FINANCIAL REPORT AS OF MARCH 31, 2024

AROBS Transilvania Software SA

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

Simbol: AROBS

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

The interim individual and consolidated simplified financial statements as of March 31, 2024 are unaudited.

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 lead to small differences in regularization.

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Quarterly report – Q1 2024
According to	Annex 13 of the ASF Regulation no. 5/2018
Date of publication of the report	14.05.2024
For financial period	01.01.2024 – 31.03.2024

ISSUER INFORMATION

Name	AROBS Transilvania Software SA
Fiscal Code	RO 11291045
Trade Register number	J12/1845/1998
Registered office	11 Donath St., bl. 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 Segment, Premium Category
Total number of shares	871,293,609
Symbol	AROBS

CONTACT DETAILS FOR INVESTORS

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

MESSAGE FROM THE CEO

The first quarter of the year continued to be difficult for the global IT industry, reflecting companies' tendency to focus on the operational optimization activity that began during the past year. However, in the volatile, uncertain, complex, and ambiguous context of VUCA times, we are motivated to persevere and focus on opportunities.

In the first quarter of 2024, our financial results were higher than the average of the local IT market. We registered a consolidated turnover of 105 million lei, slightly decreasing by 5% compared to the first quarter of 2023. We also had a normalized EBITDA of 20.6 million lei and a normalized net profit of 11.7 million lei.

Despite the challenges encountered, we maintained a constant level of revenues from the software services segment, which contributed 82% to the turnover, i.e., 86.4 million lei, and the software products segment registered a 14% increase due to new customers added to the company's portfolio, its contribution to the turnover being 17% - 16 million lei. Also, the third line of business, the integrated systems segment, which focuses on implementing hardware and software services for the public sector, contributed 1% to the turnover, generating revenues of 0.4 million lei in the first three months of 2024. It is essential to mention that within this division, the procedures for signing projects extend over a long period, determined by the bureaucratic processes that must be completed until they are signed and, implicitly, started.

Considering last year's signals of a temporary slowdown in investment in software services, we prepared for such a scenario as companies across all economic sectors cut their budgets for such services. These reductions were determined by the uncertain geopolitical situation caused by military conflicts in various parts of the globe. For example, such events were strongly felt by the automotive industry in Germany, a sector in which our group has a significant presence.

At the time of publishing this financial report, the nervousness of the last 12 months is starting to ease, and we notice, from the discussions we have with existing and potential clients, their openness to begin new projects. However, we consider these things cautiously, as the overall context remains highly volatile.

To increase our position in the global market, we aim to expand organically in the European Union and US markets through even greater proximity to customers and major technology centers.

We are focused on capturing new opportunities in non-automotive embedded technologies. At the same time, we observe an increase in requests in cybersecurity, a field in which we have the necessary expertise and the ability to capture a large number of projects and clients.

We want to consolidate our position as the R&D partner of choice for global partners in complex Embedded projects (Automotive, Aerospace, Maritime, Medical Devices), Clinical Trials, IoT, Travel, Enterprise Solutions, Fintech, and Intelligent Automation.

In addition, we will continue the integration process of the group's entities, a process that, in some cases, will include absorbing the acquired entities to simplify the group's structure, facilitate operations between companies, and, most significantly, to reduce costs and redundant functions while maximizing synergies.

Regarding M&A activity, we will continue the acquisition process by carefully examining the opportunities at hand, focusing on synergies, complementarities, and solid results of potential acquisitions. For this purpose, in the medium and long term, we consider using our own reserves and obtaining financing from sources specific to the capital market.

Based on the presented development strategy, we are confident that in the medium and long term, we will achieve the financial performance we all want. For 2024, we maintain the revenue and expense budget approved by the shareholders at the end of April, a prudent one that targets a consolidated turnover of 494.9 million lei, normalized EBITDA of 92.9 million lei, and a net profit normalized by 48.8 million lei.

I invite you to go through the report for the first quarter of 2024, in which more details are presented regarding the performance of the AROBS Group. We are also looking forward to seeing you at the quarterly results call that will take place on May 16, 2024, at 15:00 (Romanian time), where we will answer your questions. At the same time, if you have any questions related to our business activity or the capital market, please get in touch with us at ir@arobsgroup.com.

Voicu Oprean

FINANCIAL RESULTS AS OF MARCH 31, 2024 AT THE CONSOLIDATED LEVEL

RON 105 million
TURNOVER

RON 20.6 million
NORMALIZED EBITDA
NORMALIZED EBITDA MARGIN 20%

RON 10.5 million
GROSS PROFIT
10% GROSS PROFIT MARGIN

7.9 million
NET PROFIT
7% NET PROFIT MARGIN

RON 11.7 million
NORMALIZED NET PROFIT

Q1 2024 CONFERENCE CALL

16.05.2024 | 15:00

We invite you to join the quarterly financial results call with AROBS management to discuss the performance in the first three months of 2024 as well as this year's outlook.

The call will be hosted by Voicu Oprean (Founder and CEO), Bogdan Ciungradi (CFO) and Zuzanna Kurek (IR Manager).

The conference call will be in English and will take place on May 16, 2024, at 15:00 Romanian time (14:00 CET | 13:00 UK).

To participate in the conference call, interested parties are invited to register **HERE** .

KEY EVENTS IN 2024 AND AFTER THE CLOSING OF THE REPORTING PERIOD

KEY EVENTS RELATED TO BUSINESS DEVELOPMENT

INFOBEST ACQUISITION

On **February 27, 2024**, the Company informed the market about the signing of the contract regarding the complete acquisition of Infobest group, specialized in the development of customized software solutions, with offices in Timisoara and Leverkusen, Germany. Currently, Infobest has a team of over 100 specialists in the development of customized software solutions for the e-commerce, manufacturing, automotive, telecommunications, finance, media, and communications industries, covering the entire life cycle of an application - from business analysis, architecture, and UX design to development, testing, and maintenance. Infobest has a strong presence on the DACH market with many long-term clients ranging from mid-size companies to multinational corporations, including Automotive, Telecom, Manufacturing global market leaders.

Infobest will continue to be managed by Christian Becker and Yvonne Abstoss-Becker. The financial results of Infobest will be included in the consolidated financial statements of the Company when the deal is closed. The closing of the deal is connected to the fulfilment of certain conditions and following the regulatory approvals. For 2023, Infobest group estimates a turnover of approximately EUR 4.8 million.

KEY EVENTS RELATED TO GOVERNANCE

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS FROM 04.03.2024

On **January 31, 2024**, the Company informed the market about the decision to convene the EGMS for March 4, 2024. The legal and statutory quorum was constituted at the first convocation. The key point voted during the EGMS was:

- Approval of the company's buyback program of its own shares, in the market where the shares are listed or by conducting public purchase offers, in accordance with the legal provisions applicable under certain conditions.

More information is available HERE .

ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS FROM 29.04.2024

On **March 28, 2024**, the Company informed about the decision to convene the OGMS and EGMS for April 29, 2024. The legal and statutory quorum was constituted at the first convocation. The key points voted during the two meetings were:

- Approval of the individual and consolidated financial statements prepared for the financial year ended on December 31, 2023, accompanied by the annual report of the Board of Directors and the report of the independent auditor.
- Approval of the revenue and expense budget for the 2024 financial year
- Approval of the allocation of the Company's net profit, at an individual level, recorded for the financial year ended on December 31, 2023
- Approval of the Company's Remuneration Report for the financial year ended 31 December 2023

- Approval of a share allocation program (of the "stock option plan") to the members of the Board of Directors, directors and employees of the Company, as well as to the members of the management bodies and employees of any subsidiaries of the Company

More information is available **HERE**.

2024 REVENUE AND EXPENSE BUDGET

On **April 1, 2024**, the Company informed investors about the availability of the 2024 Consolidated Revenue and Expense Budget. The budget was approved at the Ordinary General Meeting of Shareholders, which took place on April 29, 2024.

More information is available **HERE** .

FREE ASSIGNMENT OF CERTAIN SHARES

On **April 16, 2024**, the Company informed investors about the free assignment of 12,157,414 shares to employees and members of management bodies within the Company and other affiliated companies.

More details are available **HERE** .

MAIN EVENTS RELATED TO THE CAPITAL MARKET

INCLUSION OF AROBS SHARES IN THE FTSE GLOBAL MICRO CAP INDEX

On **February 19, 2024**, the Company informed the market that the global index provider FTSE Russell has announced, following its quarterly review, that the Company's shares will be included in the FTSE Global Micro Cap Index, effective March 18th, 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 milestone for the Company, reflecting the international recognition of AROBS' performance and providing new opportunities for the Company's growth and visibility in global markets.

ANALYSIS OF THE FINANCIAL RESULTS

In 2023, the year of the 25th anniversary since its establishment, AROBS TRANSILVANIA SOFTWARE (AROBS) transferred to the Main Market of BVB, after almost two years since its debut on the AeRO market. This important event in the Company's mission to become one of the major players in the global market of IT services and products brought challenges and changes in financial reporting requirements as well. According to market requirements, the Company prepared the first set of consolidated financial statements, according to IFRS, for the 2020-2022 period to be admitted to trading on the BVB Main Market. Furthermore, the consolidated interim financial statements for the periods ended March 31, 2024, March 31, 2023 and December 31, 2023 are prepared in accordance with International Financial Reporting Standards.

ANALYSIS OF THE 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. The financial performance (revenue and expenses) of the two companies 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

REVENUE STATEMENT (LEI)	31.03.2024 AROBS Group	31.03.2023 AROBS Group	Variation %
Turnover:	**105,045,329**	**110,659,907**	**-5%**
Software services revenue	86,434,635	87,355,217	-1%
Software products revenue	18,195,749	15,974,209	14%
Integrated systems revenue	414,944	7,330,482	-94%
TOTAL – Cost of sales	**75,159,115**	**75,125,101**	**0%**
Cost of sales from software services	66,480,843	62,325,798	7%
Cost of sales from software products	8,365,992	7,154,406	17%
Cost of sales from integrated systems	312,280	5,644,898	-94%
Gross result	**29,886,214**	**35,534,806**	**-16%**
Software Services - Gross Margin	*23%*	*29%*	
Software products - Gross margin	*54%*	*55%*	
Integrated Systems - Gross Margin	*25%*	*23%*	
Other operating revenues	536,287	134,996	297%
Sales and marketing expenses	(4,719,989)	(3,324,030)	42%
General and administrative expenses	(16,031,876)	(14,576,714)	10%
Operating profit	**9,670,637**	**17,769,058**	-46%
EBITDA	**16,802,895**	**23,886,558**	**-30%**
EBITDA margin	**16%**	**22%**	
Normalized EBITDA*	**20,632,722**	**26,566,681**	**-22%**
Normalized EBITDA margin*	**20%**	**24%**	
Financial revenue/(financial expenses), net	847,335	(423,541)	-300%
Profit before tax	**10,517,971**	**17,345,517**	**-39%**
Profit tax	(2,656,045)	(3,406,940)	-22%
Net profit	**7,861,926**	**13,938,577**	**-44%**
Net profit margin	**7%**	**13%**	
Normalized net profit**	**11,691,754**	**16,618,700**	**-30%**
Normalized net profit margin**	**11%**	**15%**	

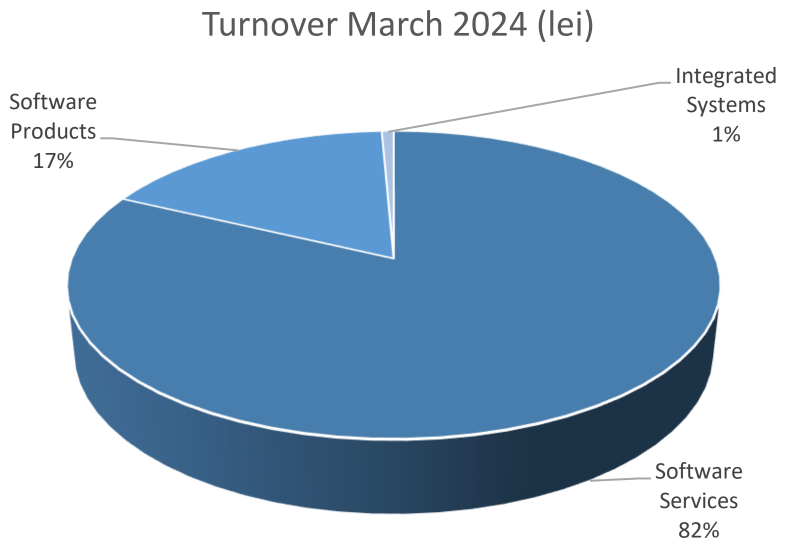
**Normalized EBITDA = EBITDA without the non-cash impact of ESOP 1,2 and 3.*

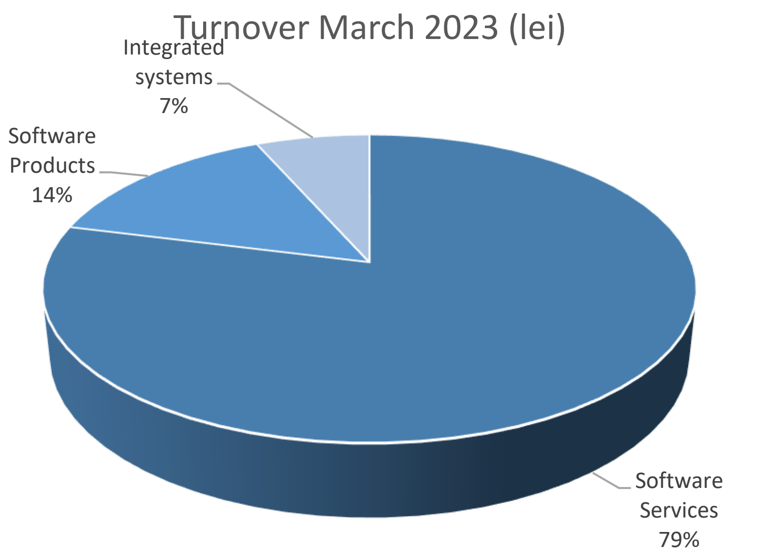
*** Normalized net profit excludes the non-cash effect generated by the Stock programs Option Plan (ESOP) 1,2 and 3*

