenses), net	1,131,751	659,412	72%
OPERATING RESULT	43,559,373	53,182,303	-18%
Financial revenue / (expenses), net	(517,637)	82,159	-730%
GROSS RESULT – BEFORE TAX	43,041,736	53,264,462	-19%
Income tax	(11,125,850)	(6,195,378)	80%
NET PROFIT	31,915,886	47,069,084	-32%
Other comprehensive income	280,318	(110,517)	-354%
NET INCOME	32,196,204	46,958,567	-31%
related to the parent company	32,116,914	46,868,976	-31%
related to minority interests	79,290	89,591	-11%

CONSOLIDATED BALANCE SHEET

Balance sheet indicators (LEI)	31.12.2023 AROBS Group	31.12.2022 AROBS Group	Variation %
Goodwill	104,761,369	57,763,288	81%
Customer services	76,561,802	74,953,751	2%
Other intangible assets	23,044,459	18,364,676	25%
Tangible assets	35,556,876	19,626,077	81%
Assets related to the rights of use of leased assets	17,236,489	12,170,189	42%
Loans granted to related parties	15,555,506	7,749,356	101%
Financial assets	3,700,985	4,557,083	-19%
Deferred tax	2,129,265	3,131,036	-32%
Total fixed assets	278,546,751	198,315,455	40%
Inventories	6,975,925	8,922,718	-22%
Trade receivables and other receivables	103,338,304	74,925,395	38%
Related parties loans	1,413,707	10,787,651	-87%
Prepaid expenses	2,015,826	1,946,614	4%
Short-term investments	302,033	523,375	-42%
Cash and equivalents	87,773,888	101,373,631	-13%
Total current assets	201,819,682	198,479,384	2%
Total assets	480,366,433	396,794,840	21%
Share capital	87,129,361	91,139,499	-4%
Share capital adjustments to hyperinflation	263,971	263,971	0%
Other equity items	12,574,918	4,206,340	199%
Share premium	23,185,001	23,185,001	0%
Reserves	9,680,545	6,367,437	52%
Own shares	(5,689,379)	(7,535,897)	-25%
Retained earnings	139,037,199	110,264,880	26%
Gains/(Loss) on equity instruments	8,352,878	1,805,558	363%
Conversion differences from consolidation	(163,971)	101,918	-261%
Total equity	274,370,522	229,798,705	19%
Minority interests	(683,364)	(75,767)	802%
Total equity	273,687,158	229,722,938	19%
Non-current liabilities:			
Trade and other liabilities	49,746	182,159	-73%
Equity liabilities	14,686,659	1,122,070	1209%
Lease liabilities	11,309,563	7,693,558	47%
Bank loans	62,629,398	55,381,056	13%
Deferred income tax liabilities	12,200,152	13,077,720	-7%
Advance income	3,523,269	1,913,309	84%
Subsidies	301,940	184,750	63%
Provisions	11,789,374	11,227,077	5%
Total non-current liabilities	116,490,101	90,781,700	28%
Current liabilities:			
Trade and other liabilities	39,059,658	31,231,839	25%
Equity liabilities	3,763,224	5,473,548	-31%
Lease liabilities	7,919,498	6,137,902	29%
Bank loans	24,184,008	18,470,922	31%
Loans from bond issues	-	-	-
Advance income	8,796,705	9,685,836	-9%
Subsidies	158,741	424,284	-63%
Provisions	6,307,341	4,865,872	30%
Total current liabilities	90,189,175	76,290,204	18%
Total liabilities	206,679,276	167,071,903	24%
Total equity and liabilities	480,366,434	396,794,841	21%

