2024 ANNUAL REPORT

AROBS Transilvania Software S.A.

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

Simbol: AROBS

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

The interim individual and consolidated simplified financial statements as of December 31, 2024 are audited.

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

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	2024 Annual Report
According to	Annex 15 of the FSA Regulation no. 5/2018
Date of publication of the report	29.04.2025
For the financial period	01.01.2024 – 31.12.2024

ISSUER INFORMATION

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

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	104,555,233,00 lei
The market on which securities are traded	Main Segment, Premium Category
Total number of shares	1,045,552,330
Symbol	AROBS

CONTACT DETAILS FOR INVESTORS

Phone number	+40 364 143 201
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Website	www.arobsgrup.ro and www.arobs.com

CONSOLIDATED FINANCIAL RESULTS AS OF DECEMBER 31, 2024

RON 415 million

TURNOVER

+2% vs. Budget

RON 66 million

NORMALIZED EBITDA*

NORMALIZED EBITDA MARGIN **16%**

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

+9% vs. Budget

RON 28 million

GROSS PROFIT

GROSS PROFIT MARGIN 7%

+9% vs. Budget

RON 21 million

NET PROFIT

NET PROFIT MARGIN 5%

+18% vs. Budget

RON 28 million

NORMALIZED NET PROFIT*

NORMALIZED NET PROFIT MARGIN 7%

+12% vs. Budget

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

MESSAGE FROM THE CEO

In 2024, we celebrated three years since our listing on the Bucharest Stock Exchange, a milestone that has significantly accelerated the company's development both financially and strategically. The period from our debut on the AeRO market on December 6, 2021, to the present has been marked by major achievements, culminating in our transfer to the Main Market of the Exchange in 2023 and the completion of the largest share capital increase operation for a technology company listed on the BVB in July 2024.

The capital increase in July 2024 was a defining moment in our journey on the BVB. We raised 143 million lei from local and international investors to support the continued development of the group. In total, 96% of the offered shares were subscribed by institutional investors, including the EBRD, whose support we are pleased to have. This transaction became the first capital increase in the technology sector in which the vast majority of capital was subscribed by institutional investors.

On the financial side, we revised our budget in November 2024 due to changing market conditions. We focused on cost optimizations, improving operational efficiency, and exploring new business opportunities and markets with high growth potential.

Regarding M&A activity, in 2024 we analyzed several significant opportunities, with some evaluation processes extending into 2025. A major step was taken on March 11, 2025, when we signed the acquisition of **SVT Electronics** – the Company's first transaction following the capital increase completed in July 2024. We continue to actively assess other opportunities that align with our long-term development vision.

The integration of **SVT Electronics** into the AROBS Group enables us to expand our offering of innovative and complex solutions for fleet, transport, and logistics management. This acquisition marks another step in our strategic direction to invest in advanced technological solutions aimed at accelerating growth in the European **telematics** market.

The year 2024 was one of the most challenging in the recent history of the technology industry, marking a turning point in the evolution of tech companies worldwide. It was a year of economic challenges, strategic shifts, and the need for rapid adaptation to an ever-changing environment, with a massive impact on AI and Cybersecurity. For AROBS, this period brought both obstacles to overcome and opportunities for consolidation and strategic growth in areas where we previously had a limited presence.

On a macroeconomic level, many industries went through a year of recalibration, and the technology sector was no exception. The global tech market's growth slowed, affected by declining investments, macroeconomic uncertainty, and tighter monetary policies that led to higher financing costs. High inflation and capital market volatility required significant adjustments in companies' financial strategies, resulting in increased caution regarding new hiring and investments across all economic sectors.

Uncertainty in the automotive industry remains a major question mark, but experience teaches us that times of crisis can bring significant advantages to companies that maintain agility and a positive outlook for accelerated growth.

On the other hand, the demand for software services in automation, artificial intelligence, and business process optimization continued to grow, driven by the pressure on companies to reduce costs and improve operational efficiency.

Faced with these challenges and opportunities, we adopted a strategic approach that was both prudent and agile, focusing on operational efficiency, cost control, and maintaining sustainable profitability. We implemented optimization measures at the group level, adjusting our cost structure and streamlining internal processes to remain competitive. Strict measures were taken to optimize human resources, including rigorous control over recruitment and adjustments to salary structures, ensuring a balance between business growth and long-term financial prudence.

Thus, general and administrative expenses decreased significantly at the end of 2024 by 1.1 million lei compared to 2023. At the same time, costs related to the Stock Option Plan (ESOP) programs were substantially reduced in 2024, decreasing by 5.4 million lei compared to 2023 due to the completion of ESOP 1, 2, and the first phase of ESOP 3, as well as lower expenses related to the ESOP 4 program.

Throughout the past year, balancing organic growth with expansion through M&A was a key priority. In 2024, we initiated a merger by absorption process aimed at consolidating operations and optimizing our organizational structure by integrating several entities within the group - AROBS Engineering, Berg Computers, and Nordlogic Software. However, we decided to halt this process due to ongoing legislative changes and also because we have identified more efficient solutions to execute a single merger operation involving a larger group of companies.

Despite all the challenges encountered, AROBS maintained a solid level of financial performance. Our turnover reached 414,7 million lei, exceeding the revised turnover budget published with the Q3 2024 results by 2%. The turnover for 2024 remained approximately at the same level as in 2023.

At the same time, our strategy of having multiple growth pillars, which has been well received by investors, helped offset the decrease in turnover from the "Software Services" segment (327,6 million lei, -5% compared to 2023) through the growth of the "Software Products" segment (79,8 million lei, +13% compared to 2023).

The digitalization projects involving AROBS Systems, “Integrated Systems” segment have an extraordinary growth potential in 2025. We anticipate that contract award decisions for the remaining projects where we have been selected will take place in the first half of 2025.

The largest contract was secured in December 2024, with the signing of an agreement with the National House of Public Pensions as part of a consortium between AROBS Systems and Wing Leading Edge. The total value of this contract is approximately 110 million lei, excluding VAT, of which approximately 44 million lei, excluding VAT, is allocated to AROBS Systems.

In terms of profitability, we closed 2024 with an EBITDA of 59,6 million lei (+10% vs. the budget) and with a net profit of 21,2 million lei, a solid result in a year marked by economic and market challenges for technology companies. This net result exceeded the revised budget by 18% and reflects the continued implementation of cost optimization measures and the agile adaptation of our operational strategy. Moreover, it underscores the resilience of our business model and our ability to generate value even in a challenging environment.

Alongside our efforts in consolidation and operational optimization, we have maintained our strategic focus on innovation and technological development through various projects implemented across the AROBS Group companies. We aim to be innovators and early adopters in the lifecycle of new technologies - ML, AI, Big Data, and more.

In this context, we aim to capitalize on the opportunities generated by this initiative and continue developing products and technological solutions relevant to the European market and beyond. Additionally, we will focus on expanding our international presence through acquisitions, the establishment of new sales offices and delivery centers, and, most importantly, by strengthening our partnerships and exploring new growth opportunities in Europe and the U.S.

As artificial intelligence and automation become increasingly integrated into business processes, we will continue to invest in these areas, recognizing their impact on the efficiency and expansion of our solutions. At the same time, we remain committed to optimizing resources and improving operational efficiency to ensure our competitiveness in an ever-evolving economic landscape.

Today we are publishing the proposed Budget for 2025 – an ambitious one aligned with our strategy of investing in technology, operational efficiency, and geographic expansion. 2025 marks the beginning of a new growth cycle for AROBS, focused on internationalization, innovation, and strengthening our position as a trusted global technology partner.

In conclusion, I would like to thank my colleagues for their professionalism and dedication during this challenging year, our partners for their strong collaboration, and our shareholders for their trust. With a clear strategy and a strong team, we are ready for the new opportunities and potential challenges that 2025 may bring.

I invite you to review the 2024 Preliminary Financial Report, which provides further details on the performance of the AROBS Group. For any inquiries regarding our business activities or the capital markets, please feel free to contact us at ir@arobsgroup.com.

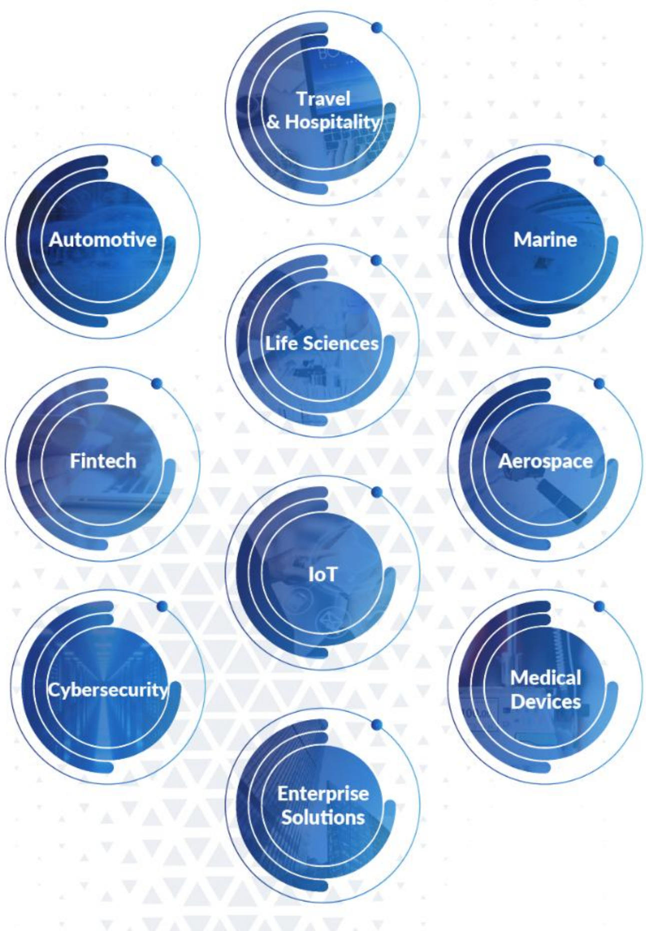
Voicu Oprean, founder and CEO

DESCRIPTION OF THE ISSUER'S ACTIVITY

SOFTWARE SERVICES

Since its establishment, AROBS has relied on excellent specialists and well-adjusted, yet flexible processes to consistently deliver custom software, as well as high-quality software products and applications. The excellence of services and the dedication of AROBS specialists have helped the company establish strong, long-term partnerships with over 11,000 partners from Romania and around the world.