Turnover analysis

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

Business lines	Q1 2024 Turnover (lei)	Q1 2023 Turnover (lei)	Variation %
Software services	86,434,635	87,355,217	-1%
Software products	18,195,749	15,974,209	14%
Integrated systems	414,944	7,330,482	-94%
Total	**105,045,329**	**110,659,907**	**-5%**





	31-Mar-24			31-Mar-23		
	Organic	M&A*	Total	Organic	M&A*	Total
Turnover:	**96.350.394**	**8.694.934**	**105.045.329**	**108.815.336**	**1.844.571**	**110.659.907**
Software Services revenue	79.208.449	7.226.186	86.434.635	85.926.943	1.428.274	87.355.217
Software Products revenue	16.727.001	1.468.748	18.195.749	15.557.912	416.297	15.974.209
Integrates Systems revenue	414.944	-	414.944	7.330.482	-	7.330.482
Total sales cost:	**68.966.103**	**6.193.011**	**75.159.115**	**73.701.213**	**1.423.887**	**75.125.101**
Cost of sales from software services	60.934.433	5.546.410	66.480.843	61.059.570	1.266.228	62.325.798
Cost of sales from software products	7.719.390	646.601	8.365.992	6.996.746	157.660	7.154.406
Cost of sales from integrated systems	312.280	-	312.280	5.644.898	-	5.644.898
Gross margin	**27.384.291**	**2.501.923**	**29.886.214**	**35.114.123**	**420.684**	**35.534.806**
EBITDA	**16.285.559**	**517.335**	**16.802.895**	**23.674.321**	**212.237**	**23.886.558**
EBITDA %	**17%**	**6%**	**16%**	**22%**	**12%**	**22%**

** Companies acquired as of 2023.*

The turnover related to the "Software Services" and "Software Products" segments recorded, cumulatively, a 1% increase compared to the same period of the previous year. The turnover related to the "Integrated Systems" segment registered a decrease compared to the same period last year caused by the seasonality and the type of contracts won following public tenders in which the subsidiary participates. Thus, the consolidated turnover related to the first quarter of 2024 registered a decrease of 5% compared to the first quarter of 2023 amid the decrease in turnover in the "Integrated Systems" segment.

Revenues related to the "Software Services" segment in the period ended March 2024, at the consolidated level, fell below the level of the same period of the previous year by 0.9 million lei (-1%). The contribution of the companies acquired as of 2023 to the turnover of this segment was 7.2 million lei.

The revenues generated by the "Software products" segment in the period ending March 2024, at the consolidated level, increased by 2.2 million lei (14%) compared to the same period of the previous year. The contribution of the companies acquired as of 2023 to the turnover of this segment was 1.5 million lei.

Globally, requests for software services were slightly down, but we expect a rebound in the second part of the year as companies and organizations continue to need to digitize their processes. In the area of software products such as fleet management, business optimization, digital payments, HR solutions, implementation of digitization projects in the public sector, the market is growing according to the trend of recent years.

The "Integrated Systems" segment is developed by one of the group's subsidiaries, AROBS Systems, which is responsible for implementing hardware and software solutions as well as software products for public sector contracting authorities. This company has a team of public sector professionals and its technical expertise covers the integration of 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 expenses were adjusted, which corresponded to the partners within the joint venture contracts and the related revenues and expenses, within the contracts in which AROBS Systems had the agent capacity. The impact of the adjustment, both on revenues and related expenses, was 1.1 million lei.

The cost of sales of software services consists of the salaries and benefits (including remuneration in equity instruments - ESOP) of the directly productive personnel involved in the delivery of these services, the cost of services performed by third parties related to software services projects, depreciation of the equipment used and other necessary operating expenses for the delivery of software services: rent and energy and water costs, as well as travel expenses. The cost of sales of software services increased by 4.1 million lei compared to the first quarter of the previous year, mainly due to the increase in salary costs, including ESOP, in the amount of 9.7 million lei and the decrease in expenses with services performed by third parties, worth 5.9 million lei. Part of the increase in the salary costs is due to the elimination of the fiscal facilities on the income tax of directly productive employees. The contribution of the companies acquired in 2023 to the increase in the cost of sales from software services was 4.3 million lei, amid the fact that some acquisitions were made after the 1st quarter of 2023 (Future Workforce Group).

The services contracted from third parties represented, in this period, mainly expenses for software services and IT consulting, participation in events and conferences.

The cost of sales of software products consists of the salaries and benefits (including remuneration in equity instruments - ESOP) 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 operating expenses necessary to deliver the software products and provision of related services: telecommunications services, rents and energy and water costs, travel expenses, fuel, maintenance and repairs. The services contracted from third parties represented during this period, mainly, services with installations of monitoring devices and software services.

The costs of sales of software products increased by 1.1 million lei compared to the first quarter of 2023. The contribution of the companies acquired in 2023 to the increase in the cost of sales of software products was 0.5 million lei. The increase in salary expenses and with services performed by third parties is consistent with the expansion of the segment's activity and the development of internal products.

Sales and marketing expenses are made up of the salaries and benefits (including compensation in equity instruments-ESOP) of the staff in the sales and marketing departments, from protocol, advertising and publicity expenses and the services performed by third parties generated by the Group's promotional activities. Sales and marketing expenses increased, in the first quarter of 2024, by 1.4 million lei compared to the first quarter of 2023. The largest increase is due to salary expenses, related to the sales staff of the companies included in the Group, following acquisitions after Q1 2023 (Future Workforce Group).

General and administrative expenses include the salaries and benefits (including remuneration in equity instruments-ESOP) of the personnel in the management, administrative, procurement, financial, legal, human resources and IT support departments and from the expenses for services performed by third parties, expenses of advisory services, rent expenses and other expenses generated by the Group's management activities. General and administrative expenses increased in the first quarter of 2024 by 1.5 million lei compared to the same period of the previous year amid the M&A activities and the contribution of companies acquired after the first quarter of 2023.

Normalized EBITDA, at the consolidated level, recorded a value of 20.6 million lei, in the first quarter of 2024, and the normalized net profit recorded a value of 11.7 million lei in Q1 2024. The normalization of these indicators was achieved by canceling the effect of the ESOP expense.

CONSOLIDATED BALANCE SHEET ANALYSIS

BALANCE SHEET INDICATORS

Balance sheet indicators (LEI)	31.03.2024 AROBS Group	31.12.2023 AROBS Group Audited	Variation %
Fixed assets, of which:	**280,189,713**	**278,546,751**	**1%**
Goodwill	104,741,638	104,761,369	0%
Customer service	74,215,739	76,561,802	-3%
Other intangible assets	24,166,910	23,044,460	5%
Tangible fixed assets	38,826,371	35,556,876	9%
Assets related to the rights of use of leased assets	17,899,854	17,236,489	4%
Other financial assets	3,688,294	3,700,985	0%
Deferred income tax assets	2,281,705	2,129,265	-13%
Current assets, of which:	**212,886,206**	**201,819,682**	**5%**
Cash and cash equivalents	97,695,381	87,773,888	11%
Total assets	**493,075,919**	**480,366,433**	**3%**
Current liabilities, of which:	94,534,084	90,189,175	5%
Bank financing	23,535,860	24,184,008	-3%
Non-current liabilities, of which:	113,966,389	116,490,101	-2%
Bank financing	59,704,950	62,629,398	-5%
Total liabilities	208,500,473	206,679,276	1%
Equity	**284,575,446**	**273,687,158**	**4%**
Total equity and liabilities	**493,075,919**	**480,366,434**	**3%**
Net accounting assets	**284,575,446**	**273,687,158**	**4%**

As of March 31, 2024, total assets reached a value of 493 million lei, up 3% compared to the end of 2023, mainly driven by the variations explained below.

Fixed assets had a net increase of 1.6 million lei due to the continued development of internal products and the completion in Q1 2024 of the investment in a new headquarters.

For the acquired companies, customer services were identified in the process of allocating the purchase price by the appraisers, which were recognized at fair value as intangible assets in the financial statements. The net accounting value of customer services as of 31.03.2024 is 74.2 million lei. The depreciation of these assets is done linearly, over a period of 10 years.

Cash and cash equivalents increased by 9.9 million lei by the end of the first quarter of 2024, as a result of normal activity.

At the end of the first quarter of 2024, total liabilities increased by 1%, compared to the end of 2023, reaching a total value of 208.5 million lei, due to the increase in liabilities to suppliers, the increase in revenue in advance and the registration of the effect of annual leave not taken until March 31, 2024.

At the end of the first quarter of 2024, the bank financing debt ratio, calculated as the ratio of total bank debt to normalized EBITDA, is 0.96, which indicates a solid financial position that allows access to future financing to meet the strategic objectives of the group.

During the period, equity increased by 11.7 million lei, as a result of the current result and the recording of the effect of granting treasury share options to employees, according to the ongoing ESOP programs as of March 31, 2024.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	31.03.2024 AROBS Group	31.03.2023 AROBS Group	Variation %
TURNOVER:	**105,045,329**	**110,659,907**	**-5%**
Revenue from software services	86,434,635	87,355,217	-1%
Revenue from software products	18,195,749	15,974,209	14%
Revenue from integrated systems	414,944	7,330,482	-94%
TOTAL COST OF SALES:	**75,159,115**	**75,125,101**	**0%**
Cost of sales from software services	66,480,843	62,325,798	7%
Cost of sales form software products	8,365,992	7,154,406	17%
Cost of sales from integrated systems	312,280	5,644,898	-94%
GROSS MARGIN	**29,886,214**	**35,534,806**	**-16%**
Other operating revenues	536,287	134,996	297%
Sales and marketing expenses	(4,719,989)	(3,324,030)	42%
General and administrative expenses	(16,031,876)	(14,576,714)	10%
OPERATING PROFIT	**9,670,637**	**17,769,058**	**-46%**
Financial revenue / (expenses), net	847,335	(423,541)	-300%
GROSS PROFIT – BEFORE TAX	**10,517,971**	**17,345,517**	**-39%**
Profit Tax	(2,656,045)	(3,406,940)	-22%
NET PROFIT	**7,861,926**	**13,938,577**	**-44%**
related to the parent company	8,030,440	13,874,166	-42%
related to minority interests	(168.514)	64.410	-362%

CONSOLIDATED BALANCE SHEET

Balance sheet indicators (LEI)	31.03.2024 AROBS Group	31.12.2023 AROBS Group Audited	Variation %
Goodwill	104,741,638	104,761,369	0%
Customer service	74,215,739	76,561,802	-3%
Other intangible assets	24,166,910	23,044,460	5%
Tangible assets	38,826,371	35,556,876	9%
Assets related to the rights of use of leased assets	17,899,854	17,236,489	4%
Loans to related parties	14,369,203	15,555,506	-8%
Other financial assets	3,688,294	3,700,985	0%
Deferred tax	2,281,705	2,129,265	7%
Total fixed assets	**280,189,713**	**278,546,751**	**1%**
Inventories	7,837,702	6,975,925	12%
Trade receivables and other receivables	101,577,572	103,338,304	-2%
Loans to affiliated entities	2,489,051	1,413,707	76%
Prepayments	3,286,500	2,015,826	63%
Current investments	-	302,033	-100%
Cash and cash equivalents	97,695,381	87,773,888	11%
Total current assets	**212,886,206**	**201,819,682**	**5%**
Total assets	**493,075,919**	**480,366,433**	**3%**
Share capital	87,129,361	87,129,361	0%
Share capital adjustments to hyperinflation	263,971	263,971	0%
Share premium	23,185,001	23,185,001	0%
Legal reserves	9,681,040	9,680,545	0%
Own shares	(5,689,379)	(5,689,379)	0%
Other elements of equity	16,407,070	12,574,918	30%
Deferred profit or loss	146,721,489	139,037,199	6%
Gains related to equity instruments	8,352,878	8,352,878	0%
Conversion differences from consolidation	14,757	(163,971)	-109%
Total Equity	**286,066,187**	**274,370,522**	**4%**
Minority interests	(1,490,742)	(683,364)	118%
Total equity	**284,575,446**	**273,687,158**	**4%**
Non-current liabilities:			
Trade and other liabilities	49,695	49,746	0%
Liabilities related to holdings	14,686,659	14,686,659	0%
Lease liabilities	11,822,635	11,309,563	5%
Bank loans	59,704,950	62,629,398	-5%
Deferred income tax liabilities	11,893,897	12,200,152	-3%
Advance income	3,740,928	3,523,269	6%
Subsidies	278,278	301,940	-8%
Provisions	11,789,347	11,789,374	0%
Total non-current liabilities	**113,966,389**	**116,490,101**	**-2%**
Current liabilities:			
Trade and other liabilities	41,388,312	39,059,658	6%
Liabilities related to holdings	3,763,224	3,763,224	0%
Lease liabilities	8,328,542	7,919,498	5%
Bank loans	23,535,860	24,184,008	-3%
Advance income	10,068,315	8,796,705	14%
Subsidies	143,913	158,741	-9%
Provisions	7,305,917	6,307,341	16%
Total current liabilities	**94,534,084**	**90,189,175**	**5%**
Total liabilities	**208,500,473**	**206,679,276**	**1%**
Total equity and liabilities	**493,075,919**	**480,366,434**	**3%**