CONSOLIDATED CASH-FLOW

	31.12.2023 AROBS Group	31.12.2022 AROBS Group	Variation %
Profit before tax	43,041,736	53,264,462	-19%
Adjustments for:			
Amortization expenses	20,711,679	11,158,537	86%
Expenditure on assets sold	(503,221)	46,781	-1176%
(Income) from assets sold	(835,138)	(209,820)	298%
Expenditure relating to SOP employee benefits	19,131,306	6,038,931	217%
Expenditure/(Income) related to adjustments for inventory write-downs	(30,041)	(921,178)	-97%
Expenditure/(Income) related to adjustments on receivables	2,196,790	3,206,523	-31%
Expenditure/Income on provisions for risks and charges	923,727	4,586,656	-80%
(Income) from subsidies and grants	(148,353)	(165,362)	-10%
Expenditure with interest and other financial expenses	2,629,077	1,113,987	136%
(Income) from interest and other financial income	(3,126,355)	(1,968,688)	59%
Expenditure/(Income) relating to value adjustments on tangible and intangible fixed assets	127,551	200,562	-36%
Other adjustments	(265,889)	(607,600)	-56%
Operating result before change in working capital	83,852,869	75,743,789	11%
Change in trade and other receivables balances	(29,934,716)	(39,736,919)	-25%
Change in inventories balances	1,976,834	(3,977,351)	-150%
Change in trade payable and other debt balances	8,345,988	33,774,795	-75%
Changes in prepaid expenditure balances	(69,212)	(122,455)	-43%
Change in advance income balances	720,828	857,841	-16%
Interest paid	(2,629,077)	(1,113,987)	136%
Interest earned	2,859,430	3,560,998	-20%
Cash generated from operations	65,122,944	68,986,711	-6%
Income tax paid	(10,567,650)	(6,276,246)	68%
Net cash from operating activities	54,555,295	62,710,465	-13%
Cash flows from investing activities			
Loans (granted) to/repayments from affiliated entities	3,017,607	1,292,385	133%
(Payments) related to the acquisition of subsidiaries	(45,775,455)	(104,330,588)	-57%
(Payments) related to the acquisition of tangible and intangible assets, including customer relationship	(31,087,866)	(26,228,854)	22%
Repurchase of own shares	(6,379,028)	(3,782,054)	81%
(Payments)/Cash in from other investments in financial assets	221,342	(523,375)	-200%
Net cash from investing activities	(80,003,402)	(133,572,485)	-40%
Cash flows from financing activities			
Cash in/(Repayments) of bank loans	12,961,428	71,625,333	-82%
(Payments) of finance lease liabilities	(1,113,067)	(1,602,506)	-31%
Net cash from financing activities	11,848,362	70,022,827	-83%
Net increase in cash and cash equivalents	(13,599,744)	(839,193)	1521%
Cash and cash equivalents at the beginning of the financial year	101,373,631	102,212,824	-1%
Cash and cash equivalents at the end of the financial year	87,773,887	101,373,631	-13%

INDIVIDUAL PROFIT AND LOSS ACCOUNT

	31.12.2023	31.12.2022	Variation %
TURNOVER:	266,685,347	228,626,301	17%
Revenue from software services	224,677,840	186,165,876	21%
Revenue from software products	42,007,506	41,243,883	2%
Revenue from integrated systems	-	-	
Revenue from the distribution of goods	-	1,216,542	-100%
TOTAL COST OF SALES:	188,383,142	148,296,869	27%
Cost of sales from software services	170,388,519	129,840,416	31%
Cost of sales from software products	17,994,623	17,020,888	6%
Cost of sales from integrated systems	-	-	-
Cost of distribution of goods	-	1,435,565	-100%
GROSS RESULT	78,302,205	80,329,432	-3%
Other income	451,959	653,401	-31%
Sales and marketing	(7,943,270)	(6,317,639)	26%
General and administration	(41,989,623)	(26,838,224)	56%
OPERATING RESULT	28,821,272	47,826,970	-40%
Net Finance income / (expense)	23,300,756	-	-
Net Forex Income/(Expenses)	3,262,373	1,913,123	71%
Interest income	(2,270,357)	(866,458)	162%
Interest expense	(377,291)	(249,573)	51%
GROSS RESULT – BEFORE TAX	52,736,754	48,624,061	8%
Income tax	(6,248,221)	(6,780,502)	-8%
NET INCOME	46,488,533	41,843,559	11%