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

- **Aerospace - AROBS Engineering** - Experienced in developing complex embedded systems for the aerospace industry. These skills complement the expertise of AROBS Polska, which has a team of over 30 specialists in the development of products and technologies for quantum and optical communications, data storage and processing, satellite mechanics, and instrument control.
- **Marine – AROBS Engineering** – has expertise in developing solutions for multifunctional navigation systems. These systems are used on marine electronics such as radars, sonars, audio devices, instruments, cameras, and autopilot systems.
- **Embedded Systems for Medical Devices** - Embedded software platforms and solutions for high-tech, connected medical devices that provide improved healthcare capabilities and medical treatments by leveraging cutting-edge technologies such as Artificial Intelligence (AI), Augmented Reality (AR), the Internet of Things (IoT), and wearables.
- **Travel Technology** - Combining niche know-how and technical skills has helped the company build long-lasting and strong partnerships with customers. To date, end-to-end solutions have been created and delivered for companies in the US, France, Spain, Germany, and the Netherlands.
- **Life Sciences** – The Issuer has built solid expertise over the past years in working with large US companies in the pharmaceutical industry. During this time, medical software solutions have been developed that simplify the clinical trial process for new medicines launched in the niche market.
- **IoT** - The IoT systems that the Issuer develops define the 10+ years of expertise in finding the perfect solutions for its customers.
- **Enterprise Solutions** - High competence in developing cloud-based applications, real-time or reactive applications, Big Data, and more. The portfolio is built around projects for clients in countries such as the US, UK, Germany, Finland, Norway, and the Netherlands.
- **Fintech** – Built on knowledge and experience in partnership with leading **banks and financial institutions**.
- **Intelligent Automation** - In the software services field, the Benelux subsidiary CoSo by AROBS Netherlands and Belgium specializes in **Robotic Process Automation**. The expertise has been expanded by the April 2023 acquisition of the Company - the takeover of the Future WorkForce Global (FWF) group. This transaction asserts the Company's strategy of developing new software services expertise that will keep AROBS competitive in the global technology landscape. The acquisition of FWF strengthens the Company's position in the intelligent automation market through Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in Western Europe.

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

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

In addition, with the acquisition of Infobest in 2024, the AROBS Group team grew by over 100 specialists in the development of customized software solutions for the e-commerce, manufacturing, automotive, telecommunications, finance, media, and communications industries, covering the entire application lifecycle – from business analysis, architecture, and UX design to development, testing, and maintenance.

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

AUTOMOTIVE

Services: Body Controllers (BCM), Car Access ECUs, Gateways, Transmissions, Infotainment, Car Radar Sensors, Keys, Instrument Clusters.

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

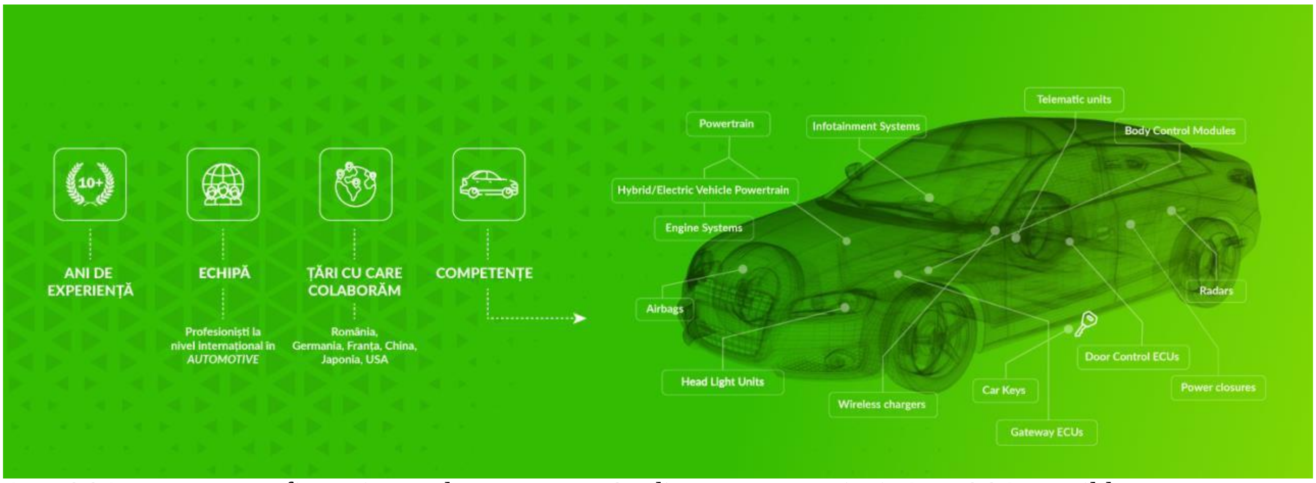
AROBS' expertise in automotive engineering includes both software and hardware expertise. Moreover, the Issuer's projects benefit from more than ten years of experience in providing software services for leading companies in the industry, from Germany, France, Japan, Romania, China, USA.

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

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

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

AUTOSAR Capabilities: Classical platform.

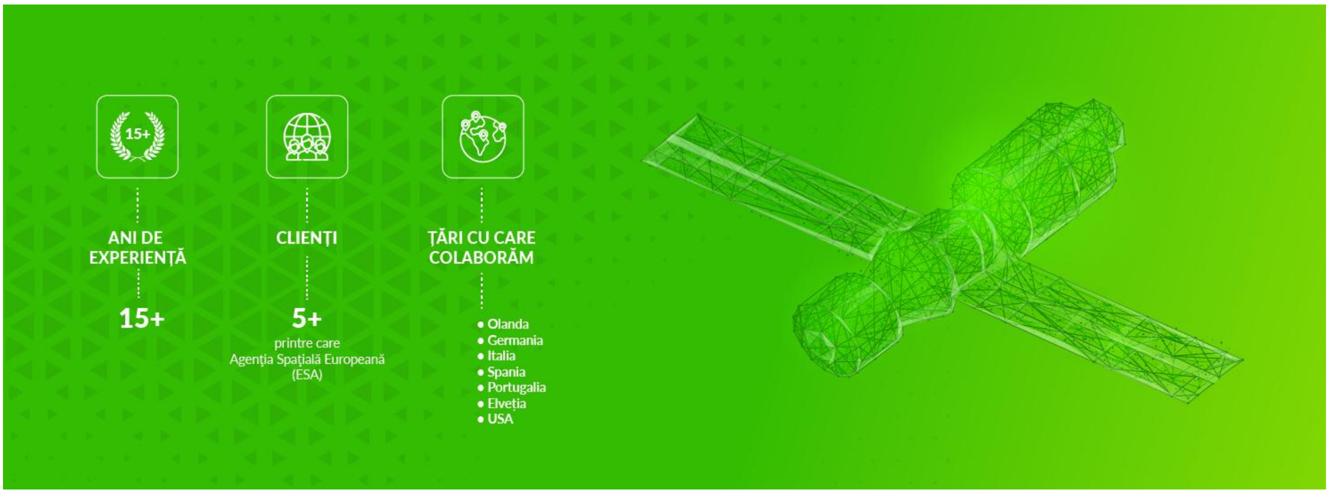


AUTOSAR custom configuration tools, EB Tresos Studio. Vector DaVinci, AUTOSAR Builder.

AEROSPACE

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

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



MARINE

Services: development of integrated technologies for various types of marine electronics used for fishing, navigation, cruising, and commercial use.

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

MEDICAL DEVICES

Services: requirements and specifications analysis, design and development, validation, testing, and quality assurance. The Issuer offers extensive experience in handling complex research and development projects with numerous technical and regulatory requirements. The company's teams specialize in the development of integrated software platforms and solutions for high-tech medical devices that enhance healthcare capabilities and medical treatments by leveraging cutting-edge technologies such as artificial intelligence (AI), augmented reality (AR), the Internet of Things (IoT), and wearable devices.

The company has contributed to the development of various types of medical devices, such as infusion pumps, robotic surgery systems, and cancer detection solutions.