CONSOLIDATED CASH-FLOW

	31.03.2024 AROBS Group	31.03.2023 AROBS Group	Variation %
Profit before tax		**17,345,517**	**-39%**
***Adjustments for*:**			
Amortization expenses	4,836,302	4,369,368	11%
Expenditure on assets sold	(2,540)	(146,299)	-98%
(Income) from assets sold	(134,780)	(152,548)	-12%
Expenditure relating to SOP employee benefits	3,832,152	2,680,123	43%
Expenditure/(Income) related to adjustments for inventory write-downs	(16,596)	(4,833)	243%
Expenditure/(Income) related to adjustments on receivables	(526,230)	(241,223)	118%
Expenditure/Income on provisions for risks and charges	1,024,233	696,879	47%
(Income) from subsidies and grants	(38,490)	(118,716)	-68%
Expenditure with interest and other financial expenses	711,284	423,878	68%
(Income) from interest and other financial income	(980,926)	(733,061)	34%
Expenditure/(Income) relating to value adjustments on tangible and intangible fixed assets	40,740	1,499	2618%
Other adjustments	153,280	93,922	63%
Operating result before change in working capital	**19,416,400**	**24,214,506**	**-20%**
Change in trade and other receivables balances	1,591,393	(54,976,324)	-103%
Change in inventories balances	(845,180)	1,342,395	-163%
Change in trade payable and other debt balances	4,145,908	32,421,574	-87%
Changes in prepaid expenditure balances	(1,270,674)	(339,911)	274%
Change in advance income balances	1,489,270	1,818,605	-18%
Interest paid	(711,284)	(423,878)	68%
Interest earned	1,423,939	539,996	164%
Cash generated from operations	**25,239,770**	**4,596,963**	**449%**
Income tax paid	(5,252,215)	(6,477,361)	-19%
Net cash from operating activities	**19,987,555**	**(1,880,398)**	**-1163%**
Cash flows from investing activities			
Loans (granted) to/repayments from affiliated entities	223,766	344,396	-35%
(Payments) related to the acquisition of subsidiaries	-	(9,490,182)	-100%
(Payments) related to the acquisition of tangible and intangible assets, including customer relationship	(6,765,872)	(6,871,771)	-2%
Repurchase of own shares	-	(4,487,725)	-100%
(Payments)/Cash in from other investments in financial assets	302,033	174,320	73%
Net cash from investing activities	**(6,240,074)**	**(20,330,962)**	**-69%**
Cash flows from financing activities			
Cash in/(Repayments) of bank loans	(3,572,597)	(4,980,969)	-28%
(Payments) of finance lease liabilities	(253,392)	(323,466)	-22%
Net cash from financing activities	**(3,825,989)**	**(5,304,434)**	**-28%**
Net increase in cash and cash equivalents	**9,921,493**	**(27,515,795)**	-136%
Cash and cash equivalents at the beginning of the financial year	**87,773,888**	**101,373,631**	**-13%**
Cash and cash equivalents at the end of the financial year	**97,695,381**	**73,857,837**	**32%**

INDIVIDUAL PROFIT AND LOSS ACCOUNT

	31.03.2024	31.03.2023	Variation %
TURNOVER:	**64,122,161**	**71,053,012**	**-10%**
Revenue from software services	52,886,957	61,054,451	-13%
Revenue from software products	11,235,204	9,998,561	12%
Revenue from integrated systems	-	-	-
TOTAL COST OF SALES:	**48,912,862**	**50,037,540**	**-2%**
Cost of sales of software services	43,680,513	45,507,239	-4%
Cost of sales of software products	5,232,349	4,530,301	15%
Cost of integrated systems	-	-	-
GROSS PROFIT	**15,209,299**	**21,015,471**	**-28%**
Other revenue	246,566	108,165	128%
Sales and marketing expenses	(1,946,039)	(1,523,592)	28%
General and administrative expenses	(8,936,614)	(7,752,377)	15%
OPERATING PROFIT	**4,573,212**	**11,847,667**	**-61%**
Income from shares held in affiliated entities	-	-	-
Financial revenue	980,706	816,823	20%
Financial expenses	(581,778)	(366,432)	59%
Revenue / (expenses) from exchange rate differences, net	430,789	(347,329)	-224%
GROSS PROFIT – BEFORE TAX	**5,402,928**	**11,950,728**	**-55%**
Tax profit	(1,241,156)	(2,501,183)	-50%
NET PROFIT	**4,161,773**	**9,449,545**	**-56%**

INDIVIDUAL BALANCE SHEET

Balance sheet indicators (LEI)	31.03.2024	31.12.2023 Audited	Variation %
Shares held in affiliated entities	213,709,457	212,955,994	0%
Other intangible assets	13,938,220	13,695,274	2%
Tangible assets	7,915,485	8,266,950	-4%
Assets related to the rights of use of leased assets	10,511,479	9,458,236	11%
Loans to related	17,822,771	18,685,471	9%
Other financial assets	2,968,291	2,968,851	0%
Deferred tax	728,697	613,356	19%
Total fixed assets	**267,594,400**	**266,644,131**	**1%**
Inventories	1,270,301	1,493,635	-15%
Trade receivables and other receivables	64,067,959	68,521,017	-6%
Loans to affiliated entities	12,896,910	9,192,978	13%
Prepayments	1,346,910	1,323,501	2%
Current investments	-	302,033	-100%
Cash and cash equivalents	66,423,037	58,263,292	14%
Total current assets	**146,005,116**	**139,096,456**	**3%**
Total assets	**413,599,517**	**405,740,587**	**2%**
Share capital	87,129,361	87,129,361	0%
Share capital adjustments to hyperinflation	263,971	263,971	0%
Share premium	23,185,001	23,185,001	0%
Legal reserves	7,664,524	7,664,524	0%
Other reserves	1,749,420	1,749,420	0%
Own shares	(5,689,379)	(5,689,379)	0%
Gains related to equity instruments	8,352,878	8,352,878	0%
Other elements of equity	16,479,560	12,628,497	30%
Deferred profit or loss	152,772,940	109,703,611	39%
Current result	4,161,773	46,488,532	-91%
Profit distribution	-	(3,321,072)	-100%
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, without IAS29	(7,254,514)	(7,055,641)	3%
Total equity	**288,551,564**	**280,835,730**	**3%**
Total equity	**288,551,564**	**280,835,730**	**3%**
Non-current liabilities:			
Lease liabilities	7,541,569	6,708,754	12%
Bank loans	44,764,842	49,841,347	-10%
Liabilities related to holdings	14,686,659	14,686,659	0%
Advance revenue	66,491	273,503	-76%
Subsidies	278,278	301,940	-8%
Provisions	2,728,395	2,728,395	0%
Total non-current liabilities	**70,066,235**	**74,540,599**	**-6%**
Current liabilities:			
Trade and other liabilities	20,958,377	17,747,995	18%
Liabilities related to holdings	3,761,760	3,761,760	0%
Lease liabilities	4,399,788	3,939,382	12%
Bank loans	20,109,909	20,122,257	0%
Advance revenue	3,479,889	3,262,205	7%
Subsidies	143,913	158,741	-9%
Provisions	2,128,080	1,371,918	55%
Total current liabilities	**54,981,718**	**50,364,259**	**9%**
Total liabilities	**125,047,953**	**124,904,857**	**0%**
Total equity and liabilities	**413,599,517**	**405,740,587**	**2%**

KEY FINANCIAL RATIOS

AROBS AT GROUP LEVEL

Current ratio as of 31.03.2024

$$\frac{\text{Current assets}}{\text{Current liabilities}} \quad \frac{212.886.206}{94.534.048} = 2{,}25$$

Quick ratio as of 31.03.2024

$$\frac{\text{Current assets-inventories}}{\text{Current liabilities}} \quad \frac{205.048.504}{94.534.084} = 2{,}17$$

Debt to equity ratio as of 31.03.2024

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 \quad \frac{94.079.059}{284.575.446} \times 100 = 33{,}06\%$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 \quad \frac{94.079.059}{378.654.505} \times 100 = 24.85\%$$

Borrowed capital = Loans over 1 year
Employed capital = Borrowed capital + Equity capital

Debt turnover ratio - clients (days) as of 31.03.2024

$$\frac{\text{Average client balance}}{\text{Turnover}} \times 90 \quad \frac{99.769.385}{105.045.329} = 85{,}48$$

Fixed assets turnover as of 31.03.2024

$$\frac{\text{Turnover}}{\text{Fixed assets}} \quad \frac{105.045.329}{277.908.008} = 0{,}38$$

Bank financing debt ratio as of 31.03.2024

$$\frac{\text{Total bank liabilities}}{\text{Normalized annualized EBITDA}} \quad \frac{83.240.810}{86.684.816} = 0{,}96$$

Earnings Per Share as of 31.03.2024

$$\frac{\text{Profit*}}{\text{Regular shares in circulation}} \quad \frac{25.942.889}{831.940.176} = 0{,}0312$$

**Profit related to the last 12 months (March 2023-March 2024)*

Diluted Earnings Per Share as of 31.03.2024

$$\frac{\text{Profit*}}{\text{Diluted regular shares in circulation}} \quad \frac{25.942.889}{860.305.334} = 0{,}0302$$

**Profit related to the last 12 months (March 2023-March 2024)*

ABOUT AROBS TRANSILVANIA SOFTWARE

AROBS Transilvania Software SA is an IT company established in 1998, and currently, it is the largest and most liquid technology company listed on the Bucharest Stock Exchange.

The company's object of activity is developing custom software with high expertise in software engineering for the automotive, aerospace, medical, maritime, and others, but it also develops software for IoT, tourism, clinical studies, enterprise solutions, and FinTech. To these is added the expertise of Intelligent Automation for optimizing processes in logistics, banking, healthcare, etc. AROBS has 25 years of experience in developing customized software solutions for clients in 14 countries in Europe, Asia, and America.

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

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

Since 2003, AROBS Transilvania Software has been creating its own solutions and products, the most important of which are **TrackGPS**, a solution for managing and monitoring car fleets, **Optimall** – a sales force automation solution, **RateWizz** – channel manager for the hotel industry, The **solution for digitizing school textbooks**.

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

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

In June 2022, AROBS consolidated its Software Services division by integrating approximately 160 employees, a strategic move achieved by taking over Enea Services Romania from Enea Software AB, Sweden. This acquisition brought new AROBS offices in Bucharest, Craiova, Iasi, and Florida, USA, and the new entity was officially registered as AROBS Development & Engineering.

The expansion of AROBS continued in July 2022 with the acquisition of the Nordlogic Group, thus adding new locations in Cluj-Napoca and Oradea, as well as an office in Seattle, USA

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In 2023, AROBS made significant progress in its international expansion. The company expanded its operations in the Republic of Moldova, settling in Chisinau through AROBS Moldova and TrackGPS by AROBS Moldova. In Poland, AROBS took over SYDERAL Polska, later renamed AROBS Polska, based in Gdansk. Also, by acquiring Future WorkForce Global, AROBS has consolidated its presence in Cluj, Bucharest, London, and Munich, adding new strategic offices to its portfolio. The company now has offices in Budapest after integrating into the Group of AROBS Pannonia Kft in July 2023.

As of February 2024, AROBS consolidated its presence in Romania, as well as on the DACH market, by taking over Infobest, a company specialized in the development of customized software solutions, with offices in Timisoara and Leverkusen, Germany.

GROUP STRUCTURE

On March 31, 2024, the AROBS Group consisted of AROBS Transilvania Software SA (the "Company" or "AROBS" or "Parent Company") and 27 subsidiaries:

No. Crt.	Company	Percent (AROBS)	Control
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 BV		90%
12	GPS SOFTWARE CENTER SRL		100%
13	COSO BY AROBS BV NL		90%
14	COSO BY AROBS BV BE		90%
15	COSO TEAM UK LTD		90%
16	FUTURE WORKFORCE SA		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%
2. 3	SAS FLEET TRACKING SRL (SAS GROUP)		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 31.03.2024, the AROBS Group had an average number of 1,194 employees compared to 1,105 employees as of 31.03.2023.

DECLARATION OF THE MANAGEMENT

Cluj-Napoca, May 14, 2024

I confirm, according to the best information available, that the consolidated and individual interim simplified financial results for the period between 01.01.2024 and 31.03.2024 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 management report provides a true and fair view of the important events that took place in the first three months of 2024 and their impact on the company's financial statements.

