FINANCIAL REPORT AS OF JUNE 30, 2024

AROBS Transilvania Software SA

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

Symbol: 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 June 30, 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 regularizatio.

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Semester report – S1 2024
According to	Annex 14 of the FSA Regulation no. 5/2018
Date of publication of the report	30.08.2024
For financial period	01.01.2024 – 30.06.2024

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	104,555,233.00 lei
The market on which securities are traded	Main Segment, Premium Category
Total number of shares	1,045,552,330
Symbol	AROBS

CONTACT DETAILS FOR INVESTORS

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MESSAGE FROM THE CEO

The first half of 2024 was marked by a series of challenges as well as significant opportunities for AROBS Transilvania Software, particularly in the cybersecurity sector, the implementation of artificial intelligence (AI) projects, and the share capital increase operation completed at the beginning of July 2024.

During the first six months of 2024, AROBS recorded consolidated revenues of 206 million lei, demonstrating our ability to adapt to a challenging business environment.

Normalized EBITDA reached 34 million lei with a margin of 16%, while normalized net profit stood at 16 million lei, with a margin of 8%, after excluding the non-cash effect generated by the implemented stock option plans.

In this challenging period, the elimination of tax benefits for the IT sector came at a completely inopportune moment and significantly impacted our results, with AROBS bearing most of the fiscal burden associated with the tax increases at the beginning of this year. Nevertheless, we managed to maintain stability through strategic cost optimization measures and streamlining of the organizational structure. All these were correlated with decreased demand in cyclical industries, such as automotive, and the postponement of new project launches.

An example of our agility is that after the first six months, we reduced management costs by 5 to 10% by optimizing the costs related to the management team from: CEO, COO, department directors, or project coordinators. These reductions were implemented in the departments that recorded declining revenue and profitability. These measures will reduce both direct as well as the general and administrative expenses in the coming period. Moreover, considering the new market context, we focused on retaining the best people within the Group, those who add value and directly contribute to the company's development. Simultaneously, we implemented a rigorous human resources optimization policy, reducing the costs related to the non-essential staff from bench, training key individuals at the group level in new technologies to ensure an agile and well-prepared team for future challenges. This approach allows us to focus on growth and innovation while maintaining an efficient organizational structure.

Regarding the performance of our business segments, the "Software Services" segment continued to be the main pillar of the Group, generating revenues of 166 million lei, accounting for 81% of total revenue. Despite the decline in global demand for software services in the first part of 2024, we are investing in several growth-potential verticals, such as cybersecurity and the integration of AI into our software solutions. We strongly believe that the organizations and companies we work with still need to implement new processes, ranging from digitalization to complex digital transformation, cybersecurity projects, and the integration of AI into their current operations.

Revenues from the second business segment, "Software Products," grew by 12%, reaching 38 million lei. This was supported by the market's growth trend, particularly in fleet management, business optimization, HR solutions, and the implementation of digital projects, primarily in the private sector. The software products segment continued to grow and generate EBITDA as expected by the management, maintaining a double-digit growth rate.

In the third segment, "Integrated Systems," we are affected by seasonality and the postponement of projects, including those financed through PNRR, but we expect these to be signed in the fourth quarter of the year. Our initial expectations for this segment were different, as the project signing process took longer than anticipated.

However, as we gained more experience in this sector, we are aware that the results for most projects in this segment will be visible in the last quarter of the year, thus introducing a cyclical element into our business model.

Considering the activity in the first six months of the year across the three business segments, depending on the results achieved in the third quarter of 2024 and market forecasts, we will adjust the consolidated budget, if necessary, to transparently reflect the current situation.

Regarding our activity in the capital market, we are proud that at the beginning of the second half of 2024, we successfully completed the largest share capital increase operation for a technology company listed on the Bucharest Stock Exchange. Through this operation, AROBS raised 28.7 million euros, a remarkable achievement for us, as it demonstrates the strong confidence that local and international institutional investors have in our vision and ability to develop and consolidate AROBS' position in global markets. We particularly thank the EBRD, pension funds, and asset management firms that joined AROBS' shareholding structure and are an important pillar in the future development and growth of the Group.

The funds raised through the share capital increase operation will support the continuation of our ambitious growth strategy through acquisitions of new companies and organic growth. Regarding acquisitions, we aim to acquire companies that demonstrate synergies with our Group and are easy to integrate into the AROBS culture, with valuable entrepreneurs, a robust client portfolio, as well as solid EBITDA and profitability. We are analyzing seven software services and product companies from Romania and Europe. Together with these companies, we aim to transform the activities of local and global companies in automotive, embedded, life sciences, travel tech, cybersecurity, AI, and more through technology. Additionally, with the support of the capital raised, we will focus on expanding in Europe, North America, and Asia. Finally, a small part of the funds will be used for working capital to support organic growth and to generate new greenfield products or solutions.

In parallel with the share capital increase operation, we have also focused on streamlining the Group's structure by continuing the integration process of the entities acquired in the last three years and simplifying operations to maximize synergies and reduce costs. I emphasize that the acquisitions made in the software services area have proven successful, and the integration process is progressing according to the plan, with various progress made in the operational and cultural alignment of the new entities with the group structure. We are currently advanced in fully integrating three companies acquired into our existing structure. This process includes integrating both teams and projects, aiming to maximize synergies and create a solid foundation for future growth.

Regarding our international activity, in the USA, where we are already present, we aim to create a VP of Sales position that will lead the expansion of our services and solutions in the North American market. In the UK, we are focusing on developing the current sales team and capitalizing on synergies with the FWF (FutureWorkForce) team already present in this market and working with important clients.

Looking towards the second half of 2024, we will continue to identify and capitalize on market opportunities for the expertise consolidated in our traditional markets while also adapting our strategy to the new emerging markets in the global IT industry dynamics. As we adjust to the new industry needs, we have developed new competencies that will allow us to offer advanced solutions to our existing clients and attract new partners. Specifically, we have completed several significant projects in the AI sector, integrating these technologies into our existing solutions to enhance our clients' processes and results. In the first six months of 2024, we expanded our expertise in cybersecurity, helping our clients identify, analyze, and manage increasingly complex threats in the digital environment, and we are preparing to expand our competencies and clients in this segment.

In conclusion, I want to underline that the last two years have been extremely challenging for the technology industry amid economic uncertainties, geopolitical tensions, and increased market volatility. Many organizations have reduced their technology investment budgets in such a context, focusing on internalizing technical functions, cost optimization, and efficient resource management. In such an economic landscape marked by continuous challenges, AROBS has maintained its stability at the expense of adjusting its profitability while also demonstrating the ability to navigate uncertainties and remain relevant in an ever-changing industry. I strongly believe that the true measure of a technology company's strength, like AROBS, lies not only in achieving maximum profits month after month but also in its ability to resist, adapt, and continue to create value in any context for investors, clients, and employees. And AROBS has been demonstrating this for over 25 years.

I invite you to review the report for the first half of 2024, which provides more details on the AROBS Group's performance. We also look forward to your participation in the H1 2024 call, which will take place on September 3, 2024, at 15:00 (Romanian time), and where we will address your questions. If you have any questions about our business activity or the capital market, please contact us at ir@arobsgroup.com.

Voicu Oprean

FINANCIAL RESULTS AS OF JUNE 30, 2024 AT A CONSOLIDATED LEVEL

RON 206 million

TURNOVER

RON 34 million

NORMALIZED EBITDA*

NORMALIZED EBITDA MARGIN **16%**

**without the non-cash impact of ESOP 1,2 and 3*

RON 15 million

GROSS PROFIT

7% GROSS PROFIT MARGIN

RON 16 million

NORMALIZED NET PROFIT*

8% NORMALIZED NET PROFIT MARGIN

**without the non-cash impact of ESOP 1,2 and 3*

H1 2024 CONFERENCE CALL

03.09.2024 | 15:00

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

The call will be hosted by Voicu Oprean (Founder and CEO), Bogdan Ciungradi (CFO), Aurelian Deaconu (Executive Director Software Services Division), and Zuzanna Kurek (IR Manager).

The conference call will be in English and will take place on September 3, 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 Q2 2024 AND AFTER THE CLOSING OF THE REPORTING PERIOD

KEY EVENTS RELATED TO BUSINESS DEVELOPMENT

COMPLETION OF INFOBEST ACQUISITION

On **June 3, 2024**, the Company informed the market about the completion of the acquisition of the Infobest group, specialized in the development of customized software solutions, with offices in Timisoara and Leverkusen, Germany. The signing of the transaction was previously announced through Current Report no. 08 from February 27, 2024 (available HERE). The financial results of the Infobest group have been included in the consolidated financial statements of the Company as of June 2024.

KEY EVENTS RELATED TO GOVERNANCE

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** .

INITIATION OF TH SHARE BUYBACK PROGRAM

On **April 18, 2024**, the Company informed the market about the initiation of its share buyback program. More details are available **HERE** .

Later, on **June 13, 2024**, the Company informed the market about the supplementing with f 2,000,000 shares the buyback program initiated on April 18, 2024. More details are available **HERE** .

Also, on **August 7, 2024**, the Company informed the market about the supplementing with 3,000,000 shares the buyback program initiated on April 18, 2024. More details are available **HERE** .

KEY EVENTS RELATED TO THE CAPITAL MARKET

SHARE CAPITAL INCREASE OPERATION

DECISION OF THE BOARD OF DIRECTORS REGARDING THE INCREASE OF THE SHARE CAPITAL

On **April 18, 2024**, the Company informed investors regarding the Decision of the Board of Directors dated 18.04.2024 which, in accordance with the Resolution of the Extraordinary General Meeting of the Shareholders dated 22.12.2022, approved the increase of the share capital with the amount of up to RON 17,425,872.1 (nominal value) (the "Share Capital Increase"), by issuance of up to 174,258,721 new shares having a nominal value of RON 0.1 per share and a total nominal value of RON 17,425,872.1.

More details are available **HERE** .

DECISION OF THE BOARD OF DIRECTORS REGARDING THE SUBSCRIPTION PRICE

On **May 21, 2024** , the Company informed investors about g the Decision of the Board of Directors dated May 21, 2024 whereby, in accordance with the Decision of the Extraordinary General Meeting of Shareholders dated December 22, 2022 ("EGMS Decision"), respectively following the Decision of the Board of Directors dated April 18, 2024, whereby the Board of Directors approved the increase of the share capital with the amount of up to RON 17,425,872.1, through the issuance of up to 174,258,721 new shares with a nominal value of RON 0.1 per share ("New Shares") ("Share Capital Increase"), decided, among other things, on the method of determining the subscription price of New Shares, as follows:

(i) during the first phase, the maximum value of the subscription price for a New Share will be RON 0.93 ("Maximum Subscription Price"); the final subscription price for a New Share subscribed during the first phase will be announced at the time of completion of the Private Placement (as this term is defined in the Decision of the Board of Directors dated April 18, 2024) ("Final Subscription Price"); and

(ii) during the second phase, the subscription price will be established by the decision of the Board of Directors, taking into account the subscription price established within the Private Placement (as this term is defined in the Decision of the Board of Directors dated April 18, 2024), but which will not be less than the Final Subscription Price.

More details are available **HERE**.

APPROVAL OF THE PROSPECTUS FOR THE SHARE CAPITAL INCREASE

On **May 30, 2024**, the Company informed the market that in the meeting held on May 30, 2024, the Board of the Romanian Financial Supervisory Authority ("FSA") approved the Prospectus for the increase of the share capital of the Company, with cash contributions, according to the information available on FSA's website. Later, on May 31, 2024, the Company published the EU Prospectus for the share capital increase according to the FSA Approval Decision no. 507/31.05.2024. The Prospectus, subscription and revocation forms, as well as the FSA Decision approving the Prospectus were available for investors on the Company's website, HERE, as well as on the issuer's profile on the website of the Bucharest Stock Exchange.

More details are available **HERE** and **HERE** .

CLOSING OF STAGE 1 OF CAPITAL INCREASE OPERATION AND LAUNCH OF STAGE 2 – PRIVATE PLACEMENT

On **July 5, 2024**, the Company informed the market about the closing of the first phase of the capital increase operation (exercise of preference rights) (hereinafter referred to as the "Stage 1"), which took place between 03.06.2024 and 04.07.2024, in accordance with the prospectus for the share capital increase approved by FSA by decision 507/31.05.2024. The share capital increase operation was approved by decision of the Board of Directors dated 18.04.2024, on the basis of the authorization granted by decision of Extraordinary General Meeting of Shareholders dated 22.12.2022 and the subscription price for Stage 1 of the share capital increase was established by the Decision of the Board of Directors dated 21.05.2024 During stage 1, investors subscribed the newly issued shares based on AROBSR01 preference rights. In Stage 1, investors have subscribed a total of 6,499,332 AROBS shares, out of 174.258.721 shares available.

More details are available **HERE** .

SUPPLEMENTING THE NUMBER OF SHARES OFFERED IN THE PRIVATE PLACEMENT

On **July 8, 2024**, the Company informed the investors that the Company's founder, Mr. Voicu Oprean, together with CABRIO INVESTMENT S.R.L. (person closely related to Mr. Voicu Oprean) have expressed their intention to supplement the number of shares offered in the Private Placement with a number of up to 56,546,000 own shares, in case of a high demand and/or an oversubscription within this stage of the share capital increase. The decision to increase the number of shares offered in the Private Placement is based on the intention to increase the Company's free-float, ensuring greater post-transaction liquidity and, therefore, increasing the chances of the Company's shares being included in the Bucharest Stock Exchange reference index, BET.

Following the information received from Mr. Voicu Oprean and CABRIO INVESTMENT S.R.L. (a person closely associated with Mr. Voicu Oprean), the Board of Directors has decided the following:

(i) Supplemented Shares will be allocated only after the full allocation of the shares remaining unsubscribed following Stage 1 of the share capital increase and which are offered within the Private Placement; and

(ii) the decision (by Mr. Voicu Oprean and Cabrio Investment S.R.L.) regarding the portion of Supplemental Shares offered by Mr. Voicu Oprean in his own name and the portion of Supplemental Shares offered by Cabrio Investment S.R.L. will be adopted and communicated to the Company after the completion of the bookbuilding process that will take place in connection with the Private Placement, but no later than the time of allocation.

More details are available **HERE** and **HERE**.

CLOSING OF STAGE 2 OF THE SHARE CAPITAL INCREASE OPERATION

On **July 10, 2024**, the Company informed the market about the closing of the private placement having as object:

(i) 167,759,389 new shares remained unsubscribed following stage 1 of the share capital increase; and

(ii) up to 56,546,000 existing shares offered for sale by Mr. Voicu Oprean, together with CABRIO INVESTMENT S.R.L. (person closely related to Mr. Voicu Oprean)), as communicated according to the current reports published on July 8, 2024 (available HERE and HERE), which have been offered to investors from the European Economic Area in reliance on the exceptions allowed from the publication of a prospectus, including those provided in article 1 (4), letters (a) – (d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published in the case of a public offering of securities or the admission of securities to trading on a regulated market, and repealing Directive 2003/71/EC ("Prospectus Regulation") and/or investors to whom such private placements may be otherwise lawfully addressed to and directed, outside the United States of America in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") (the "Private Placement").

More details are available **HERE**.

DECISION REGARDING THE RESULTS OF THE SHARE CAPITAL INCREASE

On **July 12, 2024**, the Company informed the market about the Decision of the Board of Directors dated July 12, 2024 by which, in accordance with the Resolution of the Extraordinary General Meeting of the Shareholders dated December 22, 2022, respectively pursuant to the Decision of the Board of Directors dated April 18, 2024, whereby the Board approved the increase of the share capital with the amount of up to RON 17,425,872.1 by issuance of up to 174,258,721 new shares having a nominal value of RON 0.1 per share (the "New Shares") (the "Share Capital Increase"), the Board of Directors, among others, ascertained and validated the results of the Share Capital Increase, respectively the subscription of a number of 174,258,721 new nominative, dematerialized shares, with a nominal value of RON 0.1 each and a total nominal value of RON 17,425,872.1 within the Share Capital Increase.

