# FINANCIAL REPORT AS OF SEPTEMBER 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 September 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 regularization.

# ISSUER FORMATION

## INFORMATION ABOUT THIS FINANCIAL REPORT

| | |
|---|---|
| Type of report | Quarterly report – Q3 2024 |
| According to | Annex 13 of the ASF Regulation no. 5/2018 |
| Date of publication of the report | 14.11.2024 |
| For the financial period | 9M 2024: 01.01.2024 – 30.09.2024 |
| | Q3 2024: 01.07.2024 – 30.09.2024 |

## ISSUER INFORMATION

| | |
|---|---|
| Name | AROBS Transilvania Software SA |
| Fiscal code | RO 11291045 |
| Trade Register registration number | J12/1845/1998 |
| Social headquarters | Str. Donat no. 11, bl. M4, sc. 2, et. 3, 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

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

## MESSAGE FROM THE CEO

The third quarter of 2024 continued to be challenging for the technology sector, particularly due to the challenges in the automotive industry, which is navigating a period of uncertainty. We observed increased caution among clients currently pausing investments in the electrification area. On the other hand, automotive players are still investing in advanced technologies such as intelligent and automated driving. However, projects that they plan to implement with partners in the software services sector are set for shorter, less predictable periods compared to previous years.

If, at the end of 2023, we anticipated a potential stagnation in the automotive industry, by the end of the second quarter, outlooks began to indicate a downturn scenario, although the full implications remained unclear. Nevertheless, we responded promptly with cost optimization measures and streamlining of our organizational structure, particularly within departments impacted by reduced demand for our software services in 2024. Additionally, we significantly lowered administrative costs at the group level. The results of these measures are already visible in the Q3 2024 results:

- **A 4% reduction in the cost of software services**, totaling 61.6 million lei in Q3 2024, compared to 64.4 million lei in Q3 2023. This decrease is also notable compared to Q1 2024 when these costs were 66.5 million lei.
- **The streamlining of the sales and marketing department resulted in an 11% reduction in expenses**, reaching 5 million lei in Q3 2024, compared to 5.6 million lei in Q3 2023.
- **A 10% decrease in general and administrative expenses**, reaching 16.3 million lei in Q3 2024, compared to 18.2 million lei in Q3 2023.
- **The optimization of personnel costs by 9%** compared to Q3 2023 (optimization by **16%** of personnel costs in Software Services division) like-for-like decrease excluding companies acquired in 2024 led to a total of 55.6 million lei in Q3 2024, **along with a 15% like-for-like decrease** compared to Q1 2024 (decrease of **19**% of personnel costs in Software Services division).
- **A substantial reduction in Stock Option Plan (SOP) expenses**, from 6.5 million lei in Q3 2023 to 3.4 million lei in Q3 2024. These include SOP 1 (completed in 2023), SOP 2 (completed in September 2024), and SOP 3 (scheduled for completion in April 2025), covering shares transferred at nominal value by me to the company before AROBS's listing on the AeRO market in 2021, as well as SOP 4 (initiated through buy-back programs in 2024 and scheduled for completion in 2027).

Through these strategic measures, we aim to optimize internal processes and eliminate redundancies, thereby increasing operational efficiency. At the same time, rather than focusing solely on cost-reduction, we ensure that the savings are reinvested in innovation and improvements to our services and products, consolidating our market position and remaining competitive amidst external pressures. Our focus is on integrating technologies that address our clients' most pressing needs – such as cybersecurity, exponential technologies like AI, RPA and data engineering as well as R&D, where we are preparing to launch a communications research project for emergency situations.

In terms of financial results, as of September 30, 2024, AROBS recorded consolidated revenue of 306.2 million lei, EBITDA of 43.4 million lei with a margin of 14%, and net profit of 16.1 million lei, with a margin of 5%.

By business segment, Software Services generated revenues of 245.6 million lei in the nine months of 2024, representing 80% of total turnover. Although this segment experienced a moderate 6% decline in the challenging

2024 context, we remain confident that our investments in cybersecurity and the integration of AI into our solutions will provide tangible results in the near future.

Software Products continued to grow steadily, with revenues of 57.5 million lei as of September 30, 2024, a 14% increase compared to the same period last year, representing 19% of the total turnover. This segment's growth highlights the importance of our diversified business model, as the Software Products segment compensates for the challenges in the services area, ensuring financial and operational stability.

In the Integrated Systems segment, where we recorded revenues of 3.1 million lei, we are affected by delays in key projects, including those funded through the PNRR (National Recovery and Resilience Plan), which is a primary reason for the total turnover decline this year. Although we expected these projects to be awarded in Q4 2024, we now anticipate they will be signed only at the beginning of next year.

Considering the results as of September 30, 2024, and the difficult conditions in the software services market, particularly in the automotive industry, we need to adjust our consolidated revenue and expense budget for the year. We now project a total turnover of 404.9 million lei, an 18% decrease compared to the budget announced at the beginning of the year, and a net profit of 18 million lei, approximately 56% below the budgeted value from the beginning of the year. I want to emphasize that AROBS was significantly affected by the challenging context of 2024, but we have a foundation for a strong recovery in 2025 and the years to come.

Although the impact on net profit is substantial, this decline does not affect our operations, as we have a solid liquidity position and a sound balance sheet. The cost-cutting measures already implemented this year demonstrate our ability to manage challenges efficiently and responsively. Compared to a year ago, when the company was unprepared for a crisis of this magnitude, we are now much better positioned. We will close this year profitably, showing that our diversified business model is well-suited, as it helps maintain operational stability even when two of our business lines underperforms.

Regardless of developments in 2025, AROBS is now a more flexible, healthy company with an engaged and agile management team. Our business model is diversified enough to absorb the shocks experienced in certain economic sectors.

Looking ahead, we continue to streamline the Group's structure by implementing absorption processes for entities acquired over the past three years. This will help maximize synergies and reduce costs. Our first project in this direction was launched and it will be finalized early next year when we plan to integrate three entities into AROBS Transilvania Software: AROBS Engineering, Nordlogic Group, and Berg Software.

Regarding potential M&A transactions, the capital raised from the share increase in July 2024 remains available in the company's accounts. It will not be used to fund current operations, as AROBS has positive cash flows. This capital will be used exclusively for acquisitions. Due to the atypical results in 2024, the M&A market has declined; however, our objective remains focused on acquiring primarily software product companies, as well as software services companies from complementary sectors, to enhance AROBS's current portfolio. These transactions will likely be small in size as the market remains volatile and has yet to adjust from the high multiples of the past. We intend to remain cautious and confident that more acquisition targets may become available next year as valuation expectations become more realistic.

Considering all the aspects presented and the obstacles the technology industry must overcome, it is essential to underline that AROBS is a stable, agile, and profitable company. I emphasize this because every decision we make reflects our commitment to balancing operational efficiency with capitalizing on emerging technology opportunities. Agility is one of the core values guiding us during this period of rapid change. We have learned to be agile and respond promptly to demand fluctuations without compromising the quality of services provided to our clients. Additionally, we are focused on leveraging synergies from previous acquisitions and integrating them efficiently into the Group's structure. In the long term, we are confident that AROBS will continue to consolidate its position as a local and regional leader in technology, creating value for shareholders, colleagues, business partners, and the community.

We invite you to review the report for the first nine months of 2024, where more details on AROBS Group's performance are provided. We also look forward to seeing you at the quarterly call on November 18, 2024, at 15:00 PM (Romania time), where the executive team and I will address your questions. For any business or capital market inquiries, please contact us at ir@arobsgroup.com.

Voicu Oprean

## FINANCIAL RESULTS AS OF SEPTEMBER 30, 2024 AT A CONSOLIDATED LEVEL

**RON 306 million**

TURNOVER

**RON 49 million**

NORMALIZED EBITDA*

**16%** NORMALIZED EBITDA MARGIN

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

**RON 22 million**

GROSS PROFIT

**7%** GROSS PROFIT MARGIN

**RON 22 million**

NET NORMALIZED PROFIT*

**7%** NET PROFIT MARGIN

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


**9M 2024 CONFERENCE CALL**

**18.11.2024 | 15:00**

We invite you to join the quarterly financial results call with AROBS management to discuss the performance in the first nine 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)
- Ovidiu Bojan (Executive Director Software Products Division), and Zuzanna Kurek (IR Manager).

The conference call will be in English and will take place on November 18, 2024, at 15:00 Romania time (14:00 CET | 13:00 UK).

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

# KEY EVENTS IN Q3 2024 AND AFTER THE CLOSING OF THE REPORTING PERIOD

## KEY EVENTS RELATED TO BUSINESS DEVELOPMENT

### AROBS POLSKA AND AROBS ENGINEERING SELECTED BY ESA FOR CRIMSON PROJECT

On **October 21, 2024**, AROBS Polska and AROBS Engineering began the "Close Proximity Operations Control Unit Development and Qualification" (CRIMSON) project. The project, approved in September 2024, is funded by the European Space Agency (ESA) as part of its Core Activities for Clean Space under the COSMIC initiative within the Agency's Space Safety Program, Period 2.

The project addresses a specific need that has been identified for future Active Debris Removal (ADR) and In-Orbit Servicing (IOS) missions for a qualified control unit capable of interfacing with several sensors and imagers and with sufficient processing power and memory capacity to perform a variety of critical high-data rate functions, including image processing, relative navigation, and robotics control, as well as supporting functions such as image compression and data encryption.

More details are available **HERE** .

## KEY EVENTS RELATED TO GOVERNANCE

### INITIATION OF THE 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 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** .

Also, on **October 9, 2024**, the Company informed the market about supplementing with 3,000,000 shares the buyback program initiated on April 18, 2024. More details are available **HERE** .

### FREE ASSIGNMENT OF CERTAIN SHARES

On **September 25, 2024**, the Company informed investors about the free assignment of 1,983,770 shares to employees and members of management bodies within the Company and certain affiliated companies.

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

## KEY EVENTS RELATED TO THE CAPITAL MARKET

### SHARE CAPITAL INCREASE

On **July 5, 2024**, the Company informed the market about the conclusion of the first stage of the share capital increase operation, carried out between 06.03.2024 and 07.04.2024. In Stage 1, investors subscribed to newly issued shares based on AROBSR01 preference rights. In stage 1, investors subscribed for a total of 6,499,332 AROBS shares out of the 174,258,721 shares available.

On **July 8, 2024**, the Company informed investors that the Company's founder, Mr. Voicu Oprean, together with CABRIO INVESTMENT SRL (a person closely related to Mr. Voicu Oprean) 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 the event of a high demand and/or an oversubscription during this stage of the share capital increase.

The second stage of the share capital increase was closed on July **10, 2024**, when the Company informed the market about the closing of the private placement with the following object:

(i) 167,759,389 new shares remaining 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 SRL (a person closely related to Mr. Voicu Oprean).

Therefore, in stages 1 and 2 of the share capital increase, the shareholders subscribed a number of 174,258,721 new dematerialized registered shares, with a nominal value of RON 0.1 each and a total nominal value of RON 17,425,872.1. Consequently, the Company's share capital is thus increased from the nominal value of RON 87,129,360.9 to the nominal value of RON 104,555,233, by issuing a number of 174,258,721 new dematerialized registered shares with an individual nominal value of RON 0.1 and a total nominal value of RON 17,425,872.1. The share capital increase was completed on July 25, 2024, when the new shares were loaded into the shareholders' accounts.

More details are available **HERE** .

### NOTIFICATION 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** .

### NOTIFICATION OF MAJOR HOLDINGS < 50% and > 10%

On **October 15, 2024**, the Company informed the market about the receipt, on October 15, 2024, from Mr. Voicu Oprean and CABRIO INVESTMENT SRL, of the notification regarding the reduction of the major holdings of Mr. Voicu Oprean below the 50% threshold, respectively the increase of major holdings of CABRIO INVESTMENT SRL above the 10% threshold. More details are available **HERE** .

# ANALYSIS OF THE FINANCIAL RESULTS

In 2023, marking the 25th anniversary since its establishment, 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 a key player in the global IT services and products market brought challenges and changes to financial reporting requirements. In line with market requirements, the Company prepared its first set of consolidated financial statements in accordance with IFRS for the period 2020–2022, as part of the admission process to trading on BVB's Regulated Market. Additionally, the interim consolidated financial statements for the periods ended September 30, 2024, September 30, 2023, and December 31, 2023, have been prepared in compliance with International Financial Reporting Standards.

# ANALYSIS OF THE CONSOLIDATED FINANCIAL RESULTS

At the end of January 2023, AROBS acquired Syderal Polska. The financial performance (revenues and expenses) of this subsidiary has been reflected in the group's financials starting from February 2023.