INDIVIDUAL BALANCE SHEET

Balance sheet indicators (LEI)	31.12.2023	31.12.2022	Variation %
Shares held in related entities	212,955,994	143,821,510	48%
Customer services	13,695,274	11,461,257	19%
Other intangible assets	8,266,950	8,779,988	-6%
Tangible assets	9,458,236	7,868,878	20%
Assets related to the rights of use of leased assets	18,685,471	8,757,419	113%
Loans granted to affiliated and related parties	2,968,851	3,926,037	-24%
Financial fixed assets	613,356	1,037,298	-41%
Deferred income tax assets	266,644,131	185,652,387	44%
Total fixed assets	1,493,635	1,893,749	-21%
Inventories	68,521,017	52,560,078	30%
Trade receivables and other receivables	9,192,978	17,948,527	-49%
Loans granted to affiliated and related parties	1,323,501	1,613,259	-18%
Prepaid expenses	302,033	523,375	-42%
Short-term investments	58,263,292	72,777,713	-20%
Cash and equivalents	139,096,456	147,316,700	-6%
Total current assets	212,955,994	143,821,510	48%
Total assets	405,740,587	332,969,086	22%
Share capital	87,129,361	91,139,499	-4%
Share capital adjustments to hyperinflation	263,971	263,971	0%
Share premium	23,185,001	23,185,001	0%
Legal reserves	7,664,524	4,882,913	57%
Other reserves	1,749,420	1,209,959	45%
Own shares	(5,689,379)	(7,535,897)	-25%
Gains related to equity instruments	8,352,878	1,805,558	363%
Other equity items	12,628,497	4,206,340	200%
Retained earnings	109,703,611	71,211,130	54%
Current result	46,488,532	41,843,559	11%
Profit sharing	(3,321,072)	(3,351,079)	-1%
The carried forward result from the adoption of IAS29 for the first time	(263,971)	(263,971)	0%
The carried forward result from the transition to the application of IFRS, less IAS29	(7,055,641)	(7,055,641)	0%
Total equity	280,835,730	221,541,341	27%
Minority interests	-	-	-
Total equity	280,835,730	221,541,341	27%
Non-current liabilities:			
Trade and other liabilities	-	-	
Lease liabilities	6,708,754	5,056,697	33%
Bank loans	49,841,347	49,494,614	1%
Payable amounts for subsidiary acquisitions	14,686,659	1,122,070	1209%
Advance income	273,503	507,793	-46%
Grants	301,940	184,750	63%
Provisions	2,728,395	2,293,552	19%
Total non-current liabilities	74,540,599	58,659,476	27%
Current liabilities:			
Trade and other liabilities	17,747,995	19,626,357	-10%
Payable amounts for subsidiary acquisitions	3,761,760	5,472,085	-31%
Lease liabilities	3,939,382	4,372,796	-10%
Bank loans	20,122,257	18,470,922	9%
Advance income	3,262,205	3,480,580	-6%
Grants	158,741	424,284	-63%
Provisions	1,371,918	921,247	49%
Total current liabilities	50,364,259	52,768,270	-5%
Total liabilities	124,904,857	111,427,746	12%
Total equity and liabilities	405,740,587	332,969,087	22%