TRAVEL TECHNOLOGY

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

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

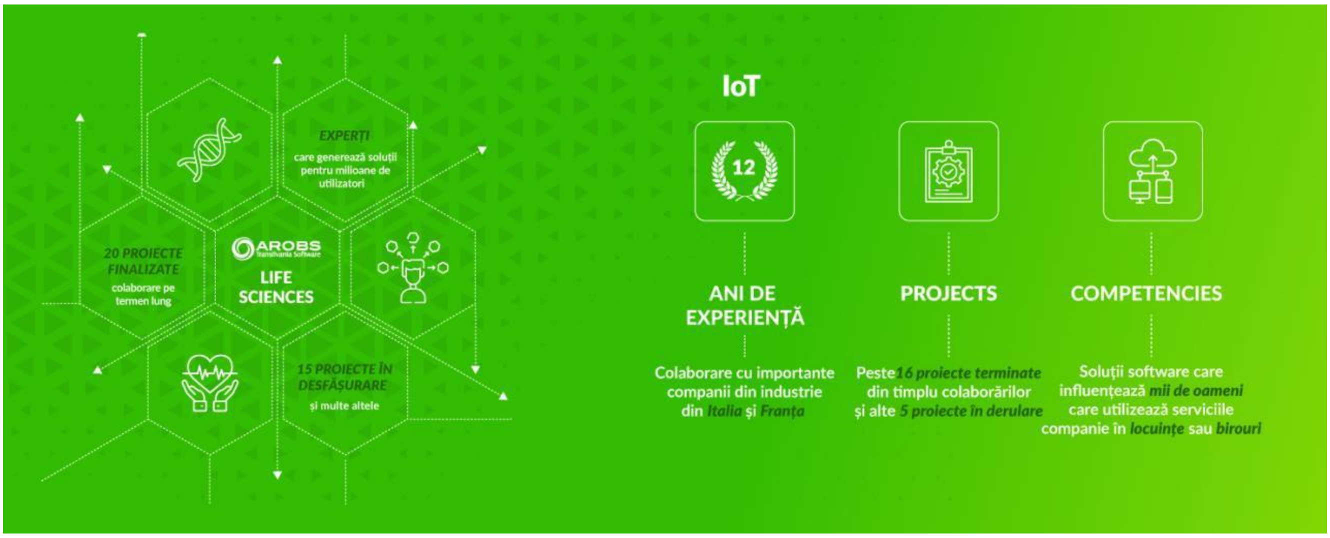
LIFE SCIENCES & IOT

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

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

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

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



ENTERPRISE SOLUTIONS

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

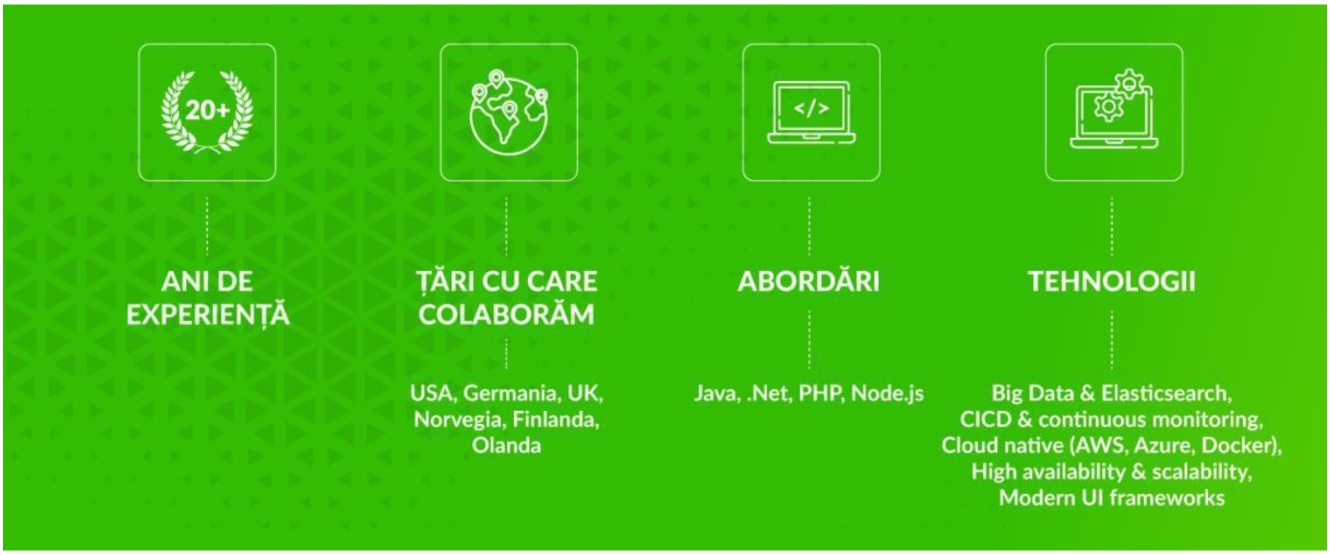
This business group has expertise in cloud-based applications, real-time or reactive, Big Data, NoSQL, or any other advanced software technology based on which can build custom solutions needed for companies and organizations to function properly.

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

FINTECH

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

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



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

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

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

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

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

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

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

Companies in the Software Services Division

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

In 2024, **BERG Software** focused on expanding into the U.S. market through a strategic partnership with KeborMed for cloud-connected medical devices. At the same time, it strengthened its presence in Europe, particularly in automation through the transition to SAP Cloud, as well as in the biomedical sector. The maturation of AI technologies has facilitated the development of AI-driven solutions (including generative AI) and the integration of AI functionalities into existing market solutions.

For 2025, BERG Software aims to further consolidate its position in the DACH region (Germany, Austria, Switzerland) and expand its presence in the U.S. market, with a particular focus on SAP, biomedical, and cybersecurity solutions.

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

AROBS Engineering continued to focus on the Medical, Aerospace, Marine, and Automotive industries, further strengthening its position as an expert in embedded software for real-time and safety-critical devices. The company concentrated its efforts on software platforms for autonomous vehicles, including autonomous driving, assisted parking, and driver monitoring systems. Additionally, the teams expanded their collaboration with off-highway vehicle solution providers, particularly in functional safety and software security for electronic control units (ECUs) and control panels used in cranes, agricultural machinery, and emergency vehicles such as fire trucks. A growing trend has been observed in the adoption of modern software processes and environments, such as Adaptive AUTOSAR and POSIX, alongside existing systems.

In the Aerospace sector, AROBS Engineering secured a new project with ESA to develop software platforms (Linux and RTOS) for next-generation RISC-V architecture, as well as its first joint project with AROBS Polska, involving the development of a fully integrated hardware and software solution for satellite navigation systems. The company has maintained steady growth, expanding its embedded software expertise for new ESA missions, leveraging RISC-V architecture.

In the medical devices and marine tech sectors, large-scale projects for globally renowned clients remained stable, focusing on the development of new modules and maintenance of previously delivered solutions.

A strong industry-wide shift has been observed across Automotive, Aerospace, and IoT, with increasing demand for security services in embedded systems. Key focus areas include firmware update security, encryption of stored data, secure communication protocols (CAN, Ethernet, RF, etc.), integration of dedicated security modules such as HSM (Hardware Security Module), as well as Penetration Testing and vulnerability assessments.

According to Lancet (2023), the number of people diagnosed with diabetes could rise from 537 million in 2021 to over 1.3 billion by 2050, driving accelerated growth in the medical device market for diabetes management. AROBS Engineering contributes to the development of personalized patient care technologies for one of the world's leading companies in this segment. Additionally, the company continued its collaboration with a developer of a rapid disease detection platform, including COVID-19. AROBS Engineering's end-to-end Verification and Validation expertise remains a key differentiator in the medical devices market.

In 2024, the company expanded its support for hybrid collaboration solutions, including video conferencing and presentation tools, ensuring end-to-end verification and validation of these technologies. In the maritime embedded technology segment, AE teams continued delivering robust software for multifunctional displays, despite a slight decline in activity within this sector.

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

In 2024, **Nordlogic Group** expanded its client portfolio by signing its first software development service contracts with two new United Nations agencies.

An exciting new project is the digitalization of Cluj County Council's operations, which entered a new, accelerated, and expanded implementation phase which started in fall 2024.

AROBS Polska - formerly SYDERAL Polska - is a company based in Gdansk, Poland, specializing in developing products and technologies for quantum and optical communication, data storage and processing, and control of satellite mechanisms and instruments. The company joined AROBS at the end of January 2023.

A key driver of AROBS Polska's growth in 2024 was its expansion into new market segments and technological domains.

The selection by the European Space Agency (ESA) for the implementation of post-quantum cryptography algorithms (PQC ASTrAL) marks a major advancement in satellite telecommunications security.

This progress is highlighted by the company's involvement in several high-profile projects:

- CRIMSON – Development and qualification of the proximity operations control unit: This project represents a significant milestone for the company in the aerospace and defense sectors. By developing and qualifying a proximity operations control unit, AROBS Polska contributes to cutting-edge technologies with critical applications.
- RASCOSA Project: The company is developing electronic control components for infrared sensor cooling systems, showcasing its ability to collaborate internationally and tackle complex thermal management challenges.
- The successful commercialization of the IP Core Time-to-Digital Converter demonstrates the company's expertise in developing IP Cores and its ability to turn research into profitable products.

Future WorkForce Global (FWF) which specializes in providing complex business process automation solutions, joined AROBS in April 2023. The acquisition of FWF consolidates the position the company holds in the intelligent automation market through Robotic Process Automation (RPA), Artificial Intelligence (AI), and Machine Learning (ML) in Western Europe. Immediately after the public announcement of the acquisition, the RPA division of CoSo by AROBS Netherlands and Belgium joined forces with Future WorkForce. Thus, the companies will remain in the Benelux area under the Future WorkForce brand. As a result, the company has quickly capitalized on the synergy between the organizations within the AROBS Group and now has a team of over 100 Intelligent Automation experts in the UK, Benelux, Germany, and Romania.

In 2024, strengthened its position as a multi-technology digital transformation provider, expanding its client portfolio by 15% through new partnerships. A dedicated support and maintenance team was established, becoming a strategic pillar for growth in 2025.

The company gained international recognition, ranking in the top 10 in the AI competition organized by UiPath, and invested in emerging technologies such as Intelligent Document Understanding (IDU) and Communications Mining.