In early February 2023, AROBS acquired the entire share capital of AROBS Software SRL and AROBS Trackgps SRL, both based in the Republic of Moldova, with their financial performance (revenues and expenses) reflected in the group's financials starting from February 2023.

In April 2023, AROBS acquired the Future WorkForce Global (FWF) group, with its financial performance (revenues and expenses) incorporated into the group's financials from May 2023.

In July 2023, AROBS acquired full ownership of AROBS Pannonia Software Kft and its subsidiary, Skyshield Magyarorszag Kft. The financial performance (revenues and expenses) of these subsidiaries has been included in the group's financials 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), with its financial performance (revenues and expenses) reflected in the group's financials starting from June 2024.

## CONSOLIDATED P&L ANALYSIS

### Profit and Loss account indicators

| INCOME SITUATION (LEI) | 30.09.2024 AROBS Group | 30.09.2023 AROBS Group | Variation % |
|---|---|---|---|
| **Turnover:** | **306.159.012** | **321,949,621** | **-5%** |
| Software services revenue | 245,572,543 | 261,581,288 | -6% |
| Software products revenue | 57,523,865 | 50,290,314 | 14% |
| Integrated systems revenue | 3,062,604 | 10,078,019 | -70% |
| **TOTAL – Cost of sales** | **222,162,296** | **222,865,938** | **0%** |
| Cost of sales from software services | 191,313,939 | 192,938,163 | -1% |
| Cost of sales from software products | 27,882,732 | 21,518,674 | 30% |
| Cost of sales from integrated systems | 2,965,625 | 8,409,101 | -65% |
| **Gross result** | **83,996,716** | **99,083,683** | **-15%** |
| *Software Services - Gross Margin* | **22%** | **26%** | **-4%** |
| *Software products - Gross margin* | **52%** | **57%** | **-6%** |
| *Integrated Systems - Gross Margin* | **3%** | **17%** | **-13%** |
| Other operating revenues | 914,034 | 682,536 | 34% |
| Sales and marketing expenses | (14,976,961) | (13,697,539) | 9% |
| General and administrative expenses | (49,300,132) | (49,891,960) | -1% |
| **Operating profit** | **20,633,657** | **36,176,720** | **-43%** |
| **EBITDA** | **43,401,912** | **57,736,864** | **-25%** |
| **EBITDA margin** | **14%** | **18%** | |
| **Normalized EBITDA*** | **49,463,066** | **72,984,784** | **-32%** |
| **Normalized EBITDA margin*** | **16%** | **23%** | |
| Financial revenue/(financial expenses), net | 1,230,674 | 712,469 | 73% |
| **Profit before tax** | **21,864,331** | **36,889,189** | **-41%** |
| Profit tax | (5,728,150) | (8,844,530) | -35% |
| **Net profit** | **16,136,181** | **28,044,659** | **-42%** |
| **Net profit margin** | **5%** | **9%** | |
| **Normalized net profit**** | **22,197,332** | **43,292,579** | **-49%** |
| **Normalized net profit margin**** | **7%** | **13%** | |

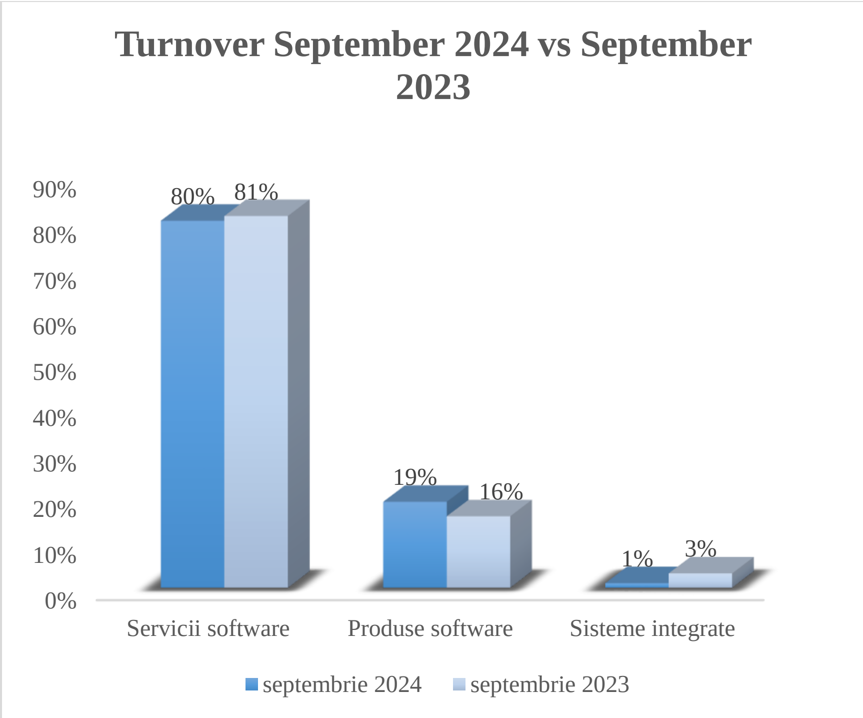
**Normalized EBITDA = EBITDA without the non-cash impact of ESOP 1,2 and 3.*

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

## Turnover analysis

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

| Business lines | 30.09.2024<br>Turnover (lei) | 30.09.2023<br>Turnover (lei) | Variation<br>% |
|---|---|---|---|
| Software services | 245,572,543 | 261,581,288 | -6% |
| Software products | 57,523,865 | 50,290,314 | 14% |
| Integrated systems | 3,062,604 | 10,078,019 | -70% |
| **Total** | **306.159.012** | **321,949,621** | **-5%** |




The Group's strategy of maintaining multiple growth pillars has helped offset the temporary decline in revenue within the 'Software Services' segment through growth in the 'Software Products' segment, even though 'Software Products' contribute only 19% to the Group's total revenue. Revenue from the 'Integrated Systems' segment, lower compared to the same period last year, is influenced by the type of contracts won and when the subsidiary participates in public bids. Although we expected these projects to be signed in Q4 2024, we now anticipate that they will be signed only at the beginning of next year.

## Organic vs. M&A

| | 30.09.2024 | | | 30.09.2023 | | |
|---|---|---|---|---|---|---|
| | Organic | M&A* | Total | Organic | M&A* | Total |
| **Turnover:** | **196,837,747** | **109,321,265** | **306.159.012** | **230,853,848** | **91,095,773** | **321,949,621** |
| Software services | 142,601,650 | 102,970,893 | 245,572,543 | 174,899,674 | 86,681,614 | 261,581,288 |
| Software products | 51,173,493 | 6,350,372 | 57,523,865 | 45,876,155 | 4,414,159 | 50,290,314 |
| Integrated systems | 3,062,604 | - | 3,062,604 | 10,078,019 | - | 10,078,019 |
| **Cost of sales:** | **143,680,384** | **78,481,912** | **222,162,296** | **158,250,822** | **64,615,115** | **222,865,938** |
| Software services | 115,890,689 | 75,423,251 | 191,313,939 | 130,238,904 | 62,699,259 | 192,938,163 |
| Software products | 24,824,071 | 3,058,661 | 27,882,732 | 19,602,816 | 1,915,856 | 21,518,674 |
| Integrated systems | 2,965,624 | - | 2,965,624 | 8,409,101 | - | 8,409,101 |
| **Gross margin** | **53,157,363** | **30,839,353** | **83,996,716** | **72,603,026** | **26,480,657** | **99,083,683** |
| **Gross Margin %** | **27%** | **28%** | **27%** | **31%** | **29%** | **31%** |

**Companies acquired as of 2021*

Revenues from the 'Software Services' segment, recorded on a consolidated level for the period ending September 30, 2024, fell below the same period of the previous year by 6%. M&A companies contributed 103 million lei to the segment's turnover as of September 30, 2024, and added 16.3 million lei (+19%) to the segment's revenue growth compared to the same period last year, while the Organic business saw an 18% decline due to delays in new projects and reductions in projects within the Automotive, particularly in the electrification area, and Medical verticals.

Revenues generated by the 'Software Products' segment on a consolidated basis for the period ending September 30, 2024, increased by 7.2 million lei (14%) compared to the same period of the previous year. Acquired companies contributed 6.4 million lei to this segment's turnover as of September 30, 2024, and an additional 1.9 million lei to the segment's activity growth.

In the software products area, such as fleet management, business optimization, and HR solutions, 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 specialized in the public sector and, in terms of technical expertise, covers the integration of complex systems and technologies such as ORACLE, HP, DELL, and Microsoft. Revenues and expenses recorded in this segment were restated following the application of IFRS accounting policies, namely, revenues and expenses were adjusted to correspond to partners within joint contracts, as well as for contracts where AROBS Systems acted as an agent. The adjustment impact, as of September 30, 2024, was 5.5 million lei, affecting both revenue and corresponding expenses, with zero impact in EBITDA and net profit

## Quarterly evolution – Revenue and expenses

| | Q1 2024 | Q2 2024 | Q3 2024 | Q1 2023 | Q2 2023 | Q3 2023 |
|---|---|---|---|---|---|---|
| **Turnover:** | **105,045,331** | **101,221,104** | **99,892,575** | **110,659,907** | **108,165,419** | **103,124,295** |
| Software services | 86,434,636 | 79,952,460 | 79,185,446 | 87,355,217 | 88,582,836 | 85,643,235 |
| Software products | 18,195,750 | 19,564,287 | 19,763,827 | 15,974,209 | 17,666,270 | 16,649,835 |
| Integrated systems | 414,945 | 1,704,357 | 943,302 | 7,330,482 | 1,916,312 | 831,225 |
| **Cost of sales:** | **75,159,115** | **74,844,381** | **72,158,800** | **75,125,101** | **75,773,062** | **71,967,775** |
| Software services | 66,480,843 | 63,226,711 | 61,606,385 | 62,325,798 | 66,253,620 | 64,358,745 |
| Software products | 8,365,992 | 10,064,288 | 9,452,452 | 7,154,406 | 7,303,727 | 7,060,541 |
| Integrated systems | 312,280 | 1,553,382 | 1,099,963 | 5,644,898 | 2,215,714 | 548,489 |
| **Gross margin** | **29,886,216** | **26,376,723** | **27,733,775** | **35,534,806** | **32,392,357** | **31,156,520** |
| **Gross Margin %** | **28%** | **26%** | **28%** | **32%** | **30%** | **30%** |
| Software services | 23% | 21% | 22% | 29% | 25% | 25% |
| Software products | 54% | 49% | 52% | 55% | 59% | 58% |
| Integrated systems | 25% | 9% | -17% | 23% | -16% | 34% |
| **Sales and marketing expenses** | **4,719,989** | **5,288,752** | **4,968,220** | **3,324,030** | **4,802,858** | **5,570,651** |
| **General and administrative expenses** | **16,031,876** | **17,066,016** | **16,202,240** | **14,576,714** | **17,159,479** | **18,155,767** |
| **EBITDA** | **16,803,438** | **12,038,197** | **14,560,280** | **23,886,558** | **17,978,154** | **15,872,149** |
| **EBITDA %** | **16%** | **12%** | **15%** | **22%** | **17%** | **15%** |

## Quarterly evolution – Salaries and SOP programs

| | Q1 2024 | Q2 2024 | Q3 2024 | Q1 2023 | Q2 2023 | Q3 2023 |
|---|---|---|---|---|---|---|
| Personal costs salaries | 59,170,810 | 57,998,394 | 55,570,914 | 46,262,212 | 55,720,302 | 55,035,129 |
| **Total ESOP, out of which:** | **3,829,828** | **3,177,952** | **3,442,640** | **2,680,123** | **6,043,778** | **6,524,020** |
| ESOP cost 1-3 | 3,829,828 | 1,402,950 | 828,375 | 2,680,123 | 6,043,778 | 6,524,020 |
| ESOP cost 4 | - | 1,775,002 | 2,614,265 | - | - | - |

***Turnover*** recorded in the software services segment showed different trends throughout 2024 compared to the same period last year. After declines in Q2 2024 across the segment of software services , Q3 2024 saw a stabilization in turnover, whereas in the previous year, Q3 2023 experienced a decrease compared to Q2 2023.

***The cost of sales in software services*** decreased by 1.6 million lei as of September 30, 2024, compared to the same period last year. This change was driven by a significant reduction in organic costs, down by 14.3 million lei compared to the same period last year, and an increase in costs by 12.7 million lei in the M&A companies. Cost evolution, both in the organic and M&A categories, followed the revenue dynamics recorded during this period.