INDIVIDUAL CASH-FLOW

	31.12.2023	31.12.2022	Variation %
Profit before tax	52,736,754	48,624,061	8%
Adjustments for:			
Amortization expenses	6,679,165	5,342,224	25%
Expenditure on assets sold	(447,091)	(12,116)	3590%
(Income) from assets sold	(607,668)	(118,059)	415%
Expenditure relating to SOP employee benefits	15,691,279	4,510,820	248%
Expenditure/(Income) related to adjustments for inventory write-downs	(30,041)	(921,178)	-97%
Expenditure/(Income) related to adjustments on receivables	1,556,698	(469,981)	-431%
Expenditure/Income on provisions for risks and charges	885,514	2,617,920	-66%
(Income) from subsidies and grants	(148,353)	(165,362)	-10%
Expenditure with interest and other financial expenses	2,234,615	862,725	159%
(Income) from interest and other financial income	(3,096,249)	(1,869,476)	66%
Expenditure/(Income) relating to value adjustments on tangible and intangible fixed assets	235,714	268,698	-12%
Operating result before change in working capital	75,690,337	58,670,276	29%
Change in trade and other receivables balances	(17,495,204)	(18,717,605)	-7%
Change in inventories balances	430,155	2,290,571	-81%
Change in trade payable and other debt balances	(2,697,217)	6,551,170	-141%
Changes in prepaid expenditure balances	289,759	19,018	1424%
Change in advance income balances	(452,664)	387,317	-217%
Interest paid	(2,234,615)	(862,725)	159%
Interest earned	2,510,223	2,666,138	-6%
Cash generated from operations	56,040,774	51,004,161	10%
Income tax paid	(4,846,426)	(6,441,528)	-25%
Net cash from operating activities	51,194,347	44,562,633	15%
Cash flows from investing activities			
Loans (granted) to/repayments from affiliated entities	772,216	(5,573,251)	-114%
(Payments) related to the acquisition of subsidiaries	(53,786,612)	(105,405,287)	-49%
(Payments) related to the acquisition of tangible and intangible assets, including customer relationship	(7,581,099)	(9,659,563)	-22%
Repurchase of own shares	(6,379,028)	(3,782,054)	69%
(Payments)/Cash in from other investments in financial assets	221,342	(523,375)	-142%
Net cash from investing activities	(66,753,181)	(124,943,530)	-47%
Cash flows from financing activities			
Cash in/(Repayments) of bank loans	1,998,067	65,738,891	-97%
(Payments) of finance lease liabilities	(953,655)	(784,965)	21%
Net cash from financing activities	1,044,412	64,953,926	-98%
Net increase in cash and cash equivalents	(14,514,421)	(15,426,971)	-6%
Cash and cash equivalents at the beginning of the financial year	72,777,713	88,204,684	-17%
Cash and cash equivalents at the end of the financial year	58,263,292	72,777,713	-20%

BVB CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

PROVISION OF THE BUCHAREST STOCK EXCHANGE CORPORATE GOVERNANCE CODE ¹	COMPLIANT	PARTIALLY COMPLIANT	NON-COMPLIANT	COMMENT
Section A – Responsibilities				
A.1. All companies shall have Internal Rules for the Board of Directors (the “Board”), which shall include the terms of reference/responsibilities of the Board and the key management functions of the Company, and which shall apply, inter alia, the General Principles of this Section.	X			The company adopted a Regulation of the Board of Directors.
A.2. Provisions for the management of conflicts of interest shall be included in the Rules of the Board. In any event, Board members shall notify the Board of any conflicts of interest that have arisen or may arise and shall refrain from taking part in the discussions (including by non-attendance, unless the failure to attend prevents the establishment of the quorum) and from voting for passing a resolution on the issue giving rise to the relevant conflict of interest.	X			The Board members have, under the law, duties of care and loyalty to the Company, stipulated not only in the Articles of Association of the Company, but also in other internal regulations of the Company. Provisions for the management of conflicts of interest are included in the Regulation of the Board of Directors of AROBS Transilvania Software S.A.
A.3. The Board shall consist of at least 5 (five) members.	X			The Board of Directors consists of 5 (five) members elected by the Ordinary General Meeting of Shareholders (OGMS), in

¹The Statement summarizes the principles of the Corporate Governance Code; the full version of the Code may be read on the website of the Bucharest Stock Exchange: www.bvb.ro.