For 2025, FWF focuses on Agentic Automation, developing solutions for automating complex processes, diversifying revenue streams through support and maintenance services, and expanding international partnerships. The company aims to maintain its position as a global leader in digital transformation and automation innovation.

During 2024, the **CoSo** teams, specialized in Robotic Process Automation (RPA) and fully integrated both operationally and as a brand under the Future WorkForce name, remained focused on expanding and consolidating their Benelux market position.

In 2024, Infobest by AROBS successfully maintained and strengthened partnerships with all major clients despite a challenging economic environment. This achievement, along with the initiation of smaller-scale projects with both existing and new clients, led to a slight increase in the number of employees.

The goal of entering the Scandinavian markets proved more challenging than initially anticipated, leading to the decision to explore other geographic markets in the near future.

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

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

AROBS SOLUTIONS FOR DIGITALIZATION AND EFFICIENCY

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

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

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

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

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

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

TRACKGPS – Fleet Management Solutions

AROBS TrackGPS is a flagship brand of AROBS Transilvania Software. Launched nearly two decades ago, TrackGPS has continuously evolved, integrating cutting-edge technologies to deliver highly efficient fleet management solutions. Today, the TrackGPS brand is one of the market leaders in its sector, offering intelligent platforms that go beyond basic GPS tracking. Its extensive portfolio includes advanced services designed to increase productivity, optimize costs, ensure regulatory compliance, and enhance fleet safety.

In 2024, over 850 new companies, managing approximately 11,000 new vehicles, chose the TrackGPS platform. AROBS TrackGPS continued to strengthen its position as a key player in the fleet management market in Central and Eastern Europe.

Investing in international transport solutions, AROBS TrackGPS launched TachoAnalytics in early 2024, one of the most advanced tachograph data analytics solutions available. TachoAnalytics enables real-time downloading of .DDD files from tachographs, providing detailed insights into driver activity, vehicle performance, and regulatory compliance. This innovation significantly strengthened the TrackGPS division's position in the "heavy truck" segment.

In compliance with current regulations, the company also continued to develop and optimize the e-Transport module, facilitating vehicle association with UIT codes and ensuring automated data transmission to the ANAF platform.

AROBS TrackGPS maintained its top position in fleet management by developing and promoting advanced solutions tailored to the industry's evolving needs. Key features that supported this growth include fuel consumption monitoring, CAN data tracking, safety driving solutions, a GDPR module for private mode activation during personal trips, video telematics solutions, and TrackGPS integration with payment platforms for direct vignette and RCA insurance purchases.

In 2024, Orange Romania SA became AROBS TrackGPS's most important strategic partner, strengthening collaboration in promoting fleet management solutions. Through this partnership, TrackGPS solutions are now integrated and distributed via Orange's service and product portfolio, ensuring greater accessibility and efficiency for customers.

To enhance customer experience and communication transparency, AROBS TrackGPS continued investing in the TrackGPS Customer Support portal. This platform provides real-time access to service request statuses, ensuring efficient and fast interaction. Additionally, customers benefit from a digital library with detailed guides and video materials, facilitating an intuitive and seamless user experience.

The TrackGPS Fleet Management mobile app remains an essential tool for fleet managers, recognized as the most advanced fleet management solution available in Romania, Moldova, and Hungary.

The growing demand for compliance solutions and operational performance optimization has driven increasing interest from transport service providers and companies managing their own fleets. These technologies play a key role in accelerating the digitalization of transport and fleet management, delivering efficiency, transparency, and enhanced control.

AROBS TrackGPS continues to reinforce its leadership in advanced fleet management solutions, remaining a trusted partner in the digital transformation of the industry.

SASFleet Tracking, better known on the market as alarma.ro - is the second fleet management brand owned by AROBS.

SASFleet Tracking continued to strengthen its position in both the enterprise and SME segments, addressing the growing interest from customers in cost optimization, route planning, and predictive maintenance modules. The company also advanced the development of the E-Transport module, designed to support freight carriers in communicating vehicle positioning data to ANAF.

The company experienced significant growth in portfolio, securing new partnerships, the most notable being a major service provider in the energy sector, managing a fleet of over 500 vehicles.

Market trends indicate an increasing demand for fleet cost control tools, particularly regarding fuel consumption monitoring. As a result, the FleetCare solution has been well received by new partners, especially its fuel consumption vs. budget module, document expiration alerts, driver behavior tracking, and specialized products like the FMB 140 device, which provides valuable data such as idling with the engine running, fuel level readings via the vehicle's native fuel probe, and engine RPM monitoring.

Additionally, 2024 saw a rise in customer demand for "Private Interest" solutions, which protect privacy during personal trips while still tracking mileage. SASFleet offers a comprehensive solution addressing this need with both hardware (Inhibit/Activate Position Button) and reporting features (Private Mileage Tracking).

To address connectivity challenges in regions where GPRS (2G) services have been discontinued (such as Switzerland, the Netherlands, and Belgium), SASFleet introduced LTE (4G) devices like FMC 130 into its portfolio, ensuring seamless communication with servers.

Fuel efficiency remains a top priority for customers, leading to a significant increase in hardware sales that directly query the vehicle's engine computer, enabling precise fuel consumption reporting.

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

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

In 2024, continued its efforts to increase market share, recording growth in new customer acquisitions and successfully integrating these clients with the Group's fleet management platforms.

Centrul de Soft GPS was the fleet management division of the company Soft Pro Center until June 2022, when a division process took place, and AROBS fully took over the new entity created under this name in December 2022. Soft GPS Center is specialized in the development of ERP applications and the provision of fleet management solutions, fleet monitoring, security applications stolen cars recovery. The client portfolio of the Soft GPS Center consists of more than 1,000 companies with approximately 9,000 monitored vehicles. The company's 2024 objective was the migration of clients to the TrackGPS platform.

Main Categories of Products Sold and/or Services Provided in Business Optimization

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

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

UCMS by AROBS continues to strengthen its position in the human resource management solutions segment. New partnerships have been established in target industries such as Banking, Retail, Manufacturing, Automotive, and IT.

The company has been attracting new partners primarily through key automation and digitalization features that have gained significant client interest. These include automated timekeeping, digitalized internal and regulatory reporting, employee evaluation, delegation and reimbursement management, and electronic document signing for employees.

Main Categories of Products Sold and/or Services Provided in Business Optimization

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

In 2024, the company expanded its partnership network. Among the promoted solutions, Optimall SFA has gained the strongest traction in the Romanian market. Market evolution has challenged the team to innovate, leading to the launch of new modules - Merchandising and Prospecting- while also enhancing service quality.

Optimall clients are increasingly focused on digitalization and process improvement within their companies through various automation solutions. Within SFA, the most in-demand modules, aside from customer and order management, have been Supervisor, Flexible Promotions, Merchandising, and Sell Sheet.

The WMS (Warehouse Management System) solution has seen strong demand among clients looking to digitalize warehouse operations. In 2024, the solution benefited from new functionality investments and process redesign efforts to further enhance efficiency.

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

In 2024, **SoftManager CRM+** continued to develop solutions for the tourism and agriculture sectors. The company completed the integration with TINA Travel IntraNet, an ERP system designed for tourism professionals, and launched a new interface for grain purchase contracts, which automates distance calculations, pricing, and transport type selection. Additionally, new functionalities were implemented, including E-Transport for reporting goods transport with fiscal risk, E-Factura for individual customers, and Import invoices from SPV, which streamlines XML document archiving.

Innovative Projects - A Dedicated Research Department

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

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

The tablets come pre-installed with interactive applications that will help children consolidate or summarize the knowledge they have acquired at school. They will also help parents keep track of their children's progress. With the cost of printing physical textbooks eliminated, these electronic textbooks and tablets provided by AROBS will result in substantial savings.

In 2024, the Digital Textbooks project celebrates 10 years since its launch. The modern platform effectively complements traditional classroom learning, providing students with access to interactive resources.

Following successful tender bids in 2024, the executed print runs amounted to 80,000 copies for new textbooks and 170,000 copies for reprints. In 2025, the team, in partnership with Aramis, will participate in a new tender for 8th-grade textbooks in Technological Education and Practical Applications, Romanian Language and Literature, and Biology, with expected delivery to the Ministry by the end of March.

Looking ahead to 2025, key educational trends include Augmented Reality (AR) and Virtual Reality (VR), which provide immersive and interactive learning experiences. While implementation may present challenges, E-learning continues to be an essential part of modern education.

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

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

RateWizz is a stable product connected with the main OTAs. Offering premium support, a differentiating factor in the market, RateWizz has stable partnerships. There is an increase in interest in the small hotel units segment. For 2025, RateWizz will focus on optimizing operations and enhancing the efficiency of existing partnerships. Key priorities include maintaining the relationship with its main client, advancing integration with PMS systems in Romania, and exploring opportunities for new sales channel connections based on market demand. In a competitive and uncertain landscape, the RateWizz team successfully delivered a stable and efficient solution in 2024, tailored to the needs of hoteliers.

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

AROBS Systems continued to strengthen its position in the digitalization of the public sector, providing hardware and software implementation services. The company is currently involved in several major projects, including the development and implementation of the new Integrated Information System for the National Public Pension House (CNPP), where it is part of a consortium delivering partial implementations. Additionally, it provides technical assistance services on demand for Nuclearelectrica and the National Bank of Romania (BNR).

The team successfully participated in the public tender for the "Automation of Workflow Processes in Public Administration," organized by the Authority for the Digitalization of Romania, a project with a budget of 106.8 million lei, in partnership with EY. Other tenders in which AROBS Systems took part include projects for the Romanian Air Traffic Services Administration (ROMATSA) and the implementation of intelligent local management systems in Mosoaia.