Although the beginning of the year brought salary increases, also influenced by the elimination of the tax benefits on income tax, costs (including ESOP) related to direct productive resources, both employees and contractors, were efficiently managed over the first nine months of 2024. Consequently, cost of sales from software services decreased throughout the year, with Q3 2024 marking a 7% drop compared to Q1 2024 (-4.9 million lei) and a 4% decrease compared to Q3 2023 (-2.7 million lei). Amid lower direct costs in the software services segment, the gross margin in Q3 2024 for this segment (22%) improved compared to the gross margin in Q2 2024 (21%).

***The cost of sales in software products*** increased by 6.3 million lei compared to the same period in 2023, due to higher salary expenses and contractor services costs, resulting from the internalization of certain software development and maintenance processes. Contractor services during this period primarily included device installation services for monitoring and software development services. The evolution of these costs aligns with the expansion of the segment's activity and the development of in-house products.

***Sales and marketing expenses*** increased by 1.3 million lei in the first nine months of 2024 compared to the same period in 2023. This increase was due to higher salary expenses for sales personnel of the companies acquired after Q1 2023 (Future Workforce Group), amounting to 2.6 million lei, and a decrease in advertising and protocol expenses by 1.3 million lei. In Q3 2024, sales and marketing expenses decreased by 11% (-0.6 million lei) compared to the level of these expenses recorded in Q3 2023.

***General and administrative expenses*** decreased by 0.6 million lei as of September 30, 2024, compared to the same period last year, as the Group's management implemented cost-cutting measures in line with the Group's activity dynamics. The decrease in general administrative expenses for the nine months of 2024 compared to the same period of the previous year is significant, considering that this variation is composed of the following elements: a reduction in general costs by 0.9 million lei and an increase in amortization expenses related to customer relationships by 0.3 million lei. The amortization of customer relationships is a non-operational expense reflected in the general administrative expenses category. Compared to Q3 2023, general and administrative expenses recorded in Q3 2024 are lower by 11% (-1.9 million lei).

***EBITDA*** as of September 30, 2024, amounted to 43.4 million lei, and net profit at the same date stood at 16.1 million lei. Cost reductions, including those related to personnel expenses and ESOP programs, led to an EBITDA (15% margin) increase in Q3 2024, reversing the decline seen in Q2 2024. Regarding personnel expenses, amounting to 55.6 million lei in Q3 2024, there was a notable like-for-like decrease of 9% compared to Q3 2023 (excluding companies acquired in 2024), as well as a 15% like-for-like decrease compared to Q1 2024, when these costs stood at 59.2 million lei.

***ESOP costs*** as of September 30, 2024, were lower than in the same period last year due to the completion of ESOP 1, ESOP 2, and phase 1 of ESOP 3, along with reduced expenses associated with ESOP 4. Additionally, the expense for these programs decreased from 6.5 million lei in Q3 2023 to 3.4 million lei in Q3 2024. Shares committed to ESOP 1, 2 and 3 programs were those purchased at nominal value from Voicu Oprean before the Company's listing on BVB. The shares committed to the ESOP 4 program were acquired through the implementation of a buy-back program.

***Normalized EBITDA*** at a consolidated level reached 49.4 million lei as of September 30, 2024, and normalized net profit amounted to 22.1 million lei on the same date. The normalization of these indicators was achieved by eliminating the impact of expenses related to ESOP 2 and ESOP 3. The cost of ESOP 4, which began in May 2024, was not considered in the normalization of these indicators as the required shares for the program were acquired through buyback programs, resulting in a monetary effect.

## CONSOLIDATED BALANCE SHEET ANALYSIS

### BALANCE SHEET INDICATORS

| Balance sheet indicators (LEI) | 30.09.2024 AROBS Group | 31.12.2023 AROBS Group AUDITED | Variation % |
|---|---|---|---|
| **Fixed assets, of which:** | **290,736,451** | **278,546,752** | 4% |
| Goodwill | 117,422,302 | 104,761,369 | 12% |
| Customer service | 69,523,612 | 76,561,802 | -9% |
| Other intangible assets | 26,142,112 | 23,044,460 | 13% |
| Tangible fixed assets | 37,765,870 | 35,556,876 | 6% |
| Assets related to the rights of use of leased assets | 22,981,803 | 17,236,489 | 33% |
| Loans to related parties | 10,326,592 | 15,555,506 | -34% |
| Other financial assets | 3,577,657 | 3,700,985 | -3% |
| Deferred income tax assets | 2,996,502 | 2,129,265 | 41% |
| **Current assets, of which:** | **347,570,740** | **201,819,682** | **72%** |
| Cash and cash equivalents | 238,431,282 | 87,773,888 | 172% |
| **Total assets** | **638,307,191** | **480,366,434** | **33%** |
| **Current liabilities, of which:** | 100,054,842 | 90,189,175 | 11% |
| Bank financing | 24,982,933 | 24,184,008 | 3% |
| **Non-current liabilities, of which:** | 104,357,343 | 116,490,101 | -10% |
| Bank financing | 48,315,514 | 62,629,398 | -23% |
| **Total liabilities** | **204,412,183** | **206,679,276** | **-1%** |
| **Equity** | **433,895,008** | **273,687,158** | **59%** |
| **Total equity and liabilities** | **638,307,191** | **480,366,434** | **33%** |
| **Net accounting assets** | **433,895,008** | **273,687,158** | **59%** |

As of September 30, 2024, total assets reached a value of 638.3 million lei, a 33% increase compared to the end of 2023, primarily due to the variations explained below.

In July 2024, the share capital increase operation was successfully completed, raising 142.9 million lei from institutional investors. The funds received by the Company are reflected in cash and cash equivalents as of September 30, 2024, explaining the variation since the beginning of the year. AROBS aims to leverage the raised capital through investments in newly acquired companies.

Fixed assets recorded a net increase of 12.2 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 in-house products, and the completion, in March 2024, of an investment in a new headquarters. Additionally, the value of assets related to lease rights increased due to the extension of certain lease terms and the indexation of rental values this year.

Customer relationships were identified for acquired companies during the purchase price allocation process by evaluators and were recognized at fair value as intangible assets in the financial statements at each acquisition date. The net carrying amount of customer relationships as of September 30, 2024, is 69.5 million lei. These assets are amortized on a straight-line basis over a period of 10 years.

As of September 30, 2024, the debt ratio related to bank financing, calculated as the ratio of total bank debt to normalized EBITDA, is 1.06, indicating a solid financial position that enables the Group to access future financing to meet its strategic objectives.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | 30.09.2024 AROBS Group | 30.09.2023 AROBS Group | Variation % |
|---|---|---|---|
| **TURNOVER:** | **306.159.012** | **321,949,621** | **-5%** |
| Revenue from software services | 245,572,543 | 261,581,288 | -6% |
| Revenue from software products | 57,523,865 | 50,290,314 | 14% |
| Revenue from integrated systems | 3,062,604 | 10,078,019 | -70% |
| **TOTAL COST OF SALES:** | **222,162,296** | **222,865,938** | **0%** |
| Cost of sales from software services | 191,313,939 | 192,938,163 | -1% |
| Cost of sales from software products | 27,882,732 | 21,518,674 | 30% |
| Cost of sales from integrated systems | 2,965,625 | 8,409,101 | -65% |
| **GROSS MARGIN** | **83,996,716** | **99,083,683** | **-15%** |
| Other operating revenues | 914,034 | 682,536 | 34% |
| Sales and marketing expenses | (14,976,961) | (13,697,539) | 9% |
| General and administrative expenses | (49,300,132) | (49,891,960) | -1% |
| **OPERATING PROFIT** | **20,633,657** | **36,176,720** | **-43%** |
| Financial revenue / (expenses), net | 1,230,674 | 712,467 | 73% |
| **GROSS PROFIT – BEFORE TAX** | **21,864,331** | **36,889,187** | **-41%** |
| Profit Tax | (5,728,150) | (8,844,530) | -35% |
| **NET PROFIT** | **16,136,181** | **28,044,657** | **-42%** |
| related to the parent company | 15,832,786 | 27,883,004 | -43% |
| related to minority interests | 303,395 | 161,653 | 88% |

## CONSOLIDATED BALANCE SHEET

| Balance sheet indicators (LEI) | 30.09.2024 AROBS Group | 31.12.2023 AROBS Group AUDITED | Variation % |
|---|---|---|---|
| Goodwill | 117,422,302 | 104,761,369 | 12% |
| Customer service | 69,523,612 | 76,561,802 | -9% |
| Other intangible assets | 26,142,112 | 23,044,459 | 13% |
| Tangible assets | 37,765,871 | 35,556,876 | 6% |
| Assets related to the rights of use of leased assets | 22,981,803 | 17,236,489 | 33% |
| Loans to related and affiliated parties | 10,326,592 | 15,555,506 | -34% |
| Other financial assets | 3,577,657 | 3,700,985 | -3% |
| Deferred tax | 2,996,502 | 2,129,265 | 41% |
| **Total fixed assets** | **290,736,451** | **278,546,751** | **4%** |
| Inventories | 8,533,994 | 6,975,925 | 22% |
| Trade receivables and other receivables | 92,476,429 | 103,338,304 | -11% |
| Loans to related and affiliated parties | 5,325,850 | 1,413,707 | 277% |
| Prepayments | 2,803,188 | 2,015,826 | 39% |
| Current investments | - | 302.033 | -100% |
| Cash and cash equivalents | 238,431,282 | 87,773,888 | 172% |
| **Total current assets** | **347,570,740** | **201,819,683** | ***72%*** |
| **Total assets** | **638,307,191** | **480,366,434** | **33%** |
| Share capital | 104,555,233 | 87,129,361 | 20% |
| Share capital adjustments to hyperinflation | 263,971 | 263,971 | 0% |
| Share premium | 146,472,470 | 23,185,001 | 532% |
| Legal reserves | 9,681,040 | 9,680,545 | 0% |
| Own shares | (10,293,639) | (5,689,379) | 81% |
| Other elements of equity | 9,384,187 | 12,574,918 | -25% |
| Deferred profit or loss | 154,562,627 | 139,037,200 | 11% |
| Gains related to equity instruments | 19,684,169 | 8,352,878 | 136% |
| Conversion differences from consolidation | (441,954) | (163,971) | 170% |
| **Total Equity** | **433,868,104** | **274,370,524** | **58%** |
| Minority interests | 26,904 | (683,366) | -49% |
| **Total equity** | **433,895,008** | **273,687,158** | **59%** |
| **Non-current liabilities:** | | | |
| Trade and other liabilities | 472,153 | 49,746 | 849% |
| Liabilities related to holdings | 10,880,270 | 14,686,660 | -26% |
| Lease liabilities | 16,734,564 | 11,309,563 | 48% |
| Bank loans | 48,315,514 | 62,629,398 | -23% |
| Deferred income tax liabilities | 11,055,899 | 12,200,152 | -9% |
| Advance income | 3,683,302 | 3,523,269 | 5% |
| Subsidies | 493,780 | 301,940 | 64% |
| Provisions | 12,721,861 | 11,789,374 | 8% |
| **Total non-current liabilities** | **104,357,343** | **116,490,102** | **-10%** |
| **Current liabilities:** | | | |
| Trade and other liabilities | 45,458,310 | 39,059,658 | 16% |
| Liabilities related to holdings | 4,929,922 | 3,763,224 | 31% |
| Lease liabilities | 8,210,903 | 7,919,498 | 4% |
| Bank loans | 24,982,933 | 24,184,008 | 3% |
| Advance income | 11,121,971 | 8,796,705 | 26% |
| Subsidies | 102,474 | 158,741 | -35% |
| Provisions | 5,248,327 | 6,307,341 | -17% |
| **Total current liabilities** | **100,054,840** | **90,189,174** | **11%** |
| **Total liabilities** | **204,412,183** | **206,679,276** | **-1%** |
| **Total equity and liabilities** | **638,307,191** | **480,366,434** | **33%** |