More details are available **HERE**.

REGISTRATION OF THE CAPITAL INCREASE OPERATION WITH THE TRADE REGISTER

On **July 22, 2024**, the Company informed the market about the registration, on 17.07.2024, of the share capital increase with the Romanian Trade Registry (ONRC). The increase of the share capital was performed in accordance with the Resolution of the Extraordinary General Meeting of the Shareholders dated December 22, 2022, respectively pursuant to the Decision of the Board of Directors dated April 18, 2024, whereby the Board approved the increase of the share capital with the amount of up to RON 17,425,872.1 by issuance of up to 174,258,721 new shares having a nominal value of RON 0.1 per share. Following the registration with the ONRC, the new subscribed and paid share capital of the Company is of 104,555,233 lei, divided into 1,045,552,330 common shares with a nominal value of 0.1 lei each.

More details are available **HERE** .

RECEIVING CIIF FROM FSA

On **July 23, 2024**, the Company informed investors about receiving from the Romanian Financial Supervisory Authority, the Certificate of Registration of Financial Instruments (CIIF) no. AC-5433-4 / 22.07.2024. The CIIF certifies the registration of share capital increase with 174,258,721 new shares that were issued as a result of the Resolution of the Extraordinary General Meeting of the Shareholders dated December 22, 2022, respectively pursuant to the Decision of the Board of Directors dated April 18, 2024. On July 30, 2024, the Central Depository published the new consolidated synthetic structure of holders of financial instruments holding at least 10% of the share capital as of July 25, 2024.

More details are available **HERE** and **HERE** .

PUBLICATION OF SUSTAINABILITY REPORT

On **June 18, 2024**, the Company informed the market about the availability of the Company's Sustainability Report for the 2023. The report can be accessed on the Company's website, **HERE**, for English and **HERE** for the Romanian version. The decision to issue the first Sustainability Report is part of a broad strategy implemented by the Company, the report representing the first step in its commitment to transparency regarding ESG standards.

NOTICE OF MAJOR HOLDINGS >5% BY ALLIANZ SE

On **July 29, 2024**, the Company informed the market that it has received, on 26.07.2024, from Allianz SE, the notification of the increase of major holdings above the 5% threshold. More details are available **HERE** .

GROUP EVOLUTION IN H1 2024

Software Services Division – AROBS Transilvania Software

The software services division continued its efforts to stabilize in existing specialization markets, developing new competencies in response to both global industry trends and the demands of clients in its portfolio. An important part of the division's activity is the ongoing process of integrating acquired companies and consolidating synergies, with a focus on integrated expertise across the entire technology group for Medical, Embedded, and Cybersecurity sectors.

Amid the global landscape dominated by continuous transformation, cost reduction, increased project complexity, heightened competition, and supply chain pressures, **the Automotive group** focused on maintaining relationships with the current clients' portfolio, improving quality, enhancing performance, and optimizing costs in the first half of 2024.

Some of the most important ongoing projects include technological integration: software-defined vehicles, infotainment, navigation, connectivity, autonomous driving, and cybersecurity. The valuable collaborations with global clients built over time ensure the stability of expertise, which faced a decline in demand from European partners due to the general stagnation of the industry, new European automotive regulations, and reductions in subsidies for electric vehicle purchases. The group's vast expertise serves as a foundation for growth in similar non-automotive specializations, particularly in the embedded area. This expertise is highly attractive for the company and synergistic with other companies and expertise within the group.

In the first half of 2024, the **Travel and Cybersecurity teams** consolidated their position in the Travel sector by expanding their client portfolio. A major global player, ranked in the top 10 of the travel industry, selected AROBS as a software services provider for the development of several applications in its portfolio. In response to increased demand and the growing need for cybersecurity, the Cybersecurity team was significantly expanded through the acquisition of new projects. Considering the geopolitical context and current trends, some projects remained stable, while others experienced slight adjustments.

Two major trends in the industry have become clearly defined. The first is the importance of Cybersecurity - cyberattacks are increasing in complexity and frequency. Our partners have begun to prioritize functionalities that protect sensitive data and ensure compliance with security regulations. As a result, modules that include advanced data protection have become more relevant and attractive in the market. Another important trend in the travel industry is the implementation of the NDC (New Distribution Capability) standard, which allows for greater personalization and more efficient distribution of flight content. Our clients in this industry place significant importance on modules that integrate NDC, as these allow them to expand their offerings and better meet the needs of end consumers.

The global trend of insourcing in the areas of Clinical Trials and Health Insurance has affected the growth of **Life Sciences expertise**. At the same time, there is stability in other areas, such as forestry management applications and IoT, and even slight growth in the legal tech and document management sectors. **The Enterprise Solutions team** has strengthened its position in the Insurance sector through new developments with existing clients.

The Software Services division has adopted a proactive stance regarding exponential technologies, constantly proposing to clients the adoption and integration of AI into existing solutions and new products through joint exploratory sessions.

Companies within the Software Services Division

In the first six months of the year, **BERG Software** focused its efforts on consolidating its presence in the markets where it operates, specifically in the area of automation through the transition to SAP Cloud, and in biomedical. In 2024, BERG will continue its expansion in the DACH market – Germany, Austria, and Switzerland – with a focus on retail automation, biomedical, and cybersecurity. There has been a significant increase in demand for cybersecurity solutions, particularly for anti-ransomware protection. Additionally, BERG Software is in the process of integrating into the AROBS Group.

AROBS Engineering continued to focus on the Medical, Aerospace, Marine, and Automotive industries. In the automotive sector, it consolidated its position in the OFF-Highway domain (automotive equipment used in utility vehicles) and in cybersecurity for all embedded on-board systems.

Regarding Aerospace, AROBS Engineering has won a new project with ESA to develop software platforms (Linux and RTOS) for the new RISC-V architectures, as well as the first joint project with colleagues from AROBS Polska – the development of a complete hardware and software system for satellite navigation systems. In the areas of medical devices and marine tech, large-scale projects for globally renowned clients remain stable, including the creation of new modules and the maintenance of previously developed ones.

There has been a strong focus in several industries (Automotive, Aerospace, IoT) on the demand for security services for embedded equipment, including security for firmware update modes, security/encryption of information stored on devices, security/encryption of all external communications (CAN, Ethernet, RF, etc.), integration of dedicated security systems such as HSM (Hardware Security Module), and validation through Penetration Testing and vulnerability assessments.

The Nordlogic Group concluded the first half of 2024 with a slight increase in revenues compared to the same period in 2023. The client portfolio grew with the signing of initial software development service contracts for two new United Nations agencies.

A key part of **AROBS Polska's** growth in the first half of 2024 was the expansion into new market segments and technological fields. This progress is highlighted by the company's involvement in several high-profile projects:

- CRIMSON - Development and qualification of the proximity operations control unit: This project represents a significant advancement for the company in the aerospace and defense sectors. By developing and qualifying a proximity operations control unit, the company contributes to advanced technologies with critical applications.
- RASCOSA Project: The company is developing electronic control components for infrared sensor cooling systems, demonstrating its ability to partner with international collaborators and tackle complex thermal management challenges.
- Successful commercialization of the IP Core Time-to-Digital Converter highlights the company's expertise in developing IP Cores and its ability to turn research into profitable products.

The Future WorkForce Global (FWF) Group aims to establish itself in the market as a multi-technology digital transformation provider. In the first half of 2024, FWF by AROBS continued its growth in the field of intelligent automation and digital transformation, with a significant increase in the number of new partnerships by 15%, as well as the creation of a dedicated team for the support and maintenance of automation solutions.

There is a notable interest in digital transformation solutions based on Microsoft (UK) technology, as well as IDU (Intelligent Document Understanding) and Communications Mining (RO).

CoSo was added to the Group in 2018. In the first half of 2024, the CoSo teams, specialized in Robotic Process Automation and operationally integrated as a brand under the Future WorkForce name, continued its efforts to consolidate its presence in the Benelux market with expertise in intelligent automation.

In H1 2024, InfoBest By AROBS took initiatives to enter the Scandinavian market in an attempt to extend part of its business development efforts outside the DACH region. The company maintained and expanded existing contracts. Additionally, Infobest is a Nearshore provider in the T-Systems ecosystem in Germany (part of Deutsche Telekom).

AROBS SOLUTIONS FOR DIGITALIZATION AND OPTIMIZATION

TRACKGPS – Fleet Management Solutions

AROBS has been active in the telematics and fleet management solutions market since 2006. TrackGPS is AROBS' main Fleet Management brand, developed and owned by the company. It is a comprehensive solution for managing and monitoring vehicle fleets that helps companies reduce maintenance and operating costs, improve the efficiency of resource allocation and utilization, increase driver safety, and enhance the services provided.

TrackGPS has started migrating all acquired entities to the platform where, in the first half of 2024, over 100,000 vehicles belonging to 8,500 clients were enrolled. Currently, all efforts are directed towards the training area to ensure smooth integration.

Through acquisitions and consolidations in recent years, AROBS TrackGPS has secured its position among the relevant players in the fleet management market in Central and Eastern Europe. The TrackGPS division aims to expand its activities in the countries where it is present: Hungary, Bulgaria, and Poland, develop Safety Driving and Predictive Maintenance solutions, as well as improve the services provided by localizing IT systems and investing in specialized personnel.

The AROBS TrackGPS division has continued its efforts to increase its presence in the international transport segment. In this regard, in the first quarter of 2024, it launched the TachoAnalytics solution, an advanced tool that allows the extraction of the most important data from .DDD files, providing an overview of drivers' activities and vehicle performance.

The development of complex solutions such as fuel consumption and CAN data monitoring has continued, as well as the promotion of new solutions: video telematics, safety driving, EV module, GDPR module (functionality to activate the private mode for personal trips), integration with payment platforms for the direct purchase of road tolls and RCA insurance from the platform. Additionally, since the beginning of 2024, all TrackGPS clients can track their fleet's carbon footprint within the platform.

To ensure compliance with new legislation, AROBS TrackGPS developed the e-transport module, which aims to associate vehicles in the platform with generated UIT codes and transmit their coordinates directly to the ANAF platform.

Orange Business Services became a strategic partner of the AROBS TrackGPS division in the first half of 2024, promoting fleet management solutions through the operator's portfolio of services and products, based on the SaaS model.

To increase customer satisfaction, investments were made in a new portal: TrackGPS Customer Support. This allows customers real-time access to the status of their tickets to enhance communication transparency. Additionally, the portal provides customers with a Knowledge Centre that includes a complete set of instructions and video materials to help them use the TrackGPS application easily and quickly.

Customers have become increasingly interested in connecting fleet management solutions with other systems they use, such as ERPs, Transport Exchanges, and HR management solutions (provided by UCMS by AROBS).

One of the most powerful tools available to fleet managers is the TrackGPS Fleet Management mobile application, currently considered the most advanced specialized application available on the markets of Romania, Moldova, and Hungary.

Changes in the legislative framework that came into effect in the first part of the year have led to increased interest from transport service providers and companies that own or manage fleets, for the digitization of transport and fleet management.

AROBS TrackGPS positions itself as a partner in this digitalization process, with over 18 years of experience in implementing complex projects.

SASFleet Tracking – known on the market primarily as alarma.ro - is the second fleet management brand owned by AROBS. SASFleet Tracking continued to consolidate its presence in the enterprise segment, as well as among SMEs. SASFleet is also making strides to meet customer interest in cost-efficiency, routing, and predictive maintenance modules, by developing the E-Transport module, dedicated to freight carriers, which helps them communicate vehicle positioning details to ANAF. The company experienced growth in the first half of 2024, with new partners being added to its client portfolio.

There is a noticeable trend in the market of increasing customer interest in tools for controlling fleet costs, particularly fuel consumption. As a result, the FleetCare solution was very well received by new partners, especially the modules for fuel consumption versus budget, document expiration, driver behavior, as well as special products like the FMB 140, which gives customers access to highly useful information such as idling with the engine on, refueling by reading the vehicle's native fuel gauge probe, and engine RPM.

Fuel economy remains a constant concern for customers, which has led to significant growth in the sales of hardware that directly queries the engine computer to obtain accurate consumption reports.

AROBS E-toll Solutions continued its efforts to increase market share, recording growth in attracting new clients and integrating them with the Group's fleet management platforms.

The client portfolio of **Centrul de Soft GPS** consists of over 1,000 companies, with approximately 9,000 monitored vehicles. The company's objective for H1 2024 was to migrate clients to the TrackGPS platform.

UCMS by AROBS continues to consolidate its position in the human resources management solutions segment, with a 6.5% increase in the number of clients compared to H1 2023. New partnerships have been established in target industries such as Banking, Retail, Manufacturing, Automotive, and IT.

The company is promoting and attracting new partners primarily through a series of features that have garnered client interest, including time tracking automation (True Pontaj Electronic), digitalization of internal report configurations/reports requested by authorities (dp-Rapoarte), employee evaluation (True Evaluarea Angajaților), delegations and expense claims (True Delegații și Deconturi), and digital signing of documents with employees (True Semnătură Electronică). A new development is the completion of the new office building at Constantin Brâncuși Street, 78-78A, Cluj-Napoca.

The main categories of products sold and/or services provided in the Business Optimization sector

AROBS Optimall increased the number of partnerships in the first half of 2024. Among the promoted solutions, Optimall SFA has gained the most traction in the Romanian market. Optimall clients are showing interest in digitalizing and improving their companies' internal processes through various automation tools. In the case of SFA, the most requested modules, in addition to customer and order management, were the supplementary modules: Supervisor, Flexible Promotions, Merchandising, and Sell Sheet. The WMS (Warehouse Management System) solution is in high demand among clients interested in digitalizing warehouse operations.

Regarding **SoftManager CRM+,** in the first half of this year, the company's evolution was highlighted in two important markets: tourism, a new niche for us, through the implementation of the application within a leading travel agency in Romania; and agriculture, a long-standing niche, through customized developments for a market leader in this segment. The most interesting challenge for the SoftManager team was the request for integration with the TINA software. TINA, one of the most advanced web-based ERP systems for the tourism industry, aims to maximize office and system management to increase efficiency and productivity. The TINA Travel IntraNet application is an ERP (Enterprise Resource Planning) specially designed to help tourism professionals manage their workflow.

Solution for Digitalizing School Textbooks: In 2024, the Digital Textbooks project celebrates 10 years since its launch. In 2024, we participated in a new tender together with our partner Aramis for five 7th-grade textbooks. The estimated print run for the new textbooks in 2024 is 80,000 copies, while for reprints, we estimate a number of 150,000 copies.

The most important learning trends in 2024 are Augmented Reality (AR) and Virtual Reality (VR). These interactive and immersive experiences offer a controlled learning environment that can be easily integrated with traditional education.

Regarding **RateWizz Channel Manager,** this product experienced a decrease in the number of hotels which use RateWizz, but several cost-reduction measures were taken. The team focused on attracting new partners, including from Romania.

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

In the first half of 2024, the public sector market was marked by the postponement of many major projects with PNRR funding, which are expected to start in H2 2024. The company signed a contract for the pension recalculation solution, as well as a contract to provide infrastructure funded by European funds for the commune of Plopu. Besides B2G clients, the company has new partners in the private sector for the provision of computing infrastructure.

FINANCIAL RESULTS ANALYSIS

In 2023, the year marking the 25th anniversary of its founding, AROBS TRANSILVANIA SOFTWARE (AROBS) transferred to the Main Market of the Bucharest Stock Exchange (BVB), nearly two years after its debut on the AeRO market. This significant event in the Company's mission to become one of the key players in the global IT services and products market brought challenges and changes in financial reporting requirements. In accordance with market demands, the Company prepared its first set of consolidated financial statements, according to IFRS, for the period 2020-2022, in preparation for its listing on the BVB's Regulated Market. Furthermore, the interim consolidated financial statements for the periods ending June 30, 2024, June 30, 2023, and December 31, 2023, are prepared in accordance with the International Financial Reporting Standards.

