

Annual remuneration report of the Company's directors
AROBS TRANSILVANIA SOFTWARE S.A.

Annual remuneration report of the directors of AROBS TRANSILVANIA SOFTWARE S.A. ("the Company")

Following the provisions of Article 107 of the Law no. 24/2017 on issuers of financial instruments and market operations, as amended, the Remuneration and Nomination Committee of the Company has prepared in accordance with the remuneration policy of the directors of the Company this annual remuneration report ("Remuneration Report") which includes the remuneration and other benefits granted to the directors of the Company during the financial year ended 31 December 2023.

Name of the company	AROBS Transilvania Software S.A.
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Website	<u>www.arobsgrup.ro</u>
Registration no. at ONRC	J12/1845/1998
Unique registration code	RO 11291045
Subscribed and paid-up share capital	87.129.360,9 lei
Shares	871.293.609
Symbol	AROBS
Trading market	Bucharest Stock Exchange, Main Segment, Premium Category

The Remuneration Report will be subject to an advisory vote at the Company's Annual General Meeting of Shareholders ("AGM") on 29/30 April 2024, will be published on the Company's website at <https://www.arobsgrup.ro/arobs-pentru-investitori> and will remain available to the public for ten (10) years after publication, following applicable legal provisions.

The Remuneration Report provides an overview of the remuneration, including all benefits, in whatever form, granted or due during the last financial year to the individual directors.

The Company applies the remuneration policy of the Company duly adopted by the Resolution of the Ordinary General Meeting of Shareholders of the Company No. 2 dated 28 April 2023, published on the Company's website at https://www.arobsgrup.ro/wp-content/uploads/2023/05/AROBS_Hotarari-AGOA_28.04.2023.pdf. The document sets out the remuneration principles, the remuneration policy's main features, and the specific remuneration criteria applicable to the Company.

The Remuneration Policy is based on the following fundamental principles:

- Contribute to the successful implementation of the Company's strategy;
- To create the appropriate framework for cultivating the skills necessary for the sustainable development of AROBS TRANSILVANIA SOFTWARE S.A.;
- To ensure adequate involvement of shareholders in setting the remuneration policy and monitoring its implementation;
- To contribute to the promotion of the mission and values of AROBS TRANSILVANIA SOFTWARE S.A.;

- Prevent situations of conflict of interest;
- To provide the necessary and flexible tools to remunerate directors according to their responsibilities, competencies and performance;
- Ensure compliance with applicable legal requirements.

I. Remuneration structure of the Company's senior management for the financial year 2023

Members of the Board of Directors of the Company and Executive Directors, appointed in accordance with the provisions of Article 143 of Law 31/1990 on commercial companies, receive both fixed and variable remuneration, both the cash component and the performance and benefits-based share component. While fixed remuneration is based on the competitive market level for positions with similar skills and responsibilities in the industry, variable remuneration is determined according to individual and team performance in the context of the prevailing macroeconomic environment. It is granted following procedures directly related to the Company's economic and financial performance, the Company's business continuity and sustainability requirements, and the Company's resources at the time.

The members of the Company's Board of Directors receive a fixed and a variable indemnity, the levels of which are approved by the Ordinary General Meeting of Shareholders. The variable compensation shall be determined in a manner that shall be deemed reasonable and necessary to attract and retain suitable qualified persons from the market in which the Company operates.

The financial and non-financial performance criteria for variable cash and/or share-based remuneration, as set out in the Remuneration Policy (https://www.arobsgrup.ro/wp-content/uploads/2023/03/Politica-de-remunerare_Finala-.pdf), are as follows:

Financial criteria:

- Company EBITDA;
- NET PROFIT of the Company;
- Company's TURNOVER;

Non-financial criteria:

- Social impact and sustainability of the Group's operations - e.g., environment, safety, and employees engagement;
- Strategic project management: business development projects, turnaround management, increasing the Company's profitability, significant process improvement, new markets and products, etc.

The members of the Board of Directors are covered by professional liability insurance, according to the legal provisions in force, and the Company can also provide them with the necessary tools and means to carry out their activity, such as a laptop, phone, car or other benefits (including health benefits).

The Board of Directors meets monthly or whenever necessary. During 2023, 22 Board meetings were held, and additional online consultations were held as needed.

The Executive Directors of AROBS TRANSILVANIA SOFTWARE S.A., individuals to whom the Board of Directors has delegated the management of the Company, following the provisions of Article 143 of Law 31/1990 on companies, receive both a fixed monthly remuneration and a variable remuneration in cash and/or based on shares, based on the fulfillment of performance criteria set by the Board of Directors. The amount of variable remuneration is based on:

- Assessment of individual performance;
- Overall company performance.
- Individual performance assessment takes into account both financial and non-financial aspects, such as:
- Achievement of the Company's overall objectives/performance;
- Establishment/involvement in achieving business strategy;
- Achievement of the net profit target as well as the budget achieved during the respective fiscal year;
- Setting long-term objectives;
- Ensuring continuity of activity;
- Implementation and continuous improvement of applicable company-wide policies;
- Contributing to the Company's performance through the decisions taken;
- Improving industry-specific indicators/scorecards on corporate governance, investor relations, and/or other indicators that measure the achievement of standards and best practices in the business environment.