# CONSOLIDATED CASH-FLOW

| | 30.09.2024 AROBS Group | 30.09.2023 AROBS Group | Variation % |
|---|---|---|---|
| **Profit before tax** | **21,864,331** | **36,889,189** | **-41%** |
| ***Adjustments* for:** | | | |
| Depreciation expenses | 15,514,684 | 14,818,442 | 5% |
| Expenses related to disposed tangible and intangible assets | (544,300) | 183,692 | -396% |
| (Income) from the sale of tangible and intangible assets | (763,822) | (309,203) | 147% |
| Expenses related to employee benefits – SOP | 10,453,586 | 15,250,449 | -31% |
| Adjustments for inventory depreciation | (276,533) | 82,526 | -435% |
| Adjustments for receivables depreciation | 391,829 | 551,400 | -14% |
| Expenses/(Income) related to provisions for risks and charges | (65,561) | 1,064,864 | -106% |
| (Income) from subsidies | 135,573 | (68,460) | -298% |
| Interest and other financial expenses | 2,541,573 | 1,430,867 | 78% |
| (Income) from interest and other financial income | (4,374,181) | (2,206,467) | 98% |
| Expenses/(Incomes) related to value adjustments for tangible and intangible assets | (108,663) | (13,747) | 690% |
| Adjustments to retained earnings | (272,791) | 154,634 | -278% |
| **Operating profit before change in working capital** | **44,495,725** | **67,828,186** | **-34%** |
| Variation in trade and other receivables balances | 15,017,548 | (6,645,015) | -326% |
| Variation in inventory balances | (1,281,537) | 970,651 | -232% |
| Variation in trade and other payables balances | 4,528,006 | 8,353,243 | -46% |
| Variation in prepaid expenses balances | (777,904) | (693,337) | 12% |
| Variation in deferred income balances | 2,485,299 | 1,448,383 | 72% |
| Interest paid | (2,541,573) | (1,430,867) | 78% |
| Interest received | 4,278,564 | 1,862,725 | 130% |
| **Cash generated from operations** | **66,204,128** | **71,631,445** | **-8%** |
| Income tax paid | (7,385,599) | (2,812,442) | 163% |
| **Net cash from operating activities** | **58,818,529** | **68,819,003** | **-15%** |
| ***Cash flows from investing activities*** | | | |
| Loans (granted)/repaid to affiliated entities and change in guarantees provided | 1,846,585 | (1,379,952) | -234% |
| (Payments) for acquisitions of subsidiaries | (19,640,962) | (51,352,581) | -62% |
| (Payments) for acquisitions of tangible and intangible assets | (12,307,597) | (34,965,512) | -65% |
| Share buybacks | (6,917,284) | (6,379,029) | 8% |
| (Payments)/Receipts from other investments in financial assets | 302,033 | 523,375 | -42% |
| **Net cash from investing activities** | **(36,717,226)** | **(93,553,699)** | **-61%** |
| ***Cash flows from financing activities*** | | | |
| Collection of bank loans | 2,609,603 | 27,863,428 | -100% |
| Repayment of bank loans | (16,177,865) | (12,136,861) | -33% |
| Credit line variation | 32,763 | (2,762,927) | -101% |
| Payment of debts related to financial leasing | (800,561) | (873,146) | -8% |
| Capital increase | 142,892,151 | - | |
| **Net cash from financing activities** | **128,556,091** | **12,090,493** | **963%** |
| (Decrease)/Net increase in cash and cash equivalents | 150,657,394 | (12,644,203) | -1292% |
| **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** | **238,431,282** | **88,729,428** | **169%** |

## INDIVIDUAL PROFIT AND LOSS ACCOUNT

| | 30.09.2024 | 30.09.2023 | Variation % |
|---|---|---|---|
| **TURNOVER:** | **180,147,804** | **204,366,421** | **-12%** |
| Revenue from software services | 145,415,527 | 173,979,827 | -16% |
| Revenue from software products | 34,732,276 | 30,386,595 | 14% |
| **TOTAL COST OF SALES:** | **136,999,184** | **143,881,345** | **-5%** |
| Cost of sales of software services | 119,541,920 | 131,248,316 | -9% |
| Cost of sales of software products | 17,457,264 | 12,633,029 | 38% |
| **GROSS PROFIT** | **43,148,620** | **60,485,077** | **-29%** |
| Other revenue | 466,405 | 335.103 | 39% |
| Sales and marketing expenses | (6,433,292) | (5,887,593) | 9% |
| General and administrative expenses | (27,507,763) | (30,298,686) | -9% |
| **OPERATING PROFIT** | **9,673,970** | **24,633,901** | **-61%** |
| Income from shares held in affiliated entities | 13,993,535 | 20,462,660 | -32% |
| Financial revenue | 4,235,070 | 2,318,655 | 83% |
| Financial expenses | (1,980,172) | (1,178,350) | 68% |
| Revenue / (expenses) from exchange rate differences, net | (19,070) | 274,694 | -107% |
| **GROSS PROFIT - BEFORE TAX** | **25,903,334** | **46,511,559** | **-44%** |
| Profit tax | (2,745,272) | (5,946,761) | -54% |
| **NET PROFIT** | **23,158,062** | **40,564,798** | **-43%** |

## INDIVIDUAL BALANCE SHEET

| Balance sheet indicators (LEI) | 30.09.2024 | 31.12.2023 AUDITED | Variation % |
|---|---|---|---|
| Shares held in affiliated entities | 232,385,604 | 212,955,994 | 9% |
| Other intangible assets | 14,881,794 | 13,695,274 | 7% |
| Tangible assets | 7,189,279 | 8,266,950 | -13% |
| Assets related to the rights of use of leased assets | 15,750,301 | 9,458,236 | 67% |
| Loans to related and affiliated parties | 13,854,807 | 18,685,471 | -35% |
| Other financial assets | 2,893,013 | 2,968,851 | -3% |
| Deferred tax | 1,009,318 | 613,356 | 65% |
| **Total fixed assets** | **287,964,116** | **266,644,131** | **8%** |
| Inventories | 1,734,897 | 1,493,635 | 16% |
| Trade receivables and other receivables | 50,899,690 | 68,521,017 | -26% |
| Loans to affiliated entities | 18,648,587 | 9,192,978 | 103% |
| Prepayments | 1,523,773 | 1,323,501 | 15% |
| Current investments | - | 302.033 | -100% |
| Cash and cash equivalents | 203,944,401 | 58,263,292 | 250% |
| **Total current assets** | **276,751,348** | **139,096,456** | **99%** |
| **Total assets** | **564,715,463** | **405,740,587** | **39%** |
| Share capital | 104,555,233 | 87,129,361 | 20% |
| Share capital adjustments to hyperinflation | 263,971 | 263,971 | 0% |
| Share premium | 146,472,470 | 23,185,001 | 532% |
| Legal reserves | 7,664,524 | 7,664,524 | 0% |
| Other reserves | 1,749,420 | 1,749,420 | 0% |
| Own shares | (10,293,639) | (5,689,379) | 81% |
| Gains related to equity instruments | 19,684,169 | 8,352,878 | 136% |
| Other elements of equity | 9,468,496 | 12,628,497 | -25% |
| Deferred profit or loss | 153,395,327 | 109,703,611 | 40% |
| Current result | 23,158,061 | 46,488,532 | -50% |
| 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** | **448,599,548** | **280,835,730** | **60%** |
| **Total equity** | **448,599,548** | **280,835,730** | **60%** |
| **Non-current liabilities:** | | | |
| Lease liabilities | 12,557,149 | 6,708,754 | 87% |
| Bank loans | 34,756,639 | 49,841,347 | -30% |
| Liabilities related to holdings | 10,880,270 | 14,686,659 | -26% |
| Advance revenue | 251,268 | 273,503 | -8% |
| Subsidies | 239,996 | 301,940 | -21% |
| Provisions | 2,728,395 | 2,728,395 | 0% |
| **Total non-current liabilities** | **61,413,717** | **74,540,599** | **-18%** |
| **Current liabilities:** | | | |
| Trade and other liabilities | 19,595,227 | 17,747,995 | 10% |
| Liabilities related to holdings | 4,928,459 | 3,761,760 | 31% |
| Lease liabilities | 4,492,726 | 3,939,382 | 14% |
| Bank loans | 20,156,559 | 20,122,257 | 0% |
| Advance revenue | 3,640,771 | 3,262,205 | 12% |
| Subsidies | 102,474 | 158,741 | -35% |
| Provisions | 1,785,981 | 1,371,918 | 30% |
| **Total current liabilities** | **54,702,197** | **50,364,258** | **9%** |
| **Total liabilities** | **116,115,914** | **124,904,857** | **-7%** |
| **Total equity and liabilities** | **564,715,462** | **405,740,587** | **39%** |

## KEY FINANCIAL RATIOS

## AROBS AT GROUP LEVEL

### Current ratio as of 30.09.2024

$$\frac{\textbf{Current assets}\quad 347{,}570{,}740}{\textbf{Current liabilities}\quad 100{,}054{,}840} = 3.47$$

### Quick ratio as of 30.09.2024

$$\frac{\textbf{Current assets-inventories}\quad 339{,}036{,}746}{\textbf{Current liabilities}\quad 100{,}054{,}840} = 3.39$$

### Debt to equity ratio as of 30.09.2024

$$\frac{\textbf{Borrowed capital}}{\textbf{Equity}} \times 100 \quad \frac{96{,}158{,}384}{433{,}895{,}008} \times 100 = 20.27\%$$

$$\frac{\textbf{Borrowed capital}}{\textbf{Employed capital}} \times 100 \quad \frac{96{,}158{,}384}{530{,}053{,}392} \times 100 = 16.85\%$$

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

### Debt turnover ratio - clients (days) as of 30.09.2024

$$\frac{\textbf{Average client balance}}{\textbf{Turnover}} \times 270 \quad \frac{95{,}302{,}487}{306.159.012} \times 270 = 84.05\%$$

### Fixed assets turnover as of 30.09.2024

$$\frac{\textbf{Turnover}\quad 306.159.012}{\textbf{Fixed assets}\quad 290{,}655{,}957} = 1.05$$

### Bank financing debt ratio as of 30.09.2024

$$\frac{\textbf{Total bank liabilities}\quad 73{,}298{,}448}{\textbf{Annualized normalized EBITDA}\quad 69{,}097{,}058} = 1.06$$

### Earnings per share as of 30.09.2024

$$\frac{\textbf{Advantage*}\quad 19{,}800{,}806}{\textbf{Common shares outstanding}\quad 868{,}495{,}050} = 0.0228$$

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

### Diluted earnings per share as of 30.09.2024

$$\frac{\textbf{Advantage*}\quad 19{,}800{,}806}{\textbf{Diluted regular shares outstanding}\quad 1{,}002{,}550{,}787} = 0.0198$$

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

## 2024 OUTLOOK

### UPDATED 2024 CONSOLIDATED REVENUE AND EXPENSE BUDGET

| PROFIT AND LOSS ACCOUNT | Reported as of 30.09.2024 | Budgeted as of 30.09.2024 | Reported vs. Budget 30.09.2024 | Reported vs. Budget 30.09.2024 % | 2024 Budget | Updated 2024 Budget |
|---|---|---|---|---|---|---|
| **Turnover:** | **306.159.012** | **361,544,082** | **(55,385,070)** | **-15%** | **494,876,000** | **404,866,000** |
| Revenue from software services | 245,572,543 | 293,433,748 | (47,861,205) | -16% | 395,745,000 | 322,000,000 |
| Revenue from software products | 57,523,865 | 61,971,572 | (4,447,707) | -7% | 81,679,000 | 78,770,000 |
| Revenue from integrated systems | 3,062,604 | 6,138,762 | (3,076,158) | -50% | 17,452,000 | 4,096,000 |
| **Total cost of sale:** | **222,162,296** | **247,562,856** | **(25,400,560)** | **-10%** | **341,555,000** | **294,803,000** |
| Cost of sales from software services | 191,313,939 | 212,971,570 | (21,657,631) | -10% | 287,136,000 | 253,485,000 |
| Cost of sales form software products | 27,882,732 | 29,408,144 | (1,525,412) | -5% | 39,637,000 | 37,950,000 |
| Cost of sales from integrated systems | 2,965,625 | 5,183,142 | (2,217,517) | -43% | 14,782,000 | 3,368,000 |
| **Gross result** | **83,996,716** | **113,981,226** | **(29,984,510)** | **-26%** | **153,321,000** | **110,063,000** |
| Sales and marketing expenses | 14,976,961 | 16,772,614 | (1,795,653) | -11% | 22,396,000 | 19,892,000 |
| General and administrative expenses | 49,300,132 | 58,097,489 | (8,797,357) | -15% | 77,468,000 | 67,392,000 |
| Other net operating revenues (expenses) | 914,034 | -52,611 | 966,645 | -1837% | 1,020,000 | 922,000 |
| **Operating profit** | **20,633,657** | **39,058,512** | **(18,424,855)** | **-47%** | **54,477,000** | **23,701,000** |
| **EBITDA** | **43,401,915** | **61,958,276** | **(18,556,361)** | **-30%** | **84,870,000** | **53,973,000** |
| **EBITDA margin** | **14%** | **17%** | **-3%** | **-3%** | **17%** | **13%** |
| **Normalized EBITDA*** | **49,463,069** | **68,019,428** | **(18,556,359)** | **-27%** | **92,869,000** | **60,907,000** |
| **Normalized EBITDA margin*** | **16%** | **19%** | **-3%** | **-3%** | **19%** | **15%** |
| Profit before tax | 21,864,331 | 38,110,282 | (16,245,951) | -43% | 53,213,000 | 25,264,000 |
| Profit tax | 5,728,150 | 9,152,967 | (3,424,817) | -37% | 12,381,000 | 7,220,000 |
| Net profit | **16,136,182** | **28,957,314** | **(12,821,133)** | **-45%** | **40,832,000** | **18,044,000** |
| Net profit margin | **5%** | **8%** | **-3%** | **-3%** | **8%** | **4%** |
| Normalized net profit** | **22,197,335** | **35,018,465** | **(12,821,130)** | **-37%** | **48,831,000** | **24,978,000** |
| Normalized net profit margin** | **7%** | **10%** | **-2%** | **-2%** | **10%** | **6%** |

** 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 programs Option Plan (ESOP) 1, 2 and 3*

AROBS was significantly impacted by the challenging environment of 2024, yet the Group's management remains optimistic about a strong recovery in 2025 and the years to follow.