CONSOLIDATED FINANCIAL RESULTS ANALYSIS

At the end of January 2023, AROBS acquired the company Syderal Polska. The financial performance (revenues and expenses) of this subsidiary has been reflected within the group starting from 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 based in the Republic of Moldova. Their financial performance (revenues and expenses) has been reflected within the group starting from February 2023.

In April 2023, AROBS acquired the Future WorkForce Global (FWF) group, whose financial performance (revenues and expenses) has been reflected within the group starting from May 2023.

In July 2023, AROBS fully acquired the company AROBS Pannonia Software Kft and its subsidiary, Skyshield Magyarorszag Kft. The financial performance (revenues and expenses) of these subsidiaries has been reflected within the group starting from July 2023.

In 2024, at the end of May, AROBS completed the acquisition of the Infobest group (Infobest Romania SRL, Infobest Romania SRL Niederlassung, Infobest Systemhaus GmbH), whose financial performance (revenues and expenses) has been reflected within the group starting from June 2024.

CONSOLIDATED P&L ANALYSIS

Profit and Loss account indicators

REVENUE STATEMENT (LEI)	30.06.2024 AROBS Group	30.06.2023 AROBS Group	Variation %
Turnover:	**206,266,435**	**218,825,326**	**-6%**
Software services revenue	166,387,096	175,938,053	-5%
Software products revenue	37,760,037	33,640,479	12%
Integrated systems revenue	2,119,302	9,246,795	-77%
TOTAL – Cost of sales	**150,003,496**	**150,898,163**	**-1%**
Cost of sales from software services	129,707,554	128,579,418	1%
Cost of sales from software products	18,430,280	14,458,133	27%
Cost of sales from integrated systems	1,865,662	7,860,612	-76%
Gross result	**56,262,939**	**67,927,163**	**-17%**
Software Services - Gross Margin	**22%**	**27%**	
Software products - Gross margin	**51%**	**57%**	
Integrated Systems - Gross Margin	**12%**	**15%**	
Other operating revenues	651,547	599,930	9%
Sales and marketing expenses	(10,008,741)	(8,126,888)	23%
General and administrative expenses	(33,097,893)	(31,736,193)	4%
Operating profit	**13,807,852**	**28,664,012**	**-52%**
EBITDA	**28,841,633**	**41,864,717**	**-31%**
EBITDA margin	**14%**	**19%**	
Normalized EBITDA*	**34,074,412**	**50,588,617**	**-33%**
Normalized EBITDA margin*	**16%**	**23%**	
Financial revenue/(financial expenses), net	1,124,659	217,684	417%
Profit before tax	**14,932,511**	**28,881,696**	**-48%**
Profit tax	(4,141,376)	(6,374,588)	-35%
Net profit	**10,791,136**	**22,507,108**	**-52%**
Net profit margin	**5%**	**10%**	
Normalized net profit**	**16,023,914**	**31,231,013**	**-49%**
Normalized net profit margin**	**8%**	**14%**	

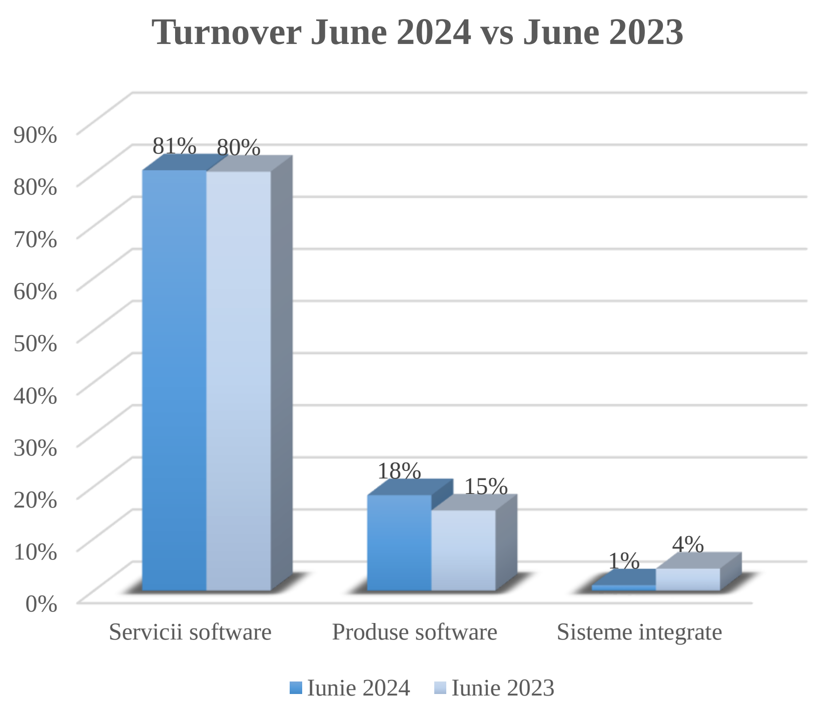
**Normalized EBITDA = EBITDA without the non-cash impact of ESOP 1,2 and 3.*

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

Turnover analysis

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

Business lines	H1 2024 Turnover (lei)	H1 2023 Turnover (lei)	Variation %
Software services	166,387,096	175,938,053	-5%
Software products	37,760,037	33,640,479	12%
Integrated systems	2,119,302	9,246,794	-77%
Total	**206,266,435**	**218,825,326**	**-6%**



The Group's strategy of having multiple growth pillars has helped to balance the temporary decline in turnover marked in the 'Software Services' segment by increasing the turnover in the 'Software Products' segment, even though the "Software Products" segment accounts for only 18% of the Group's total revenue.

The turnover related to the 'Integrated Systems' segment, lower compared to the same period of the previous year, is due to the fact that the potential signing and delivery of significant projects will take place in the last quarter of 2024, whereas in the previous year, high-value projects were completed in the first quarter of 2023. These variations are influenced by the type of contracts won and the timing of when the subsidiary participates in public tenders.

	S1 2024			S1 2023		
	Organic	M&A*	Total	Organic	M&A*	Total
Turnover:	**134,037,528**	**72,228,907**	**206,266,435**	**160,082,333**	**58,742,994**	**218,825,327**
Software services	98,343,070	68,044,026	166,387,096	119,589,822	56,348,230	175,938,052
Software products	33,575,156	4,184,881	37,760,037	31,245,716	2,394,764	33,640,480
Integrated systems	2,119,302	-	2,119,302	9,246,795	-	9,246,795
Cost of sales:	**98,652,929**	**51,350,567**	**150,003,496**	**109,920,023**	**40,978,140**	**150,898,163**
Software services	80,370,142	49,337,411	129,707,553	88,692,798	39,886,620	128,579,418
Software products	16,417,125	2,013,155	18,430,281	13,366,613	1,091,520	14,458,133
Integrated systems	1,865,662	-	1,865,662	7,860,612	-	7,860,612
Gross margin	**35,384,599**	**20,878,340**	**56,262,939**	**50,162,309**	**17,764,854**	**67,927,164**
Gross margin %	**26%**	**29%**	**27%**	**31%**	**30%**	**31%**

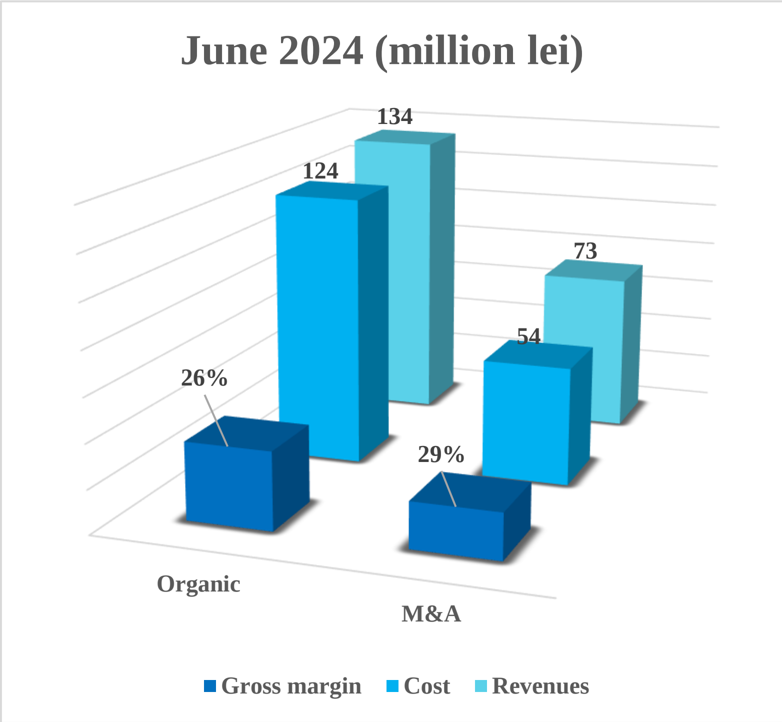
**Companies acquired starting in 2021.*

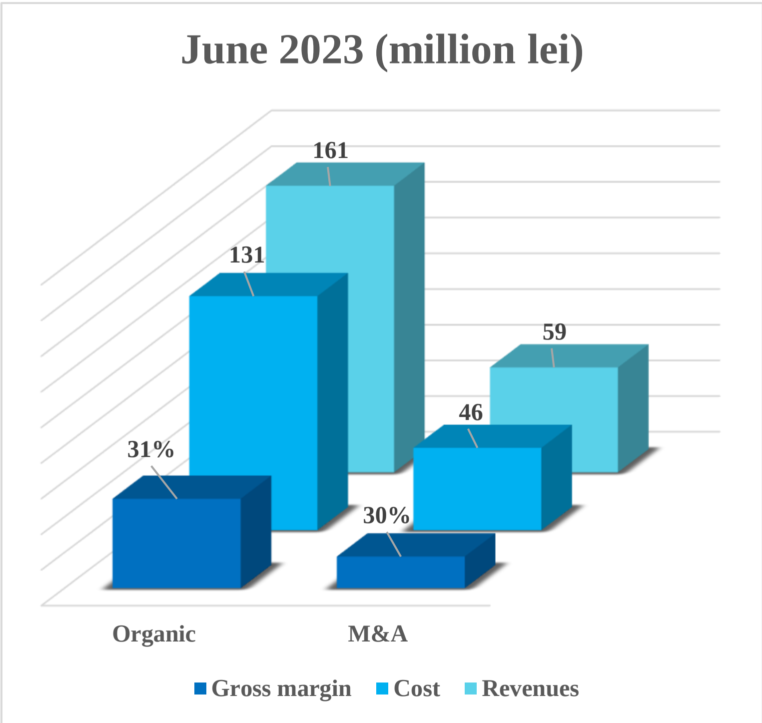
The revenues generated by 'Software Services' segment, recorded for the period ended June 30, 2024, on a consolidated level, decreased by 5% compared to the same period of the previous year. The companies in the M&A category contributed with 68 million lei to the segment's turnover in the first half of 2024 and contributed to the increase in the segment's turnover during this period with 11.7 million lei (+18%) compared to the same period last year, while the Organic business experienced a 22% decline due to delays in new projects and reductions in projects within the Automotive verticals, particularly in the electrification area, as well as in the Medical sector.

The revenues generated by the "Software Products" segment for the period ended June 30, 2024, at a consolidated level, increased by 4.1 million lei (12%) compared to the same period of the previous year. The contribution of the companies acquired since 2021 until now to the segment's revenue in the first half of the year was 4.2 million lei, and to the segment's activity growth was 1.8 million lei.

In the area of software products, such as fleet management, business optimization, HR solutions, and the implementation of digitalization projects in the public sector, the market is growing in line with 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 contracting authorities in the public sector. This company has a team of professionals in the public sector and covers the integration of complex systems and technologies such as ORACLE, HP, DELL, and Microsoft as its technical expertise. Revenues and expenses recorded in this segment have been restated following the application of IFRS accounting policies, specifically, revenues and expenses corresponding to partners within joint contracts and those where AROBS Systems acted as an agent have been adjusted. The impact of this adjustment, both on revenues and on related expenses, was 3.2 million lei.


June 2024 (million lei)
134
124
73
54
26%
29%
Organic
M&A
Gross margin
Cost
Revenues


June 2023 (million lei)
161
131
59
46
31%
30%
Organic
M&A
Gross margin
Cost
Revenues

The cost of sales from software services increased by only 1.1 million lei compared to the first half of the previous year. This variation was driven by an increase in costs by 9.4 million lei in the companies within the M&A category and a significant decrease in costs in the Organic category, by 8.3 million lei compared to the same period of the previous year. The evolution of costs, both in the organic area and in M&A, followed the dynamics of the revenues recorded during this period.

Although the beginning of the year saw salary increases, influenced by the removal of tax incentives on income tax, the costs (including the ESOP) related to directly productive resources, both employees and third parties, were efficiently managed in the first half of 2024.

The cost of sales of software products increased by 4 million lei compared to the first semester of 2023, due to higher salary expenses and services performed by third parties following the internalization of some software development and maintenance processes. The services contracted from third parties during this period primarily included device installation services for monitoring and software development services.

The contribution of the companies acquired in 2023 to the increase in the cost of sales in software products was 0.9 million lei. The evolution of these costs is consistent with the expansion of the segment's activity and the development of internal products.

The contribution of the companies acquired in 2023 to the increase in the cost of sales of software products was 0.9 million lei. The evolution of these costs is consistent with the expansion of the segment's activity and the development of domestic products.

Sales and marketing expenses increased by 1.8 million lei in the first semester of 2024 compared to the first semester of 2023. The largest increase came from salary expenses related to the sales staff of the companies that joined the Group following acquisitions after Q1 2023, amounting to 1.3 million lei (Future Workforce Group).

General and administrative expenses increased by 1.4 million lei in the first half of 2024 compared to the same period of the previous year, due to M&A activities and the contribution of companies acquired after the first quarter of 2023. During this period, the Group's management took measures to reduce these costs in line with the dynamics of the Group's activities.

Normalized EBITDA on a consolidated level reached 34.1 million lei in the first semester, and normalized net profit reached 16 million lei in the same period. The normalization of these indicators was achieved by eliminating the impact of expenses related to the ESOP 2 and 3 programs. The expense related to the ESOP 4 program, which began in May 2024, is not considered in the normalization of these indicators because the necessary shares for the program's implementation were acquired through buyback programs, generating a monetary effect.

The expense related to ESOP programs recorded in the first semester of 2024 decreased by 20% compared to the same period of the previous year, and this trend will continue until the end of the year.

CONSOLIDATED BALANCE SHEET ANALYSIS

BALANCE SHEET INDICATORS

Balance sheet indicators (LEI)	30.06.2024 AROBS Group	31.12.2023 AROBS Group AUDITED	Variation %
Fixed assets, of which:	**293,687,295**	**278,546,752**	**5%**
Goodwill	117,361,729	104,761,369	12%
Customer service	71,869,675	76,561,802	-6%
Other intangible assets	25,415,264	23,044,460	10%
Tangible fixed assets	38,703,726	35,556,876	9%
Assets related to the rights of use of leased assets	22,789,625	17,236,489	32%
Loans to related parties	11,422,822	15,555,506	-27%
Other financial assets	3,641,143	3,700,985	-2%
Deferred income tax assets	2,483,311	2,129,265	17%
Current assets, of which:	**206,919,840**	**201,819,683**	**3%**
Cash and cash equivalents	86,965,986	87,773,888	-1%
Total assets	**500,607,135**	**480,366,434**	**4%**
Current liabilities, of which:	78,201,381	74,926,388	4%
Bank financing	23,477,891	24,184,008	-3%
Non-current liabilities, of which:	95,584,856	100,875,518	-5%
Bank financing	56,156,177	62,629,398	-10%
Total liabilities	**173,786,237**	**175,801,906**	**-1%**
Equity	290,469,312	273,687,158	6%
Total equity and liabilities	**500,607,135**	**480,366,434**	**4%**
Net accounting assets	**290,469,312**	**273,687,158**	**6%**

As of June 30, 2024, total assets reached a value of 500.6 million lei, an increase of 4% compared to the end of 2023, primarily driven by the variations explained below.