Voicu Oprean

CEO

AROBS TRANSILVANIA SOFTWARE S.A.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

For the period ended 31 March 2024

TABLE OF CONTENTS

STATEMENT OF CONSOLIDATED INCOME	Note	Period ended 31 March 2024	Period ended 31 March 2023
Turnover:	5	**105,045,328**	**110,659,907**
Software services		86,434,635	87,355,217
Software products		18,195,749	15,974,209
Integrated systems		414,944	7,330,482
Total cost of sales:		**75,159,115**	**75,125,101**
Cost of sales of software services	6.1	66,480,843	62,325,798
Cost of sales of software products	6.2	8,365,992	7,154,406
Cost of sales of integrated systems	6.3	312,280	5,644,898
Gross profit		**29,886,213**	**35,534,806**
Other income	11	536,287	134,996
Sales and marketing	7	(4,719,989)	(3,324,030)
General and administration	8	(16,031,876)	(14,576,714)
Proft before tax		**9,670,635**	**17,769,058**
Interest income	13	941,880	735,122
Interest expense	13	(713,834)	(425,417)
Net Forex Income/(Expenses)	13	619,289	(733,246)
Proft before tax		**10,517,970**	**17,345,517**
Income tax	13	(2,656,045)	(3,406,940)
Net profit		**7,861,925**	**13,938,577**
Overall result		**7,861,925**	**13,938,577**
related to parent company		8,030,439	13,874,166
related to NCI		(168,514)	64,410

These financial statements were signed and approved on May 14, 2024, by:

Voicu Oprean	**Bogdan Ciungradi**
Administrator	Chief Financial Officer

STATEMENT OF FINANCIAL POSITION	Note	Period ended 31 March 2024	Period ended 31 December 2023
Goodwill	16	104,741,638	104,761,369
Customer relationship	16	74,215,739	76,561,802
Other intangible assets	16	24,166,910	23,044,459
Tangible fixed assets	17	38,826,371	35,556,876
Assets related to rights of use of leased assets	18	17,899,854	17,236,489
Loans granted to related parties	26	14,369,203	15,555,506
Financial fixed assets		3,688,294	3,700,985
Deferred income tax assets	13	2,281,705	2,129,265
Total fixed assets		**280,189,713**	**278,546,751**
Inventories	29	7,837,702	6,975,925
Trade and other receivables	20	101,577,572	103,338,304
Related parties loans	26	2,489,051	1,413,707
Prepaid expenses		3,286,500	2,015,826
Short-term investments		-	302,033
Cash and equivalents	21	97,695,381	87,773,888
Total current assets		**212,886,206**	**201,819,683**
Total assets		**493,075,919**	**480,366,434**
Share capital	25	87,129,361	87,129,361
Adjustments of equity capital to hyperinflation		263,971	263,971
Share premium		23,185,001	23,185,001
Reserves		9,681,040	9,680,545
Own shares		(5,689,379)	(5,689,379)
Gains on equity instruments		8,352,878	8,352,878
Other equity items		16,407,070	12,574,918
Retained earnings		146,721,489	139,037,200
Conversion differences from consolidation		14,757	(163,971)
Total capital	**25**	**286,066,187**	**274,370,524**
Non-controlling interest		(1,490,742)	(683,366)
Total equity		**284,575,446**	**273,687,158**
Non-current liabilities			
Trade and other payables	22	49,695	49,746
Equity liabilities		14,686,659	14,686,660
Leasing liabilities	18	11,822,635	11,309,563
Bank loans	23	59,704,949	62,629,398
Deferred income tax liabilities	13	11,893,897	12,200,152
Advance income	5	3,740,928	3,523,269
Grants		278,278	301,940
Provisions	24	11,789,347	11,789,374
Total non-current liabilities		**113,966,389**	**116,490,102**
Current liabilities			
Trade and other payables	22	41,388,312	39,059,657
Equity liabilities		3,763,224	3,763,224
Leasing liabilities	18	8,328,542	7,919,498
Bank loans	23	23,535,860	24,184,008
Income in advance	5	10,068,315	8,796,705
Grants		143,913	158,741
Provisions	24	7,305,917	6,307,341
Total current liabilities		**94,534,084**	**90,189,174**
Total liabilities		**208,500,473**	**206,679,276**
Total equity and liabilities		**493,075,919**	**480,366,434**

These financial statements were signed and approved on May 14, 2024, by :

Voicu Oprean	**Bogdan Ciungradi**
Administrator	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

	Equity	Equity adjustments for hyperinflation	Share premiums	Legal and other reserves	Own shares	Gains on own held equity instruments	Other equity elements	Retained earnings	Conversion reserves	Total equity	Non-controlling interests	Total equity
Closing balance 31.12.2022	**91,139,499**	**263,971**	**23,185,001**	**6,367,437**	**(7,535,897)**	**1,805,558**	**4,206,340**	**110,215,598**	**151,199**	**229,798,706**	**(75,767)**	**229,722,939**
Result of the exercise	-	-	-	-	-	-	-	13,874,166	-	13,874,166	64,410	13,938,576
Conversion difference	-	-	-	-	-	-	-	-	93,922	93,922	14,430	108,352
Overall result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***13,874,166***	***93,922***	***13,968,088***	***78,840***	***14,046,928***
Retained earnings	-	-	-	-	-	-	-	(85,933)	(34,998)	(120,931)	-	(120,931)
Employee benefits in the form of equity instruments	-	-	-	-	-	-	2,680,123	-	-	2,680,123	-	2,680,123
Repurchase of own shares	-	-	-	-	(4,487,725)	-	-	-	-	(4,487,725)	-	(4,487,725)
Adjustments for non-controlling interests	-	-	-	-	-	-	-	620,458	-	620,458	(620,458)	-
Closing balance 31.03.2023	**91,139,499**	**263,971**	**23,185,001**	**6,367,437**	**(12,023,622)**	**1,805,558**	**6,886,463**	**124,624,289**	**210,123**	**242,458,719**	**(617,385)**	**241,841,334**

	Equity	Equity adjustments for hyperinflation	Share premiums	Legal and other reserves	Own shares	Gains on own held equity instruments	Other equity elements	Retained earnings	Conversion reserves	Total equity	Non-controllig interests	Total equity
Closing balance 31.12.2023	**87,129,361**	**263,971**	**23,185,001**	**9,680,545**	**(5,689,379)**	**8,352,878**	**12,574,918**	**139,037,199**	**(163,971)**	**274,370,523**	**(683,364)**	**273,687,159**
Result of the exercise	-	-	-	-	-	-	-	8,030,439	-	8,030,439	(168,514)	7,861,925
Conversion difference	-	-	-	-	-	-		-	153,280	153,280	-	153,280
Overall result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***8,030,439***	***153,280***	***8,183,719***	***(168,514)***	***8,015,205***
Retained earnings	-	-	-	-	-	-	-	(985,013)	25,448	(959,565)	-	(959,565)
Employee benefits in the form of equity instruments	-	-	-	-	-	-	3,832,152	-	-	3,832,152	-	3,832,152
Adjustments for non-controlling interests	-	-	-	-	-	-	-	638,864	-	638,864	(638,864)	-
Non controlling interests	-	-	-	495	-	-	-	-	-	495	-	495
Closing balance 31.03.2024	**87,129,361**	**263,971**	**23,185,001**	**9,681,040**	**(5,689,379)**	**8,352,878**	**16,407,070**	**146,721,489**	**14,757**	**286,066,188**	**(1,490,742)**	**284,575,446**

These financial statements were signed and approved on May 14, 2024, by :

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

CASH FLOW STATEMENT	**31 March 2024**	**31 March 2023**
Cash flows from operating activities:		
Gross profit	**10,517,971**	**17,345,517**
Adjustments for:		
Amortization expenses	4,836,302	4,369,368
Expenditure on assets sold	(2,540)	(146,299)
(Income) from assets sold	(134,780)	(152,548)
Expenditure relating to SOP employee benefits	3,832,152	2,680,123
Expenditure/(Income) related to adjustments for inventory write-downs	(16,596)	(4,833)
Expenditure/(Income) related to adjustments on receivables	(526,230)	(241,223)
Expenditure/Income on provisions for risks and charges	1,024,233	696,879
(Income) from subsidies and grants	(38,490)	(118,716)
Expenditure with interest and other financial expenses	711,284	423,878
(Income) from interest and other financial income	(980,926)	(733,061)
Expenditure/(Income) relating to value adjustments on tangible and intangible fixed assets	40,740	1,499
Adjustments for non-controlling interests	153,280	93,922
Operating profit before changes in working capital	**19,416,400**	**24,214,506**
Change in trade and other receivables balances	1,591,393	(54,976,324)
Change in inventories balances	(845,180)	1,342,395
Change in trade payable and other debt balances	4,145,908	32,421,574
Changes in prepaid expenditure balances	(1,270,674)	(339,911)
Change in advance income balances	1,489,270	1,818,605
Interest paid	(711,284)	(423,878)
Interest earned	1,423,939	539,996
Cash generated from operating activities	**25,239,770**	**4,596,963**
Income tax paid	(5,252,215)	(6,477,361)
Net cash from operating activities	**19,987,555**	**(1,880,398)**
Cash flow from investing activities		
Loans (granted) to/repayments from affiliated entities	223,766	344,396
(Payments) related to the acquisition of subsidiaries	-	(9,490,182)
(Payments) related to the acquisition of tangible and intagible asstes, including customer relationship	(6,765,872)	(6,871,771)
Repurchase of own shares	-	(4,487,725)
(Payments)/Cash in from other investments in financial assets	302,033	174,320
Net cash from investing activities	**(6,240,074)**	**(20,330,962)**
Cash flow from financing activities:		
Cash in/(Repayments) of bank loans	(3,572,597)	(4,980,969)
(Payments) of finance lease liabilities	(253,392)	(323,466)
Net cash from financing activities	**(3,825,989)**	**(5,304,434)**
Net increase in cash and cash equivalents	**9,921,493**	**(27,515,795)**
Cash and cash equivalents at the beginning of the financial year	**87,773,888**	**101,373,631**
Cash and cash equivalents at the end of the financial year	**97,695,381**	**73,857,837**

These financial statements were signed and approved on May 14, 2024, by:

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

1. FINANCIAL REPORTING PRESENTATION

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

These are the consolidated financial statements of AROBS Transilvania Software S.A („Company" sau „AROBS" sau „the Parent Company") and its subsidiaries together AROBS Group ("Group").

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

INFORMATION ABOUT AROBS

INFORMATION ABOUT THE PARENT COMPANY

The parent company, AROBS TRANSILVANIA SOFTWARE S.A. was incorporated on 18.12.1998, under Law no. 31/1990, with tax code RO 11291045, registered at the Trade Register under no. J12/1845/1998. The company's main field of activity is custom software with high expertise in software services: software engineering for automotive, aerospace, medical, maritime and more but also software development in IoT, hospitality and tourism, clinical trials, enterprise and FinTech solutions. Arobs added also expertise in Intelligent Automation for processes optimisation in banking, health and logistics.

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

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

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

EXECUTIVE MANAGEMENT

The issuer's administration for the interim period ended 31 March 2024 was carried out by the Board of Directors. In accordance with the requirements of the Governence Code of The Bucharest Stock Exchange (BVB) which apply to all emittents listed on the BVB stock exchange main market, the Board of Directors is comprised of 5 members: 2 executive members, 3 non executive members of which 2 independent.

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

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

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

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

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

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

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

The Company is headquartered in Cluj Napoca, Street Donath No.11, Apt. 28 and has the following regional operational offices:
În Cluj-Napoca:
- Str. Minerilor, Nr. 63;
- P-ța Cipariu, Nr. 9; Ap. 69;
- Str. Săpătorilor, Nr.5;
- Str. Henri Barbusse, Nr. 44-46, în incinta Cluj Business Center, et. 2 și 3;
- Str. Trifoiului; Nr. 22;
- Str. Constantin Brâncuși nr. 55-59, Clădirea ABC Incubator, et. 6;

In Iași – Str. Palat, Nr. 3E, Building United Business Center 1, parter;
In Tg. Mureș – Str. Georghe Doja, Nr. 64-68, Building Multinvest Business Center 2 (MBC2);
In Suceava – Str. Universității, Nr. 15A, et.1;
In București – Sector 4, Calea Șerban Vodă, Nr. 133, Central Business Park, Corp A, et. 1
In Baia Mare – B-dul. Unirii, Nr. 18, Building Centrul de Afaceri Baia Mare, Et. 1;
In Arad – B-dul. Revoluției, Nr. 52-54, Building Arad Plaza, Sc. C, Et. 3, ap. 12.

Shareholding structure as of 31.03.2024 and 31.12.2023:

	31-03-2024			**31-12-2023**		
Shareholder	**Number of Shares**	**Value**	Percent	**Number of Shares**	**Value**	Percent
Oprean Voicu	578,278,772	57,827,877	66,3701%	578,278,772	57,827,877	66,3701%
Companies	128,024,363	12,802,436	14,6967%	128,051,806	12,805,181	14,6967%
Private individuals	164,990,474	16,499,047	18,9331%	164,963,031	16,496,303	18,9331%
Total	**871,293,609**	**87,129,361**	**100%**	**871,293,609**	**87,129,361**	**100%**

AROBS has 25 years of experience in developing custom software solutions for customers in 14 countries in Europe, Asia, and America. Excellence in services delivery together with the engagement from the Company specialists lead to strong partnerships with more than 10,000 companies in România and Central Eatsern Europe and hundred of international companies.

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

- **TrackGPS** – Solution for managing and monitoring car fleets;
- **Optimall –** Sales force automation solution;
- **RateWizz** – Channel manager for the hotel industry;
- **School textbook digitization solution;**

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

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

The Company's activity is mainly structured on services and software products. Since its establishment, AROBS Transilvania Software has relied on excellent specialists and well-adjusted yet flexible processes to consistently deliver high quality custom software services, products and software applications, that the company has ownership of.

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

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

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

The most important software products offered by the Company are:

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

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

The TrackGPS division focused on improving the fleet management platform, increasing adoption and completing customer migration to the new platform. Investments continued in 4G and 5G based solutions, on adding new video telematics solutions, for consumption monitoring, driver behaviour improvement and electric vehicle monitoring. The years 2022 and 2023 brought the strengthening of the partnership with Orange Business Services, a partnership that is extremely important for the promotion of TrackGPS solutions, through the operator's portfolio of services and products, on a SaaS model.

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

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

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

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

- ***Innovative Projects Division***

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

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

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

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

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

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

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

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

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

2. GROUP STRUCTURE

The consolidation perimeter includes subsidiaries in which the parent company (AROBS Transilvania Software S.A.) holds at least 50% of the share capital. Also, the criteria for exclusion from the consolidation perimeter were analyzed, according to the accounting regulations in force. The holding percentages taken into account aggregate the participations held by the parent company, directly or indirectly, through other companies owned by it.