The budgeted revenues were adjusted in line with current industry trends, reflecting the decline in demand for the Software Services segment and the postponement of projects in the Integrated Systems segment.

Costs were adjusted to reflect the optimization measures implemented at the Group level.

Although the impact on net profit is substantial, this decline does not affect operations, as the Group maintains a solid liquidity position and a sound balance sheet. The cost-cutting measures already adopted in this difficult year underlines AROBS's ability to manage challenges swiftly and efficiently. Compared to a year ago, when the company was unprepared for a crisis of this magnitude, it is now much better positioned and will close this year profitably, demonstrating that its diversified business model is well-suited, as it helps sustain operational stability even when one of the Group's business lines reports weaker results.

Regardless of developments in 2025, AROBS is now a more flexible, healthier company with a more engaged and agile management team. Its business model is diversified enough to absorb the shocks experienced in certain economic sectors.

## 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 the period following the listing on the Bucharest Stock Exchange, AROBS completed 10 acquisitions, the most recent of which was InfoBest. AROBS has 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 September 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 30.09.2024, the AROBS Group had an average number of 1,194 employees compared to 1,245 employees on 30.09.2023.

## DECLARATION OF THE MANAGEMENT

Cluj-Napoca, November 14, 2024

I confirm, according to the best information available, that the consolidated and individual interim simplified financial results for the period between 01.01.2024 and 30.09.2024 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 NINE 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 September 2024**

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**AROBS TRANSILVANIA SOFTWARE S.A.**
**STATEMENT OF CONSOLIDATED INCOME**
**30 SEPTEMBER 2024**
*(All amounts are in Lei, unless otherwise mentioned)*

| **STATEMENT OF CONSOLIDATED INCOME** | **Note** | **Period ended 30.09.2024** | **Period ended 30.09.2023** |
|---|---|---|---|
| **Turnover:** | 5 | **306,159,012** | **321,949,621** |
| Software services | | 245,572,543 | 261,581,288 |
| Software products | | 57,523,865 | 50,290,314 |
| Integrated systems | | 3,062,604 | 10,078,019 |
| **Total cost of sales:** | | **222,162,296** | **222,865,938** |
| Cost of sales of software services | 6.1 | 191,313,939 | 192,938,163 |
| Cost of sales of software products | 6.2 | 27,882,732 | 21,518,674 |
| Cost of sales of integrated systems | 6.3 | 2,965,625 | 8,409,101 |
| **Gross profit** | | **83,996,716** | **99,083,683** |
| Other income | 11 | 914,034 | 682,536 |
| Sales and marketing | 7 | (14,976,961) | (13,697,539) |
| General and administration | 8 | (49,300,132) | (49,891,960) |
| **Proft before tax** | | **20,633,657** | **36,176,720** |
| Interest income | | 4,364,909 | 2,378,247 |
| Interest expense | | (2,660,702) | (1,440,114) |
| Net Forex Income/(Expenses) | | (473,533) | (225,664) |
| **Proft before tax** | | **21,864,331** | **36,889,189** |
| Income tax | 13 | (5,728,150) | (8,844,530) |
| **Net profit** | | **16,136,181** | **28,044,659** |
| **Overall result** | | **16,136,181** | **28,044,659** |
| related to parent company | | 15,832,786 | 27,883,004 |
| related to NCI | | 303,395 | 161,655 |

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

**Voicu Oprean**
Administrator

**Bogdan Ciungradi**
Chief Financial Officer

**AROBS TRANSILVANIA SOFTWARE S.A.**
**STATEMENT OF FINANCIAL POSITION**
**30 SEPTEMBER 2024**
*(All amounts are in Lei, unless otherwise mentioned)*

| STATEMENT OF FINANCIAL POSITION | Note | Period ended 30.09.2024 | Period ended 31.12.2023 |
|---|---|---|---|
| Goodwill | 16 | 117,422,302 | 104,761,369 |
| Customer relationship | 16 | 69,523,612 | 76,561,802 |
| Other intangible assets | 16 | 26,142,112 | 23,044,459 |
| Tangible fixed assets | 17 | 37,765,871 | 35,556,876 |
| Assets related to rights of use of leased assets | 18 | 22,981,803 | 17,236,489 |
| Loans granted to related parties | 26 | 10,326,592 | 15,555,506 |
| Financial fixed assets | | 3,577,657 | 3,700,985 |
| Deferred income tax assets | 13 | 2,996,502 | 2,129,265 |
| **Total fixed assets** | | **290,736,451** | **278,546,751** |
| Inventories | 19 | 8,533,994 | 6,975,925 |
| Trade and other receivables | 20 | 92,476,426 | 103,338,304 |
| Related parties loans | 26 | 5,325,850 | 1,413,707 |
| Prepaid expenses | | 2,803,188 | 2,015,826 |
| Short-term investments | | - | 302,033 |
| Cash and equivalents | 21 | 238,431,282 | 87,773,888 |
| **Total current assets** | | **347,570,740** | **201,819,683** |
| **Total assets** | | **638,307,191** | **480,366,434** |
| Share capital | 25 | 104,555,233 | 87,129,361 |
| Adjustments of equity capital to hyperinflation | | 263,971 | 263,971 |
| Share premium | | 146,472,470 | 23,185,001 |
| Reserves | | 9,681,040 | 9,680,545 |
| Own shares | | (10,293,639) | (5,689,379) |
| Gains on equity instruments | | 19,684,169 | 8,352,878 |
| Other equity items | | 9,384,187 | 12,574,918 |
| Retained earnings | | 154,562,627 | 139,037,200 |
| Conversion differences from consolidation | | (441,954) | (163,971) |
| **Total capital** | **25** | **433,868,104** | **274,370,524** |
| Non-controlling interest | | 26,904 | (683,366) |
| **Total equity** | | **433,895,008** | **273,687,158** |
| **Non-current liabilities** | | | |
| Trade and other payables | 22 | 472,153 | 49,746 |
| Equity liabilities | | 10,880,270 | 14,686,660 |
| Leasing liabilities | 18 | 16,734,564 | 11,309,563 |
| Bank loans | 23 | 48,315,514 | 62,629,398 |
| Deferred income tax liabilities | 13 | 11,055,899 | 12,200,152 |
| Advance income | 5 | 3,683,302 | 3,523,269 |
| Grants | | 493,780 | 301,940 |
| Provisions | 24 | 12,721,861 | 11,789,374 |
| **Total non-current liabilities** | | **104,357,343** | **116,490,102** |
| **Current liabilities** | | | |
| Trade and other payables | 22 | 45,458,310 | 39,059,657 |
| Equity liabilities | | 4,929,922 | 3,763,224 |
| Leasing liabilities | 18 | 8,210,903 | 7,919,498 |
| Bank loans | 23 | 24,982,933 | 24,184,008 |
| Income in advance | 5 | 11,121,971 | 8,796,705 |
| Grants | | 102,474 | 158,741 |
| Provisions | 24 | 5,248,327 | 6,307,341 |
| **Total current liabilities** | | **100,054,840** | **90,189,174** |
| **Total liabilities** | | **204,412,183** | **206,679,276** |
| **Total equity and liabilities** | | **638,307,191** | **480,366,434** |

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

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

**STATEMENT OF CHANGES IN EQUITY**

| | Equity | Equity adjustments for hyperinflation | Share premiums | Legal and other reserves | Own shares | Gains on own held equity instruments | Other equity elements | Retained earnings | Conversion reserves | Total equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Closing balance 31.12.2022** | **91,139,499** | **263,971** | **23,185,001** | **6,367,437** | **(7,535,897)** | **1,805,558** | **4,206,340** | **110,215,598** | **151,199** | **229,798,706** | **(75,767)** | **229,722,939** |
| Result of the exercise | - | - | - | - | - | - | - | 28,044,658 | - | 28,044,658 | 161,655 | 28,206,313 |
| Conversion difference | - | - | - | - | - | - | - | - | 154,634 | 154,634 | (154,631) | 3 |
| ***Overall result*** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | ***28,044,658*** | ***154,634*** | ***28,199,292*** | **7,024** | ***28,206,316*** |
| Retained earnings | - | - | - | (24,694) | - | - | - | (408,643) | (49,284) | (482,622) | - | (482,622) |
| Employee benefits in the form of equity instruments | - | - | - | - | - | - | 15,250,449 | - | - | 15,250,449 | - | 15,250,449 |
| Repurchase of own shares | - | - | - | - | (6,379,029) | - | - | - | - | (6,379,029) | - | (6,379,029) |
| Sell of own shares | - | - | - | - | 7,943,085 | - | (7,943,085) | - | - | - | - | - |
| Cancellation of shares | (4,010,138) | - | - | - | - | - | 4,010,138 | - | - | - | - | - |
| Gains on own held equity instruments | - | - | - | - | - | 7,822,932 | (7,822,932) | - | - | - | - | - |
| Adjustments for non-controlling interests | - | - | - | - | - | - | - | 313,256 | - | 313,256 | (671,535) | (358,279) |
| Losses on the issue, repurchase, sale, free transfer or cancellation of equity instruments | - | - | - | - | - | (2,225,627) | 2,225,627 | - | - | - | - | - |
| **Closing balance 30.09.2023** | **87,129,361** | **263,971** | **23,185,001** | **6,342,743** | **(5,971,841)** | **7,402,862** | **9,926,537** | **138,164,869** | **256,549** | **266,700,052** | **(740,278)** | **265,959,774** |

## AROBS TRANSILVANIA SOFTWARE S.A.

### STATEMENT OF CHANGES IN EQUITY

### 30 SEPTEMBER 2024, 30 SEPTEMBER 2023

*(All amounts are in Lei, unless otherwise mentioned)*

| | Equity | Equity adjustments for hyperinflation | Share premiums | Legal and other reserves | Own shares | Gains on own held equity instruments | Other equity elements | Retained earnings | Conversion reserves | 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 | - | - | - | - | - | - | - | 15,832,786 | - | 15,832,786 | 303,395 | 16,136,181 |
| Conversion difference | - | - | - | - | - | - | | - | (275,387) | (275,387) | 4,824 | (270,563) |
| ***Overall result*** | - | - | - | - | - | - | - | ***15,832,786*** | ***(275,387)*** | ***15,557,399*** | **308,219** | ***15,865,618*** |
| Retained earnings | - | - | - | - | - | - | - | (298,441) | - | (298,441) | - | (298,441) |
| Share capital increase | 17,425,872 | - | - | - | - | - | - | - | - | 17,425,872 | - | 17,425,872 |
| Employee benefits in the form of equity instruments | - | - | - | - | - | - | 10,453,586 | - | - | 10,453,586 | - | 10,453,586 |
| Constitution /(incorporation) of share premiums | - | - | 123,287,469 | - | - | - | - | - | - | 123,287,469 | - | 123,287,469 |
| Repurchase of own shares | - | - | - | - | (6,917,285) | - | - | - | - | (6,917,285) | - | (6,917,285) |
| Sell of own shares | - | - | - | - | 2,313,025 | - | (2,313,025) | - | - | - | - | - |
| Gains on own held equity instruments | - | - | - | - | - | 11,331,292 | (11,331,292) | - | - | - | - | - |
| Adjustments for non-controlling interests | - | - | - | 495 | - | - | - | (8,918) | (2,596) | (11,019) | 402,051 | 391,032 |
| **Closing balance 30.09.2024** | **104,555,233** | **263,971** | **146,472,470** | **9,681,040** | **(10,293,639)** | **19,684,169** | **9,384,187** | **154,562,627** | **(441,954)** | **433,868,104** | **26,904** | **433,895,008** |