Fixed assets saw a net increase of 15.1 million lei due to the recognition of goodwill following the acquisition of the Infobest group at the end of May 2024, the continued development of internal products, and the completion of an investment in a new office in March 2024. Additionally, the value of assets related to the right-of-use assets under leasing agreements increased due to the extension of the lease period for some premises the adjustment of the rent value this year.

For the acquired companies, customer relationships were identified during the purchase price allocation process by the evaluators, which were recognized at fair value as intangible assets in the financial statements. The net book value of customer relationships as of June 30, 2024, is 74.2 million lei. These assets are amortized on a straight-line basis over a period of 10 years.

The Group maintains stability in terms of cash availability due to the normal course of business.

At the end of the first semester of 2024, total liabilities decreased by 1% compared to the end of 2023, reaching a total value of 17.8 million lei.

At the end of the first semester of 2024, the debt ratio concerning bank financing, calculated as the ratio between total bank debt and normalized EBITDA, is 1.05, indicating a solid financial position that allows for future financing to achieve the Group's strategic objectives.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	30.06.2024 AROBS Group	30.06.2023 AROBS Group	Variation %
TURNOVER:	**206,266,435**	**218,825,326**	**-6%**
Revenue from software services	166,387,096	175,938,053	-5%
Revenue from software products	37,760,037	33,640,479	12%
Revenue from integrated systems	2,119,302	9,246,794	-77%
TOTAL COST OF SALES:	**150,003,496**	**150,898,163**	**-1%**
Cost of sales from software services	129,707,554	128,579,418	1%
Cost of sales from software products	18,430,280	14,458,133	27%
Cost of sales from integrated systems	1,865,662	7,860,612	-76%
GROSS MARGIN	**56,262,939**	**67,927,163**	**-17%**
Other operating revenues	651,547	599,930	9%
Sales and marketing expenses	(10,008,741)	(8,126,888)	23%
General and administrative expenses	(33,097,893)	(31,736,193)	4%
OPERATING PROFIT	**13,807,852**	**28,664,012**	**-52%**
Financial revenue / (expenses), net	1,124,659	217,684	417%
GROSS PROFIT – BEFORE TAX	**14,932,511**	**28,881,696**	**-48%**
Profit Tax	(4,141,376)	(6,374,588)	-35%
NET PROFIT	**10,791,135**	**22,507,108**	**-52%**
related to the parent company	10,468,615	22,239,539	-53%
related to minority interests	322,520	267,569	21%

CONSOLIDATED BALANCE SHEET

Balance sheet indicators (LEI)	30.06.2024 AROBS Group	31.12.2023 AROBS Group AUDITED	Variation %
Goodwill	117,361,729	104,761,369	12%
Customer service	71,869,675	76,561,802	-6%
Other intangible assets	25,415,264	23,044,459	10%
Tangible assets	38,703,726	35,556,876	9%
Assets related to the rights of use of leased assets	22,789,625	17,236,489	32%
Loans to related parties	11,422,822	15,555,506	-27%
Other financial assets	3,641,143	3,700,985	-2%
Deferred tax	2,483,311	2,129,265	17%
Total fixed assets	**293,687,295**	**278,546,751**	**5%**
Inventories	7,810,439	6,975,925	12%
Trade receivables and other receivables	103,699,830	103,338,304	0%
Loans to affiliated entities	5,336,720	1,413,707	277%
Prepayments	3,106,865	2,015,826	54%
Current investments	-	302,033	-100%
Cash and cash equivalents	86,965,986	87,773,888	-1%
Total current assets	**206,919,840**	**201,819,683**	**3%**
Total assets	**500,607,135**	**480,366,434**	**4%**
Share capital	88,823,814	87,129,361	2%
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	(6,878,749)	(5,689,379)	21%
Other elements of equity	7,670,749	12,574,918	-39%
Deferred profit or loss	149,352,930	139,037,200	7%
Gains related to equity instruments	18,376,665	8,352,878	120%
Conversion differences from consolidation	(59,295)	(163,971)	-64%
Total Equity	**290,416,126**	**274,370,524**	**6%**
Minority interests	53,186	(683,366)	-92%
Total equity	**290,469,312**	**273,687,158**	**6%**
Non-current liabilities:			
Trade and other liabilities	49,771	49,746	0%
Liabilities related to holdings	10,880,270	14,686,660	-26%
Lease liabilities	17,003,586	11,309,563	50%
Bank loans	56,156,177	62,629,398	-10%
Deferred income tax liabilities	11,495,052	12,200,152	-6%
Advance income	4,123,682	3,523,269	17%
Subsidies	512,052	301,940	70%
Provisions	12,721,869	11,789,374	8%
Total non-current liabilities	**112,942,459**	**116,490,102**	**-3%**
Current liabilities:			
Trade and other liabilities	41,601,599	39,059,657	7%
Liabilities related to holdings	4,929,922	3,763,224	31%
Lease liabilities	8,191,969	7,919,498	3%
Bank loans	23,477,891	24,184,008	-3%
Advance income	12,171,339	8,796,705	38%
Subsidies	123,434	158,741	-22%
Provisions	6,699,210	6,307,341	6%
Total current liabilities	**97,195,364**	**90,189,175**	**8%**
Total liabilities	**210,137,823**	**206,679,276**	**2%**
Total equity and liabilities	**500,607,135**	**480,366,434**	**4%**

CONSOLIDATED CASH-FLOW

	30.06.2024 AROBS Group	30.06.2023 AROBS Group	Variation %
Profit before tax	**14,932,512**	**28,881,696**	**-48%**
***Adjustments* for:**			
Depreciation expenses	10,222,055	9,430,792	8%
Expenses related to disposed tangible and intangible assets	(531,021)	178,390	-398%
(Income) from the sale of tangible and intangible assets	(673,643)	(283,620)	138%
Expenses related to employee benefits – SOP	7,010,097	8,722,719	-20%
Adjustments for inventory depreciation	(263,361)	122,633	-315%
Adjustments for receivables depreciation	(152,109)	(1,007,566)	-85%
Expenses/(Income) related to provisions for risks and charges	1,396,605	2,541,269	-45%
(Income) from subsidies	174,805	(223,914)	-178%
Interest and other financial expenses	1,606,835	878,576	83%
(Income) from interest and other financial income	(2,166,358)	(1,479,221)	46%
Expenses/(Incomes) related to value adjustments for tangible and intangible assets	40,740	3,648	1017%
Adjustments to retained earnings	93,344	(136,178)	-169%
Operating profit before working capital changes	**31,690,500**	**47,629,224**	**-33%**
Variation in trade and other receivables balances	6,559,423	(21,505,322)	-131%
Variation in inventory balances	(571,155)	2,457,207	-123%
Variation in trade and other payables balances	1,761,682	12,731,304	-86%
Variation in prepaid expenses balances	(1,081,581)	(482,493)	124%
Variation in deferred income balances	3,975,047	326,898	1116%
Interest paid	(1,606,835)	(878,576)	83%
Interest received	2,188,883	1,276,237	72%
Cash generated from operations	**42,915,964**	**41,554,477**	**3%**
Income tax paid	(4,217,158)	(8,036,139)	-48%
Net cash from operating activities	**38,698,806**	**33,518,338**	**15%**
Cash flows from investing activities			
Loans (granted)/repaid to affiliated entities and change in guarantees provided	535,378	(251,364)	-313%
(Payments) for acquisitions of subsidiaries	(19,560,470)	(43,885,525)	-55%
(Payments) for acquisitions of tangible and intangible assets	(9,844,818)	(23,892,074)	-59%
Share buybacks	(3,079,848)	(6,379,029)	-52%
(Payments)/Receipts from other investments in financial assets	302,033	523,375	-42%
Net cash from investing activities	**(31,647,725)**	**(73,884,617)**	**-57%**
Cash flows from financing activities			
Receipt/(Repayment) of bank loans	(7.179.338)	(6.907.647)	4%
Payment of financial lease liabilities	(679.645)	(516.780)	32%
Net cash from financing activities	**(7.858.983)**	**(7.424.426)**	**6%**
Net (decrease)/increase in cash and cash equivalents	**(807,902)**	**(47,790,710)**	-98%
Cash and cash equivalents at the beginning of the financial period	**87,773,888**	**101,373,631**	**-13%**
Cash and cash equivalents at the end of the financial period	**86,965,986**	**53,582,921**	**62%**

INDIVIDUAL PROFIT AND LOSS ACCOUNT

	30.06.2024	30.06.2023	Variation %
TURNOVER:	**123,223,512**	**139,529,581**	-12%
Revenue from software services	100,546,658	119,181,253	-16%
Revenue from software products	22,676,854	20,348,328	11%
Revenue from integrated systems			
TOTAL COST OF SALES:	**94,547,838**	**98,380,155**	-4%
Cost of sales of software services	82,685,453	89,572,849	-8%
Cost of sales of software products	11,862,385	8,807,306	35%
Cost of integrated systems			
GROSS PROFIT	**28,675,674**	**41,149,426**	-30%
Other revenue	307,763	332,718	-8%
Sales and marketing expenses	(4,137,507)	(3,549,205)	17%
General and administrative expenses	(18,775,909)	(18,142,934)	3%
OPERATING PROFIT	**6,103,724**	**19,813,674**	-69%
Income from shares held in affiliated entities	13,993,535	4,667	
Financial revenue	1,969,795	1,501,452	31%
Financial expenses	1,278,713	743,434	72%
Revenue / (expenses) from exchange rate differences, net	513,180	(55,420)	-1.026%
GROSS PROFIT – BEFORE TAX	**21,301,521**	**20,520,937**	4%
Tax profit	(2,143,325)	(4,286,046)	-50%
NET PROFIT	**19,158,196**	**16,234,891**	18%

INDIVIDUAL BALANCE SHEET

Balance sheet indicators (LEI)	30.06.2024	31.12.2023 AUDITED	Variation %
Shares held in affiliated entities	231,391,935	212,955,994	9%
Other intangible assets	14,475,288	13,695,274	6%
Tangible assets	7,726,656	8,266,950	-7%
Assets related to the rights of use of leased assets	16,396,796	9,458,236	73%
Loans to related	5,537,659	18,685,471	-41%
Other financial assets	12,267,971	2,968,851	313%
Deferred tax	541,830	613,356	-12%
Total fixed assets	**288,338,137**	**266,644,131**	**8%**
Inventories	1,818,012	1,493,635	22%
Trade receivables and other receivables	60,016,003	68,521,017	-12%
Loans to affiliated entities	23,659,973	9,192,978	157%
Prepayments	1,301,131	1,323,501	-2%
Current investments	-	302.033	-100%
Cash and cash equivalents	54,166,771	58,263,292	-7%
Total current assets	**140,961,890**	**139,096,456**	**1%**
Total assets	**429,300,027**	**405,740,587**	**6%**
Share capital	88,823,814	87,129,361	2%
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	(6,878,749)	(5,689,379)	21%
Gains related to equity instruments	18,376,665	8,352,878	120%
Other elements of equity	7,750,330	12,628,497	-39%
Deferred profit or loss	153,395,327	109,703,611	40%
Current result	19,158,196	46,488,532	-59%
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	**305,970,014**	**280,835,730**	**9%**
Total equity	**305,970,014**	**280,835,730**	**9%**
Non-current liabilities:			
Lease liabilities	13,167,923	6,708,754	96%
Bank loans	41,890,592	49,841,347	-16%
Liabilities related to holdings	10,880,270	14,686,659	-26%
Advance revenue	249,267	273,503	-9%
Subsidies	263,262	301,940	-13%
Provisions	2,728,395	2,728,395	0%
Total non-current liabilities	**69,179,709**	**74,540,599**	**-7%**
Current liabilities:			
Trade and other liabilities	20,331,226	17,747,995	15%
Liabilities related to holdings	4,928,459	3,761,760	31%
Lease liabilities	4,542,014	3,939,382	15%
Bank loans	18,072,794	20,122,257	-10%
Advance revenue	3,523,617	3,262,205	8%
Subsidies	123,434	158,741	-22%
Provisions	2,628,760	1,371,918	92%
Total current liabilities	**54,150,304**	**50,364,258**	**8%**
Total liabilities	**123,330,013**	**124,904,857**	**-1%**
Total equity and liabilities	**429,300,027**	**405,740,587**	**6%**

KEY FINANCIAL INDICATORS

AROBS AT GROUP LEVEL

Current ratio as of 30.06.2024

$$\frac{\textbf{Current assets} \quad 206{,}919{,}840}{\textbf{Current liabilities} \quad 97{,}195{,}364} = 2.13$$

Quick ratio as of 30.06.2024

$$\frac{\textbf{Current assets-inventories} \quad 199{,}109{,}401}{\textbf{Current liabilities} \quad 97{,}195{,}364} = 2.05$$

Debt to equity ratio as of 30.06.2024

$$\frac{\textbf{Borrowed capital}}{\textbf{Equity}} \times 100 \quad \frac{102{,}432{,}195}{290{,}469{,}312} \times 100 = 35.26\%$$

$$\frac{\textbf{Borrowed capital}}{\textbf{Employed capital}} \times 100 \quad \frac{102{,}432{,}195}{392{,}901{,}507} \times 100 = 26.07\%$$

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

Debt turnover ratio - clients (days) as of 30.06.2024

$$\frac{\textbf{Average client balance}}{\textbf{Turnover}} \times 180 \quad \frac{113.440.577}{206{,}266{,}435} \times 180 = 98.99\%$$

Fixed assets turnover as of 30.06.2024

$$\frac{\textbf{Turnover} \quad 206{,}266{,}435}{\textbf{Fixed assets} \quad 291{,}203{,}984} = 0.71$$

Bank financing debt ratio as of 30.06.2024

$$\frac{\textbf{Total bank liabilities} \quad 79{,}634{,}068}{\textbf{Annualized normalized EBITDA} \quad 34{,}074{,}412} = 2.34$$

Earnings per share as of 30.06.2024

$$\frac{\textbf{Profit*} \quad 20{,}080{,}102}{\textbf{Regular shares in circulation} \quad 834{,}470{,}807} = 0{,}0241$$

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

Diluted earnings per share as of 30.06.2024

$$\frac{\textbf{Profit*} \quad 20{,}080{,}102}{\textbf{Diluted regular shares in circulation} \quad 953{,}876{,}308} = 0{,}0211$$

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

2024 OUTLOOK

CONSOLIDATED REVENUE AND EXPENSE BUDGET FOR 2024

CONT DE PROFIT ȘI PIERDERE	Reported H1 2024	Budgeted H1 2024	Reported vs Budgeted H1 2024	Reported vs Budgeted H1 2024 %	Budget 2024
TURNOVER:	**206,266,435**	**238,713,740**	**(32,447,305)**	**-14%**	**494,876,000**
Revenue from software services	166,387,096	193,372,499	(26,985,403)	-14%	395,745,000
Revenue from software products	37,760,037	41,314,381	(3,554,344)	-9%	81,679,000
Revenue from integrated systems	2,119,302	4,026,860	(1,907,558)	-47%	17,452,000
TOTAL COST OF SALES:	**150,003,496**	**163,086,209**	**(13,082,713)**	**-8%**	**341,555,000**
Cost of sales from software services	129,707,554	140,181,047	(10,473,493)	-7%	287,136,000
Cost of sales form software products	18,430,280	19,605,429	(1,175,149)	-6%	39,637,000
Cost of sales from integrated systems	1,865,662	3,299,733	(1,434,071)	-43%	14,782,000
Gross result	**56,262,939**	**75,627,531**	**(19,364,592)**	**-26%**	**153,321,000**
Sales and marketing expenses	10,008,741	11,148,758	(1,140,017)	-10%	22,396,000
General and administrative expenses	33,097,893	38,726,990	(5,629,097)	-15%	77,468,000
Other net operating revenues (expenses)	651,547	35,074	616,473	1758%	1,020,000
Operating profit	**13,807,852**	**25,786,858**	**(11,979,006)**	**-46%**	**54,477,000**
EBITDA	**28,841,633**	**40,983,220**	**(12,141,586)**	**-30%**	**84,870,000**
EBITDA margin	**14%**	**17%**	**-3%**	**-3%**	**17%**
Normalized EBITDA*	**34,074,412**	**46,215,998**	**(12,141,586)**	**-26%**	**92,869,000**
Normalized EBITDA margin*	**16%**	**19%**	**-3%**	**-3%**	**19%**
Profit before tax	14,932,511	25,154,704	(10,222,193)		53,213,000
Profit tax	4,141,376	6,102,226	(1,960,850)		12,381,000
Net profit	**10,791,135**	**19,052,479**	**(8,261,344)**	**-43%**	**40,832,000**
Net profit margin	**5%**	**8%**	**-3%**	**-3%**	**8%**
Normalized net profit**	**16,023,914**	**24,285,257**	**(8,261,344)**	**-34%**	**48,831,000**
Normalized net profit margin**	**8%**	**10%**	**-2%**	**-2%**	**10%**

** Normalized EBITDA = EBITDA without the impact of ESOP 1, 2 and 3. The effect of the ESOP program that will be implemented starting in 2024 has not been normalized.*
*** Normalized net profit excludes the non-cash effect generated by the Stock Option Plan programs (ESOP) 1, 2 and 3*

As of the date of this financial report's publication, the Company's management is assessing the need to update the 2024 Revenue and Expense Budget, as presented above, based on market trends in the upcoming period. If any changes are necessary, the Company will inform shareholders through a current report or within the financial report for Q3 2024.