				accordance with the provisions of the Companies Law and the Company's Articles of Association.
A.4. Most Board members shall not have an executive function. In the case of companies in the Premium Category, no less than two non-executive members of the Board shall be independent. Each independent Board member shall issue a statement at the time of nomination thereof for election or re-election, and whenever any change arises in the status thereof, indicating the elements on the basis of which the same is to be deemed independent in terms of character and judgment.	X			Two out of five members of the Board are non-executive and independent. On the occasion of each appointment of a member of the Board of Directors, the Company carries out an assessment of the independence of its members based on the independence criteria established in the Corporate Governance Code (which are essentially similar to those provided for in the Companies Law), consisting of an assessment individual assessment by the relevant Board member, followed by an external assessment.
A.5. Any other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of companies and non-profit institutions, shall be disclosed to the shareholders and prospective investors prior to nomination and during the term of office thereof.	X			Information on the permanent professional commitments and obligations of the Board members, including executive and non-executive positions within companies and non-profit institutions, can be found in the CVs of the Board members, available at the Company headquarters and published of the Company's website.
A.6. Any member of the Board shall present the Board with information on any relation with a shareholder holding, either directly or indirectly, shares representing more than 5% of all voting rights.	X			The information is included in the annual reports issued by the Company.
A.7. The Company shall appoint a Secretary of the Board to be in charge of supporting the activity of the Board.	X			The Company has a General Secretary who supports the Board activities.
A.8. The Corporate Governance Statement shall stipulate whether a Board assessment has taken place under the direction of either the Chairperson or the Nomination Committee and,			X	In 2023, the Company had no policy and no guidance regarding Board evaluation. There was no formal Council self-assessment for 2023.

if so, shall summarize the key measures and the resulting changes. The Company shall have a policy/guide regarding Board assessment, including the purpose, criteria and frequency of the assessment process.				
A.9. The Corporate Governance Statement shall contain information on the number of Board and Committee meetings over the past year, the participation of the directors (in person and in default) and a Report by the Board and Committees on their activities.	X			The Board of Directors of AROBS Transilvania Software SA will meet whenever necessary, but at least once every three months. Throughout the year 2023, there were 23 Board of Directors meetings (23 meetings with full attendance), 2 Audit Committee meetings (2 meetings with full attendance), and 3 Nomination and Remuneration Committee meetings (3 meetings with full attendance).
A.10. The Corporate Governance Statement shall include information on the exact number of independent members of the Board.	X			In 2023, two (2) members of the Board met all the independence criteria set out by the Corporate Governance Code of AROBS Transilvania Software S.A.
Section B – The risk management and internal control system				
B.1. The Board shall set up an Audit Committee, in which at least one member shall be independent and non-executive. Most members, including the Chair, shall have proven appropriate qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proven adequate experience in auditing or accounting. In the case of companies in the Premium Category, the Audit Committee shall consist of at least three members and most members of the Audit Committee shall be independent.	X			The Audit Committee began its activity on September 29, 2023, and consists of two non-executive and independent members and one non-executive member. All members of the Audit Committee, including the Chairman, have demonstrated adequate qualifications, according to the internal rules established by the Company.
B.2. The Chair of the Audit Committee shall be an independent non-executive member.	X			The Chair of the Risk & Audit Committee is an independent non-executive member.