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

**Voicu Oprean**
Administrator

**Bogdan Ciungradi**
Chief Financial Officer

| CASH FLOW STATEMENT | 30.09.2024 | 30.09.2023 |
|---|---|---|
| *Cash flows from operating activities:* | | |
| **Gross profit** | **21,864,331** | **36,889,189** |
| **Adjustments for:** | | |
| Amortization expenses | 15,514,684 | 14,755,919 |
| Expenditure on assets sold | (544,300) | 183,692 |
| (Income) from assets sold | (763,822) | (309,203) |
| Expenditure relating to SOP employee benefits | 10,453,586 | 15,250,449 |
| Expenditure/(Income) related to adjustments for inventory write-downs | (276,533) | 82,526 |
| Expenditure/(Income) related to adjustments on receivables | 391,829 | 551,400 |
| Expenditure/Income on provisions for risks and charges | (65,561) | 1,064,864 |
| (Income) from subsidies and grants | 135,573 | (68,460) |
| Expenditure with interest and other financial expenses | 2,541,573 | 1,430,867 |
| (Income) from interest and other financial income | (4,374,181) | (2,206,467) |
| Expenditure/(Income) relating to value adjustments on tangible and intangible fixed assets | (108,663) | (13,747) |
| Adjustments for non-controlling interests | (272,791) | 154,634 |
| **Operating profit before changes in working capital** | **44,695,725** | **67,765,663** |
| Change in trade and other receivables balances | 15,017,548 | (6,645,015) |
| Change in inventories balances | (1,281,537) | 970,651 |
| Change in trade payable and other debt balances | 4,528,006 | 8,353,243 |
| Changes in prepaid expenditure balances | (777,904) | (693,337) |
| Change in advance income balances | 2,485,299 | 1,448,383 |
| Interest paid | (2,541,573) | (1,430,867) |
| Interest earned | 4,278,564 | 1,862,725 |
| **Cash generated from operating activities** | **66,204,128** | **71,631,445** |
| Income tax paid | (7,385,599) | (2,812,442) |
| **Net cash from operating activities** | **58,818,529** | **68,819,003** |
| | | |
| **Cash flow from investing activities** | | |
| Loans (granted) to/repayments from affiliated entities | 1,846,585 | (1,379,952) |
| (Payments) related to the acquisition of subsidiaries | (19,640,962) | (51,352,581) |
| (Payments) related to the acquisition of tangible and intagible asstes, including customer relationship | (12,307,597) | (34,965,512) |
| Repurchase of own shares | (6,917,284) | (6,379,029) |
| (Payments)/Cash in from other investments in financial assets | 302,033 | 523,375 |
| **Net cash from investing activities** | **(36,717,226)** | **(93,553,699)** |
| | | |
| ***Cash flow from financing activities:*** | | |
| Cash in of bank loans | 2,609,603 | 27,863,428 |
| Repayments of bank loans | (16,177,865) | (12,136,861) |
| Credit lines variation | 32,763 | (2,762,927) |
| (Payments) of finance lease liabilities | (800,561) | (873,146) |
| Share capital increase | 142,892,151 | - |
| **Net cash from financing activities** | **128,556,091** | **12,090,493** |
| **Net increase in cash and cash equivalents** | **150,657,394** | **(12,644,203)** |
| **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** | **238,431,282** | **88,729,428** |

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

**Voicu Oprean**
Administrator

**Bogdan Ciungradi**
Chief Financial Officer

## 1. FINANCIAL REPORTING PRESENTATION

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

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

These consolidated 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 at 30 September 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 30.09.2024 and 31.12.2023:

| | 30.09.2024 | | | 31.12.2023 | | |
|---|---|---|---|---|---|---|
| **Shareholder** | **Number of Shares** | **Value** | Percent | **Number of Shares** | **Value** | Percent |
| Oprean Voicu | 529.393.968 | 52.939.397 | 50,6329% | 578.278.772 | 57.827.877 | 66,3701% |
| Companies | 343.996.363 | 34.399.636 | 32,9009% | 128.051.806 | 12.805.181 | 14,6967% |
| Private individuals | 172.161.999 | 17.216.200 | 16,4661% | 164.963.031 | 16.496.303 | 18,9331% |
| **Total** | **1.045.552.330** | **104.555.233** | **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 2024. TrackGPS continued its development in the Romanian market, with more than 571 new customers choosing TrackGPS solutions in 2024. Thus, more than 6,880 new vehicles were enrolled in the TrackGPS platform, between January and September 2024.

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 2024, the Digital Textbooks project celebrates 10 years since its launch. The successful evolution could be achieved with the support of the Ministry of Education, keeping active the online learning process that manages to significantly improve the classroom learning of the subject.

In addition to the projects won in 2023, in 2024, AROBS will participate in a new auction, together with its partner Aramis for a series of seventh grade textbooks: Social Education, Technological Education and Practical Applications, Geography, History and Romanian Language and Literature. As an estimate, the print run for new textbooks in 2024 will be 30,000 pieces, and for reprints a number of 184,000 pieces is estimated.

The most important learning trends in 2024 are Augmented Reality (AR) and Virtual Reality (VR). These interactive and immersive experiences provide a controlled learning environment that can be easily paired with classical education. Although this type of education may be reluctant on the part of teachers, E-learning will continue to grow as an indispensable part of academic education, which urges us to continue investing in this constantly developing field.

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.

The year 2024, for Optimall by AROBS, meant a focus on growth: both by increasing the number of customers and by diversifying the product portfolio. The process of developing the basic modules was continued and, complementary, new modules were developed, in their entirety: Prospecting Mode and Commoditization Module. The purpose of the two new modules is to support Optimall SFA users in gaining new customers (Prospecting) and to strengthen their presence with our customers in the market, through real-time analysis: shelf presence, prices practiced in stores, competitor positioning, etc. (Merchandising Module). Starting with the spring of this year, Optimall WMS is once again in the focus of the team, bringing important updates and successfully approaching potential customers.

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 30.09.2024, are as follows:

- AROBS TRANSILVANIA SOFTWARE SA, Romania, Cluj-Napoca, Donath Street, 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 Street, no 63C, Cluj county
- AROBS PANNONIA SOFTWARE Kft, Hungary, 1191 Budapest, Üllői Street, no.206
- AROBS POLSKA (SYDERAL POLSKA), Poland, Gdansk, ul. Trzy Lipy 3B/ 3.11.5
- AROBS SOFTWARE SOLUTIONS GmbH, Germany, Leopold Street no. 23, 80801, Munchen
- AROBS SOFTWARE SRL, Moldova, Renașterii Naționale Street no. 12, of. 401-405
- AROBS SYSTEMS SRL, Romania, Cluj-Napoca, Minerilor Street, no. 63, Cluj county
- AROBS TRACKGPS SRL, Moldova, Puskin Street no. 26A, of. 301
- ATS ENGINEERING LLC, SUA, 1200 South Pine Island Road, Plantation, Florida, 33324
- BERG COMPUTERS SRL, Romania, Com.Ghiroda, Lugoj Street, no.4, Timis county
- CABRIO INVEST B.V., The Netherlands,Tolweg 7, 4851SJ, Ulvenhout
- CENTRUL DE SOFT GPS SRL, Romania, Ilfov County, Chiajna, Rezervelor Street 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 Street no. 53A, Ap. 1, Cluj County
- FUTURE WORKFORCE SRL, Romania, Cluj-Napoca, Serpuitoare Street no. 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, Simion Barnutiu Street, no. 13, Floor 1 and 2, Timișoara, Jud. Timiș
- INFOBEST ROMÂNIA SRL NL DEUTSCHLAND, Max-Delbrück Street no. 20, 51377 Leverkusen, Germania
- INFOBEST SYSTEMHAUS GmbH, Humboldstraße 38, 51379 Leverkusen, Germania
- NORDLOGIC SOFTWARE, Romania, Cluj-Napoca, Descartes Rene Street 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, Floor 8 809-810, Jalan Puri Lingkar Dalam Blok T8, Jakarta Barat
- SAS FLEET TRACKING SRL (SAS GRUP), România, Cluj-Napoca, Minerilor Street, no. 63, Jud. Cluj
- SILVER BULLET SRL, Romania, Cluj-Napoca, Descartes Rene Street no. 10-12, Cluj county
- SKYSHIELD Kft, Hungary, 1191 Budapest, Üllői Street no.206
- SOFTMANAGER S.R.L, Romania, Ploiesti, Zmeului Street, no. 21, Prahova County
- UCMS GROUP ROMANIA S.R.L., Romania, Cluj-Napoca, Constantin Brîncuși Street No. 78-78A Cluj County

Group's structure as of 30.09.2024 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 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 September 2024 and 31 December 2023 were:

| | **30.09.2024** | **31.12.2023** |
|---|---|---|
| RON – EUR | 4.9756 | 4.9746 |
| RON – USD | 4.4451 | 4.4958 |
| RON – GBP | 5.9563 | 5.7225 |

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

| | **Period ended 30.09.2024** | **Period ended 31.12.2023** |
|---|---|---|
| RON – EUR | 4.9743 | 4.9464 |
| RON – USD | 4.5763 | 4.5758 |
| RON – GBP | 5.8439 | 5.6871 |

***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 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| **Turnover:** | | |
| Software services | 245,572,543 | 261,581,288 |
| Software products | 57,523,865 | 50,290,314 |
| Integrated systems | 3,062,604 | 10,078,019 |
| **Total turnover** | **306,159,012** | **321,949,621** |

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, even though the contribution of the "Software Products" segment to the Group's turnover is only 19%.

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 September 2024, at the consolidated level, fell below the level of the same period of the previous year by 6%. The companies in the M&A category contributed to the turnover of the segment in the first three quarters of 2024 with 103 million lei, and to the increase of the turnover of the segment in this activity compared to the same period last year with 16.3 million lei (+19%), while the Organic business suffered an 18% decrease due to the delay of some new projects and the reduction of some projects in the Automotive verticals, especially the electrification area, and Medical.

The revenues generated by the "Software products" segment in the period ending on September 30, 2024, at the consolidated level, increased by 7.2 million lei (14%) compared to the same period of the previous year. The contribution of the acquired companies starting with 2021 to the turnover of this segment as of 30 September 2024 was 6.4 million lei, and to the growth of the segment's activity of 1.9 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 5.5 million lei.

**Cost of carrying out contracts with customers**

Cost of carrying out contracts with customers – HR licensing

| | OB 2024 | CAPITALISATION 09.2024 | DEPRECIATION 09.2024 | CB 09.2024 |
|---|---|---|---|---|
| HR Licences | 403,650 | 493,047 | 152,146 | 744,551 |

Cost of carrying out contracts with customers – GPS monitoring services

| | **OB 2024** | **CAPITALISATION 09.2024** | **DEPRECIATION 09.2024** | **CB 09.2024** |
|---|---|---|---|---|
| GPS Monitoring services | 1,440,193 | 1,804,832 | 1,575,709 | 1,669,316 |

**Deffered revenue – contract performance obligations**

| | **Balance at 30.09.2024** | **Balance at 31.12.2023** |
|---|---|---|
| **Deffered revenue, out of which:** | **14,805,273** | **12,319,974** |
| Long term | 3,683,302 | 3,523,269 |
| Short term | 11,121,971 | 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 30.09.2024** | **Period ended 30.09.2023** |
|---|---|---|
| Salary Expeneses | 122,225,604 | 116,590,091 |
| Employee stock ownership plan costs | 5,178,886 | 7,707,631 |
| Third paty expenses | 54,243,612 | 58,526,574 |
| Property plant and equipment depreciation expeneses | 6,631,770 | 6,665,380 |
| Expenses related to equipment sold | 39,231 | 16,901 |
| Other operating expenses | 2,994,836 | 3,431,586 |
| **Cost of sales Software Services** | **191,313,939** | **192,938,163** |

***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 decreased by only 1.6 million lei compared to the first three quarters of the previous year. This variation was generated by the increase of costs by 12.7 million lei of the companies in the M&A category and the significant decrease of costs in the organic area, by 14.3 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 nine months of 2024. As a result, software services costs decreased during the year, registering an 7% decrease in Q3 2024 compared to Q1 2024. Against the background of the decrease in direct costs related to the software services segment, the gross margin in Q3 2024 related to this segment (22%) improved compared to the gross margin in Q2 2024 (21%).