Revenues from software services and products, as well as revenues from integrated systems, have different evolution trends throughout the year. The estimated revenues for the first half of 2024 were calculated linearly in relation to the consolidated annual budget.

Regarding the revenues from the Software Services segment, they are currently not at the expected level, and future opportunities and market trends will continue to be analyzed.

On the other hand, the revenues from Software Products services are in line with the estimated revenues for this segment, with the current comparison being slightly distorted by the linear method of calculation used for estimates.

The Integrated Systems segment also performs in terms of revenue depending on when public tenders, in which the AROBS Systems subsidiary participates, are concluded and when the committed projects are completed. It is estimated that several major projects will be completed in the last quarter of 2024.

Direct costs associated with each segment follow the downward trend in revenues and are monitored according to the specifics of each activity.

Sales, marketing, and other general and administrative expenses have been significantly reduced during this period compared to the initial estimates. These were adjusted in line with the dynamics of the Group's activities.

KEY RISKS FOR S2 2024

The most significant risks related to the Issuer's activity for the second half of the year are presented below. The company's representatives know these risks, and through the internal risk management system, they try to anticipate and neutralize them, before any potential consequences manifest themselves. However, many of the risks to which the Issuer is subject are beyond its control.

The risks presented in this section do not include all those risks associated with the Issuer's activity. Overall, there may be other risk factors and uncertainties that the company is not aware of at the time of writing this document and that may change the Issuer's actual results, financial conditions. performance and performance in the future and may lead to a decline in the company's share price. Investors should also perform the necessary due diligence to develop their own assessment of the investment opportunity.

A network or data security incident may allow unauthorized access to the Issuer's network or data, damage the Issuer's reputation, create additional liability issues and negatively impact financial results

Companies are subject to a wide variety of attacks on their networks on a constant, increasing basis. In addition to traditional hacker-led attacks, malicious code (such as viruses and worms), phishing attempts, employee theft or misuse, sophisticated actors are engaging in intrusions and attacks (including advanced persistent attacks) that increase the risks to Issuer's internal networks and customer-facing environments and the information they store and process.

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

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

Although the Issuer has not yet suffered significant damage as a result of unauthorized third party access to its internal network, any actual or perceived breach of the security of the Issuer's systems or networks could result in damage to its reputation, negative publicity, loss of partners, end-customers and sales, loss of competitive advantage over its competitors, increased costs to remediate any problems and to respond to incidents, regulatory investigations and enforcement actions, costly litigation and other liability.

In addition, the Issuer may incur significant costs and operational consequences for investigating, remediating, eliminating and putting in place additional tools and devices designed to prevent actual or perceived security breaches and other security incidents, as well as costs to comply with any notification obligations resulting from any security incident.

Any of these risks could have a negative impact on the market perception of the Issuer's services and products, as well as on end-customer’s and investor’s confidence in the Issuer, and could seriously affect business or operating results.

Operational results can vary significantly from period to period and can be unpredictable

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

- the Issuer's ability to attract and retain new end-customers or to sell additional services and/or products to existing end-customers;
- budget cycles, seasonal buying patterns and end-customer buying practices, including the likelihood of slower technology spending due to the global economic slowdown;
- changes in the requirements of end customers, distributors or resellers, or market needs;
- price competition;
- the timing and success of the introduction of new services and products by the Issuer or its competitors or any other changes in the competitive landscape of the industry in which the Issuer operates, including consolidation among its competitors or end-customers and strategic changes, partnerships entered into by and among the Issuer's competitors;
- the ability of the Issuer to successfully and continuously expand its business domestically and internationally, particularly in light of the current global economic downturn;
- the inability of the Issuer to complete or effectively integrate any acquisitions it may undertake;
- increase in unforeseen expenses or liabilities and any impact on the Issuer's operating results as a result of any acquisitions it makes;
- the Issuer's ability to increase the breadth and productivity of the distribution channel;
- decisions by potential end-customers to purchase services and products from larger, internationally recognised suppliers or from their main suppliers of network equipment and/or services;
- the risk of insolvency or credit difficulties faced by end-customers, which could increase due to the global economic situation, adversely affecting their ability to purchase or pay for the Issuer's products and services in a timely manner/at all, or faced by the Issuer's key suppliers, including the Issuer's sole suppliers, which could disrupt the Issuer's supply chain;
- failure of third parties to fulfil their obligations to the Issuer, including in relation to the implementation of certain investment projects envisaged by the Issuer;
- any disruption in the distribution channel or termination of relationships that the Issuer has with major distribution partners, including as a result of consolidation among distributors and resellers of products and services;
- the inability of the Issuer to honour orders from end-customers due to supply chain delays or events affecting the Issuer's suppliers and partners or their suppliers, and the unavailability of internal resources or partners for the execution of services and delivery of requested products, all of which may be adversely affected by the effects of the global economic situation;
- the cost and outcome of potential litigation, which could have a material adverse effect on the Issuer's business;
- seasonality or cyclical fluctuations of the market in which the Issuer operates, including the market for IT resources, employees and subcontractors;
- political, economic and social instability caused by the military conflict initiated by the Russian Federation in Ukraine, continuing hostilities in the Middle East, terrorist activities, any disruptions caused by COVID-

19 and/or any other pandemic or general health crisis that may occur and any disruption these events may cause to the global industrial economy;

- general macroeconomic conditions, both domestically and in the foreign markets in which the Issuer operates, which could impact some or all of the regions in which the Issuer operates, including the expected slowdown in global economic growth, increased inflation risk and the potential for global recession.
-

Any of the foregoing factors or the cumulative effect of any of the foregoing factors may result in significant fluctuations in the Issuer's financial and other operating results. This unpredictability could result in the failure of the Issuer to meet its revenue, margin or other operating result expectations.

Reputational risk is an inherent part of the Issuer's business

The ability to retain and attract customers is influenced in part by the Issuer's brand recognition and public perception of the Issuer. Negative views of the Issuer may result from actual or perceived practices, affecting its overall reputation, including the quality of products or services provided or the way it is perceived to conduct its business.

Although the Issuer makes every effort to comply with applicable regulations and to improve the positive perception of customers and potential customers regarding its services, negative publicity and negative public opinion could affect the Issuer's ability to retain and attract customers.

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

The Issuer's revenues for any prior quarterly or annual period should not be taken as an indication of the Issuer's future revenues or revenue growth for any future period, whether such growth is generated both organically and through M&A activities. If the Issuer is unable to maintain consistent revenue or revenue growth, its shares could experience high volatility, making it difficult for the Issuer to achieve and maintain profitability or maintain and/or grow cash flow on a consistent basis.

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

Developing services and products related to the Issuer's business is a costly process. The Issuer's investments in research and development may not result in significant improvements, marketable services or products or may result in services or products that are more expensive than anticipated. In addition, the Issuer may not realise the anticipated cost savings or performance improvements it had anticipated (it may take a longer period of time to generate revenue). The Issuer's future plans include significant investment in research and development. The Issuer believes that it must continue to devote a significant amount of resources to its research and development efforts in order to maintain its competitive position. However, it is possible that the Issuer may not earn significant revenues from these investments in the foreseeable future or these investments may not yield the expected benefits, either of which could adversely affect the business and operating results.

Risks related to intellectual property rights

Given the specific nature of the Issuer's business, there may be persons claiming that the Issuer infringes their intellectual property rights. The number of such claims may increase due to constant technological change in the markets in which the Issuer competes, the extensive patent coverage of existing technologies, the rapid rate of issuance of new patents and its supply. To resolve these claims, the Issuer may enter into royalty and license agreements on terms less favorable than those currently available, cease selling or redesigning affected services or products, or pay damages to satisfy indemnification commitments to its customers. These circumstances may result in lower operating margins. In addition to monetary damages, in some jurisdictions, claimants may seek court-to limit or prevent the importation, marketing and sale of our services or products that have infringing technologies. While the Issuer pays attention to how it manages these risks, claims by third parties of infringement of their intellectual property rights may have a significant impact on the Issuer's business or operating results.

Liquidity and cash- flow risk

Liquidity risk also includes the risk of possible non-recovery of claims. By the nature of its business, the Issuer shall maintain a level of receivables and payables that enables it to conduct its business optimally.

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

One of the factors contributing to this risk is the nature of IT services, which can often involve long-term contracts with corporate or government clients. In such cases, there is a possibility that some customers may be late or fail to pay invoices in full, or fail to meet agreed payment deadlines. This may lead to an increase in uncollected receivables and pressure on the Issuer's liquidity.

Also, in the IT industry, competition is strong and the rapid evolution of technology can cause a sudden shift in customer demand and preferences. If the Issuer is unable to respond quickly to changes in the market or fails to retain existing customers, it may have difficulty generating revenue and thus maintaining adequate liquidity.

Furthermore, the high costs associated with the development and implementation of the technology may result in significant expenses and pressures on the Issuer's cash flow. These expenses may include the purchase of equipment, payment of IT specialists and investment in research and development. If the Issuer fails to manage these costs effectively or does not achieve an adequate return on investment, its liquidity may be adversely affected.

To minimise the risk of low liquidity, the Issuer implements rigorous financial management, carefully monitors cash flow, develops clear debt collection policies and procedures and diversifies its customer portfolio. The Issuer also maintains an adequate liquidity reserve and establishes strong relationships with suppliers and financial partners to deal with contingencies and ensure long-term financial stability.

Risk associated with interest rates and sources of funding

There can be no assurance that the Issuer will be able to generate or accumulate sufficient funds to cover its contemplated long-term capital expenditures or that it will be able to do so at a reasonable cost. If the economic environment in which the Issuer operates deteriorates, the Issuer may not be able to take out a new loan on the terms they have previously benefited from, which could lead to increased financing costs and adversely affect the Issuer's financial position, or may even face a lack of available funding.

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

Also, if the economic environment deteriorates and investor and lender confidence declines, the Issuer may have difficulty obtaining the necessary financing for ongoing operations or development projects. In these circumstances, financial institutions may impose tighter restrictions and increase security requirements for lending. This may limit the Issuer's access to convenient and adequate funding, affecting its ability to finance its activities and develop efficiently.

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

Although, the Issuer constantly assesses the economic environment, monitors interest rate fluctuations and develops risk management strategies that include diversifying funding sources, using financial instruments to hedge against interest rate fluctuations, maintaining an adequate level of cash reserves and maintaining a strong relationship with financial institutions and lenders, it is not excluded that the Issuer may face the risks described above, which could have a material adverse effect on the Issuer's ability to finance potential new projects or capital needs or to engage in other activities that may be in the Issuer's interest.

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

Tax laws and regulations in Romania may be subject to change and there may be changes in the interpretation and application of tax legislation. These changes in tax law and/or in the interpretation and application of tax law may be swiftly adopted/applied by the authorities, difficult to anticipate and therefore the Issuer may not be prepared for these changes. The Issuer therefore considers that there is a risk that certain working relationships with subcontractors may be considered by the tax authorities as dependent activities which may lead to the recalculation of the related taxes.

For example, the Issuer has faced the removal of the income tax exemption facility for IT employees. Thus, from November 2023, for gross monthly income exceeding RON 10,000, income tax of 10% will be payable. Until this change, no income tax was payable on any income earned from the activity of creating computer programs. Also, from the same date, for gross monthly income exceeding RON 10,000, the tax facility relating to the reduction of the CAS rate by the percentage of the contribution to the privately managed pension fund will no longer apply. This change had a significant economic impact on the Issuer.

Also, in recent years, the Romanian government has implemented a number of fiscal measures, including increasing property taxes, expanding the scope of social security contributions and imposing certain taxes, which have directly affected our results of operations or resulted in lower disposable income for consumers. Such measures may continue to be adopted in the future, particularly in the context of international political and economic developments and the political changes that will take place in 2024 following the scheduled elections. Uncertainty as to the application of tax measures by the government and the continued instability of the tax regime as well as special taxation could ultimately have a direct negative impact and/or tax regulationsindirectly on consumer spending and/or on the prices we may charge for our products and services and therefore on the Group's profitability.

Risks related to the application of existing laws and regulations

The business of the Issuer and the Group is regulated by various entities, government agencies and local public authorities. Regulatory authorities may be subjective in their implementation and interpretation of applicable laws, regulations and standards, as well as in the issuance and renewal of licences, permits, approvals and authorisations, and in monitoring licensees' compliance with their terms.

Situations may arise in the Group's business where the way legal provisions are interpreted or applied by regulators differs from the interpretation given by the Group's management. In such cases, the Group's management may decide to challenge regulatory decisions issued by the competent authorities, which could affect the Group's relationship with these authorities.

The competent authorities have the right to carry out periodic inspections of the Group's activities. Such inspections may lead to conclusions that the Group has infringed laws, decrees or regulations. There is a possibility that the Group may not be able to successfully challenge such findings or remedy violations identified during inspections.

In addition, the authorities may decide from time to time to change the interpretation of applicable legal provisions, policies or views applicable to the Group's business in ways that may have a significant impact on its operations.

Legislative risk associated with the fleet management industry

The fleet management industry is subject to strict regulations on road safety, environmental protection and compliance with laws and regulations on commercial vehicle driving and personal data protection.
As a provider of fleet management solutions, the Issuer is aware of these regulations and ensures that every effort is made to ensure that the services offered comply with all legal and administrative requirements. However, should the Issuer's solutions fail to comply with all applicable regulations, such as environmental protection standards and personal data protection requirements, failure to comply may result in fines and other legal consequences that may affect the Issuer's business, prospects, results of operations and financial condition.

Litigation risk

In the context of the conduct of its business, the Issuer is subject to a risk of litigation, inter alia, as a result of changes and developments in legislation. The Issuer may be affected by other contractual claims, complaints and litigation, including from third parties with whom it has contractual relationships, employees, customers, competitors or regulators, as well as any adverse publicity that such an event attracts.

At the time of preparation of this Prospectus, the Issuer. was not involved in any significant litigation in an active or passive capacity.

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

Political and military instability in the region, triggered by the invasion of Ukraine by the Russian Federation in February 2022, preceded by the loss of control of the Crimean Peninsula to the Russian Federation and the conflict in Eastern Ukraine with pro-Russian separatists in 2014, as well as international sanctions imposed on the Russian Federation as a result of these events, may lead to deeply unfavourable economic conditions, social unrest or, at worst, widespread military confrontation in the region. The effects are largely unpredictable and may include a drop in investments, significant currency fluctuations, increases in interest rates, reduced availability of credit, trade and capital flows, increases in energy prices, etc.