AROBS Group is composed of the parent company and 27 subsidiary companies in 9 countries on 3 continents, with software development services and software products such as GPS fleet monitoring and HR solutions as its core business.

The objective at group level is the continuous development of technological solutions and products for the most complex industries globally. Further, we develop new areas with great demand on the global software services market, through acquisitions, but also organically, while continuously diversifying knowledge internally within AROBS teams, to cover a wider range of projects. In terms of research and innovation, within AROBS we constantly aim to improve our exposure to various projects, in line with market demands, as well as to increase our existing product portfolio.

At the same time, AROBS aims to strengthen the group's business in the North American and European markets by increasing the number of customers and strengthening partnerships with existing customers. Globally, demand for software products and services continues to be on an upward trend, even though there is pressure on rates and a prospect of stagnating demand. Companies and organisations continue to need to digitise their processes and AROBS is very well positioned in the market.

In the area of software products specifically addressed to the Romanian market, such as fleet management, business optimization, digital payments, HR solutions, or implementation of digitalization projects in the public sector, the market is also experiencing moderate growth due to the challenges and the economic and social context. In fleet management, AROBS is continuing its campaign to acquire companies in Romania and Eastern Europe with a view to consolidating in this market and expanding into other markets with the TrackGPS solution.

The companies included in the consolidation, as at 31.03.2024, are as follows:

- AROBS TRANSILVANIA SOFTWARE SA, Romania, Cluj-Napoca, Donath Str, no. 11/28, Cluj county
- AROBS DEVELOPMENT & ENGINEERING SRL (previous ENEA Services Romania), Romania, Bucuresti, sect. 6, Splaiul Independentei, no. 319
- AROBS ETOLL SOLUTIONS SRL, Romania, Cluj-Napoca, Minerilor Str., no 63C, Cluj county
- AROBS PANNONIA SOFTWARE Kft, Hungary, 1191 Budapest, Üllői str., no.206
- AROBS POLSKA (SYDERAL POLSKA), Poland, Gdansk, ul. Trzy Lipy 3B/ 3.11.5
- AROBS SOFTWARE SOLUTIONS GmbH, Germany, Leopold Strasse 23, 80801, Munchen
- AROBS SOFTWARE SRL, Moldova, Renaşterii Naționale Str. no. 12, of. 401-405
- AROBS SYSTEMS SRL, Romania, Cluj-Napoca, Minerilor Str, no 63, Cluj county
- AROBS TRACKGPS SRL, Moldova, str. Puskin no. 26A, of. 301
- ATS ENGINEERING LLC, SUA, 1200 South Pine Island Road, Plantation, Florida, 33324
- BERG COMPUTERS SRL, Romania, Com.Ghiroda, Lugoj Str., no.4, Timis county
- CABRIO INVEST B.V., The Netherlands,Tolweg 7, 4851SJ, Ulvenhout
- CENTRUL DE SOFT GPS SRL, Romania, Ilfov County, Chiajna, Rezervelor Str. no. 46A
- COSO TEAM UK LTD, United Kingdom, 10 Bridge Street Christchurch Dorset BH23 1EF, UK
- COSO BY AROBS BVBA, Belgium, De Vis 20, cod 2930, Brasschaat
- COSO BY AROBS B.V., The Netherlands, Tolweg 7, 4851SJ, Ulvenhout
- FUTURE WORKFORCE SA, Romania, Cluj-Napoca, Serpuitoare Str. No. 53A, Ap. 1, Cluj County
- FUTURE WORKFORCE SRL, Romania, Cluj-Napoca, Strada Serpuitoare, Nr. 53A, Ap. 1, Cluj County
- FUTURE WORKFORCE GmbH – Germany, Münchner Str. 191 85757 Karlsfeld
- FUTURE WORKFORCE Limited, United Kingdom, 45 Fitzroy St, London, W1T 6EB
- NORDLOGIC SOFTWARE, Romania, Cluj-Napoca, Descartes Rene Str. no 10-12 C, Cluj County
- NORDLOGIC USA, Inc., SUA, 137 NW 145th Street, Seattle, Washington 98177
- PT AROBS SOLUTIONS, Indonezia, Puri Indah Financial Tower, et. 8 809-810, Jalan Puri Lingkar Dalam Blok T8, Jakarta Barat
- SAS FLEET TRACKING SRL (SAS GRUP), Romania, Bucuresti, sect. 6, Bld. Ghencea, no. 43B, Ghencea Business Center, et. 5
- SILVER BULLET SRL, Romania, Cluj-Napoca, Descartes Rene Str. 10-12, Cluj county
- SKYSHIELD Kft, Hungary, 1191 Budapest, Üllői Str. no.206
- SOFTMANAGER S.R.L, Romania, Ploiesti, Zmeului Str, no. 21, Prahova County
- UCMS GROUP ROMANIA S.R.L., Romania, Cluj-Napoca, Campului Str. No. 84-86 Cluj County

Group's structure as of 31.03.2024 is presented in the following table:

No.	Company	Percent of control (AROBS)	Perceent held by minority interests	Acquisition/establishment date
1	AROBS DEVELOPMENT & ENGINEERING SRL (ENEA)	100%	0%	30 June 2022
2	AROBS ETOLL SOLUTIONS SRL	100%	0%	3 March 2022
3	AROBS PANNONIA SOFTWARE KFT	100%	0%	1 July 2023
4	AROBS POLSKA (SYDERAL POLSKA)	94%	6%	1 February 2023
5	AROBS SOFTWARE SOLUTIONS GMBH	60%	40%	6 August 2020
6	AROBS SOFTWARE SRL	100%	0%	1 February 2023
7	AROBS SYSTEMS SRL	100%	0%	2 May 2022
8	AROBS TRACKGPS SRL	100%	0%	1 February 2023
9	ATS ENGINEERING LLC	100%	0%	30 June 2022
10	BERG COMPUTERS S.R.L.	100%	0%	31 December 2021
11	CABRIO INVEST B.V.	90%	10%	28 February 2018
12	CENTRUL DE SOFT GPS SRL	100%	0%	31 December 2022
13	COSO TEAM UK LTD	90%	10%	31 March 2018
14	COSO BY AROBS BVBA	90%	10%	30 June 2018
15	COSO BY AROBS B.V.	90%	10%	28 February 2018
16	FUTURE WORKFORCE S.A.	100%	0%	1 May 2023
17	FUTURE WORKFORCE SRL	100%	0%	1 May 2023
18	FUTURE WORKFORCE GmbH	65%	35%	1 May 2023
19	FUTURE WORKFORCE Limited	80%	20%	1 May 2023
20	NORDLOGIC SOFTWARE S.R.L	100%	0%	31 July 2022
21	NORDLOGIC USA, Inc.	100%	0%	31 July 2022
22	PT AROBS SOLUTIONS INDONESIA	70%	30%	13 March 2017
23	SAS FLEET TRACKING SRL	100%	0%	11 November 2019
24	SILVER BULLET SRL	100%	0%	31 July 2022
25	SOFTMANAGER S.R.L.	70%	30%	01 July 2019
26	SKYSHIELD MAGYARORSZAG KFT	100%	0%	01 July 2023
27	UCMS GROUP ROMANIA S.R.L.	97,67%	2,33%	31 May 2019

Changes in Group structure in 2023

AROBS acquired Syderal Polska at the end of January 2023. The financial performance (income and expenses) of this subsidiary is reflected, within the Group, from February 2023.

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

At the end of April 2023, AROBS acquired the Future WorkForce Global (FWF) group, whose financial performance (revenues and expenses) is reflected, within the group, from May 2023.

At the beginning of July 2023, AROBS acquired in full AROBS Pannonia Software Kft and its subsidiary Skyshield Magyarorszag Kft. The financial performance (income and expenses) of these subsidiaries is reflected, within the Group, from July 2023.

3. BASIS OF PREPARATION

3.1. Statement of compliance

These consolidated interim financial statements of the Group are the responsibility of the management of the Parent Company and have been prepared in accordance with IAS 34 – Interim Financial Reporting adopted by the European Union, in force at the Group's reporting date, March 31, 2024, whose provisions are applicable to companies whose securities are admitted to trading on a regulated market.

The consoliated interim financial statements do not include all the information required for a complete set of financial statements in accordance with the Financial Reporting Standards ("IFRS") adopted by the European Union. However, certain explanatory notes are included to explain the events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the last consolidated annual financial statements as of and for the financial year ended 31 December 2023.

The consolidated interim financial statements have been prepared on a historical cost basis, except for situations in which fair value replaces the historical cost for assets and liabilities acquired in business combinations. The fair value is the price that could be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group considers the characteristics of the asset or liability in the market that participants would consider when pricing the asset or liability at the measurement date. The consolidated financial statements prepared in accordance with IFRS are presented in Romanian Leu (RON), the amounts being presented at the nearest whole number.

Significant accounting policies used by the Group in consolidated financial statements preparation are presented in Note 31.

3.2. The going concern principle

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

The budget prepared by the Group's management for the year 2024 and approved by the Board of Directors indicates positive cash flows from operating activities, an increase in sales and a net profitability of 40,832,000 lei.

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

3.3. Basis of consolidation

Control

The consolidated financial statements comprise the financial statements of the mother Company and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i,e,, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that most voting rights results in control. To support this presumption even when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

These consolidated financial statements are the responsibility of the management of the Parent Company and have been prepared in accordance with the consolidation requirements provided by IFRS-EU, including IFRS 3 Business Combinations.

Non-controlling interests

The Group determines any non-controlling interests held in an entity at its proportionate share of the identifiable net assets of the acquired entity at the acquisition date. Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as transactions with shareholders. Adjustments to non-controlling interests are based on the subsidiary's share of net assets.

3.4. Business combinations and goodwill

Acquisition method

Business combinations are accounted for using the acquisition method when control over the acquired business is transferred to the Group. Purchase consideration on acquisition is measured at fair value, same as net assets acuired. Any goodwill is tested for impairment. Any gain from a bargain purchase is recognized in the profit or loss

Transaction value is measured as the sum of the consideration transferred at the fair and non-controlling interests value.

The consideration transferred in a business combination is measured at the fair value of the assets transferred by the acquirer, the liabilities incurred or assumed, and the equity instruments issued.

Goodwill is measured by deducting the identifiable net assets acquired from the aggregate of the consideration transferred, any non-controlling interests in the acquired entity and the fair value at the acquisition date of the equity participation in the acquired entity previously held by the acquiring entity. If the acquirer obtains a gain from a bargain purchase, this gain is recognized in the profit or loss after the management reassesses whether all the assets were acquired, and all liabilities and contingent liabilities were assumed based on appropriate measurement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

When the Group lost the control in a subsidiary, it derecognise subsidiary’s assets and liabilities together with non-controlling interest. Any gain or loss as a result of lost control is recognised in profit and loss except for the elements previously recognised in other comprehensive income whiuch are accounted as the Company had sold directly these asstes and liabilities. Any ionterest kept is measured and fair value when control is lost.

3.5. Fair value measurement

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

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

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

The principal or the most advantageous market must be accessible by the Group.

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

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

3.6. Tranzactions in foreign currencies

Foreign exchange transactions

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

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

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

Transactions and balances in foreign currency

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

On consolidation, the assets and liabilities of foreign operations are translated into lei at the rate of exchange prevailing at the reporting date. For practical reasons, the Group considers the average rate for the period in translating income and expense items of its foreign operations, since exchange rates used have not fluctuated significantly within a reporting period. The exchange differences arising on translation for consolidation are recognised in OCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The exchange rates as of 31 March 2024 and 31 December 2023 were:

	31 March 2024	31 December 2023
RON – EUR	4,9695	4,9746
RON – USD	4,6078	4,4958
RON – GBP	5,8126	5,6871

The average exchange rates for 2023 and 2022 were:

	Period ended 31 March 2024	Period ended 31 December 2023
RON – EUR	4,9735	4,9464
RON – USD	4,5827	4,5758
RON – GBP	5,8102	5,7225

Operations abroad

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

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

Foreign exchange differences are recognised as 'Other comprehensive income' and accumulated in 'Foreign exchange translation differences'. If a foreign operation is disposed of in whole or in part so that control, significant influence or joint control is lost, the cumulative amount of 'Foreign exchange translation differences' is reclassified to the statement of profit or loss as part of the gain or loss on disposal.

3.7. Operating segments (IFRS 8)

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

An operating segment is a component of an entity:

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

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

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

- Its assets are 10 per cent or more of the combined assets of all operating segments.

AROBS Group's operational segments are: Software Services, Software Products,Integrated Systems and Distribution of goods and Other Services.

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

If the entity has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change and if segment information for earlier periods, including interim periods, is not restated to reflect the change, the entity shall disclose in the year in which the change occurs segment information for the current period on both the old basis and the new basis of segmentation, unless the necessary information is not available and the cost to develop it would be excessive.

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

3.8. New IFRS standards and amendments

a) Initial application of new amendments to existing standars for current reporting period

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

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

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

- **Amendments to IFRS 16 Leases** – Liability in sale and leaseback (mandatorily effective for periods beginning on or after January 1, 2024);

- **Amendments to IAS 1 Presentation of Financial Statements -** Classification of Liabilities as Current or Non-Current (mandatorily effective for periods beginning on or after January 1, 2024);

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

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

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments** – Supplier Finance Agreemnts (effective date established by the IASB: January 1, 2024)
- **Amendments to IAS 21 The Effects of Changes in Foregn Exchange Rates** (effective date established by the IASB: January 1, 2025)
- **Amendments to IFRS 14 – Regulatory Deferral Accounts** (effective date established by the IASB: January 1, 2026)
- **Amendments to IFRS 10 and IAS 28** The sale of assets or the contribution with assets between an investor and the entities with which he is associated and subsequent amendments (the effective date has been postponed indefinitely by IASB. The anticipated implementation of the standard is allowed)

The company aniticpates that, by applying these new standards and amendments to the existing standards, the Financial Statements of the Group will not be significantly impacted during the initial implementation period.