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 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Salary Expeneses | 11,504,063 | 8,131,782 |
| Employee stock ownership plan costs | 264,999 | 584,471 |
| Property plant and equipment depreciation expeneses | 4,464,182 | 4,109,606 |
| Third paty expenses | 5,762,900 | 3,584,011 |
| Cost of goods sold | 1,507,323 | 1,250,008 |
| Other operating expenses | 4,379,265 | 3,858,796 |
| **Cost of sales software products** | **27,882,732** | **21,518,674** |

***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 6.3 million lei compared to the same period 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 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 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Cost of goods sold | 410,377 | 5,970,508 |
| Third party expenses | 465,944 | 2,113,708 |
| Salary Expeneses | 943,253 | 311,613 |
| Property plant and equipment depreciation expeneses | 42,806 | 13,272 |
| Other operating expenses | 1,103,245 | - |
| **Cost of sales of integrated Systems** | **2,965,625** | **8,409,101** |

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 nine months of 2024 was 5.6 million lei.

## 7. SALES AND MARKETING EXPENSES

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Salary Expeneses | 10,985,504 | 8,472,832 |
| Employee stock ownership plan costs | 461,706 | 340,083 |
| T & E and advertising expenses | 1,582,415 | 2,921,993 |
| Third party expenses | 1,048,264 | 1,029,110 |
| Property plant and equipment depreciation expeneses | 548,708 | 552,555 |
| Other operating expenses | 350,364 | 380,966 |
| **Sales and marketing expenses** | **14,976,961** | **13,697,539** |

***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 the past nine months of 2024, by 1.3 million lei compared to the same period 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 2.6 milion lei (Future Workforce Group) and the decrease in advertising and T & E expenses by 1.3 million lei.

## 8. GENERAL & ADMINISTRATION EXPENSES

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Salary Expeneses | 20,481,409 | 18,041,491 |
| Employee stock ownership plan costs | 4,544,829 | 6,615,736 |
| Property plant and equipment depreciation expeneses | 10,529,468 | 9,210,861 |
| Third party expenses | 6,774,487 | 8,537,146 |
| Other operating expenses | 5,115,306 | 4,706,185 |
| Transportation expenses | 639,707 | 1,040,747 |
| Depreciation adjustment expenses | 391,829 | 551,400 |
| Subsidiary acquisitions expenses | 551,326 | 1,008,467 |
| Expenses related to goods sold | 271,720 | 179,927 |
| T & E and advertising expenses | 51 | - |
| **General & Administration expenses** | **49,300,132** | **49,891,960** |

***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.

As of September 30, 2024, general and administrative expenses decreased by RON 0.6 million, compared to the same period of the previous year, with the Group's management applying measures to reduce these costs, in line with the dynamics of the Group's activity. The decrease in general administrative expenses in the 9 months of 2024 compared to the same period of the previous year is significant considering that this variation consists of the following elements: the reduction of general costs by RON 0.9 million and the increase in the expense of amortization of customer relations in this period compared to the previous year by RON 0.3 million. The amortization of customer relationships is a non-operational cost reflected in the category of general administrative expenses.

## 9. EMPLOYEE BENEFITS EXPENSES

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Salary Expeneses | 163,434,314 | 147,399,262 |
| Employee social security contributions | 5,613,975 | 4,877,820 |
| Meal ticket expenses | 3,757,390 | 3,675,697 |
| Capitalization | (6,600,285) | (5,469,834) |
| Untaken holidays provision | (65,561) | 1,064,863 |
| **Subtotal personnel expenses** | **166,139,833** | **151,547,809** |
| Employee stock ownership plan costs | 10,450,420 | 15,247,920 |
| **Total personnel expenses** | **176,590,254** | **166,795,729** |

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

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Management | 25 | 24 |
| Administrative | 34 | 40 |
| Purchasing | 3 | 3 |
| Financial | 42 | 42 |
| Legal | 4 | 4 |
| Warehouse keepers | 5 | 6 |
| Marketing | 21 | 23 |
| Research & Development | 893 | 939 |
| Health & safety | 3 | 3 |
| Human resources | 28 | 36 |
| Service – Installations | 40 | 39 |
| IT support | 29 | 24 |
| Sales | 67 | 62 |
| **Total** | **1,194** | **1,245** |

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

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Management | 6,794,865 | 4,710,286 |
| Administrative | 2,377,952 | 2,469,691 |
| Purchasing | 343,202 | 278,341 |
| Financial | 4,270,559 | 3,770,858 |
| Legal | 635,792 | 487,611 |
| Warehouse keepers | 340,346 | 391,965 |
| Marketing | 1,784,491 | 1,414,613 |
| Research & Development | 128,761,878 | 119,900,951 |
| Health & safety | 108,678 | 104,063 |
| Human resources | 2,214,889 | 2,708,881 |
| Service – Installations | 3,087,883 | 2,149,847 |
| IT support | 3,456,861 | 2,635,021 |
| Sales | 9,256,918 | 6,377,134 |
| **Total salary exepenses** | **163,434,314** | **147,399,262** |

Expenses related to remuneration in equity instruments, ESOP 1-3 programs, related to the first three quarters of 2024 and the first three quarters of 2023 were as follows:

| | **Period ended 30.09.2024** | **Period ended 30.09.2023** |
|---|---|---|
| Management | 2,608,630 | 6,155,198 |
| Administrative | 10,729 | 68,153 |
| Purchasing | 6,419 | 15,519 |
| Financial | 63,092 | 125,389 |
| Legal | 25,934 | 56,462 |
| Warehouse keepers | 7,789 | 12,420 |
| Marketing | 20,744 | 91,842 |
| Research & Development | 3,169,002 | 8,171,745 |
| Health & safety | 4,959 | 1,241 |
| Human resources | 10,699 | 116,382 |
| Service – Installations | 15,647 | 50,957 |
| IT support | 30,664 | 69,303 |
| Sales | 108,244 | 313,310 |
| **Total remuneration expenses in equity instruments** | **6,061,154** | **15,247,921** |

The expenses with remuneration in equity instruments, ESOP 4 program, related to the first three quarters of 2024, were as follows:

| | **Period ended 30.09.2024** | **Period ended 30.09.2023** |
|---|---|---|
| Management | 1,705,888 | - |
| Administrative | 11,716 | - |
| Purchasing | 2,136 | - |
| Financial | 23,654 | - |
| Legal | 14,472 | - |
| Warehouse keepers | - | - |
| Marketing | 7,903 | - |
| Research & Development | 2,239,219 | - |
| Health & safety | - | - |
| Human resources | 11,012 | - |
| Service – Installations | 12,432 | - |
| IT support | 36,019 | - |
| Sales | 324,816 | - |
| **Total remuneration expenses in equity instruments** | **4,389,267** | **-** |

Salary expenses increased in the first three quarters of 2024, compared to the same period of the previous year, partly as a result of the elimination of tax incentives on the payment of income tax for the category of directly productive employees in the provision of software service services. Also, salary expenses increased in order to maintain competitiveness in the market and ensure the necessary resources for ongoing projects, in terms of salary increases and by adding resources from newly acquired companies. 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 three quarters of 2024 decreased compared to the same period of the previous year by 31%, 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 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Salary Expeneses | 166,139,833 | 151,547,809 |
| Employee stock ownership plan costs | 10,450,420 | 15,247,921 |
| Third party expenses | 68,295,207 | 73,790,549 |
| Property plant and equipment depreciation expeneses | 22,216,934 | 20,551,674 |
| Other operating expenses | 13,943,016 | 12,377,533 |
| Cost of goods sold | 2,228,651 | 7,417,344 |
| T & E and advertising expenses | 1,582,466 | 2,921,993 |
| Adjustments for the depreciation of noncurrent assets (expense) | 391,829 | 551,400 |
| Transportation expenses | 639,707 | 1,040,747 |
| Costs related to M&A Acquisitions | 551,326 | 1,008,467 |
| **Total** | **286,439,389** | **286,455,437** |

## 11. OTHER REVENUE

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Other operating revenues | 694,512 | 557,025 |
| Net revenue from the sale of current assets | 219,522 | 125,511 |
| **Total** | **914,034** | **682,536** |

## 12. REVENUE AND EXPENSES RECONCILIATION BY BUSINESS SEGMENTS

| | SOFTWARE SERVICES | | SOFTWARE PRODUCTS | | INTEGRATED SYSTEMS | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| | September 2024 | September 2023 | September 2024 | September 2023 | September 2024 | September 2023 | September 2024 | September 2023 |
| Revenue from software services | 245,572,543 | 261,581,288 | - | - | - | - | 245,572,543 | 261,581,288 |
| Revenue from software products | - | - | 57,523,865 | 50,290,314 | - | - | 57,523,865 | 50,290,314 |
| Revenue from integrated systems | - | - | - | - | 3,062,604 | 10,078,019 | 3,062,603 | 10,078,019 |
| **Total Turnover** | **245,572,543** | **261,581,288** | **57,523,865** | **50,290,314** | **3,062,604** | **10,078,019** | **306,159,011** | **321,949,621** |
| Salary Expeneses | 122,225,604 | 116,590,091 | 11,504,063 | 8,131,782 | 943,253 | 311,613 | 134,672,920 | 125,033,486 |
| Employee stock ownership plan costs | 5,178,886 | 7,707,631 | 264,999 | 584,471 | - | - | 5,443,885 | 8,292,102 |
| Third paty expenses | 54,243,612 | 58,526,574 | 5,762,900 | 3,584,011 | 465,944 | 2,113,708 | 60,472,456 | 64,224,293 |
| Cost of goods sold - equipment | 39,231 | 16,901 | 1,507,323 | 1,250,008 | 410,377 | 5,970,508 | 1,956,931 | 7,237,417 |
| Property plant and equipment depreciation expeneses | 6,631,770 | 6,665,380 | 4,464,182 | 4,109,606 | 42,806 | 13,272 | 11,138,758 | 10,788,258 |
| Other operating expense | 2,994,836 | 3,431,586 | 4,379,265 | 3,858,796 | 1,103,245 | - | 8,477,346 | 7,290,382 |
| **Total cost of sales** | **191,313,939** | **192,938,163** | **27,882,732** | **21,518,674** | **2,965,625** | **8,409,101** | **222,162,296** | **222,865,938** |
| **Gross margin** | **54,258,604** | **68,643,125** | **29,641,133** | **28,771,640** | **96,979** | **1,668,918** | **83,996,716** | **99,083,683** |
| **Gross margin %** | **22%** | **26%** | **52%** | **57%** | **3%** | **17%** | **27%** | **31%** |

Sales and marketing and general administration expenses are unallocated costs.

## 13. INCOME TAX, MICROENTERPRISE TAX AND DEFERRED TAX

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| Income tax | 6,616,708 | 9,616,719 |
| Microenterprise income tax | 869,419 | 994,549 |
| **Subtotal – impozit current** | **7,486,127** | **10,611,268** |
| Deferred income tax | (1,757,977) | (1,766,738) |
| **Total** | **5,728,150** | **8,844,530** |

| | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| **Profit before tax** | **21,864,331** | **36,889,189** |
| Current period income tax | (6,616,708) | (9,616,719) |
| Current period microenterprise income tax | (869,419 ) | (994,549) |
| **Impozit curent** | **(7,486,127)** | **(10,611,268)** |
| Revenue as a result of deferred income tax | 1,757,977 | 1,766,738 |
| **Recalculated net profit** | **16,136,181** | **28,044,659** |

**Deferred income tax**

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Deferred income tax – receivable | 2,996,502 | 2,129,265 |
| **Total** | **2,996,502** | **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.