Beyond its work with government institutions, the company has expanded its client base in the private sector, securing new partnerships for IT infrastructure solutions.

CERTIFICATIONS

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

The Issuer's primary certificates are:

- **Confidentiality and information security -** an information security management system - ISMS - has been implemented. This system is created by some of the most rigorous international standards, **ISO 27001 and TISAX**;
- **ISO 27001 certification -** is an international management standard (International Organization for Standardization) that provides requirements for an information security management system. Therefore, this management standard regulates how to operate securely regarding information. It demonstrates that the Issuer operates according to the strictest international information standards;
- **TISAX** - Trusted Information Security Assessment Exchange - is the industry's most prestigious information security standard. This certification is obtained through the international ENX ASSOCIATION platform. This platform hosts the online information interaction of automotive companies, from product and service providers to international audits;
- **ORDA Certificate -** Certificate issued by the Romanian Copyright Office;
- **HU-GO Certificate -** National Toll Payment Services Plc. - Hungary;
- ***ISO 9001: 2015*** - Quality Management Systems;
- ***ISO 45001: 2018*** - Occupational health and safety management systems;
- ***ISO 14001: 2015*** - Environmental management systems;
- ***ISO 9001:2015*** **-** Provision of software and services in terms of application development, consulting, implementation and support activities;
- ***ISO/IEC 27001:2013*** **-** Supply of software and provision of services in respect of application development, implementation and support activities;

EXPERIENCE

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

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

DIFFERENTIATION FROM THE COMPETITION

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

At the level of services delivered by the Issuer:

- Experience in developing proprietary software solutions since 2003;
- Research and development teams;
- Dedicated teams with extensive experience in product development: Dozens of specialists in developing web, mobile, and complete solutions for dynamic industries;
- Experienced management team;
- Enduring partnerships with thousands of companies in Central and Southeast Europe and Asia;
- Presence in European rankings as a representative company in European fleet management;

- Continuous innovation, agility, and adaptability based on the market needs;
- Frequent launch of new software solutions testing on the Romanian market before expanding into Central and Southeast Europe;
- Organic growth, but also through strategic acquisitions, to strengthen business lines and complete the solutions portfolio

GROUP STRUCTURE

As of 31 December 2024, the AROBS Group consisted of AROBS Transilvania Software S.A. ("the Company" or "AROBS" or the "Parent Company") and 30 subsidiaries:

No.	Company	AROBS shareholding
1	AROBS DEVELOPMENT & ENGINEERING SRL	100%
2	AROBS ETOLL SOLUTIONS SRL	100%
3	AROBS PANNONIA SOFTWARE KFT	100%
4	AROBS POLSKA (SYDERAL POLSKA)	94%
5	AROBS SOFTWARE SOLUTIONS GMBH	60%
6	AROBS SOFTWARE SRL	100%
7	AROBS SYSTEMS SRL	100%
8	AROBS TRACKGPS SRL	100%
9	ATS ENGINEERING LLC	100%
10	BERG COMPUTERS SRL	100%
11	CABRIO INVEST B.V.	90%
12	CENTRUL DE SOFT GPS SRL	100%
13	COSO BY AROBS B.V. NL	90%
14	COSO BY AROBS B.V. BE	90%
15	COSO TEAM UK LTD	90%
16	FUTURE WORKFORCE S.A.	100%
17	FUTURE WORKFORCE SRL	100%
18	FUTURE WORKFORCE GmbH	65%
19	FUTURE WORKFORCE Limited	80%
20	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 INDONEZIA.	70%
26	SAS FLEET TRACKING SRL (SAS GRUP)	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 31.12.2024, the average number of employees at Group level was 1,187, compared to 2023, when the average number at Group level was 1,254.

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

DIRECTORS

The company is managed by a Board of Directors of five members appointed by the ordinary general meeting of shareholders for a four-year term of office, starting on 29.09.2023. In 2024, the Board of Directors of the Issuer was evaluated by its Chairman, the conclusions of which were that the members have fulfilled their duties in accordance with the provisions of the Articles of Association and the applicable legal provisions. In addition, 29 meetings of the Board of Directors were held during the past year.

The Board of Directors of the Issuer consists of:

Voicu Oprean – Președinte Consiliu de Administrație și CEO

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

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

Additional information as per legal regulations:

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

Mihaela Cleja – Non-executive member

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

Additional information according to legal regulations:

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

Aurelian Deaconu – Executive Member

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

Additional information as required by legal regulations:

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

Ioan Nistor – Independent Member

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

Additional information as required by legal regulations:

- Ioan Alin Nistor is not an active partner in any company currently.

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

Răzvan Gârbacea – Independent member

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

Additional information as per legal regulations:

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

All members of the Board of Directors are covered by professional liability insurance. Details of the remuneration of the members of the Board of Directors and Executive Directors are available in the Remuneration Report for 2024, available on the company's website under the Investors Section – Shareholders General Meetings – Ordinary General Shareholders Meeting – 28.04.2025.

AROBS SHARES ON THE BUCHAREST STOCK EXCHANGE

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

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

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

In July 2024, the Group also completed the largest share capital increase operation for a technology company listed on the Bucharest Stock Exchange. Through this operation, AROBS raised 143 million lei from local and international investors to support the continued development of the Group. In total, 96% of the shares offered were subscribed by institutional investors, making this the first capital increase of a technology company in which the significant majority of capital was subscribed by institutional investors.

Throughout 2024, the average daily volume of AROBS shares traded was approximately 511 thousand shares, with an average daily trading value of around 456 thousand lei. Moreover, in terms of liquidity, in 2024, AROBS ranked as the 20th most traded company overall (excluding volumes on the POF market) and the 10th most traded entrepreneurial company on the Bucharest Stock Exchange.

As of 31.12.2024, the company's shareholder structure was as follows:

Shareholder	No. of shares	Percentage
Voicu Oprean	494,232,967	47.2700%
Legal persons	275,441,628	26.3441%
Individual persons	171,320,977	16.3857%
Cabrio Investment SRL	104,556,758	10.0001%
TOTAL	**1,045,552,330**	**100%**

KEY EVENTS IN 2024

THE MAIN BUSINESS EVENTS

INFOBEST ACQUISITION

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

On **June 3, 2024**, the Company informed the market about the completion of this acquisition.

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** ..

KEBORMED AND BERG SOFTWARE ANNOUNCE STRATEGIC PARTNERSHIP TO DRIVE CONNECTED HEALTH INNOVATION

On **November 12, 2024**, KeborMed, the leading connected care platform, and Berg Software, part of the AROBS Group, announced a strategic partnership to deliver compliant connectivity solutions tailored to the needs of the medical and life sciences industries. Through this collaboration, Berg Software joins as an official implementation partner for KeborMed’s plug-and-play platform, supporting MedTech and Digital Pharma companies in bringing connected devices to market efficiently and securely.

More details are available **HERE**.

AROBS ENGINEERING LAUNCHES INTO TESTING THE ALERTBOX PROTOTYPE

On **November 22, 2024**, AROBS Engineering, part of AROBS Group, announced the deployment of the testing phase for the AlertBox prototype devices created during their latest Research and Development (R&D) project, funded by the European Space Agency (ESA) as part of the Business Applications and Space Solutions (BASS) programme. AlertBox by AROBS prototype connects two global satellite constellation systems (Starlink and Iridium) to the national emergency response systems.

The AROBS AlertBox prototype tackles a societal pain point by addressing emergency communication challenges in the event of GSM coverage failure during a catastrophic event in isolated, remote, or busy urban areas. The product is a stand-alone unit connected via satellite with a centralized, secure server. The server, in turn, will communicate with local and national entities providing 112 and E-alert services.

More details are available **HERE**.

SIGNING OF A SIGNIFICANT CONTRACT

On **December 9, 2024**, the Company informed the market about the signing of a significant contract by AROBS SYSTEMS SRL, a wholly owned subsidiary of AROBS Transilvania Software S.A., with the National Public Pension House. The contract is a partnership between AROBS Systems SRL and Wing Leading Edge SRL, in which AROBS Systems SRL holds a 40% share. The total contract value amounts to 109,931,387.31 lei (excluding VAT), of which 43,972,554.24 lei (excluding VAT) is allocated to AROBS SYSTEMS SRL. The contract duration is 17 months from the signing date.

More details are available **HERE**.

MERGER PROJECT

On **December 19, 2024**, the Company informed investors about the publication of the Merger Project through absorption, involving AROBS TRANSILVANIA SOFTWARE S.A. (absorbing entity) and AROBS DEVELOPMENT & ENGINEERING S.R.L., BERG COMPUTERS S.R.L., and NORDLOGIC SOFTWARE S.R.L. (absorbed entities).

On February 7, 2025, the Company announced the market that the Board of Directors had decided to revise its approach to the organizational consolidation process within the Group. Following an internal assessment, the Group's management determined that the companies initially proposed for the second phase had either completed or were nearing the completion of their integration process. As a result, they are now considered suitable to be included in a single, extended merger operation.

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

KEY EVENTS RELATED TO GOVERNANCE

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS FROM 04.03.2024

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

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

More information is available **HERE** .

ORDINARY AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS FROM 29.04.2024

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

- Approval of the individual and consolidated financial statements prepared for the financial year ended on December 31, 2023, accompanied by the annual report of the Board of Directors and the report of the independent auditor.
- Approval of the revenue and expense budget for the 2024 financial year
- Approval of the allocation of the Company's net profit, at an individual level, recorded for the financial year ended on December 31, 2023
- Approval of the Company's Remuneration Report for the financial year ended 31 December 2023
- Approval of a share allocation program (of the "stock option plan") to the members of the Board of Directors, directors and employees of the Company, as well as to the members of the management bodies and employees of any subsidiaries of the Company

More information is available **HERE.**

2024 REVENUE AND EXPENSE BUDGET

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

More information is available **HERE** .