4. APPLYING PROFESSIONAL JUDGEMENT, ESTIMATES AND ASSUMPTIONS

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

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

Main judgements on financial statementes preparation are:

- **Revenue recognisition from selling Track GPS monitoring solution –** presented in Note 32 and Note 5
- **Revenue recognisition from HR application license selling -** presented in Note 32
- **Revenue recognition on a gross/net basis, based on the Group method of seeling as Principal or Agent**

Significant estimates on financial statemente preparation are:

- **Fair value measurement on business combinations**
- **Fair value measurement on goodwill**
- **Estimation of the recoverable value of development costs**
- **Leasing contract duration and discount rate**
- **Loss on financial assets measurments**
- **Recongnistion and measurment on share options programs**

5. TURNOVER

	Period ended 31 March 2024	Period ended 31 March 2023
Turnover:		
Software services	86,434,635	87,355,217
Software products	18,195,749	15,974,209
Integrated systems	414.944	7,330,482
Total turnover	**105,045.329**	**110,659,907**

The turnover related to the "Software Services" and "Software Products" segments recorded, cumulatively, a 1% increase compared to the same period of the previous year. The turnover related to the "Integrated Systems" segment registered a decrease compared to the same period last year caused by the seasonality and the type of contracts won following public tenders in which the subsidiary participates. Thus, the consolidated turnover related to the first quarter of 2024 registered a decrease of 5% compared to the first quarter of 2023 amid the decrease in turnover in the "Integrated Systems" segment.

Revenues related to the "Software Services" segment in the period ended March 2024, at the consolidated level, fell below the level of the same period of the previous year by 0.9 million lei (-1%).

The revenues generated by the "Software products" segment in the period ending March 2024, at the consolidated level, increased by 2.2 million lei (14%) compared to the same period of the previous year.

Globally, requests for software services were slightly down, but we expect a rebound in the second part of the year as companies and organizations continue to need to digitize their processes. In the area of software products such as fleet management, business optimization, digital payments, HR solutions, implementation of digitization projects in the public sector, the market is growing according to the trend of recent years.

The "Integrated Systems" segment is developed by one of the group's subsidiaries, AROBS Systems, which is responsible for implementing hardware and software solutions as well as software products for public sector contracting authorities. This company has a team of public sector professionals and its technical expertise covers the integration of 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 expenses were adjusted, which corresponded to the partners within the joint venture contracts and the related revenues and expenses, within the contracts in which AROBS Systems had the agent capacity. The impact of the adjustment, both on revenues and related expenses, was 1.1 million lei.

Cost of carrying out contracts with customers

Cost **of carrying out contracts with customers** – HR licensing

	OB 2023	CAPITALISATION 03.2024	DEPRECIATION 03.2024	CB 03.2024
HR Licences	403,650	227,309	49,400	581,559

Cost **of carrying out contracts with customers** – GPS monitoring services

	OB 2023	CAPITALISATION 03,2024	DEPRECIATION 03,2024	CB 03,2024
GPS Monitoring services	1,440,193	603,759	481,931	1,562,021

Deffered revenue – contract performance obligations

	Balance at 31 March 2024	Balance at 31 December 2023
Deffered revenue, out of which:	**13,809,243**	**12,319,973**
Long term	3,740,928	3,523,269
Short term	10,068,315	8,796,705

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

6. COST OF SALES

6.1 Cost of sales - Software services

	Period ended 31 March 2024	Period ended 31 March 2023
Salary Expeneses	43,089,780	34,261,864
Employee stock ownership plan costs	2,067,390	1,293,727
Third paty expenses	18,030,912	23,950,458
Property plant and equipment depreciation expeneses	1,996,194	1,837,850
Expenses related to equipment sold	59,683	16,376
Other operating expenses	1,236,884	965,522
Cost of sales Software Services	**66,480,843**	**62,325,798**

The cost of sales of software services consists of the salaries and benefits (including remuneration in equity instruments - ESOP) of the directly productive personnel involved in the delivery of these services, the cost of services performed by third parties related to software services projects, depreciation of the equipment used and other necessary operating expenses for the delivery of software services: rent and energy and water costs, as well as travel expenses. The cost of sales of software services increased by 4.1 million lei compared to the first quarter of the previous year, mainly due to the increase in salary costs, including ESOP, in the amount of 9.7 million lei and the decrease in expenses with services performed by third parties, worth 5.9 million lei. Part of the increase in the salary costs is due to the elimination of the fiscal facilities on the income tax of directly productive employees.

The services contracted from third parties represented, in this period, mainly expenses for software services and IT consulting, participation in events and conferences.

6.2 Cost of sales - Software products

	Period ended 31 March 2024	Period ended 31 March 2023
Salary Expeneses	3,609,211	3,029,908
Employee stock ownership plan costs	71,171	183,934
Property plant and equipment depreciation expeneses	1,094,978	1,048,189
Third paty expenses	2,053,030	1,479,840
Cost of goods sold	459,894	453,062
Other operating expenses	1,077,708	959,474
Cost of sales software products	**8,365,992**	**7,154,406**

The cost of sales of software products consists of the salaries and benefits (including remuneration in equity instruments - ESOP) 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 operating expenses necessary to deliver the software products and provision of related services: telecommunications services, rents and energy and water costs, travel expenses, fuel, maintenance and repairs. The services contracted from third parties represented during this period, mainly, services with installations of monitoring devices and software services.

The costs of sales of software products increased by 1.1 million lei compared to the first quarter of 2023, due to the contribution of the companies acquired in 2023. The increase in salary expenses and with services performed by third parties is consistent with the expansion of the segment's activity and the development of internal products.

6.3 Cost of sales – Integrated Systems

	Period ended 31 March 2024	Period ended 31 March 2023
Cost of goods sold	12,095	4,409,888
Third paty expenses	217,160	1,117,859
Salary Expeneses	78,834	112,729
Property plant and equipment depreciation expeneses	4,458	4,421
Other operating expenses	134	-
Cost of sales of integrated Systems	**312,280**	**5,644,898**

The AROBS Systems company was established in 2022 and the most significant projects were carried out in 2023. The revenues and expenses, recorded within this segment, were restated following the application of accounting policies according to IFRS, namely, the revenues and expenses were adjusted related, which corresponded to the partners within the joint venture contracts and the related 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 expenses, in the first quarter of 2024 was 1.08 million lei.

7. SALES AND MARKETING EXPENSES

	Period ended 31 March 2024	Period ended 31 March 2023
Salary Expeneses	3,448,350	2,259,630
Employee stock ownership plan costs	83,249	69,403
T & E and advertising expenses	630,988	549,758
Third paty expenses	272,411	212,685
Property plant and equipment depreciation expeneses	188,868	171,619
Other operating expenses	96,123	60,936
Sales and marketing expenses	**4,719,989**	**3,324,030**

Sales and marketing expenses are made up of the salaries and benefits (including compensation in equity instruments-ESOP) of the staff in the sales and marketing departments, from protocol, advertising and publicity expenses and the services performed by third parties generated by the Group's promotional activities. Sales and marketing expenses increased, in the first quarter of 2024, by 1.4 million lei compared to the first quarter of 2023. The biggest increase comes from salary expenses, related to the sales staff of the companies entered into the Group, following the acquisitions after the 1st quarter 2023.

8. GENERAL & ADMINISTRATION EXPENSES

	Period ended 31 March 2024	Period ended 31 March 2023
Salary Expeneses	6,912,794	5,514,773
Employee stock ownership plan costs	1,608,018	1,133,058
Property plant and equipment depreciation expeneses	3,847,759	3,055,422
Third party expenses	2,410,887	2,847,912
Other operating expenses	1,384,709	1,734,459
Transportation expenses	362,466	449,940
Depreciation adjustment expenses	(526,230)	(241,223)
Subsidiary acquisitions expenses	31,472	82,374
General & Administration expenses	**16,031,876**	**14,576,714**

General and administrative expenses include the salaries and benefits (including remuneration in equity instruments-ESOP) of the personnel in the management, administrative, procurement, financial, legal, human resources and IT support departments and from the expenses for services performed by third parties, expenses of advisory services, rent expenses and other expenses generated by the Group's management activities. General and administrative expenses increased in the first quarter of 2024 by 1.5 million lei compared to the same period of the previous year amid the M&A activities and the contribution of companies acquired after the first quarter of 2023.

9. EMPLOYEE BENEFITS EXPENSES

	Period ended 31 March 2024	Period ended 31 March 2023
Salary Expeneses	55,016,419	42,966,392
Employee social security contributions	1,887,243	1,405,017
Meal ticket expenses	1,242,916	1,193,925
Capitalization	(2,032,241)	(1,083,309)
Untaken holidays provision	1,024,233	696,879
Subtotal personnel expenses	**57,138,569**	**45,178,903**
Employee stock ownership plan costs	3,829,828	2,680,123
Total personnel expenses	**60,968,397**	**47,859,026**

The average number of employees during the first quarter of 2024, respectively of 2023, was as follows:

	Period ended 31 March 2024	Period ended 31 March 2023
Management	25	18
Administrative	36	37
Purchasing	3	2
Financial	43	37
Legal	4	5
Warehouse keepers	5	6
Marketing	18	20
Research & Development	890	834
Health & safety	3	3
Human resources	31	32
Service – Installations	40	35
IT support	30	22
Sales	65	55
Total	**1.194**	**1.105**

Salary expenses for the first quarter of 2024, respectively the first quarter of 2023, were as follows:

	Period ended 31 March 2024	**Period ended 31 March 2023**
Management	1,889,743	1,393,270
Administrative	791,778	757,242
Purchasing	114,857	64,444
Financial	1,332,205	1,147,593
Legal	161,984	178,062
Warehouse keepers	111,319	111,522
Marketing	609,151	444,339
Research & Development	43,956,674	34,605,906
Health & safety	36,286	33,143
Human resources	845,043	851,670
Service – Installations	813,912	679,643
IT support	1,277,321	969,727
Sales	3,076,146	1,729,831
Total salary exepenses	**55,016,419**	**42,966,392**

The remuneration expenses in equity instruments related to the first quarter of 2024, respectively the first quarter of 2023 were as follows:

	Period ended 31 March 2024	**Period ended 31 March 2023**
Management	1,487,426	1,037,842
Administrative	16,833	17,573
Purchasing	3,415	3,519
Financial	38,100	18,495
Legal	13,834	10,577
Warehouse keepers	6,147	360
Marketing	16,050	22,382
Research & Development	2,133,514	1,471,068
Health & safety	-	-
Human resources	20,580	19,565
Service – Installations	10,585	15,553
IT support	16,145	16,127
Sales	67,199	47,061
Total	**3,829,828**	**2,680,123**

Salary expenses increased in the first quarter of 2024 compared to the same period of the previous year as a result of the elimination of fiscal facilities regarding the payment of income tax for the category of directly productive employees in the provision of software services, but also due to the increase in the average number of employees at the of the group from 1,105 in March 2023 to 1,194 in March 2024. Also, salary expenses increased with the aim of maintaining competitiveness in the market and ensuring the necessary resources for ongoing projects, through the perspective of salary increases and share options offered within the ESOP programs carried out during the reporting period. Personnel rights are recorded in accounting with the withholding of contributions and related taxes established according to the legislation in force. Settlements with staff include salary rights, increments, allowances, allowances for vacations, as well as those for temporary incapacity for work, paid from the salary fund, and other rights in money and/or in kind owed by the company to the staff for the work performed.

ESOP – Employee Stock Option Plan

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

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

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

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

a. Authorization to aquire own shares shall be granted by the Extraordinary General Meeting of Shareholders, which shall determine the conditions of such acquisition, in particular the maximum number of shares to be aquired, the duration for which the authorization is granted, which may not exceed 18 months from the date of registration in the Commercial Register and in the case of aquisition for consideration, the minimum and maximum value of the shares.
b. The nominal value of own shares aquired by the company, including those already in its portofolio, may not exceed 10% of the subscribed share capital;
c. The transaction may only relate to fully paid shares;
d. Payment for the shares so aquired shall be made only out of the distributable profits or available reserves of the company shown in the last approved annual financial statements, excluding legal reserves.