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Deferred income tax – liability | 11,055,899 | 12,200,152 |
| **Total** | **11,055,899** | **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 30.09.2024** | **Period ended 30.09.2023** |
|---|---|---|
| Operating revenue | 307,073,051 | 322,632,158 |
| Operating expenses | 263,671,138 | 264,895,294 |
| **EBITDA** | **43,401,912** | **57,736,864** |
| **EBITDA Margin** | **14%** | **18%** |
| ESOP | 6,061,154 | 15,247,920 |
| **Normalized EBITDA*** | **49,463,066** | **72,984,784** |
| **Normalized EBITDA margin*** | **16%** | **23%** |
| ESOP 4 | 4,389,267 | - |
| Depreciation&Provision | 15,178,740 | 13,874,151 |
| Customer relationship | 7,038,190 | 6,677,524 |
| Incidental expenses | 551,326 | 1,008,467 |
| Financial result | 1,230,674 | 712,468 |
| **Profit before tax** | **21,864,331** | **36,889,189** |
| Tax | 5,728,150 | 8,844,530 |
| **Net profit** | **16,136,181** | **28,044,659** |
| **Net profit margin** | **5.3%** | **8.7%** |
| **Normalized net profit**** | **22,197,334** | **43,292,579** |
| **Normalized net profit margin**** | **7%** | **13%** |

*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 49.5 million at 30 September 2024 and normalized net profit recorded a value of RON 22.2 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 30.09.2024** |
|---|---|
| Profit (last 12 months) | 19,800,806 |
| Regular shares in circulation | 868,495,050 |
| **Basic earnings per share** | **0.0228** |

| **Diluted** | **Period ended 30.09.2024** |
|---|---|
| Profit (last 12 months) | 19,800,806 |
| Diluted regular shares in circulation | 1,002,550,787 |
| **Diluted earnings per share** | **0.0198** |

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 | 12,719,694 | - | 4,851,268 | 1,935,349 | 19,506,310 |
| Amortization / adjustments | (58,761) | (7,038,190) | - | (3,027,603) | (10,124,554) |
| Disposals | - | - | (654,419) | (6,942) | (661,361) |
| **Net value at 30.09.2024** | **117,422,302** | **69,523,612** | **12,318,961** | **13,823,151** | **213,088,026** |

The Goodwill with a net value of 117.422.302 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 | 26,564,791 | 5,142,721 | 560,170 | 4,666,276 | 36,933,958 |
| Depreciation / adjustments | (626,847) | (3,124,235) | (982,200) | - | (4,733,281) |
| Disposals | - | (2,993,496) | (80,774) | (26,917,412) | (29,991,683) |
| **Net value 30.09.2024** | **26,523,628** | **9,123,384** | **1,780,074** | **338,785** | **37,765,870** |

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 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 | 11,214,737 | 1,897,415 |
| Disposals | (3,507,525) | (1,598,973) |
| Accumulated depreciation | (18,177,750) | (2,049,743) |
| **Net Balance at 30.09.2024** | **18,827,151** | **4,154,651** |

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 30.09.2024 |
|---|---|---|---|---|---|---|
| **19,229,060** | (8,266,244) | 13,575,542 | (426,342) | 833,351 | 102 | **24,945,468** |

**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:

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| **T0 (Under 1 year)** | 9,349,693 | 8,587,590 |
| **LT 1 (1-5 years)** | 17,495,591 | 11,955,271 |
| **LT (over 5 years)** | 859,984 | - |
| **Total** | **27,705,268** | **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 30.09.2024** | **Balance at 31.12.2023** |
|---|---|---|
| Materials | 278,142 | 278,398 |
| Work in progress - services | 5,477,495 | 4,265,587 |
| Goods purchased for resale | 2,599,955 | 1,983,850 |
| Advances to suppliers | 178,403 | 448,090 |
| **Total** | **8,533,995** | **6,975,925** |

The value of inventories in balance at September 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 September 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 September 30, 2024 is 921,389 lei, being at a similar level to that of December 31, 2023.

## 20. TRADE AND OTHER RECEIVABLES

| | **Balance at 30.09.2024** | **Balance at 31.12.2023** |
|---|---|---|
| Trade receivables | 83,281,961 | 95,581,994 |
| Customers - invoices to be issued | 8,508,943 | 7,306,443 |
| Adjustments for trade receivables | (6,821,910) | (6,380,867) |
| Trade receivables – affiliated entities | 2,659,477 | 2,964,133 |
| Adjustments for claims from affiliated entities | (2,414,838) | (2,243,781) |
| Subsidies | (64,109) | 84,542 |
| Other receivables | 6,609,293 | 5,021,610 |
| Advances to suppliers | 717,612 | 680,961 |
| **Total** | **92,476,429** | **103,015,034** |
| Loans granted – affiliated entities | 5,325,850 | 1,413,707 |
| Deferred expenses, out of which: | **2,803,188** | **2,015,826** |
| Long term | 135,320 | 153,355 |
| Short term | 2,667,868 | 1,862,471 |
| **Total deferred income and revenue** | **100,605,467** | **106,444,567** |

The total amount of receivables on September 30, 2024 registered a slight decrease compared to the total amount on December 31, 2023.

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 30.09.2024** | **Balance at 31.12.2023** |
|---|---|---|
| Not due | 49,973,431 | 55,785,966 |
| 0-30 | 19,888,908 | 18,353,793 |
| 31-90 | 1,861,966 | 12,363,440 |
| 91-360 | 6,681,120 | 3,742,309 |
| Over 360 | 4,876,536 | 5,336,481 |
| **Total** | **83,281,961** | **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 September 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 30.09.2024** | **Balance at 31.12.2023** |
|---|---|---|
| Cash at bank and deposits in lei | 67,801,397 | 20,781,961 |
| Cash at bank and deposits in foreign currencies | 135,278,921 | 66,777,196 |
| **Subtotal** | **203,080,318** | **87,559,158** |
| Petty cash | 143,361 | 160,563 |
| Bonds | - | 302,033 |
| Shares - Other securities | 252,692 | 35,345 |
| Amounts under settlement | 34,960,647 | 5,047 |
| Other cash equivalents | (5,736) | 13,776 |
| **Total** | **238,431,282** | **88,075,920** |

Cash availability varied in the first three quarters 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 30.09.2024 | Balance at 31.12.2023 |
|---|---|---|
| Suppliers | 13,304,263 | 11,645,527 |
| Client advances | 6,183,520 | 3,834,033 |
| Fixed asset suppliers | 6,086 | 37,987 |
| Suppliers - invoices to be received | 1,168,690 | 2,172,434 |
| Suppliers – affiliated entities | 719,752 | 519,650 |
| Loans to shareholders | 105,449 | 109,751 |
| Employees - salaries payable | 10,667,118 | 9,799,019 |
| Company's contribution to social security | 6,359,232 | 5,820,426 |
| Other debts payable to the Treasury | 4,664,167 | 4,162,989 |
| Sundry debtors | 92,008 | 181,370 |
| Guarantees | 422,397 | - |
| Other payables | 1,571,067 | 826,217 |
| **Total** | **45,263,749** | **39,109,404** |

## 23. BANK LOANS

| | Balance at 30.09.2024 | Balance at 31.12.2023 |
|---|---|---|
| Long terms bank loans | 71,212,916 | 84,760,637 |
| Short term bank loans | 2,085,532 | 2,052,769 |
| **Total** | **73,298,448** | **86,813,406** |

**Bank loans by due date:**

| | Balance at 30.09.2024 | Balance at 31.12.2023 |
|---|---|---|
| Bank loans due up to 1 year | 24,982,934 | 24,184,008 |
| Bank loans due between 1 and 5 years | 45,639,712 | 62,629,398 |
| Bank loans due over 5 years | 2,675,802 | - |
| **Total** | **73,298,448** | **86,813,406** |

In the first three quarters of 2024, the value of bank loans decreased by 13.5 million lei as a result of repayments made during the first nine months of 2024, reaching a total value of 73.3 million lei.

**Bank loans contingencies**

Regarding the contingencies related to the bank loans contracted by the Group, there are no changes on September 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 30.09.2024 |
|---|---|---|---|---|
| Provisions | 18,096,715 | 5,078,336 | 5,204,862 | 17,970,188 |
| **Total** | **18,096,715** | **5,078,336** | **5,204,862** | **17,970,188** |

## 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 September 30, 2024, the share capital of the parent company amounts to 104,555,233 lei, divided into 1.045,552,330 registered shares, with a nominal value of 0.1 lei per share. The share capital is fully subscribed and paid on September 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 September 30, 2024 the total number of redeemed shares in balance is 28,862,570 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 September 2024, the value of the legal reserves amounts lei 7,854,275.

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Number of shares | 1,045,552,330 | 871,293,609 |
| Subscribed and paid capital | 104,555,233 | 87,129,361 |
| **TOTAL** | **104,555,233** | **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 30.09.2024 | Balance at 31.12.2023 |
|---|---|---|
| AROBS BUSINESS CENTER SRL | 59,669 | 150,289 |
| AROBS BUSINESS SERVICES SRL | 55,177 | 19,927 |
| AROBS TRADING & DISTRIBUTION GMBH | 470,851 | 469,881 |
| ATD CORNER SRL | 1,515,754 | 1,495,259 |
| AROBS TURKEY YAZILIM LIMITED | 278 | 283 |
| CABRIO INVEST SRL | 21,843 | 5,718 |
| CABRIO INVESTMENT SRL | - | - |
| MED CONTROL SOLUTION SRL | 102,531 | 102,531 |
| NEWCAR4FUTURE SRL | 220,825 | 220,825 |
| OOMBLA TRAVEL MANAGEMENT SRL | 1,913 | 454 |
| SMAIL COFFEE SRL | 161,020 | 140,866 |
| TRANSILVANIA SOFTWARE RECRUITMENT SRL | - | 308,485 |
| VISION PLUS MOBILE SRL | 49,616 | 49,616 |
| **Total** | **2,659,477** | **2,964,133** |

| Related parties – Payables | Balance at 30.09.2024 | Balance at 31.12.2023 |
|---|---|---|
| AROBS BUSINESS CENTER SRL | 161,639 | 8,988 |
| AROBS BUSINESS SERVICES SRL | 274,628 | 233,433 |
| AROBS TURKEY YAZILIM LIMITED | 76,270 | - |
| AROBS TRADING & DISTRIBUTION GMBH | 5,727 | 5,726 |
| CABRIO INVEST SRL | 11,902 | 7,509 |
| IKON SOFT | 66,320 | 63,544 |
| OOMBLA TRAVEL MANAGEMENT SRL | 100,408 | 39,119 |
| SMAIL COFFEE SRL | 10,329 | 7,148 |
| TRANSILVANIA SOFTWARE RECRUITMENT SRL | - | 154,176 |
| TRANSILVANIA SOFTWARE RECRUITMENT SRL | 12,528 | - |
| **Total** | **719,752** | **519,643** |

| Related parties - Sales | Period ended 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| AROBS BUSINESS CENTER SRL | 30,195 | 105,541 |
| AROBS BUSINESS SERVICES SRL | 315,685 | 78,896 |
| AROBS TRADING & DISTRIBUTION GMBH | 876 | 864 |
| ATD CORNER SRL | 17,269 | 127,485 |
| AROBS TURKEY YAZILIM LIMITED | 2,086 | 1,559 |
| CABRIO INVEST SRL | 34,358 | 48,921 |
| CABRIO INVESTMENT | - | 105 |
| MANAGIS SERV SRL | - | 120 |
| NEWCAR4FUTURE SRL | - | 2,414 |
| OOMBLA TRAVEL MANAGEMENT SRL | 2,789 | 5,792 |
| SMAIL COFFEE SRL | 42,146 | 60,004 |
| **Total** | **445,404** | **431,701** |

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 30.09.2024 | Period ended 30.09.2023 |
|---|---|---|
| AROBS BUSINESS CENTER SRL | 1,132,981 | 1,048,617 |
| AROBS BUSINESS CENTER PLUS SRL | 133,160 | - |
| AROBS BUSINESS SERVICES SRL | 1,950,311 | 690,473 |
| ATD CORNER SRL | - | 14,459 |
| AROBS TURKEY YAZILIM LIMITED | 820,141 | 885,514 |
| CABRIO INVEST SRL | 110,621 | 80,640 |
| AROBS SOFTWARE SRL | - | 1,263,039 |
| IKON SOFT SRL | 484,101 | 398,083 |
| OOMBLA TRAVEL MANAGEMENT SRL | 753,180 | 844,390 |
| SMAIL COFFEE SRL SRL | 444,426 | 418,369 |
| AROBS TRADING & DISTRIBUTION GMBH | - | 5,722 |
| **Total** | **5,828,921** | **5,649,306** |

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**

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Loan value | 4,383,504 | 5,074,092 |
| Interest value | 1,375,432 | 1,416,816 |
| **Total** | **5,758,936** | **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**

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Loan value | - | 822,497 |
| Interest value | 609,108 | 591,209 |
| **Total** | **609,108** | **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**

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Loan value | 7,253,926 | 7,252,468 |
| Interest value | 1,341,781 | 1,124,412 |
| **Total** | **8,595,707** | **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**

| | 30.09.2024 | 31.12.2023 |
|---|---|---|
| Loan value | 816,096 | 815,932 |
| **Total** | **816,096** | **815,932** |

## 27. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

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

### 27.1. 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 September 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

From 30 September 2024 until the date of signing the financial statements, no significant subsequent events took place.

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

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