Responses and threats to Russia may also affect markets for certain commodities, such as oil and natural gas, and may have collateral impacts, including increased volatility, and cause disruptions in the availability of certain commodities, commodity prices and the global supply chain, as well as the freedom to provide services. At this time, the situation is evolving rapidly and may evolve in a manner that could adversely impact the Issuer in the future. The scope of the sanctions in force at any given time may be expanded or modified in a way that could adversely affect the Issuer. Sanctions could also cause Russia to take countermeasures or other actions in response.

These adverse conditions could lead to reductions in sales of the Issuer's services and products, longer sales cycles, reductions in the length and value of contracts with the Issuer's customers, slower adoption of new technologies and increased price and pricing competition. As a result, any continued or more significant uncertainty or deterioration in global macroeconomic and market conditions could cause end customers to alter their spending priorities or defer decisions to outsource services or purchase products, which could result in extended sales cycles, either of which could harm the Issuer's business and operating results.
In addition, political and military instability in the region, the upward trend in inflation rates, and rising interest rates are causing and may continue to cause a significant decrease in demand in the IT and custom software market.

These and other unforeseen adverse effects of the crisis situations in the region could have significant negative consequences for the Group's business, prospects, results of operations and financial position.

The unpredictability of the inflation rate could have significant negative consequences on the Issuer's financial performance

The evolution of the inflation rate evolution continues to be unpredictable, which may have negative effects on the Issuer's business by making it more difficult for the Issuer to estimate the total costs of its activities and by creating a potential misalignment between the prices charged by the Issuer to its customers and the Issuer's costs, with a material adverse effect. A significant difference between the expected inflation rate in a given period and the actual amount recorded in that period may have a material adverse effect on the manner in which the Issuer's resources are allocated, thereby affecting the Issuer's business, financial resources, prospects and profitability.

Moreover, an unpredictable rise in inflation rates can lead to macroeconomic imbalances, characterised by rising interest rates, lower living standards and, in general, a slowdown in the development of the Romanian economy, which can contribute to a decrease in demand in the market for IT services and products, which could have significant negative consequences for the Group's business, prospects, results of operations and financial position.

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

The success of the Issuer is closely linked to the general economic developments in Romania. Negative developments or a general weakening of the Romanian economy, falling living standards, limited liquidity resources of potential customers and rising unemployment could have a direct negative impact on demand in the market in which the Issuer operates in Romania.

In recent years, Romania has undergone far-reaching political, economic and social changes. As you would expect from emerging markets, they do not have the full business infrastructure, legal and regulatory framework that generally exists in more mature free market economies. Also, Romania's tax legislation is subject to multiple, diverse interpretations and can undergo frequent and sometimes sudden or too quickly implemented changes.
The future direction of Romania's economy remains largely dependent on the effectiveness of economic, financial and monetary measures adopted at government level, as well as on fiscal, legal, regulatory and political developments.

Unfavourable economic conditions in Romania, fiscal uncertainty and increased taxation could ultimately have a direct and/or indirect negative impact on the prices charged for the Issuer's products and services.
The fact that in 2024 there will be four rounds of elections - European parliamentary, parliamentary, local and presidential respectively - increases the risk of economic instability in the context of the anticipated frequent debates and changes. This instability can affect entrepreneurs' business plans and influence investment and development decisions.
Moreover, political changes or election-related uncertainties can lead to market fluctuations, including increased currency volatility or decreased investor confidence, which can affect business revenues and profitability

Leu may be subject to high volatility

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

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

Romania's economy is more vulnerable to fluctuations in the global economy than developed economies. Negative economic developments globally could have an adverse effect on the value of the issued Shares

Romania's economy is more vulnerable to the global economic decline. The impact of global economic developments (such as the change in euro area monetary policy on interest rates in EUR or the increase in reference interest rates by the Federal Reserve, the central bank of the United States) is often felt more strongly in emerging markets, such as Romania, than in developed markets.

As in the past, the volatility of financial markets leads to an increase in perceived risks associated with investments in emerging economies and, therefore, could reduce foreign investment in Romania. In this case, the Romanian economy could face serious liquidity problems which could lead, among other things, to increased tax rates or the imposition of new taxes and duties, with a negative impact on activity, operating results and the financial situation of the Group.

Any decrease in Romania's credit ratings by an international rating agency could have a negative impact on the New Shares

Romania's long-term sovereign rating in both national and foreign currency currently has the ratings BBB- (stable) given by S&P, Baa3 stable) given by Moody's and BBB- (negative) given by Fitch. The decrease in Romania's credit rating given to debt in national or international currency by these international rating agencies (especially in the event of a significant downgrade) may have a negative impact on the Group's ability to obtain financing as well as on interest and other interest margins and other commercial conditions under which such financing would be available. Negative effects on the Group's ability to obtain financing may also have a negative effect on the Group's business, prospects, operating results and financial condition.

The legal and judicial system in Romania is less developed than those in other European countries, which makes an investment in Shares riskier than the investments in securities of an issuer operating in a developed legal and judicial system

The legal and judicial system in Romania is less developed than those in other European countries. Commercial, competition, capital market law, company law, insolvency law and other branches of law in Romania are relatively new to judges, and related legal provisions have been and continue to be subject to constant change as new laws are adopted in order to keep pace with the transition to a market economy and European Union law. It is possible that the existing laws and regulations in Romania are applied inconsistently or interpreted in a restrictive and non-business-oriented way. In certain circumstances, obtaining timely legal remedies may be impossible in Romania. The relatively limited experience of a significant number of magistrates practicing in Romania, especially with regard to issues in the capital markets, as well as the existence of issues related to the independence of the judiciary, can lead to unfounded decisions or decisions based on they are not grounded in law.

In addition to the above, case resolution can sometimes involve considerable delays. The judicial systems in Romania are underfunded compared to those of other European countries. Enforcement of judgments can be difficult, which means that enforcement through these court systems can be laborious, especially if unfavourable judgments can even lead to the cessation of business or the loss of jobs. This lack of legal certainty and the inability to make use of effective legal remedies in a timely manner can have a negative effect on the business and can also make it difficult to resolve any claims that investors in Shares may have.

The uncertainty that characterizes the Romanian judicial system could have a negative effect on the economy and could thus determine an unsafe environment for investments and, consequently, on the activity, operating results, financial situation, and prospects of the Group.

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 and embedded for the automotive, aerospace, medical, maritime, and others, but it also develops software for IoT, travel, clinical studies, enterprise solutions, Fintech and Intelligent Automation projects. AROBS has over 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

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. The transaction was completed on May 31, 2024.

GROUP STRUCTURE

As of June 30, 2024. The AROBS Group consisted of AROBS Transilvania Software SA (the "Company" or "AROBS" or "Parent Company") and 30 subsidiaries:

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	INFOBEST ROMANIA SRL	100%
21	INFOBEST SYSTEMHAUS GmbH	100%
22	INFOBEST ROMANIA SRL Branch	100%
23	NORDLOGIC SOFTWARE SRL	100%
24	NORDLOGIC USA. Inc.	100%
25	PT AROBS SOLUTIONS INDONESIA.	70%
26	SAS FLEET TRACKING SRL (SAS GROUP)	100%
27	SILVER BULLET SRL	100%
28	SOFTMANAGER SRL	70%
29	SKYSHIELD MAGYARORSZAG KFT	100%
30	UCMS GROUP ROMANIA SRL	97.67%

EMPLOYEES

As of 30.06.2024, the AROBS Group had an average number of 1,250 employees compared to 1,216 employees on 30.06.2023.

DIRECTORS

The company is managed by a Board of Directors consisting of five members appointed by the Ordinary General Meeting of Shareholders for a four-year term, as of 29.09.2023.

The Board of Directors of the Issuer consists of:

- **Voicu Oprean** – Chairman of the Board of Directors and CEO
- **Mihaela Cleja** – Non-executive member
- **Aurelian Deaconu** – Executive member
- **Ion Nistor** – Independent member
- **Razvan Garbacea** – Independent member.

AROBS SHARES ON THE BUCHAREST STOCK EXCHANGE

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

As of 30.06.2024, the company's shareholding structure was as follows:

Shareholder	Number of shares	Percentage
Voicu Oprean	579,893,968	66.5555%
Individual Persons	172,460,041	19.7936%
Legal Persons	118,939,600	13.6509%
TOTAL	**871,293,609**	**100%**

On July 23, 2024, the Company informed investors about the receipt from the Financial Supervisory Authority of the Certificate of Registration of Financial Instruments (CIIF) no. AC-5433-4 / 22.07.2024. CIIF certifies the registration of the operation to increase the share capital with 174,258,721 new shares that were issued according to the Decision of the Extraordinary General Meeting of Shareholders dated December 22, 2022, respectively following the Decision of the Board of Directors dated April 18, 2024. On July 30, 2024, the Central Depository published the new consolidated synthetic structure of holders of financial instruments that hold at least 10% of the share capital on July 25, 2024, respectively:

Shareholder	Number of shares	Percentage
Voicu Oprean	529,393,968	50.6329%
Legal Persons	338,250,802	32.3514%
Individual Persons	177,907,560	17.0157%
TOTAL	**1,045,552,330**	**100%**

DECLARATION OF THE MANAGEMENT

Cluj-Napoca, August 30, 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 30.06.2024 give a true and fair view of the assets, liabilities, financial position and revenue and expense statements 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 six months of 2024 and their impact on the company's financial statements.

Voicu Oprean

CEO

AROBS TRANSILVANIA SOFTWARE S.A.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2024

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STATEMENT OF CONSOLIDATED INCOME	**Note**	**Period ended 30.06.2024**	**Period ended 30.06.2023**
Turnover:	5	**206,266,435**	**218,825,326**
Software services		166,387,096	175,938,053
Software products		37,760,037	33,640,479
Integrated systems		2,119,302	9,246,794
Total cost of sales:		**150,003,496**	**150,898,163**
Cost of sales of software services	6.1	129,707,554	128,579,418
Cost of sales of software products	6.2	18,430,280	14,458,133
Cost of sales of integrated systems	6.3	1,865,662	7,860,612
Gross profit		**56,262,939**	**67,927,163**
Other income	11	651,547	599,930
Sales and marketing	7	(10,008,741)	(8,126,888)
General and administration	8	(33,097,893)	(31,736,193)
Proft before tax		**13,807,852**	**28,664,012**
Interest income		2,127,788	1,488,821
Interest expense		(1,665,179)	(881,239)
Net Forex Income/(Expenses)		662,050	(389,898)
Proft before tax		**14,932,511**	**28,881,696**
Income tax	13	(4,141,376)	(6,374,588)
Net profit		**10,791,135**	**22,507,108**
Overall result		**10,791,135**	**22,507,108**
related to parent company		10,468,615	22,239,539
related to NCI		322,520	267,569

These financial statements were signed and approved on August 30, 2024, by:

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION	Note	Period ended 30.06.2024	Period ended 31.12..2023
Goodwill	16	117,361,729	104,761,369
Customer relationship	16	71,869,675	76,561,802
Other intangible assets	16	25,415,264	23,044,459
Tangible fixed assets	17	38,703,726	35,556,876
Assets related to rights of use of leased assets	18	22,789,625	17,236,489
Loans granted to related parties	26	11,422,822	15,555,506
Financial fixed assets		3,641,143	3,700,985
Deferred income tax assets	13	2,483,311	2,129,265
Total fixed assets		**293,687,295**	**278,546,751**
Inventories	19	7,810,439	6,975,925
Trade and other receivables	20	103,699,830	103,338,304
Related parties loans	26	5,336,720	1,413,707
Prepaid expenses		3,106,865	2,015,826
Short-term investments		-	302,033
Cash and equivalents	21	86,965,986	87,773,888
Total current assets		**206,919,840**	**201,819,683**
Total assets		**500,607,135**	**480,366,434**
Share capital	25	88,823,814	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		(6,878,749)	(5,689,379)
Gains on equity instruments		18,376,665	8,352,878
Other equity items		7,670,749	12,574,918
Retained earnings		149,352,930	138,037,200
Conversion differences from consolidation		(59,295)	(163,971)
Total capital	**25**	**290,416,126**	**274,370,524**
Non-controlling interest		53,186	(683,366)
Total equity		**290,469,312**	**273,687,158**
Non-current liabilities			
Trade and other payables	22	49,771	49,746
Equity liabilities		10,880,270	14,686,660
Leasing liabilities	18	17,003,586	11,309,563
Bank loans	23	56,156,177	62,629,398
Deferred income tax liabilities	13	11,495,052	12,200,152
Advance income	5	4,123,682	3,523,269
Grants		512,052	301,940
Provisions	24	12,721,869	11,789,374
Total non-current liabilities		**112,942,459**	**116,490,102**
Current liabilities			
Trade and other payables	22	41,601,599	39,059,657
Equity liabilities		4,929,922	3,763,224
Leasing liabilities	18	8,191,969	7,919,498
Bank loans	23	23,477,891	24,184,008
Income in advance	5	12,171,339	8,796,705
Grants		123,434	158,741
Provisions	24	6,699,210	6,307,341
Total current liabilities		**97,195,364**	**90,189,174**
Total liabilities		**210,137,823**	**206,679,276**
Total equity and liabilities		**500,607,135**	**480,366,434**

These financial statements were signed and approved on August 30, 2024, by :

Voicu Oprean
Administrator

Bogdan Ciungradi
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	-	-	-	-	-	-	-	22,239,539	-	22,239,539	267,569	22,507,108
Conversion difference	-	-	-	-	-	-	-	-	(136,178)	(136,178)	(3)	(136,181)
Overall result	-	-	-	-	-	-	-	***22,239,539***	***(136,178)***	***22,103,361***	***267,566***	***22,370,927***
Retained earnings	-	-	-	(24,667)	-	-	-	(65,119)	(49,281)	(139,067)	-	(139,067)
Employee benefits in the form of equity instruments	-	-	-	-	-	-	8,722,719	-	-	8,722,719	-	8,722,719
Repurchase of own shares	-	-	-	-	(6,379,029)	-	-	-	-	(6,379,029)	-	(6,379,029)
Adjustments for non-controlling interests	-	-	-	-	-	-	-	416,513	-	416,513	(820,787)	(404,274)
Closing balance 30.06.2023	**91,139,499**	**263,971**	**23,185,001**	**6,342,770**	**(13,914,926)**	**1,805,558**	**12,929,059**	**132,806,531**	**(34,260)**	**254,523,203**	**(628,988)**	**253,894,215**

	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)**	**8,352,877**	**12,574,918**	**139,037,200**	**(163,971)**	**274,370,523**	**(683,366)**	**273,687,157**
Result of the exercise	-	-	-	-	-	-	-	10,468,615	-	10,468,615	322,520	10,791,135
Conversion difference	-	-	-	-	-	-		-	99,010	99,010	(8,241)	90,769
Overall result	-	-	-	-	-	-	-	***10,468,615***	***99,010***	***10,567,625***	**314,279**	***10,881,904***
Retained earnings	-	-	-	-	-	-	-	(269,992)	-	(269,992)	-	(269,992)
Employee benefits in the form of equity instruments	1,694,453	-	-	-	-	-	-	-	-	1,694,453	-	1,694,453
Adjustments for non-controlling interests	-	-	-	-	-	-	7,010,097	-	-	7,010,097	-	7,010,097
Non controlling interests	-	-	-	-	(3,079,848)	-	-	-	-	(3,079,848)	-	(3,079,848)
Closing balance 30.06.2024	**88,823,814**	**263,971**	**23,185,001**	**9,681,040**	**(6,878,749)**	**18,376,665**	**7,670,749**	**149,352,930**	**(59,295)**	**290,416,126**	**53,186**	**290,469,312**

These financial statements were signed and approved on August 30, 2024, by :