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

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

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

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

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

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

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

10. CATEGORIES OF EXPENSES

	Period ended 31 March 2024	Period ended 31 March 2023
Salary Expeneses	57,138,569	45,178,903
Employee stock ownership plan costs	3,829,828	2,680,123
Third paty expenses	22,984,399	29,608,754
Property plant and equipment depreciation expeneses	7,132,258	6,117,500
Other operating expenses	3,795,558	3,720,391
Cost of goods sold	563,144	4,961,700
T & E and advertising expenses	630,988	549,758
Adjustments for the depreciation of noncurrent assets (expense)	(526,230)	(241,223)
Transportation expenses	362,466	449,940
Total	**95,910,980**	**93,025,845**

11. OTHER REVENUE

	Period ended 31 March 2024	Period ended 31 March 2023
Other operating revenues	404,048	128,747
Net revenue from the sale of current assets	132,240	6,249
Total	**536,287**	**134,996**

12. REVENUE AND EXPENSES RECONCILIATION BY BUSINESS SEGMENTS

	SOFTWARE SERVICES		SOFTWARE PRODUCTS		INTEGRATED SYSTEMS		TOTAL	
	March 2024	**March 2023**	**March 2024**	**March 2023**	**March 2024**	**March 2023**	**March 2024**	**March 2023**
Revenue from software services	86,434,635	87,355,217	-	-	-	-	86,434,635	87,355,217
Revenue from software products	-	-	18,195,749	15,974,209	-	-	18,195,749	15,974,209
Revenue from integrated systems	-	-	-	-	414,944	7,330,482	414,943	7,330,482
Total Turnover	**86,434,635**	**87,355,217**	**18,195,749**	**15,974,209**	**414,944**	**7,330,482**	**105,045,328**	**110,659,907**
Salary Expeneses	43,089,780	34,261,864	3,609,211	3,029,908	78,434	112,729	46,777,424	37,404,500
Employee stock ownership plan costs	2,067,390	1,293,727	71,171	183,934	-	-	2,138,561	1,477,662
Third paty expenses	18,030,912	23,950,458	2,053,030	1,479,840	217,160	1,117,859	20,301,102	26,548,157
Cost of goods sold - equipment	59,683	16,376	459,894	453,062	12,095	4,409,888	531,671	4,879,326
Property plant and equipment depreciation expeneses	1,996,194	1,837,850	1,094,978	1,048,189	4,458	4,421	3,095,630	2,890,460
Other operating expense	1,236,884	965,522	1,077,708	959,474	134	-	2,314,726	1,924,996
Total cost of sales	**66,480,843**	**62,325,798**	**8,365,992**	**7,154,406**	**312,280**	**5,644,898**	**75,159,115**	**75,125,101**
Gross margin	**19,953,792**	**25,029,419**	**9,829,758**	**8,819,803**	**102,664**	**1,685,584**	**29,886,214**	**35,534,806**
Gross margin %	**23%**	**29%**	**54%**	**55%**	**25%**	**23%**	**28%**	**32%**

Sales and marketing and general administration expenses are unallocated costs.

13. INCOME TAX, MICROENTERPRISE TAX AND DEFERRED TAX

	31 March 2024	31 March 2023
Income tax	2.757.015	3,579,727
Microenterprise income tax	357.725	244,892
Subtotal – impozit current	**3.114.740**	**3,824,619**
Deferred income tax	(458.695)	(417,679)
Total	**2.656.045**	**3,406,940**

	31 March 2024	31 March 2023
Profit before tax	**10,517,971**	**17,345,517**
Current period income tax	(2,757,015)	(3,579,727)
Current period microenterprise income tax	(357,725)	(244,892)
Impozit curent	**(3,114,740)**	**(3,824,619)**
Revenue as a result of deferred income tax	458,695	417,679
Recalculated net profit	**7,861,926**	**13,938,577**

Deferred income tax

	31 March 2024	31 March 2023
Deferred income tax - receivable	2,281,705	2,129,265
Total	**2,281,705**	**2,129,265**

Deferred tax receivables are generated by temporary tax differences related to trade and other receivables, inventories, lease liabilities recognized following restatements according to IFRS 16 and provisions for untaken holiday.

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

	31 March 2024	31 March 2023
Deferred income tax - liability	11,893,897	12,200,152
Total	**11,893,897**	**12,200,152**

Deferred tax liabilities are mainly generated by the difference in the fair value of the assets recorded at the acquisition of the subsidiaries and the recognition of the assets related to the rights of use of the leased assets following restatements in accordance with IFRS16.

14. EBITDA

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

EBITDA is one of the main performance indicators monitored by the Group's management. Consolidated EBITDA is reconciled to the Group's consolidated income statement as follows:

	Period ended 31 March 2024	Period ended 31 March 2023
Operating revenue	105.584.156	110.958.555
Operating expenses	88.781.262	87.071.996
EBITDA	**16.802.895**	**23.886.558**
EBITDA Margin	**16%**	**22%**
ESOP	3.829.828	2.680.123
Normalized EBITDA*	**20.632.722**	**26.566.681**
Normalized EBITDA margin*	**20%**	**24%**
Depreciation&Provision	7.132.258	6.117.500
Incidental expenses	-	-
Financial result	(847.335)	472.972
Profit before tax	**10.517.971**	**17.296.086**
Tax	2.656.045	3.406.940
Net profit	**7.861.926**	**13.889.146**
Net profit margin	**7.4%**	**13%**
Normalized net profit**	**11.691.754**	**16.569.269**
Normalized net profit margin**	**11%**	**15%**

*Normalized EBITDA = EBITDA less SOP expense

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

15. EARNINGS PER SHARE

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

Basic	**Period ended 31 March 2024**
Profit (last 12 months)	25,942,889
Regular shares in circulation	831,940,176
Basic earnings per share	**0.0312**

Diluted	**Period ended 31 March 2024**
Profit (last 12 months)	25,942,889
Diluted regular shares in circulation	860,305,334
Diluted earnings per share	**0.0302**

16. INTANGIBLE ASSETS

	Goodwill	Customer relationship	Research & development expenses	Other noncurrent assets	Total
Net value at 31-Dec-23	**104,761,369**	**76,561,802**	**8,122,113**	**14,922,347**	**204,367,631**
Purchases / Transfers	-	-	1,474,465	1,009,900	2,484,365
Amortization / adjustments	(19,731)	(2,346,063)	-	(975,388)	(3,341,182)
Disposals	-	-	(251,697)	(134,830)	(386,527)
Net value at 31-Mar-24	**104,741,638**	**74,215,739**	**9,344,881**	**14,822,029**	**203,124,287**

The Goodwill with a net value of 104,741,638 lei resulted as a positive difference between the acquisition cost and the value, of the part of the acquired net assets of the subsidiary, on the date of the transaction.

In order to determine the Goodwill, the Parent Company evaluated, through authorized independent appraisers, the identifiable assets acquired and liabilities assumed at their fair values, from the date of acquisition of the aforementioned companies, as well as those acquired in previous years. Following impairment tests based on the DCF method, goodwill is not impaired.

With respect to customer relationships recognized on acquisition, they are amortized over a period of 10 years. Following the performed impairment tests, it was concluded that no additional impairment of customer relationships is necessary.

Development expenses mainly refer to the development project of a new HR solution, and other internal products.

17. TANGIBLE ASSETS

	Buildings	Plant, machinery and motor vehicles	Other instalations and fixtures and fittings	Advances and WIP Tangible	Total
Net value 31-Dec-23	**585,684**	**10,098,393**	**2,282,878**	**22,589,921**	**35,556,876**
Purchases / Transfers	3,729	7,073,944	3,192,024	3,967,981	14,237,679
Depreciation / adjustments	(119,108)	1,893,947	(2,770,165)	-	(995,326)
Disposals	-	(9,429,686)	(389,202)	(153,969)	(9,972,858)
Net value 31-Mar-24	**470,305**	**9,636,598**	**2,315,535**	**26,403,933**	**38,826,371**

The increase in the net value of tangible assets is mainly due to the completion of the investment in a new headquarters, which increased by 3.9 million lei, during the first quarter of 2024.

Other recorded purchases include the purchase of laptops, switches and other workstations. Also, the equipment rented in the fleet monitoring activity is included in the position of technical installations and machines.

18. LEASING

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

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

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

	Land and buildings	Transport vehicles
Balance at 31.12.2023	**29,297,689**	**5,905,953**
Purchases	2,283,420	673,650
Accumulated depreciation	(15,300,200)	(4,710,816)
Balance at 31.03.2024	**16,280,909**	**1,868,787**

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

Balance at 31.12.2023	Leasing payments	Additions	Interest	Net exchange difference	Balance at 31.03.2024
19,229,060	(2,713,167)	3,437,680	220,341	(22,734)	**20,151,178**

Commitments and contingencies - Leasing

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

	31 March 2024	31 December 2023
T0 (Under 1 year)	7,673,906	8,587,590
TL 1 (1-5 years)	13,264,495	11,955,271
Total	**20,938,402**	**20,542,861**

Lease contracts term and discount rate – significant estimates:

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

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

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

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

19. INVENTORIES

	Balance at 31 March 2024	Balance at 31 December 2023
Raw materials	307,905	278,398
Work in progress - services	5,153,012	4,265,587
Goods purchased for resale	2,156,846	1,983,850
Advances to suppliers	219,938	448,090
Total	**7,837,702**	**6,975,925**

The value of inventories in balance at 31 March 2024 increased compared to the value of inventories in balance at 31 December 2023 mainly due to the recognition of services in progress.

Work in progress services refer to contracts that run for longer periods of time. Within this asset, the direct costs involved in the provision of these services, mainly salaries, were recognized, taking into account the degree of completion of the projects until March 31, 2024. In the case of projects that have an uncertain evolution at the date of the financial statements, a depreciation adjustment in the amount of 907 thousand lei.

Inventory value adjustments are calculated based on age, namely: 30% of the entry value for inventory between 181 and 365 days old and 100% of the value for inventory older than one year and slow moving. The value of the adjusted stocks on March 31, 2024 is 1,053,860 lei, being at a similar level to that of December 31, 2023.

20. TRADE AND OTHER RECEIVABLES

	Balance at 31 March 2024	Balance at 31 December 2023
Trade receivables	88,985,824	95,581,994
Customers - invoices to be issued	13,950,893	7,306,443
Adjustments for trade receivables	(5,999,221)	(6,380,867)
Trade receivables – affiliated entities	2,772,741	2,964,133
Adjustments for claims from affiliated entities	(2,727,153)	(2,243,781)
Subsidies	100,285	84,542
Other receivables	3,776,620	5,344,880
Advances to suppliers	717,583	680,961
Total	**101,577,572**	**103,338,304**
Loans granted – affiliated entities	2,489,051	1,413,707
Deferred expenses, out of which:	**3,286,500**	**2,015,826**
Long term	77,968	153,355
Short term	3,208,532	1,862,471
Total deferred income and revenue	**107,353,123**	**106,767,837**

The total amount of receivables on March 31, 2024 registered a slight decrease compared to the total amount on December 31, 2023, in line with the evolution of the group's activity.

At the end of each reporting period, doubtful receivables are analyzed and adjusted in accordance with accounting policies, based on depreciation rates, calculated on seniority intervals.

Receivables ageing	**Balance at 31.03.2024**	**Balance at 31.12.2023**
Not due	58,653,411	55,785,966
0-30	17,207,230	18,353,793
31-90	5,212,072	12,363,440
91-360	2,809,762	3,742,309
Over 360	5,103,350	5,336,481
Total	**88,985,825**	**95,581,990**

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

To estimate the potential losses related to trade receivables and assets related to contracts with customers, the AROBS Group used a calculation model based on the analysis of revenue collection behavior by aging periods in the last three financial years. Trade receivables and assets related to contracts with customers were grouped by category according to the services provided, namely: software services and other services, software products – GPS monitoring, software products – HR solution licensing. Based on the analysis, a historical weighted average rate of impairment was determined for each aging period, which was applied to the outstanding balance of receivables at March 31, 2024 for each category of receivables mentioned above.

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

21. CASH AND CASH EQUIVALENTS

	Balance at 31.03.2024	Balance at 31.12.2023
Cash at bank and deposits in lei	18,166,824	20,781,961
Cash at bank and deposits in foreign currencies	78,934,182	66,777,196
Subtotal	**97,101,006**	**87,559,158**
Petty cash	163,011	160,563
Bonds	-	302,033
Shares - Other securities	296,150	35,345
Amounts under settlement	124,485	5,047
Other cash equivalents	10,728	13,776
Total	**97,695,381**	**88,075,920**

Cash availability varied in the first quarter of 2024, as a result of the normal performance of the activity.

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

22. TRADE AND OTHER PAYABLES

	Balance at 31.03.2024	Balance at 31.12.2023
Suppliers	11,436,217	11,645,527
Client advances	3,993,503	3,834,033
Fixed asset suppliers	22,900	37,987
Suppliers - invoices to be received	1,745,345	2,172,434
Suppliers – affiliated entities	766,126	519,650
Loans to shareholders	100,987	109,751
Employees - salaries payable	11,163,377	9,799,019
Company's contribution to social security	5,986,631	5,820,426
Other debts payable to the Treasury	5,237,900	4,162,989
Sundry debtors	193,902	181,370
Other payables	791,120	826,217
Total	**41,438,007**	**39,109,404**

23. BANK LOANS

	Balance at 31.03.2024	Balance at 31.12.2023
Long terms bank loans	82,256,424	84,760,637
Short term bank loans	984,385	2,052,769
Total	**83,240,809**	**86,813,406**

Bank loans by due date:

	Balance at 31.03.2024	Balance at 31.12.2023
Bank loans due up to 1 year	23,535,860	24,184,008
Bank loans due between 1 and 5 years	59,704,949	62,629,398
Bank loans due over 5 years	-	-
Total	**83,240,809**	**86,813,406**

In the first quarter of 2024, the value of bank loans decreased by 3.6 million lei as a result of repayments made during the first quarter, reaching a total value of 83.2 million lei.

Bank loans contingencies

Regarding the contingencies related to the bank loans contracted by the Group, there are no changes on March 31, 2024 compared to the contingencies at the end of 2023.

24. PROVISIONS

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

	Balance at 31.12. 2023	In the acccont	From the accont	Balance at 31.03.2024
Provisions	18,095,843	2,282,212	1,282,791	19,095,265
Total	**18,095,843**	**2,282,212**	**1,282,791**	**19,095,265**

25. CAPITAL AND RESERVES

The share capital of the Group consists of the share capital held by the parent company. Shareholdings held by Group companies in other Group companies, obtained either through shareholdings at incorporation or through acquisitions from other Group companies, have been written off in consolidation, together with the value of the participating interests.

In the case of acquired companies, reserves existing at the date of formation of the Group, together with retained earnings and other equity items were taken into account in the calculation of goodwill and eliminated in consolidation together with the interests held in Group companies.

On March 31, 2024, the share capital of the parent company amounts to 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 on March 31, 2024. The parent company transformed into SA starting on September 5, 2014.