<p>B.3. As part of its responsibilities, the Audit Committee shall carry out an annual assessment of the internal control system.</p>	<p>X</p>			<p>The Audit Committee conducts an annual evaluation of the Company's internal control system.</p>
<p>B.4. The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board Audit Committee, the promptness and effectiveness with which the executive management addresses any deficiencies or weaknesses identified as a result of the internal control and the submission of relevant reports to the Board.</p>	<p>X</p>			<p>In the annual assessment, the Audit Committee assesses the effectiveness of this system, the adequacy of the risk management and internal control reports submitted to the Audit Committee, as well as the promptness and the effectiveness of management in addressing the deficiencies or weaknesses found in terms of internal control.</p>
<p>B.5. The Audit Committee shall assess any conflicts of interest in connection with the transactions of the Company and its subsidiaries with related parties.</p>	<p>X</p>			<p>The Audit Committee evaluates the effectiveness of the Group's risk management system, monitor the application of the statutory and generally accepted internal audit standards and will evaluate the situations of conflicts of interest within the transactions concluded by the Group and / or any of its subsidiaries with affiliated parties.</p>
<p>B.6. The Audit Committee shall assess the effectiveness of the internal control and risk management systems.</p>	<p>X</p>			
<p>B.7 The Audit Committee shall monitor the application of the legal standards and generally accepted internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.</p>	<p>X</p>			
<p>B.8. Whenever the Code mentions reports or analyses initiated by the Audit Committee, these shall be followed by regular reports (at least annual reports) or ad hoc reports to be subsequently submitted to the Board.</p>	<p>X</p>			<p>The Audit Committee regularly presents the Board with reports on the specific issues that have been assigned to it.</p>

<p>B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the Company with the shareholders and affiliates thereof.</p>	<p>X</p>			<p>The Company grants equal treatment to all its shareholders. Related party transactions are treated objectively, in accordance with the usual industry standards, and the applicable laws and corporate regulations.</p>
<p>B.10. The Board shall adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close ties, whose value is equal to or greater than 5% of the Company net assets (according to the latest financial report), is approved by the Board following a binding opinion of the Board Audit Committee and is properly disclosed to the shareholders and prospective investors to the extent that such transactions fall within the category of events subject to reporting requirements.</p>		<p>X</p>		<p>The Board of Directors will adopt a policy in this regard. The obligation to previously approve this type of transactions by the Board of Directors is provided in the Board of Directors' Regulations, and according to the Audit Committee's Regulations, it issues mandatory opinions on any transaction of the Company with any of the companies with which it has affiliate relationships (affiliated parties) whose value is equal to or greater than 5% of the Company's net assets (according to the last published financial report), before the transaction's approval by the Board of Directors.</p>
<p>B.11. Internal audits shall be performed by a structurally separate division (the Internal Audit Department) within the Company or by hiring an independent third party.</p>	<p>X</p>			<p>The company has an Internal Audit function within its structure.</p>
<p>B.12. In order to ensure the fulfilment of the primary functions of the Internal Audit Department functionally speaking, it shall report to the Board by means of the Audit Committee. For administrative purposes and as part of the responsibilities of the management to monitor and reduce risks, it shall report directly to the Chief Executive Officer.</p>	<p>X</p>			<p>The Internal Audit reports to the Audit Committee.</p>
<p>Section C – Fair reward and motivation</p>				

<p>C.1. The Company shall publish the Remuneration Policy on its website and shall include a statement on the implementation of the Remuneration Policy in the Annual Report during the annual period under review. Any key change in the Remuneration Policy shall be published on the Company website in a timely manner.</p>	<p>X</p>			<p>The company publishes on its own website the Remuneration Policy, as well as the remuneration report prepared in accordance with this policy, the latter being subject to the approval of the Company's Annual Ordinary General Meeting of Shareholders.</p>
<p>Section D – Adding value by way of the investor relations</p>				
<p>D.1. The Company shall organize an Investor Relations Service - indicating to the general public the officer(s) in charge or the relevant organizational unit. In addition to the information required by law, the Company shall include on its website a section dedicated to Investor Relations, in both Romanian and English, with all the relevant information of interest to investors, including:</p> <ul style="list-style-type: none"> • The main corporate regulations: Articles of Association, the procedures regarding the General Shareholders' Meetings (GSM); • The professional CVs for the members of the Company management bodies, other professional commitments of the Board members, including executive and non-executive positions in the Boards of Directors of companies or non-profit institutions; 	<p>X</p>			<p>All the information specified by provision D1 is provided on the Company's website.</p>