Voicu Oprean — Administrator

Bogdan Ciungradi — Chief Financial Officer

CASH FLOW STATEMENT	**30.06.2024**	**30.06.2023**
Cash flows from operating activities:		
Gross profit	**14,932,511**	**28,881,696**
Adjustments for:		
Amortization expenses	10,222,055	9,430,792
Expenditure on assets sold	(531,021)	178,390
(Income) from assets sold	(673,643)	(283,620)
Expenditure relating to SOP employee benefits	7,010,097	8,722,719
Expenditure/(Income) related to adjustments for inventory write-downs	(263,361)	122,633
Expenditure/(Income) related to adjustments on receivables	(152,109)	(1,007,566)
Expenditure/Income on provisions for risks and charges	1,396,605	2,541,269
(Income) from subsidies and grants	174,805	(223,914)
Expenditure with interest and other financial expenses	1,606,835	878,576
(Income) from interest and other financial income	(2,166,358)	(1,479,221)
Expenditure/(Income) relating to value adjustments on tangible and intangible fixed assets	40,740	3,648
Adjustments for non-controlling interests	93,344	(136,178)
Operating profit before changes in working capital	**31,690,500**	**47,629,224**
Change in trade and other receivables balances	6,559,423	(21,505,322)
Change in inventories balances	(571,155)	2,457,207
Change in trade payable and other debt balances	1,761,682	12,731,304
Changes in prepaid expenditure balances	(1,081,581)	(482,493)
Change in advance income balances	3,975,047	326,898
Interest paid	(1,606,835)	(878,576)
Interest earned	2,188,883	1,276,237
Cash generated from operating activities	**42,915,964**	**41,554,477**
Income tax paid	(4,217,158)	(8,036,139)
Net cash from operating activities	**38,698,806**	**33,518,338**
Cash flow from investing activities		
Loans (granted) to/repayments from affiliated entities	535,378	(251,364)
(Payments) related to the acquisition of subsidiaries	(19,560,470)	(43,885,525)
(Payments) related to the acquisition of tangible and intagible asstes, including customer relationship	(9,844,818)	(23,892,074)
Repurchase of own shares	(3,079,848)	(6,379,029)
(Payments)/Cash in from other investments in financial assets	302,033	523,375
Net cash from investing activities	**(31,647,725)**	**(73,884,617)**
Cash flow from financing activities:		
Cash in/(Repayments) of bank loans	(7,179,338)	(6,907,647)
(Payments) of finance lease liabilities	(679,645)	(516,780)
Net cash from financing activities	**(7,858,983)**	**(7,424,426)**
Net increase in cash and cash equivalents	**(807,902)**	**(47,790,705)**
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	**86,965,986**	**53,582,921**

These financial statements were signed and approved on August 30, 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 interim financial statements of the AROBS Group are prepared in accordance with IAS 34 “Interim Financial Reporting” as endorsed by the European Union effective as of the Group’s interim reporting date. These financial statements are the responsibility of the Parent Company Arobs Transilvania Software S.A.

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 30 June 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;
- 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. 55-57-59, Clădirea ABC Incubator, et. 6;
- Str. Constantin Brâncuși nr 78-78A, etaj 2

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 30.06.2024 and 31.12.2023:

30.06.2024				**31.12.2023**		
Shareholder	**Number of Shares**	**Value**	Percent	**Number of Shares**	**Value**	Percent
Oprean Voicu	579,893,968	57,989,397	66.5555%	578,278,772	57,827,877	66.3701%
Companies	118,939,600	11,893,960	13.6509%	128,051,806	12,805,181	14.6967%
Private individuals	172,460,041	17,246,004	19.7936%	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 26 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:

- 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 26 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 30 subsidiary companies in 10 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 30.06.2024, 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, Renașterii 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
- INFOBEST ROMÂNIA SRL - România, Str. Simion Barnutiu, nr. 13, etaj 1 si 2, Timișoara, Jud. Timiș
- INFOBEST ROMÂNIA SRL NL DEUTSCHLAND, Max-Delbrück-Straße 20, 51377 Leverkusen, Germania
- INFOBEST SYSTEMHAUS GmbH, Humboldstraße 38, 51379 Leverkusen, Germania
- 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), România, Cluj-Napoca, Str. Minerilor, nr. 63, Jud. Cluj
- 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 30.06.2024 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	INFOBEST ROMÂNIA SRL	100%	0%	31 May 2024
21	INFOBEST ROMÂNIA SRL NL DEUTSCHLAND	100%	0%	31 May 2024
22	INFOBEST SYSTEMHAUS GmbH	100%	0%	31 May 2024
23	NORDLOGIC SOFTWARE S.R.L	100%	0%	31 July 2022
24	NORDLOGIC USA, Inc.	100%	0%	31 July 2022
25	PT AROBS SOLUTIONS INDONESIA	70%	30%	13 March 2017
26	SAS FLEET TRACKING SRL	100%	0%	11 November 2019
27	SILVER BULLET SRL	100%	0%	31 July 2022
28	SOFTMANAGER S.R.L.	70%	30%	01 July 2019
29	SKYSHIELD MAGYARORSZAG KFT	100%	0%	01 July 2023
30	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.

Changes in Group structure in 2024

At the end of May 2024, AROBS acquired the Infobest Group, whose financial performance (revenues and expenses) is reflected, within the group, from June 2024.

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, June 30, 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 27.

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 30 June 2024 and 31 December 2023 were:

	30.06.2024	**31.12.2023**
RON – EUR	4.9771	4.9746
RON – USD	4.6489	4.4958
RON – GBP	5.8800	5.6871

The average exchange rates for period ended at June 2024 and at June 2023 were:

	Period ended 30.06.2024	**Period ended 31.12.2023**
RON – EUR	4.9742	4.9464
RON – USD	4.6010	4.5758
RON – GBP	5.8210	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**
- **Revenue recognisition from HR application license selling**
- **Revenue recognistion 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 30.06.2024	**Period ended 30.06.2023**
Turnover:		
Software services	166,387,096	175,938,053
Software products	37,760,037	33,640,479
Integrated systems	2,119,302	9,246,794
Total turnover	**206,266,435**	**218,825,326**

The Group's strategy of having several growth drivers helped to balance the temporary decrease in the turnover of the "Software Services" segment by increasing the turnover of the "Software Products" segment.

The turnover related to the "Integrated Systems" segment, lower compared to the same period of the previous year, is due to the fact that the potential signing and delivery of some significant projects will take place in the last quarter of 2024, while in the previous year large value projects were completed during the first quarter of 2023. These variations are influenced by the type of contracts won and by the moment when the subsidiary participates in public tenders.

Revenues related to the "Software Services" segment in the period ended June 2024, at the consolidated level, fell below the level of the same period of the previous year by 5%. The companies in the M&A category contributed to the turnover of the segment in the first semester of 2024 with 68 million lei, and to the increase of the turnover of the segment in this activity compared to the same period last year with 11.7 million lei.

Globally, the requests for software services were decreasing, a fact also felt in the evolution of the Group's activity, but the expectations of the software services market are for a recovery as companies and organizations still need to digitize their processes.

The revenues generated by the "Software products" segment in the period ending on June 30, 2024, at the consolidated level, increased by 4.1 million lei (12%) compared to the same period of the previous year. The contribution of the acquired companies starting with 2021 to the turnover of the first semester of this segment was 4.2 million lei, and to the growth of the segment's activity of 1.8 million lei.

In the area of software products such as fleet management, business optimization, HR solutions and the 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 3.2 million lei.

Cost of carrying out contracts with customers

Cost of carrying out contracts with customers – HR licensing

	OB 2024	**CAPITALISATION 06.2024**	**DEPRECIATION 06.2024**	**CB 06.2024**
HR Licences	403,650	511,442	111,619	803,473

Cost of carrying out contracts with customers – GPS monitoring services

	OB 2024	**CAPITALISATION 06.2024**	**DEPRECIATION 06.2024**	**CB 06.2024**
GPS Monitoring services	1,440,193	1,273,502	1,028,452	1,685,243

Deffered revenue – contract performance obligations

	Balance at 30.06.2024	**Balance at 31.12.2023**
Deffered revenue, out of which:	**16,295,021**	**12,319,974**
Long term	4,123,682	3,523,269
Short term	12,171,339	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 30.06.2024	**Period ended 30.06.2023**
Salary Expeneses	82,907,252	76,112,511
Employee stock ownership plan costs	3,629,634	4,443,447
Third paty expenses	36,494,287	42,055,107
Property plant and equipment depreciation expeneses	4,443,359	3,688,507
Expenses related to equipment sold	121,669	1,636
Other operating expenses	2,111,353	2,278,210
Cost of sales Software Services	**129,707,554**	**128,579,418**

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 from software services increased by only 1.1 million lei compared to the first semester of the previous year. This variation was generated by the increase of costs by 9.4 million lei of the companies in the M&A category and the significant decrease of costs in the organic area, by 8.3 million lei compared to the same period of the previous year. The evolution of costs in both the organic and M&A areas followed the dynamics of revenues recorded during this period.
Even if the beginning of the year came with salary increases, partly influenced by the elimination of fiscal facilities regarding the income tax, the costs (including the ESOP) with the directly productive resources employed and third parties, were effectively managed in the first semester of 2024.

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 30.06.2024	Period ended 30.06.2023
Salary Expeneses	7,545,891	5,492,379
Employee stock ownership plan costs	153,560	410,535
Property plant and equipment depreciation expeneses	2,902,607	2,741,378
Third paty expenses	3,819,452	2,336,370
Cost of goods sold	1,057,540	1,067,451
Other operating expenses	2,951,230	2,410,020
Cost of sales software products	**18,430,280**	**14,458,133**

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 cost of sales of software products increased by 4 million lei compared to the first semester of 2023, due to the increase of salary expenses and services performed by third parties as a result of the internalization of some software development and maintenance processes. The services contracted from third parties during this period, represented mainly, services with installations of devices for monitoring and software development services.

The contribution of the companies acquired in 2023 to the increase in the cost of sales of software products was 0.9 million lei. The evolution of these costs is consistent with the expansion of the segment's activity and the development of domestic products.

6.3 Cost of sales – Integrated Systems

	Period ended 30.06.2024	Period ended 30.06.2023
Cost of goods sold	768,139	5,942,293
Third paty expenses	511,816	1,684,418
Salary Expeneses	556,302	225,058
Property plant and equipment depreciation expeneses	28,537	8,843
Other operating expenses	868	-
Cost of sales of integrated Systems	**1,865,662**	**7,860,612**

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 semester of 2024 was 3.2 million lei.

7. SALES AND MARKETING EXPENSES

	Period ended 30.06.2024	Period ended 30.06.2023
Salary Expeneses	7,500,389	5,279,212
Employee stock ownership plan costs	247,304	228,364
T & E and advertising expenses	1,048,677	1,495,768
Third paty expenses	657,146	544,356
Property plant and equipment depreciation expeneses	315,873	350,205
Other operating expenses	239,352	228,983
Sales and marketing expenses	**10,008,741**	**8,126,888**

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 half of 2024, by 1.8 million lei compared to the first half 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, by 1.3 milion lei (Future Workforce Group).

8. GENERAL & ADMINISTRATION EXPENSES

	Period ended 30.06.2024	Period ended 30.06.2023
Salary Expeneses	13,741,194	11,922,238
Employee stock ownership plan costs	2,977,283	3,641,555
Property plant and equipment depreciation expeneses	7,117,135	6,214,146
Third party expenses	4,985,499	6,099,743
Other operating expenses	3,540,776	3,678,683
Transportation expenses	659,827	846,087
Depreciation adjustment expenses	(152,109)	(1,007,566)
Subsidiary acquisitions expenses	226,271	197,621
Expenses related to goods sold	2,017	143,686
General & Administration expenses	**33,097,893**	**31,736,193**

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 during the first half of 2024 by 1.4 million lei compared to the same period of the previous year as a result of M&A activities and the contribution of companies acquired after the first quarter of 2023. During this period, the Group's management applied measures to reduce these costs, in accordance with the dynamics of the Group's activity.

9. EMPLOYEE BENEFITS EXPENSES

	Period ended 30.06.2024	**Period ended 30.06.2023**
Salary Expeneses	109,502,483	94,042,309
Employee social security contributions	3,776,735	2,966,699
Meal ticket expenses	2,493,379	2,432,236
Capitalization	(4,918,175)	(2,951,117)
Untaken holidays provision	1,396,605	2,541,268
Subtotal personnel expenses	**112,251,028**	**99,031,396**
Employee stock ownership plan costs	7,007,780	8,723,900
Total personnel expenses	**119,258,808**	**107,755,296**

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

	Period ended 30.06.2024	**Period ended 30.06.2023**
Management	27	31
Administrative	37	37
Purchasing	3	2
Financial	42	39
Legal	4	5
Warehouse keepers	2	5
Marketing	21	18
Research & Development	940	907
Health & safety	3	2
Human resources	31	46
Service – Installations	43	40
IT support	30	23
Sales	67	61
Total	**1,250**	**1,216**

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

	Period ended 30.06.2024	**Period ended 30.06.2023**
Management	4,519,005	3,109,235
Administrative	1,580,716	1,640,493
Purchasing	228,479	167,307
Financial	2,939,405	2,374,743
Legal	409,482	332,534
Warehouse keepers	81,977	93,604
Marketing	1,261,443	946,431
Research & Development	86,203,313	76,434,245
Health & safety	72,076	68,129
Human resources	1,635,142	1,772,020
Service – Installations	2,107,403	1,529,134
IT support	2,270,291	1,738,005
Sales	6,193,751	3,836,429
Total salary exepenses	**109,502,483**	**94,042,309**

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

	Period ended 30.06.2024	**Period ended 30.06.2023**
Management	2,813,562	5,178,348
Administrative	21,601	38,630
Purchasing	11,679	9,356
Financial	53,293	72,456
Legal	26,381	30,590
Warehouse keepers	1,669	720
Marketing	22,021	37,291
Research & Development	3,760,096	3,029,233
Health & safety	-	-
Human resources	5,855	68,391
Service – Installations	27,721	40,903
IT support	38,620	46,430
Sales	225,282	171,553
Total remuneration expenses in equity instruments	**7,007,780**	**8,723,900**

Salary expenses increased in the first half 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 group level from 1,216 in June 2023 to 1,250 in June 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.

Expenditure on ESOP programmes recorded in the first half of 2024 decreased compared to the same period of the previous year by 20%, and this trend will continue until the end of the year.

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 30.06.2024	Period ended 30.06.2023
Salary Expeneses	112,251,028	99,031,398
Employee stock ownership plan costs	7,007,781	8,723,901
Third paty expenses	46,468,200	52,719,994
Property plant and equipment depreciation expeneses	14,807,511	13,003,079
Other operating expenses	8,843,579	8,595,896
Cost of goods sold	1,949,365	7,155,066
T & E and advertising expenses	1,048,677	1,495,768
Adjustments for the depreciation of noncurrent assets (expense)	(152,109)	(1,007,566)
Transportation expenses	659,827	846,087
Costs related to M&A Acquisitions	226,271	197,621
Total	**193,110,130**	**190,761,244**

11. OTHER REVENUE

	Period ended 30.06.2024	Period ended 30.06.2023
Other operating revenues	508,925	494,700
Net revenue from the sale of current assets	142,622	105,230
Total	**651,547**	**599,930**

12. REVENUE AND EXPENSES RECONCILIATION BY BUSINESS SEGMENTS

	SOFTWARE SERVICES		SOFTWARE PRODUCTS		INTEGRATED SYSTEMS		TOTAL	
	June 2024	**June 2023**	**June 2024**	**June 2023**	**June 2024**	**June 2023**	**June 2024**	**June 2023**
Revenue from software services	166,387,096	175,938,053	-	-	-	-	166,387,096	175,938,053
Revenue from software products	-	-	37,760,037	33,640,479	-	-	37,760,037	33,640,479
Revenue from integrated systems	-	-	-	-	2,119,302	9,246,794	2,119,301	9,246,794
Total Turnover	**166,387,096**	**175,938,053**	**37,760,037**	**33,640,479**	**2,119,302**	**9,246,794**	**206,266,434**	**218,825,326**
Salary Expeneses	82,907,252	76,112,511	7,545,891	5,492,3379	556,302	225,058	91,009,445	81,829,948
Employee stock ownership plan costs	3,629,634	4,443,447	153,560	410,535	-	-	3,783,194	4,853,982
Third paty expenses	36,494,287	42,055,107	3,819,452	2,336,370	511,816	1,684,418	40,825,555	46,075,895
Cost of goods sold - equipment	121,669	1,636	1,057,540	1,067,451	768,139	5,942,293	1,947,348	7,011,380
Property plant and equipment depreciation expeneses	4,443,359	3,688,507	2,902,607	2,741,378	28,537	8,843	7,374,503	6,438,728
Other operating expense	2,111,353	2,278,210	2,951,230	2,410,020	868	-	5,063,451	4,688,230
Total cost of sales	**129,707,554**	**128,579,418**	**18,430,280**	**14,458,133**	**1,865,662**	**7,860,612**	**150,003,496**	**150,898,163**
Gross margin	**36,679,542**	**47,358,635**	**19,329,757**	**19,182,346**	**253,640**	**1,386,182**	**56,262,939**	**67,927,163**
Gross margin %	**22%**	**27%**	**51%**	**57%**	**12%**	**15%**	**27%**	**31%**

Sales and marketing and general administration expenses are unallocated costs.