Variable remuneration is intended to encourage directors to focus on creating long-term value for the Company and aligning directors' interests with those of the Company and shareholders.

Directors benefit from professional liability insurance as required by applicable law. The Company has provided them with the tools and means to carry out their work, such as a laptop, phone, car, or other benefits (including health benefits).

The management of the Issuer, at the fiscal year 2023 level, was carried out by the Board of Directors, which until September 29 consisted of 3 members, on which date 2 additional members were elected by the General Meeting of Shareholders. Thus, by the requirements of the BVB Governance Code for issuers listed on the Main Market, the Board of Directors has 5 members: 2 executive and 3 non-executive, of which 2 are also independent.

Following the provisions of Law 31/1990, part of the powers of the Board of Directors have been delegated to the Managing Director and the 2 Executive Directors.

Mr. Voicu Oprean holds the following positions within the company: executive member and Chairman of the Board of Directors, General Manager and Chairman of the Nomination and Remuneration Committee;

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

Mr. Gârbacea Răzvan-Dimitrie holds the following positions within the company: non-executive and independent member of the Board of Directors, member of the Audit Committee, member of the Nomination and Remuneration Committee;

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

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

Mr. Bojan Ovidiu holds the position of Executive Director of TrackGPS Divisions.

The remuneration, set out in the table below, includes the cumulative remuneration for all the positions held in the company by each member.

No.	Name/ Position	Start date	Period	Gross fixed remuneration	Gross share-based compensation at allocation date price	Remuneration received from any group entity (gross)	Other benefits*	Total annual remuneration (gross)	Information on the use of the possibility to recover variable remuneration	Relative proportion of fixed/variable remuneration	Information on any exceptional deviation/derogation from the procedure for implementing the remuneration policy
1	OPREAN VOICU Executive Member and Chairman of the Board, Director-General	01.10.2021	Jan.-Dec. 2023	669,325.00	1,302,000.00	0.00	64,514.00	2,035,839.00	N/A	36%/64%	-
2	CLEJA MIHAELA-STELA non-executive member of the Board of Directors	01.10.2021	Jan.-Dec. 2024	445,395.00	380,680.00	0.00	7,136.57	833,211.57	N/A	54%/46%	-
3	GĂRBACEA RĂZVAN-DIMITRIE non-executive member of the Board of Directors	01.10.2021	Jan.-Dec. 2025	153,840.00	56,749.00	0.00	5,876.57	216,465.57	N/A	74%/26%	-
4	DEACONU AURELIAN CALIN Executive member of the Board of Directors and Executive Director of the Software Services Division	29.09.2023	Sept.-Dec.2023	166,703.00	102,999.00	0.00	1,973.59	271,675.59	N/A	62%/38%	-
5	NISTOR IOAN ALIN non-executive member of the Board of Directors	29.09.2023	Sept.-Dec.2024	38,460.00	0.00	0.00	1,302.32	39,762.32	N/A	100%/0%	-
6	BOJAN OVIDIU Executive Director TrackGPS Division	11.10.2023	Oct.-Dec. 2023	91,755.00	34,563.00	0.00	2,761.28	129,079.28	N/A	73%/27%	-

*Other benefits include professional liability insurance, health insurance, and courses.

The term of office as Executive Member of the Board of Directors of Mr. Deaconu Aurelian Călin started on 29.09.2023, and the term of office as Executive Director of the Software Services Division started on 11.10.2023; during the previous period, he was Deputy Director.

Mr. Bojan Ovidiu's term of office as Executive Director of TrackGPS Division started on 11.10.2023; during the previous period, he was Deputy Director.

II.Number of shares attributed to members of the Board of Directors and Executive Directors

Name	Position	Year	Number of shares granted (transferred)	Number of share options offered (pledged)	Price at date of allocation /share	Value of shares at allocation date (RON)
OPREAN VOICU	Member or the Board of Directors and General Manager	2023	1.500.000		0,8680	1,302,000
		2023		4.750.576*	-	-
CLEJA MIHAELA-STELA	Member or the Board of Directors	2023	438.572		0,8680	380,680
GĂRBACEA RĂZVAN-DIMITRIE	Member or the Board of Directors	2023	65.38		0,8680	56,749
DEACONU AURELIAN CALIN	Member or the Board of Directors and Executive Director of the Software Services Division	2023	75.902		1,357	102,999
		2023		2.668.486 **	-	-
BOJAN OVIDIU	Executive Director	2023	25.47		1,357	34,563

shares granted = shares vested and transferred

shares offered = shares promised and not exercised

Shares granted were transferred free of charge, the price representing the amount recognized as an expense under IFRS.

* Share options granted in 2023 under ESOP 3 will vest in 2024,2025,2026.

**Options for shares offered in 2023, under the ESOP 3 program, will be credited to the beneficiary's account in 2024,2025.