<ul style="list-style-type: none"> • Current and regular reports (quarterly, half-yearly and annual); • Information on the General Shareholders' Meetings; • Information on the corporate events; • The name and contact details of a person who can provide relevant information, on request; • Company presentations (e.g., investor presentations, quarterly result presentations, etc.), financial statements (quarterly, half-yearly, annual), Audit Reports, and Annual Reports. 				
<p>D.2. The Company shall have a policy on the annual distribution of dividends or other benefits to the shareholders. The principles of the policy of annual distribution to the shareholders shall be published on the Company website.</p>	X			<p>The Company's dividend policy is available on the Company's website in the Investor Relations section.</p>
<p>D.3. The Company shall adopt a policy regarding forecasts, whether they are made public or not. Forecasts mean quantified conclusions of various studies aimed at determining the overall impact of a number of factors for a future period (the so-called assumptions): by its nature, a forecast has a high level of uncertainty, and the actual results can vary significantly from the original forecasts. The Forecast Policy shall determine the frequency, period considered and content</p>			X	<p>The company has not adopted an official forecasting policy. The company only prepares annual budgets and does not provide any financial forecasts outside of the mandatory annual budgets approved by the company's shareholders.</p>

of the forecasts. If published, the forecasts may only be included in the annual, half- yearly or quarterly reports. The Forecast Policy shall be published on the Company website.				
D.4. The rules of the General Shareholders' Meetings shall not limit the participation of shareholders in the general meetings or the exercise of their rights. Any amendments to these rules take effect, at the earliest, starting with the next Shareholders' Meeting.	X			The information regarding the organization of the General Meetings of Shareholders is mentioned in the Company's Articles of Association.
D.5. Independent financial auditors shall be present at the General Shareholders' Meeting when their reports are presented at these meetings.	X			Independent financial auditors attend the Ordinary General Meetings of Shareholders where the annual individual and consolidated financial statements are subject to approval.
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.		X		Information about internal controls and the significant risk management system is provided in the Annual Report. If a question related to the internal control system and significant risk management is raised during the annual meeting, the question will be addressed by the Board of Directors.
D.7. Any specialist, consultant, expert, or financial analyst may take part in Shareholders' Meetings based on a prior invitation from the Chairperson of the Board. Accredited journalists may also attend General Shareholders' Meetings, unless otherwise decided by the Chairperson of the Board.	X			There is a possibility for any specialist, consultant, expert, financial analyst, or accredited journalist to attend the General Shareholders' Meeting based on a prior invitation from the Chairman of the Board.

<p>D.8. The quarterly and half-yearly financial reports shall include information in both Romanian and English on the key factors that influence change in terms of sales levels, operating profit, net profit, and other relevant financial indicators, from one quarter to the next, and from one year to the next.</p>	<p>X</p>			<p>The quarterly and half-year financial reports include information in both Romanian and English regarding the key factors that cause changes in sales levels, operating profit, net profit, and other relevant financial indicators, from one quarter to another and from one year to another.</p>
<p>D.9. A Company shall hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions shall be published in the Investor Relations section of the Company website at the time of the meetings/teleconferences.</p>	<p>X</p>			<p>Starting with the transfer to the Main Segment in September 2023, AROBS holds four teleconferences in English, corresponding to each quarter. The recording of each of the teleconferences is published on the BVB website, as well as on the Company's website.</p>
<p>D.10. If a Company supports various forms of artistic and cultural expression, sporting, educational or scientific activities and deems their impact on the Company innovation and competitiveness to be part of its mission and development strategy, it will publish its policy on its activity in this field.</p>				<p>N/A</p>

DECLARATION OF THE MANAGEMENT

Cluj-Napoca, March 29, 2024

I confirm, according to the best information available, that the audited consolidated and individual financial results for 2023 give a fair and true view of the assets, liabilities, financial position and revenue and expense situation of AROBS Transilvania Software SA and that the Board of Directors report provides a true and fair view of the important events that took place in 2023 and their impact on the company's financial statements.

Voicu Oprean

CEO