During June 2022 – June 2023 the Company ran a program to buy back its own shares in order to implement ESOP programs. As of 31 march 2024 the total number of redeemed shares in balance is 35,203,467 shares.

Legal reserves are established in accordance with the regulations in place at Group company level. The legal reserve has been established in accordance with the terms of the Law on Commercial Companies. As at 31 December 2023, the value of the legal reserves amounts lei 7,854,275.

	31.03.2024	31.12.2023
Number of shares	871,293,609	871,293,609
Subscribed and paid capital	87,129,361	87,129,361
TOTAL	**87,129,361**	**87,129,361**

26. RELATED AND AFFILIATED PARTIES

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

Related parties – Receivables	**Balance at 31.03.2024**	**Balance at 31.12.2023**
AROBS BUSINESS CENTER SRL	161,308	150,289
AROBS BUSINESS SERVICES SRL	39,913	19,927
AROBS TRADING & DISTRIBUTION GMBH	469,727	469,881
ATD CORNER SRL	1,504,204	1,495,259
AROBS TURKEY YAZILIM LIMITED	1,320	283
CABRIO INVEST SRL	6,748	5,718
CABRIO INVESTMENT SRL	-	-
MED CONTROL SOLUTION SRL	102,531	102,531
NEWCAR4FUTURE SRL	220,825	220,825
OOMBLA TRAVEL MANAGEMENT SRL	-	454
SMAIL COFFEE SRL	160,933	140,866
TRANSILVANIA SOFTWARE RECRUITMENT SRL	-	308,485
VISION PLUS MOBILE SRL	49,616	49,616
Total	**2,717,125**	**2,964,133**

Related parties – Payables	**Balance at 31.03.2024**	**Balance at 31.12.2023**
AROBS BUSINESS CENTER SRL	149,203	8,988
AROBS BUSINESS SERVICES SRL	34,773	233,433
AROBS TURKEY YAZILIM LIMITED	118,439	-
AROBS TRADING & DISTRIBUTION GMBH	5,720	5,726
CABRIO INVEST SRL	9,388	7,509
IKON SOFT	52,987	63,544
OOMBLA TRAVEL MANAGEMENT SRL	61,672	39,119
SMAIL COFFEE SRL	1,321	7,148
TRANSILVANIA SOFTWARE RECRUITMENT SRL	-	154,176
Total	**433,503**	**519,653**

Related parties - Sales	Period ended 31.03.2024	Period ended 31.03.2023
AROBS BUSINESS CENTER SRL	9,260	64,429
AROBS BUSINESS SERVICES SRL	48,521	25,435
AROBS PANNONIA SOFTWARE	-	96,392
AROBS TRACK GPS SRL	-	75,950
AROBS TRADING & DISTRIBUTION GMBH	328	267
ATD CORNER SRL	7,563	41,340
AROBS TURKEY YAZILIM LIMITED	1,008	-
CABRIO INVEST SRL	12,610	17,352
CABRIO INVESTMENT SRL	-	105
MANAGIS SERV SRL	-	120
NEWCAR4FUTURE SRL	-	1,059
OOMBLA TRAVEL MANAGEMENT SRL	1,182	976
SMAIL COFFEE SRL	16,863	26,414
Total	**97,335**	**349,839**

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

Related parties - Purchases	Period ended 31.03.2024	Period ended 31.03.2023
AROBS BUSINESS CENTER SRL	377,839	417,775
AROBS BUSINESS CENTER PLUS SRL	40,831	-
AROBS BUSINESS SERVICES SRL	86,315	98,197
AROBS PANNONIA SOFTWARE	-	116,539
AROBS TRACKGPS SRL	-	390
AROBS TRADING & DISTRIBUTION SRL	-	2,648
AROBS TURKEY YAZILIM LIMITED	416,320	-
CABRIO INVEST SRL	57,508	31,456
AROBS SOFTWARE SRL	-	1,263,039
IKON SOFT SRL	136,444	104,145
OOMBLA TRAVEL MANAGEMENT SRL	252,540	258,709
SMAIL COFFEE SRL SRL	132,121	140,978
Total	**1,499,918**	**2,433,876**

The purchases from the affilitated entieties mainly represent software services and miscellaneous services with the exception of Cabrio Invest which offers hotel services.

Loan granted by AROBS to AROBS Trading & Distribution GmbH

	31.03.2024	31.12.2023
Loan value	4,845,263	5,074,092
Interest value	1,463,500	1,416,816
Total	**6,308,763**	**6,490,908**

The loan to AROBS Trading & Distribution GmbH is to support working capital needs. AROBS Trading & Distribution GmbH is a trading and distribution company for premium electronics and household appliances with an international guarantee. Products are purchased with full payment in advance from distributors and manufacturers all over Europe and sold in Turkey, Dubai, France, Germany, Denmark.

Loan granted by AROBS to CABRIO INVESTMENT SRL

	31.03.2024	31.12.2023
Loan value	821,654	822,497
Interest value	599,347	591,209
Total	**1,421,001**	**1,413,706**

The loan has been granted to cover the sort term needs of the company.

Loan granted by AROBS to AROBS BUSINESS CENTER

	31.03.2024	31.12.2023
Loan value	7,245,033	7,252,468
Interest value	1,195,762	1,124,412
Total	**8,440,795**	**8,376,880**

The loan granted to AROBS BUSINESS CENTER was used for the development of the "Business Incubator" project carried out through the absorption of European funds and for working capital. AROBS Transilvania Software S.A. is the administrator of this company.

Loan granted by Coso by AROBS B.V. to Voicu Oprean

	31.03.2024	31.12.2023
Loan value	815,096	815,932
Total	**815,096**	**815,932**

27. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

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

27.3.IFRS 15 Revenue from contracts with customers

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

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

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

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

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

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

A customer receives a discount for purchasing a bundle of goods or services if the sum of the stand-alone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract. Except when an entity has observable evidence that the entire discount relates to only one or more, but not all, performance obligations in a contract, the entity shall allocate a discount proportionately to all performance obligations in the contract. The proportionate allocation of the discount in those circumstances is a consequence of the entity allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of the underlying distinct goods or services.

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

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

A. *Revenue from software services*

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

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

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

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

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

B. Revenue from sale of the Track GPS monitoring solution and other monitoring and fleet management

The Group's secondary source of revenue is the provision of its proprietary fleet tracking solution based on GPS technology, a special device and accesible from web and mobile interfaces, Track GPS. The Group offers a complex solution for the management and monitoring of car fleets that helps companies reduce their maintenance and operation costs, improve their efficiency in the allocation and use of resources, increase the professionalism of drivers, safety behind the wheel, as well as improve the services provided. Considering that the provision of the monitoring service is made by making available to the customer of an equipment that ensures the transmition of data, AROBS Group concluded that the equipment and the monitoring service cannot be regarded separately due to the contract and represents a single provision of obligations to the client. This assesment was based on articles 27a and 29c from IFRS 15:

- 27a: the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer
- 29c: the goods or services are highly interdependent or highly interrelated. In other words, each of the goods or services is significantly affected by one or more of the other goods or services in the contract. For example, in some cases, two or more goods or services are significantly affected by each other because the entity would not be able to fulfil its promise by transferring each of the goods or services independently.

As for the equipment, it is essential to the provision of the monitoring service, so that if the customer opts out of these services, then the benefits obtained through the use of the equipment are significantly diminished. In view of this assesment, the provisions of article 27 of IFRS 15 were taken into account: *A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (ie the good or service is capable of being distinct); and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (ie the promise to transfer the good or service is distinct within the context of the contract).* Revenue is recognized accoring to provisions of IFRS 15, paragraph 35 a: *the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.* The customer consumes the benefits as the services are delivered, so that the performance obligation is fulfilled over time. The cost of the equipment has been capitalized and is expensed as income is realized.

C. Revenue from sale of the HR application license

Licensing of the HR solution involves the provision of the following services: license sale/rental, implementation and provision of techical support and platform maintenance services. Given that the implementation of the HR solution is done only by the company providing this service and that without this implementation adapted to the specific needs and requirements of the client, the HR solution is not functional. AROBS Group concluded that the HR software and the implementation service cannot be seen as distinct due to the contract and represent a single performance of obligation to the client. This assesment was made based on articles 27a and 29c of IFRS 15:

- 27 (a): the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer

- 29 (c): the goods or services are highly interdependent or highly interrelated. In other words, each of the goods or services is significantly affected by one or more of the other goods or services in the contract. For example, in some cases, two or more goods or services are significantly affected by each other because the entity would not be able to fulfil its promise by transferring each of the goods or services independently.

As for the maintenance services and updates of the HR solution, they are essential for the operation of the platform, so if the customer opts out of these services, then the benefits obtained from the use of the HR solution are significantly diminished. Taking into account the provisions of Article 27 of IFRS 15 *A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (ie the good or service is capable of being distinct); and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (ie the promise to transfer the good or service is distinct within the context of the contract)* and that the company that provides the HR solution does not offer access to the platform without ensuring maintenance services, then AROBS Group concluded that the maintenance services are part of the same contractual promise together with the HR license and implementation services. *).* Revenue is recognized accoring to provisions of IFRS 15, paragraph 35 a: *the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.* The customer consumes the benefits as the services are delivered, so that the performance obligation is fulfilled over time. The salary expense related to the implementation service has been capitalized in an asset account and is expensed as the revenue is realized.

D. Revenue from sales of goods

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

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

E. Principal versus agent framework

The Group performs the services or supply the goods derived form it's obligations by it's own means or can employ the services of a third party (agent) to partially or completely execute these obligations on behelf of the Group.

An agent might satisfy its performance obligation (arranging for the transfer of specified goods or services) before the end consumer receives the specified good or service from the principal in some situations. For example, an agent that promises to arrange for a sale between a vendor and the vendor's customer in exchange for a commission will generally recognize its commission as revenue at the time a contract between the vendor and vendor's customer is executed (that is, when the agency services are completed). In contrast, the vendor will not recognize revenue until it transfers control of the underlying goods or services to the end consumer.

Indicators that an entity controls the specified good or service before it is transferred to the customer (and is therefore a principal…) include, but are not limited to, the following:

a. The entity is primarily responsible for fulfilling the promise to provide the specified good or service. This typically includes responsibility for acceptability of the specified good or service (for example, primary responsibility for the good or service meeting customer specifications). If the entity is primarily responsible for fulfilling the promise to provide the specified good or service, this may indicate that the other party involved in providing the specified good or service is acting on the entity's behalf.

b. The entity has inventory risk before the specified good or service has been transferred to a customer, or after transfer of control to the customer (for example, if the customer has a right of return). For example, if the entity obtains, or commits to obtain, the specified good or service before obtaining a contract with a customer, that may indicate that the entity has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the good or service before it is transferred to the customer.
c. The entity has discretion in establishing the prices for the specified goods or service. Establishing the price that the customer pays for the specified good or service may indicate that the entity has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits. However, an agent can have discretion in establishing prices in some cases. For example, an agent may have some flexibility in setting prices in order to generate additional revenue from its service of arranging for goods or services to be provided by other parties to customers.

27.4. Property, Plant and Equipment

Initial recognition

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

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

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

Usefull life

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

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

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

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

27.5.Intangible assets

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

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

The useful lives of intangible assets are assessed as finite.

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

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

Research and development expenditure

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the entity can demonstrate all of the following:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

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

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

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

27.6. Assets relating to rights to use leased assets

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

Assets relating to rights to use leased assets

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

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

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

Lease liability related to right-of-use asset

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

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

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

27.7. Impairment of non-financial assets

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

- Property, plant and equipment Note 19
- Intangible assets Note 16

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

27.8. IFRS 9 Financial instruments

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Impairment of financial assets

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

Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts or contingent consideration recognised by the Group as acquirer in a business combination to which IFRS 3 applies.

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

Subsequent measurement

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

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

De-recognition

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

Offsetting of financial instruments

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

The Group's financial statements are presented in Romanian New Lei (''RON''), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

27.9. Government grants

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

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

27.10. IAS 19 Employee Benefits

Short term employee benefits

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

Defined benefit plans

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

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

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

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

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

27.11. Income tax

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

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

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

27.12. *Inventories and work in progress*

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

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

All assumptions are reviewed annually.

27.13. Cash and cash equivalents

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

27.14. Equity

Share capital

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

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

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

Dividends

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

27.15. Borrowing costs

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

27.16. Provisions and contigent liabilities

General

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

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

Contingent liabilities recognised in a business combination

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

Fees, taxes, and provisions for taxes

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

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

28. OTHER INFORMATION

Environment

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

Transfer price

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

The parent company is a large taxpayer and the group entities are small and medium taxpayers. In view of the size criteria laid down in the law, Group entities are not required to prepare a transfer pricing file.

At the date of preparation of the consolidated financial statements, the transfer pricing file for the Parent Company is in progress.

Russia - Ukraine conflict

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

We assessed the impact of the ongoing military operation in Ukraine and the related targeted sanctions against the Russian Federation. This may require revisions to certain assumptions and estimates which may result in significant adjustments to the carrying value of certain assets and liabilities in the next financial year. At this stage, we cannot reliably estimate the impact as events unfold on a daily basis.

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

Audit expenses

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

29. SUBSEQUENT EVENTS

Through AGEA Decision no. 1/04.03.2024, a buyback program was approved in the total amount of 11 million shares. Through the decision of the CA dated 15.04.2024, the start of the buyback program was approved, and for an amount of 3 million shares, it was established that the purpose is the allocation of shares to the members of the CA, directors and employees of the Company and its subsidiaries.

These financial statements were signed and approved on May 14, 2024, by:

Voicu Oprean	**Bogdan Ciungradi**
Administrator	Chief Financial Officer