FREE ASSIGNMENT OF CERTAIN SHARES

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

More details are available **HERE** .

INITIATION OF THE SHARE BUYBACK PROGRAM

On **April 18, 2024**, the Company informed the market about the initiation of its share buyback program, with an initial phase involving the repurchase of 3,000,000 shares. 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

INCLUSION OF AROBS SHARES IN THE FTSE GLOBAL MICRO CAP INDEX

On **February 19, 2024**, the Company informed the market that the global index provider FTSE Russell has announced, following its quarterly review, that the Company's shares would be included in the FTSE Global Micro Cap Index, effective March 18th, 2024. The FTSE Global Micro Cap Index includes global micro-sized companies and is suitable for investment products such as funds, derivatives, and exchange-traded funds (ETFs).

SHARE CAPITAL INCREASE OPERATION

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

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

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** .

PUBLICATION OF SUSTAINABILITY REPORT

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

NOTICE OF MAJOR HOLDINGS >5% BY ALLIANZ SE

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

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** .

KEY EVENTS AFTER THE CLOSING OF THE REPORTING PERIOD

PRINCIPALELE EVENIMENTE LEGATE DE DEZVOLTAREA AFACERII

ACQUISITION OF SVT ELECTRONICS

On **March 11, 2025**, the Company informed the market about the full acquisition of SVT Electronics, a Romanian company specialized in the development of comprehensive solutions for tachograph data management and analysis.

More details are available **HERE**.

AROBS POLSKA SELECTED BY ESA TO DEVELOP A SATELLITE COMMUNICATION SECURITY SYSTEM USING POST-QUANTUM ALGORITHMS

On **March 11, 2025**, AROBS Polska, part of the AROBS Group, has been selected by the European Space Agency (ESA) to develop and implement the *Post-Quantum Cryptography Algorithms for Satellite Telecommunication Applications* (PQC ASTrAL) project. This project, carried out under the ESA Advanced Research in Telecommunications Systems (ARTES) Space Systems for Safety and Security (4S) program within ESA's Connectivity and Secure Communications directorate, aims to develop a cryptographic system for satellites based on post-quantum algorithms, ensuring the protection of communications against emerging threats posed by quantum computers.

More details are available **HERE**.

KEY EVENTS RELATED TO GOVERNANCE

COMPLETION OF THE SHARE BUYBACK PROGRAM

On **January 8, 2025**, the Company informed the market about the completion of its share buyback program, which was initiated on April 18, 2024, and subsequently supplemented on June 13, 2024, August 7, 2024, and October 9, 2024. The purchasing of up to 11,000,000 shares was carried out in accordance with EGMS Resolution No. 1 dated March 4, 2024, published in the Official Gazette, Part IV, No. 1877/April 16, 2024, at a minimum price of 0.1 lei per share and a maximum price of 1.4 lei per share. The buyback program was managed by BRD - GROUPE SOCIETE GENERALE S.A., acting as an investment services firm, making independent trading decisions regarding the timing of the Company's share acquisitions, without influence from the Company.

More details are available **HERE**.

ORDINARY GENERAL MEETINGS OF SHAREHOLDERS FROM 06.03.2024

On **February 3, 2025**, the Company informed the market of the decision to convene the Ordinary General Meeting of Shareholders (OGMS) on March 6, 2025. The legal and statutory quorum was met at the first call.

The key item approved during the OGMS was:

- The appointment of the financial auditor BDO AUDITORS & ACCOUNTANTS SRL until September 30, 2025.

More information is available **HERE**.

KEY EVENTS RELATED TO THE CAPITAL MARKET

MARKET MAKER SERVICE AGREEMENTS WITH RAIFFEISEN BANK INTERNATIONAL AND INTERCAPITAL SECURITIES

On **January 3, 2025**, the Company informed the market about the signing of two Market Maker service agreements with Raiffeisen Bank International and InterCapital Securities.

More details are available **HERE**.

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)	2024 AROBS Group Audited	2023 AROBS Group Audited	Variation % 2024 vs. 2023	2024 AROBS Group Budget	Variation % 2024 vs. Budget
Turnover:	**414,667,612**	**427,294,137**	**-3%**	**404,866,000**	**2%**
Revenue from software services	327,574,127	344,775,332	-5%	322,000,000	2%
Revenue from software products	79,823,305	70,537,191	13%	78,770,000	1%
Revenue from integrated systems	7,270,180	11,981,615	-39%	4,096,000	77%
TOTAL – Cost of sales	**301,894,814**	**295,755,657**	**2%**	**294,803,000**	**2%**
Cost of sales of software services	256,626,233	254,215,350	1%	253,485,000	1%
Cost of sales of software products	38,855,377	31,653,344	23%	37,950,000	2%
Cost of sales of integrated systems	6,413,204	9,886,963	-35%	3,368,000	90%
Gross result	**112,772,798**	**131,538,480**	**-14%**	**110,063,000**	**2%**
Software Services - Gross margin	**22%**	**26%**	**-5%**	**21%**	**0%**
Software products - Gross margin	**51%**	**55%**	**-4%**	**52%**	**0%**
Integrated Systems - Gross margin	**12%**	**17%**	**-6%**	**18%**	**-6%**
Other operating revenues	1,647,892	1,131,751	46%	922,000	79%
Sales and marketing expenses	(21,098,009)	(18,370,931)	15%	(19,892,000)	6%
General and administrative expenses	(69,633,618)	(70,739,928)	-2%	(67,392,000)	3%
Operating profit	**23,689,063**	**43,559,373**	**-46%**	**23,701,000**	**0%**
EBITDA	**59,636,761**	**73,489,365**	**-19%**	**53,973,000**	**10%**
EBITDA margin	**14%**	**17%**	**-3%**	**13%**	**1%**
Normalized EBITDA*	**66,473,895**	**92,618,775**	**-28%**	**60,907,000**	**9%**
Normalized EBITDA margin*	**16%**	**22%**	**-6%**	**15%**	**1%**
Financial revenue/ (financial expenses), net	3,934,628	(517,637)	-860%	1,563,000	152%
Profit before tax	**27,623,691**	**43,041,736**	**-36%**	**25,264,000**	**9%**
Profit tax	(6,391,433)	(11,125,850)	-43%	(7,220,000)	-11%
Net profit	**21,232,258**	**31,915,886**	**-33%**	**18,044,000**	**18%**
Net profit margin	**5%**	**7%**	**-2%**	**4%**	**1%**
Normalized net profit**	**28,069,395**	**51,045,297**	**-45%**	**24,978,000**	**12%**
Normalized net profit margin**	**7%**	**12%**	**-5%**	**6%**	**1%**

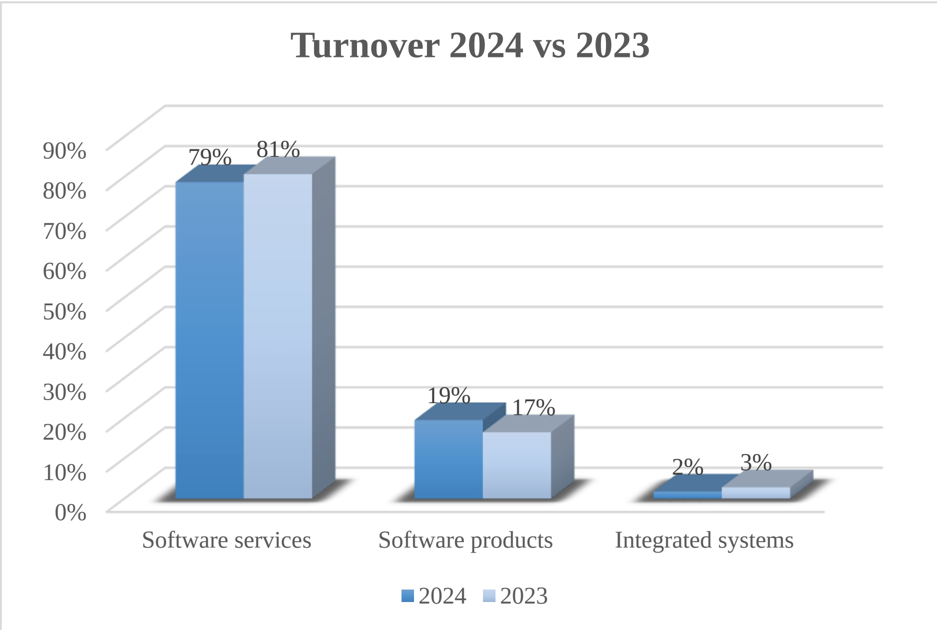
**Normalized EBITDA = EBITDA without the non-cash impact of ESOP 1,2 and 3.*

*** 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 (LEI)	2024 Turnover (Audited)	2023 Turnover (Audited)	Variation %
Software services	327,574,127	344,775,332	-5%
Software products	79,823,305	70,537,191	13%
Integrated systems	7,270,180	11,981,615	-39%
Total	**414,667,612**	**427,294,137**	-3%



The Group's strategy of relying on multiple growth pillars helped offset the temporary decline in revenue recorded in the "Software Services" segment through the increase in revenue from the "Software Products" segment, even though the contribution of the "Software Products" segment to the Group's total revenue stands at 19%. The revenue generated by the "Integrated Systems" segment, lower than in the same period of the previous year, was influenced by the type of contracts won and the timing of their signing. In December 2024, the largest integrated systems services contract since the subsidiary's establishment was signed with the National Public Pensions House. The results of the bids submitted during 2024 will be announced in the first part of 2025.