13. INCOME TAX, MICROENTERPRISE TAX AND DEFERRED TAX

	Period ended 30.06.2024	Period ended 30.06.2023
Income tax	4,324,882	6,592,646
Microenterprise income tax	630,913	603,085
Subtotal – impozit current	**4,955,795**	**7,195,731**
Deferred income tax	(814,419)	(821,143)
Total	**4,141,376**	**6,374,588**

	Period ended 30.06.2024	Period ended 30.06.2023
Profit before tax	**14,932,511**	**28,881,696**
Current period income tax	(4,324,882)	(6,592,646)
Current period microenterprise income tax	(630,913)	(603,085)
Impozit curent	**(4,955,795)**	**(7,195,731)**
Revenue as a result of deferred income tax	814,419	821,143
Recalculated net profit	**10,791,135**	**22,507,108**

Deferred income tax

	30.06.2024	31.12.2023
Deferred income tax – receivable	2,483,311	2,129,265
Total	**2,483,311**	**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.

	30.06.2024	31.12.2023
Deferred income tax – liability	11,495,052	12,200,152
Total	**11,495,052**	**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 30.06.2024	**Period ended 30.06.2023**
Operating revenue	206,917,982	219,425,256
Operating expenses	178,076,349	177,560,539
EBITDA	**28,841,633**	**41,864,717**
EBITDA Margin	**14%**	**19%**
ESOP	5,232,779	8,723,900
Normalized EBITDA*	**34,074,412**	**50,588,617**
Normalized EBITDA margin*	**16%**	**23%**
ESOP 4	1,775,001	-
Depreciation&Provision	10,115,385	8,671,619
Customer relationship	4,692,127	4,331,461
Incidental expenses	226,271	197,621
Financial result	1,124,661	217,679
Profit before tax	**14,932,511**	**28,881,696**
Tax	4,141,376	6,374,588
Net profit	**10,791,135**	**22,507,108**
Net profit margin	**5.2%**	**10.3%**
Normalized net profit**	**16,023,914**	**31,231,008**
Normalized net profit margin**	**8%**	**14%**

*Normalized EBITDA = EBITDA less SOP expense
**Normalized net profit excludes the non-cash effect of the Stock Option Plans

Normalized EBITDA, at consolidated level, recorded a value of RON 34.1 million in the first half year and normalized net profit recorded a value of RON 16 million in the same period. The normalisation of these indicators was achieved by cancelling the effect of expenditure on ESOP 2 and 3 programmes. The expenditure on the ESOP 4 programme started in May 2024 is not taken into account in the normalisation of these indicators, as the shares required to run the programme were purchased under the buy-back programmes, generating a monetary effect.

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 30.06.2024**
Profit (last 12 months)	20,080,102
Regular shares in circulation	834,470,807
Basic earnings per share	**0.0241**

Diluted	**Period ended 30.06.2024**
Profit (last 12 months)	20,080,102
Diluted regular shares in circulation	953,876,308
Diluted earnings per share	**0.0211**

The dilution effect is due to own shares allocated in ESOP programmes to be distributed on the deadlines set out in the ongoing programmes.

16. INTANGIBLE ASSETS

	Goodwill	Customer relationship	Research & development expenses	Other noncurrent assets	Total
Net value at 31.12.2023	**104,761,369**	**76,561,802**	**8,122,113**	**14,922,347**	**204,367,630**
Purchases / Transfers	12,639,201	-	3,253,962	1,685,923	17,579,085
Amortization / adjustments	(38,840)	(4,692,127)	-	(1,929,242)	(6,660,209)
Disposals	-	-	(488,081)	(151,757)	(639,839)
Net value at 30.06.2024	**117,361,729**	**71,869,675**	**10,887,993**	**14,527,271**	**214,646,668**

The Goodwill with a net value of 117,361,729 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. The increase in the value of intangible assets is mainly due to the registration of goodwill, following the acquisition of the Infobest group, at the end of May 2024 and the continued development of domestic products.

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 31.12.2023	**585,684**	**10,098,393**	**2,282,878**	**22,589,921**	**35,556,876**
Purchases / Transfers	26,559,191	4,376,781	572,338	4,552,231	36,060,541
Depreciation / adjustments	(347,325)	(1,972,073)	(596,942)	-	(2,916,340)
Disposals	-	(2,960,224)	(286,591)	(26,750,536)	(29,997,351)
Net value 30.06.2024	**26,797,549**	**9,542,878**	**(1,971,683)**	**391,616**	**38,703,726**

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 4.3 million lei, during the first semester 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. 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, accumulated depreciation and movements during the period are presented below:

	Land and buildings	Transport vehicles
Balance at 31.12.2023	**29,297,689**	**5,905,953**
Acquisitions	9,335,718	1,192,878
Disposals	(2,705,538)	(1,598,973)
Accumulated depreciation	(16,943,895)	(1,694,207)
Net Balance at 30.06.2024	**18,983,975**	**3,805,651**

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

Balance at 31.12.2023	Leasing payments	Additions	Disposals	Interest	Net exchange difference	Balance at 30.06.2024
19,229,060	(5,585,868)	11,064,556	(12,069)	495,308	4,568	**25,195,555**

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:

	30.06.2024	31.12.2023
T0 (Under 1 year)	9,252,490	8,587,590
LT 1 (1-5 years)	17,596,432	11,955,271
LT (over 5 years)	1,009,746	-
Total	**27,858,668**	**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 1 and 8 years. Leasing contracts are concluded in LEI, EUR, GBP, HUF, IDR and PLN.

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 30.06.2024	Balance at 31.12.2023
Raw materials	4	-
Materials	285,846	278,398
Work in progress - services	4,378,229	4,265,587
Products	12,512	-
Goods purchased for resale	2,955,039	1,983,850
Advances to suppliers	178,810	448,090
Total	**7,810,440**	**6,975,925**

The value of inventories in balance at June 30, 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 June 30, 2024.

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 June 30, 2024 is 934,561 lei, being at a similar level to that of December 31, 2023.

20. TRADE AND OTHER RECEIVABLES

	Balance at 30.06.2024	Balance at 31.12.2023
Trade receivables	94,398,877	95,581,994
Customers - invoices to be issued	7,393,951	7,306,443
Adjustments for trade receivables	(6,360,680)	(6,380,867)
Trade receivables – affiliated entities	2,842,673	2,964,133
Adjustments for claims from affiliated entities	(2,374,674)	(2,243,781)
Subsidies	97,529	84,542
Other receivables	7,102,357	5,021,610
Advances to suppliers	599,797	680,961
Total	**103,699,830**	**103,015,034**
Loans granted – affiliated entities	5,336,720	1,413,707
Deferred expenses, out of which:	**3,106,865**	**2,015,826**
Long term	181,347	153,355
Short term	2,925,518	1,862,471
Total deferred income and revenue	**112,143,415**	**106,444,567**

The total amount of receivables on June 30, 2024 registered a slight increase 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 30.06.2024	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 June 30, 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 30.06.2024	Balance at 31.12.2023
Cash at bank and deposits in lei	19,745,505	20,781,961
Cash at bank and deposits in foreign currencies	66,685,817	66,777,196
Subtotal	**86,431,322**	**87,559,158**
Petty cash	145,163	160,563
Bonds	-	302,033
Shares - Other securities	293,554	35,345
Amounts under settlement	98,553	5,047
Other cash equivalents	(2,606)	13,776
Total	**86,965,986**	**88,075,920**

Cash availability varied in the first semester 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.

22. TRADE AND OTHER PAYABLES

	Balance at 30.06.2024	Balance at 31.12.2023
Suppliers	14,040,850	11,645,527
Client advances	1,155,935	3,834,033
Fixed asset suppliers	15,687	37,987
Suppliers - invoices to be received	1,412,056	2,172,434
Suppliers – affiliated entities	608,995	519,650
Loans to shareholders	97,076	109,751
Employees - salaries payable	11,199,359	9,799,019
Company’s contribution to social security	6,663,284	5,820,426
Other debts payable to the Treasury	4,988,979	4,162,989
Sundry debtors	114,455	181,370
Other payables	687,980	826,217
Total	**40,984,656**	**39,109,404**

23. BANK LOANS

	Balance at 30.06.2024	Balance at 31.12.2023
Long terms bank loans	77,236,640	84,760,637
Short term bank loans	2,397,428	2,052,769
Total	**79,634,068**	**86,813,406**

Bank loans by due date:

	Balance at 30.06.2024	Balance at 31.12.2023
Bank loans due up to 1 year	23,477,891	24,184,008
Bank loans due between 1 and 5 years	56,156,177	62,629,398
Bank loans due over 5 years	-	-
Total	**79,634,068**	**86,813,406**

In the first semester of 2024, the value of bank loans decreased by 7.2 million lei as a result of repayments made during the first semester, reaching a total value of 79.6 million lei.

Bank loans contingencies

Regarding the contingencies related to the bank loans contracted by the Group, there are no changes on June 30, 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 30.06.2024
Provisions	18,095,843	3,986,685	2,661,449	19,421,079
Total	**18,095,843**	**3,986,685**	**2,661,449**	**19,421,079**

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 June 30, 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 June 30, 2024. The parent company transformed into SA starting on September 5, 2014.

The Company runs a program to buy back its own shares in order to implement ESOP programs. As of June 30, 2024 the total number of redeemed shares in balance is 26,555,547 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 30 June 2024, the value of the legal reserves amounts lei 7,854,275.

	30.06.2024	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 30.06.2024	Balance at 31.12.2023
AROBS BUSINESS CENTER SRL	102,913	150,289
AROBS BUSINESS SERVICES SRL	52,149	19,927
AROBS TRADING & DISTRIBUTION GMBH	470,665	469,881
ATD CORNER SRL	1,512,545	1,495,259
AROBS TURKEY YAZILIM LIMITED	939	283
CABRIO INVEST SRL	15,274	5,718
CABRIO INVESTMENT SRL	-	-
MED CONTROL SOLUTION SRL	102,531	102,531
NEWCAR4FUTURE SRL	220,825	220,825
OOMBLA TRAVEL MANAGEMENT SRL	908	454
SMAIL COFFEE SRL	181,017	140,866
TRANSILVANIA SOFTWARE RECRUITMENT SRL	0	308,485
VISION PLUS MOBILE SRL	49,616	49,616
Total	**2,709,382**	**2,964,133**

Related parties – Payables	Balance at 30.06.2024	Balance at 31.12.2023
AROBS BUSINESS CENTER SRL	159,323	8,988
AROBS BUSINESS SERVICES SRL	29,851	233,433
AROBS TURKEY YAZILIM LIMITED	-	-
AROBS TRADING & DISTRIBUTION GMBH	-	5,726
CABRIO INVEST SRL	-	7,509
IKON SOFT	69,652	63,544
OOMBLA TRAVEL MANAGEMENT SRL	96,977	39,119
SMAIL COFFEE SRL	281	7,148
TRANSILVANIA SOFTWARE RECRUITMENT SRL	0	154,176
Total	**356,084**	**519,653**

Related parties - Sales	Period ended 30.06.2024	Period ended 30.06.2023
AROBS BUSINESS CENTER SRL	20,238	82,711
AROBS BUSINESS SERVICES SRL	169,224	51,618
AROBS PANNONIA SOFTWARE	-	153,445
AROBS TRACKGPS SRL	-	75,950
AROBS TRADING & DISTRIBUTION GMBH	547	565
ATD CORNER SRL	14,572	84,839
AROBS TURKEY YAZILIM LIMITED	1,634	624
CABRIO INVEST SRL	28,837	29,860
CABRIO INVESTMENT	-	105
MANAGIS SERV SRL	-	120
NEWCAR4FUTURE SRL	-	2,414
OOMBLA TRAVEL MANAGEMENT SRL	1,945	3,954
SMAIL COFFEE SRL	33,741	43,217
Total	**270,738**	**529,422**

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 30.06.2024	Period ended 30.06.2023
AROBS BUSINESS CENTER SRL	763,761	779,086
AROBS BUSINESS CENTER PLUS SRL	81,698	0
AROBS BUSINESS SERVICES SRL	167,133	181,273
AROBS PANNONIA SOFTWARE	-	290,000
AROBS TRACKGPS SRL	-	391
ATD CORNER SRL	-	14,459
AROBS TURKEY YAZILIM LIMITED	659,281	361,654
CABRIO INVEST SRL	81,026	64,046
AROBS SOFTWARE SRL	-	1,263,039
IKON SOFT SRL	323,161	224,846
OOMBLA TRAVEL MANAGEMENT SRL	558,404	536,291
SMAIL COFFEE SRL SRL	288,167	283,128
Total	**2,922,631**	**3,998,213**

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

	30.06.2024	31.12.2023
Loan value	4,603,818	5,074,092
Interest value	1,511,078	1,416,816
Total	**6,114,896**	**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

	30.06.2024	31.12.2023
Loan value	822,911	822,497
Interest value	607,594	591,209
Total	**1,430,505**	**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

	30.06.2024	31.12.2023
Loan value	7,256,113	7,252,468
Interest value	1,269,086	1,124,412
Total	**8,525,199**	**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.

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

	30.06.2024	31.12.2023
Loan value	816,342	815,932
Total	**816,342**	**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:

27.1. IFRS 15 Revenue from contracts with customers

In accordance with IFRS 15, revenue is recognized when or as the customer acquires control of the goods or services provided, at an amount that reflects the price the 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 20. 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.

27.2. Property, Plant and Equipment

Initial recognition

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

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

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

Usefull life

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

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

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

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.

27.3. Intangible assets

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

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

The useful lives of intangible assets are assessed as finite.

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

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

Research and development expenditure

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

27.4. Assets relating to rights to use leased assets

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

Assets relating to rights to use leased assets

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

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

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

Lease liability related to right-of-use asset

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

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

In calculating the present value of lease payments, the 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.

27.5. Impairment of non-financial assets

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

- Property, plant and equipment Note 17
- 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.

27.6. 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 20 - 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.

27.7. 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.

27.8. 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.

27.9. 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.

27.10. *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.

27.11. 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.

27.12. 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.

27.13. 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.

27.14. 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 30 June 2024, 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.

29. SUBSEQUENT EVENTS

On 17.07.2024, the increase of the share capital, by cash contribution, with a number of 174,258,721 new shares, with a nominal value of RON 0.10/share, was registered with the National Trade Register Office, based on the AGEA Decision of 22.12.12.2022, respectively, based on the Decision of the Board of Directors of 18.04.2024, from RON 87,129,360.90 (divided into 871,293,609 shares) to RON 104,555,233 (divided into RON 1,045,552,330 shares).

The increase was carried out with preferential rights granted to all shareholders registered in the issuer's register on 10.05.2024.

These financial statements were signed and approved on August 30, 2024, by:

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