During 2023, the stock option plan programs, ESOP 2 and ESOP 1 part 2, were approved for the remuneration and loyalty of employees, members of the Company's management bodies, and persons holding such positions in affiliated companies. They were voted by the AGEA Resolution dated 23.08.2021, AGEA No. 8 dated 11.10.2021, and updated by AGEA No. 4 dated 07.03.2022, expired. The Board members exercised the options as the issuer informed the market on 26.09.2023 (<https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/AROBS-Document-de-informare-atribuirea-cu-titlu-gratuit-a-unor-actiuni-in-baza-SOP/2CF94>) and on 21.11.2023 (<https://bvb.ro/FinancialInstruments/SelectedData/NewsItem/AROBS-Document-de-informare-atribuirea-cu-titlu-gratuit-a-unor-actiuni-in-baza-SOP/1995D>). The settlement of the plan and the allocation of the shares was carried out according to the information in the subsequent current reports.

Also, during 2023, stock options were allocated to employees and members of the Company's governing bodies through the stock option plan (called ESOP 3), which will expire in 2024, 2025, and 2026. Currently, the ESOP 3 stock options have not yet been exercised. Still, they are recognized as an expense under International Financial Reporting Standards (IFRS).

II. The change in the Company's main financial performance indicators for the period 2019-2023.

ATS - RON	2023	% 2023 vs.	2022	% 2022 vs.	2021	% 2021 vs.	2020	% 2020 vs	2019	% 2019 vs	2018
		2022		2021		2020		2019		2018	
Revenue	266,685,347	16.70%	228,531,259	34.96%	169,336,118	9.57%	154,546,310	9.31%	141,387,197	29.56%	109,131,604
EBITDA	41,414,618	-20.90%	52,358,888	9.67%	47,741,672	2.40%	46,621,340	30.01%	35,859,827	53.37%	23,380,883
Normalized EBITDA	57,105,896	0.42%	56,869,707	18.59%	47,954,776	2.86%	46,621,340	30.01%	35,859,827	53.37%	23,380,883
Net profit	46,488,533	10.96%	41,898,453	-3.01%	43,199,268	6.95%	40,391,242	27.53%	31,670,892	72.39%	18,371,800
Normalized Net profit	62,179,812	33.98%	46,409,273	6.90%	43,412,372	7.48%	40,391,242	27.53%	31,670,892	72.39%	18,371,800

The year 2023 is the first year of reporting under International Financial Reporting Standards (IFRS).

Normalized EBITDA represents EBITDA without ESOP impact.

Normalized net profit represents net profit without ESOP impact.

The financial performance indicators in the table above are presented at individual level.

III. Annual change in remuneration, issuer performance, and average remuneration on a full-time equivalent basis for the Company's non-executive employees over the last five financial years.

In line with both the requirements of the labor market and the financial performance achieved by the Company, the average gross remuneration of employees who are not managers has changed over the last 5 years, as shown in the table below :

Name/ Position	Financial year 2019 compared to financial year 2018	Financial year 2020 compared to financial year 2019	Financial year 2021 compared to financial year 2020	Financial year 2022 compared to financial year 2021	Financial year 2023 compared to financial year 2022
OPREAN VOICU Executive Member and Chairman of the Board of Directors and Managing Director	-41,28%	44,14%	101,44%	154,98%	14,91%
CLEJA MIHAELA-STELA non-executive member of the Board of Directors	N/A	N/A	N/A*	1,24%	0,33%
GÂRBACEA RĂZVAN-DIMITRIE non-executive member of the Board of Directors	N/A	N/A	N/A**	1,76%	2,03%
DEACONU AURELIAN CALIN Executive member of the Board of Directors and Executiv Director	N/A	N/A	N/A	N/A	N/A***
NISTOR IOAN ALIN non-executive member of the Board of Directors	N/A	N/A	N/A	N/A	N/A****
BOJAN OVIDIU Executive Director	N/A	N/A	N/A	N/A	N/A*****

*Mrs. Cleja Mihaela Stela started her mandate on 01.10.2021

**Mr. Garbacea Razvan Dimitrie started his mandate on 01.10.2021

***Deaconu Aurelian Calin and Nistor Ioan Alin started their mandate on 29.09.2023.

**** Mr.Nistor Ioan Alin started his mandate on 29.09.2023

*****DI. Bojan Ovidiu started his mandate on 11.10.2023

Average remuneration based on full-time equivalents of Company employees					
Annual variation	Variation 2019 vs 2018	Variation 2020 vs 2019	Variation 2021vs 2020	Variation 2022 vs 2021	Variation 2023 vs 2022
	6.32%	7.18%	13.88%	44.97%	36.64%

During the 2023 financial year there were no cases involving the recovery of variable remuneration and there were no deviations or derogations from the rules set out in the Remuneration Policy.

This report has been prepared in accordance with the requirements of Law 24/2017 on issuers of financial instruments and market operations, republished, and was approved by the Board of Directors of the Company on

....., to be submitted to an advisory vote at the Annual Ordinary General Meeting of Shareholders of the Company convened for 29/30 April 2024, the opinion of the shareholders at the General Meeting on the Remuneration Report, resulting from the vote, being of an advisory nature.

Chairman of the Board of Directors

Voicu Oprean