Organic vs. M&A

	2024				2023		
	Organic	M&A*	Total (Audited)		Organic	M&A*	Total (Audited)
Turnover:	**260,152,908**	**154,514,704**	**414,667,612**		**300,503,384**	**126,790,753**	**427,294,137**
Software services	181,545,276	146,028,851	327,574,127		224,258,668	120,516,664	344,775,332
Software products	71,337,451	8,485,853	79,823,304		64,263,102	6,274,089	70,537,191
Integrated systems	7,270,181	-	7,270,181		11,981,615	-	11,981,615

Cost of sales:	**189,299,317**	**112,595,498**	**301,894,815**		**206,629,403**	**89,126,253**	**295,755,657**
Software services	147,991,846	108,634,388	256,626,234		168,262,930	85,952,420	254,215,350
Software products	34,894,267	3,961,110	38,855,377		28,479,511	3,173,834	31,653,344
Integrated systems	6,413,204	-	6,413,204		9,886,963	-	9,886,963
Gross margin	**70,853,591**	**41,919,206**	**112,772,797**		**93,873,981**	**37,664,500**	**131,538,480**
Gross Margin %	**27%**	**27%**	**27%**		**31%**	**30%**	**31%**

** Companies acquired as of 2021*

The revenues from the "Software Services" segment, recorded in 2024 on a consolidated level, decreased by 5% compared to the previous year. Companies in the M&A category contributed 146 million lei to the segment's revenue as of December 31, 2024, up by 25.5 million lei (+21%) compared to last year, while the Organic business experienced a 19% decline due to delays in new projects and the downsizing of ongoing projects in the Automotive vertical, particularly in electrification, as well as in the medical field.

The revenues generated by the "Software Products" segment in 2024, on a consolidated level, increased by 9.2 million lei (+13%) compared to the previous year. As of December 31, 2024, the contribution of the acquired companies to the segment's revenue was 8.5 million lei, and 2.2 million lei to the segment's overall growth.

In the area of software products, such as fleet management, business optimization, and HR solutions, the market continues to grow, following 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 possesses technical expertise in integrating complex systems and technologies such as ORACLE, HP, DELL, and Microsoft. Revenues and expenses recorded within this segment have been restated following the application of IFRS accounting policies; namely, revenues and expenses related to consortium partners within joint contracts, as well as those in which AROBS Systems acted as an agent, were adjusted accordingly. The impact of this adjustment as of December 31, 2024, amounted to 31.4 million lei for both revenues and related expenses, compared to an impact of 21.8 million lei as of December 31, 2023, with zero effect on both EBITDA and net profit.

The gross margins achieved by both the Organic business and the acquired companies remained similar in both 2023 and 2024, indicating effective operational integration.

Additionally, revenue increased by 2% compared to the revenue budgeted for 2024.

The cost of sales in the software services segment rose by 2.4 million lei in 2024 compared to the previous year. This variation was driven by a significant 20 million lei decrease in costs in the Organic area, compared to the same period of the previous year, and by a 22.7 million lei increase in costs generated by companies acquired in 2023 and 2024. The evolution of costs, both for the Organic and M&A areas, was adjusted according to the dynamics of revenues and projects carried out in 2024.

Although the beginning of the year brought salary increases - also influenced by the partial elimination of income tax incentives - costs related to directly productive resources (including ESOP), both employees and third parties, were managed efficiently throughout 2024.

Contracted service expenses from third parties decreased by 0.8 million lei in 2024 compared to the previous year. These contracted services primarily included software and IT consulting services, recruitment services, and participation in trade fairs and conferences.

The cost of sales in the software products segment increased by 7.2 million lei compared to 2023 due to higher salary expenses and third-party services, following the internalization of some software development and maintenance processes. During this period, the contracted services 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 2.7 million lei in 2024 compared to 2023. The main increase stemmed from the effect of newly acquired companies and the sales efforts aimed at identifying new commercial opportunities.

General and administrative expenses decreased by 1.1 million lei as of December 31, 2024, compared to the previous year. This evolution was due to a 6.3 million lei decrease in general and administrative expenses (excluding the items listed below), partially offset by a 0.8 million lei increase in customer relationship amortization and a 4.4 million lei goodwill impairment expense.

The increase in customer relationship amortization resulted from the acquisition of the Infobest Group in 2024 and reflects the cost over the seven months following its entry into the Group. In 2024, based on goodwill impairment tests conducted following acquisitions, a 4.4 million lei expense was recorded for two subsidiaries for which there were indicators of value reduction, calculated based on future cash flows.

EBITDA as of December 31, 2024, stood at 59.6 million lei, while net profit amounted to 21.2 million lei. Furthermore, ***EBITDA*** as of December 31, 2024, exceeds the budgeted ***EBITDA*** for 2024 by 10%.

ESOP-related expenses as of December 31, 2024, were 5.4 million lei lower than in the same period of the previous year, due to the completion of ESOP 1, ESOP 2, and Stage 1 of ESOP 3, as well as reduced expenses for ESOP 4. The shares granted under ESOP programs 1, 2, and 3 were those acquired at nominal value from Voicu Oprean before the company's listing on the Bucharest Stock Exchange. The shares granted under ESOP 4 were acquired through the implementation of a buyback program.

Normalized EBITDA at the consolidated level amounted to 66.5 million lei as of December 31, 2024, and normalized net profit reached 28.1 million lei. These indicators were normalized by excluding the expenses related to ESOP 2 and 3. The expense related to ESOP 4, which began in May 2024, was not considered in the normalization of these indicators since the required shares for this program were purchased through buyback programs, thus generating a monetary effect. Compared to the 2024 budget, ***normalized EBITDA*** recorded a 9% increase.

BUSINESS AND SALES STRATEGY

AROBS's business strategy for the coming period is built on a sustainable growth model that combines expansion through strategic acquisitions, proximity to clients in international markets, and the capitalization of emerging technological opportunities in high-impact areas such as artificial intelligence, data engineering, and cybersecurity. Through this approach, the Group aims to strengthen its position as a trusted global technology partner, continuously adapting to market dynamics and client needs.

Expansion through strategic acquisitions (M&A)

Acquisitions remain a key pillar of AROBS's growth strategy, with a clear focus on companies operating in the software services and products sectors, active in verticals where the Group already has a strong presence: Embedded, Automotive, Medical, Travel & Hospitality, IoT, Life Sciences, Enterprise Solutions, and Fintech, including areas such as Intelligent Automation.

The companies targeted for potential acquisitions are primarily based in Central and Eastern Europe or the United States, with a solid client portfolio in geographies relevant to the Group and profitability levels aligned with those of the existing entities within the Software Services division. In the Software Products area, the Group is particularly interested in companies developing solutions for fleet management, in Romania and neighboring countries, as well as for business digitalization and process optimization on the local market.

Through these acquisitions, AROBS aims to strengthen its technological expertise, expand delivery capabilities, and diversify its portfolio of products and services, supporting sustainable growth within complementary ecosystems.

Organic expansion in international markets through client proximity

Beyond the M&A component, AROBS continues to invest in organic expansion, particularly in the United States and the European Union, where it already maintains strong commercial relationships. The strategy is centered on proximity to clients, achieved through the opening of new sales offices and delivery centers, as well as the development of a commercial and technical presence tailored to the specific needs of each market.

Leveraging technological opportunities: AI, data engineering, and cybersecurity

In a context of accelerated digitalization and exponential growth in data volumes, AROBS is committed to investing in the development of capabilities and solutions that incorporate emerging technologies such as artificial intelligence, data engineering, and cybersecurity.

AROBS aims to be an active partner in the digital transformation journeys of organizations, contributing applied expertise to projects involving intelligent automation, advanced data processing, and information security. At the same time, the Group is focused on integrating these technologies into its own product portfolio, delivering scalable, modern solutions that meet today's performance and security requirements.

SIGNIFICANT CLIENTS

The following table presents the customer distribution by business line:

Business segment	Top clients 2024	% of revenue	Top clients 2023	% of revenue
Software services	Client 1	17.56%	Client 1	25.82%
	Client 2	3.82%	Client 2	4.21%
	Client 3	3.63%	Client 3	5.93%
	Client 4	3.48%	Client 4	0.00%
	Client 5	2.57%	Client 5	4.35%
Software products	Client 6	0.81%	Client 6	0.41%
	Client 7	0.52%	Client 7	0.37%
	Client 8	0.19%	Client 8	0.15%
	Client 9	0.10%	Client 9	0.14%
	Client 10	0.10%	Client 10	0.16%
Integrated systems	Client 11	0.91%	Client 11	0.00%
	Client 12	0.30%	Client 12	0.08%
	Client 13	0.18%	Client 13	0.00%

KEY FINANCIAL RATIOS

AROBS AT GROUP LEVEL

Current ratio as of 31.12.2024

$$\frac{\textbf{Current assets}}{\textbf{Current liabilities}} \quad \frac{\textbf{358,099,154}}{\textbf{99,945,884}} = 3.58$$

Quick ratio as of 31.12.2024

$$\frac{\textbf{Current assets inventories}}{\textbf{Current liabilities}} \quad \frac{\textbf{349,300,048}}{\textbf{99,945,884}} = 3.9$$

Debt to equity ratio as of 31.12.2024

$$\frac{\textbf{Borrowed capital}}{\textbf{Employed capital}} \textbf{ x 100} \quad \frac{\textbf{82,515,623}}{\textbf{439,857,017}} \textbf{ x 100} = 18.76\%$$

$$\frac{\textbf{Borrowed capital}}{\textbf{Employed capital}} \textbf{ x 100} \quad \frac{\textbf{82.515.623}}{\textbf{522.372.640}} \textbf{ x 100} = 15{,}80\%$$

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

Debt turnover ratio - clients (days) as of 31.12.2024

$$\frac{\text{Average client balance}}{\text{Turnover}} \times 365 \quad \frac{88{,}770{,}729}{414{,}667{,}612} \times 365 = 78.14$$

Fixed assets turnover as of 31.12.2024

$$\frac{\text{Turnover} \quad 414{,}667{,}612}{\text{Fixed assets} \quad 285{,}457{,}927} = 1.45$$

Bank financing debt ratio as of 31.12.2024

$$\frac{\text{Total bank liabilities} \quad 67{,}112{,}990}{\text{Normalized EBITDA} \quad 66{,}473{,}895} = 1.01$$

Earnings per share as of 31.12.2024

$$\frac{\text{Profit} \quad 20{,}992{,}051}{\text{Basic shares outstanding} \quad 917{,}313{,}056} = 0.0229$$

Diluted earnings per share as of 31.12.2024

$$\frac{\text{Profit} \quad 20{,}992{,}051}{\text{Diluted regular shares outstanding} \quad 1{,}040{,}116{,}936} = 0.0202$$

CONSOLIDATED BALANCE SHEET ANALYSIS

BALANCE SHEET INDICATORS

Balance sheet indicators (LEI)	31.12.2024 AROBS Group Audited	31.12.2023 AROBS Group Audited	Variation %
Total fixed assets, out of which:	**285,457,927**	**278,546,751**	**2%**
Tangible assets	13,679,736	35,556,876	-62%
Right-of-use assets	25,396,600	17,236,489	47%
Investment properties	21,008,039	-	100%
Goodwill	111,230,318	104,761,369	6%
Customer relationship	74,155,381	76,561,802	-3%
Other intangible assets	27,031,719	23,044,459	17%
Loans granted to related parties	7,294,119	15,555,506	-53%
Other financial assets	3,687,246	3,700,985	0%
Deferred tax asset	1,974,769	2,129,265	-7%
Total current assets, out of which:	**358,099,154**	**203,254,925**	**76%**
Trade and other receivables	73,202,668	97,908,883	-25%
Loans granted to related parties	5,847,550	1,413,707	314%
Cash and cash equivalents	259,604,189	88,075,920	195%
Total assets	**643,557,081**	**481,801,676**	**34%**
Current liabilities, out of which	**99,945,884**	**90,590,748**	**10%**
Bank loans	24,677,989	24,184,008	2%
Leasing liabilities	8,206,905	7,919,498	4%
Total non-current liabilities, out of which:	**103,754,180**	**117,523,771**	**-12%**
Bank loans	42,435,001	62,629,398	-32%
Leasing liabilities	17,267,490	11,309,563	53%
Total liabilities	**203,700,064**	**208,114,518**	**-2%**
Total Equity	**439,857,017**	**273,687,158**	**61%**
Total equity and liabilities	**643,557,081**	**481,801,676**	**34%**
Net assets	**439,857,017**	**273,687,158**	**61%**

As of December 31, 2024, total assets reached 644 million lei, representing a 34% increase compared to the end of 2023, driven primarily by the developments detailed below.

In July 2024, the Company successfully completed a share capital increase operation, raising 142.9 million lei from institutional investors. The funds raised are reflected in the Company's cash and cash equivalents as of December 31, 2024. AROBS intends to use this capital to invest in newly acquired companies, expand commercial activities in key markets, and continue the development of software products in its portfolio.

Cash flows generated from operating activities increased by 66% compared to the previous year, strengthening the Group's financial position.

Fixed assets recorded a net increase of 6.9 million lei as a result of recognizing goodwill following the acquisition of the Infobest group at the end of May 2024, continued development of in-house products, and the completion in March 2024 of an investment in a new office building, which will be used for rental purposes to third parties, at a rate of 80%. Additionally, the value of right-of-use assets increased due to the extension of lease agreements and the indexation of rental payments during the year.

For the acquired companies, customer relationships were identified during the purchase price allocation process conducted by external evaluators and were recognized at fair value as intangible assets in the financial statements as of the acquisition date. The net book value of customer relationships as of December 31, 2024, amounts to 74.2 million lei. These assets are amortized on a straight-line basis over a period of 10 years.

The net book value of goodwill recorded as of December 31, 2024, amounts to 111.2 million lei. This value increased by 6.5 million lei in 2024 following the acquisition of the Infobest group. As of December 31, 2024, impairment testing of goodwill related to the acquired companies was performed. Based on future cash flow calculations, the testing concluded with an impairment charge of 4.4 million lei for two subsidiaries.

As of December 31, 2024, the bank debt ratio, calculated as total bank debt to normalized EBITDA, stood at 1.01, indicating a solid financial position that allows the Group to access additional financing to support its strategic objectives.

DIVIDEND POLICY

The dividend policy and practice of AROBS Transilvania Software S.A. is available **HERE**.

DISTRIBUTION OF PROFIT FOR THE YEAR 2024

The distribution of the profit for the financial year ended December 31, 2024, in the amount of 30,516,880.36 lei, determined in accordance with applicable laws, is as follows: the amount of 28,752,991.67 lei as retained earnings (carried forward result), the amount of 1,652,001.56 lei allocated to the legal reserve, and the amount of 111,887.12 lei allocated to other reserves.

OUTLOOK ON THE ISSUER'S ACTIVITY

2025 CONSOLIDATED REVENUE AND EXPENSE BUDGET

PROFIT AND LOSS ACCOUNT	2025
Turnover:	**460,000,000**
Revenue from software services	333,000,000
Revenue from software products	105,000,000
Revenue from integrated systems	22,000,000
Total cost of sale:	**320,000,000**
Cost of sales of software services	252,000,000
Cost of sales of software products	50,000,000
Cost of sales of integrated systems	18,000,000
Gross result	**140,000,000**
Other net operating revenues (expenses)	1,000,000
Sales and marketing expenses	29,000,000
General and administrative expenses	74,000,000
Operating profit	**38,000,000**
EBITDA	**73,000,000**
EBITDA margin	**16%**
Profit before tax	45,000,000
Profit tax	8,000,000
Net profit	**37,000,000**
Net profit margin	**8%**

OUTLOOK ON THE GROUP'S PERFORMANCE

In 2025 and beyond, AROBS aims to continue its activities focused on expansion, innovation, and operational efficiency, in order to strengthen its position in software services and products both locally and internationally. Therefore, the Group's priorities for 2025 are as follows:

Integration of Group entities

- In 2025, AROBS will continue the integration process of the Group's entities with the aim of optimizing resources to increase the added value delivered to clients.

Streamlining Group operations

- Operational efficiency remains a key component of AROBS's strategy. By adopting advanced technologies and optimizing internal processes, the Group aims to strengthen its delivery capabilities for software services and products, while also fostering an organizational culture that encourages knowledge sharing and the dissemination of best practices across Group companies.

Technology opportunities – AI, data engineering and cybersecurity

- As artificial intelligence and automation become increasingly embedded in business processes, AROBS will continue to invest in these areas, recognizing their potential to enhance efficiency and expand the capabilities of its offered solutions. At the same time, the Group remains committed to resource optimization and continuous improvement of operational efficiency to ensure competitiveness in a dynamic and constantly evolving economic environment.

Organic expansion in the US and EU through closer client engagement

- AROBS's strategic expansion into the United States and European Union markets focuses on strengthening relationships with existing clients. Through a deep understanding of their specific needs and challenges, the Group aims to continuously adapt its portfolio of software services and products to deliver relevant, customized solutions, while also providing access to the latest technological innovations developed by AROBS.
- AROBS seeks to be an innovative and forward-thinking player in the technology adoption cycle – including in areas such as machine learning, artificial intelligence, big data, and others. In this context, the Group will leverage the opportunities generated by closer proximity to clients to develop relevant and scalable technology solutions tailored to the European market and beyond.
- Additionally, AROBS will continue to expand its international presence both through strategic acquisitions and by opening new sales offices and delivery centers, in both Europe and the United States.

Public Sector Digitalization

- A high-potential growth area within the Group is represented by winning and implementing digitization projects in the public sector. The biggest project signed with the National House of Public Pensions in December 2024 will be implemented mainly in 2025. The digitalization projects in the pipeline have a high potential for development. The first results of the tenders for which AROBS Systems submitted offers are expected to be announced in the first half of 2025, thus contributing to the expansion and consolidation of the Group's presence in the public services sector.

RISKS

The occurrence of any of the following events could have a significant adverse effect on the Issuer's business, outlook, operating results, and financial position. The risk factors described below do not represent an exhaustive list or a comprehensive explanation of all risks that investors may be exposed to when investing in shares and should be used for guidance purposes only. Additional risks and uncertainties related to the Group that are not currently known to the Group, or that the Group currently considers to be immaterial, could also individually or cumulatively have a significant adverse effect on the Group's business, operating results, and financial condition. If any such risk materializes, the share price could decline and investors may lose their investment, in whole or in part. An investment in shares involves complex financial risks and is suitable only for investors who (either alone or together with a specialized financial or other advisor) are able to assess the risks of such an investment and who have sufficient financial resources to bear any losses that may result. Potential investors should carefully consider whether an investment in shares is appropriate for them, taking into account the information in this report and their personal circumstances.

RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRY

The Issuer operates in a highly competitive environment, which may result in insufficient financial or other resources to maintain or improve its competitive position.

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

- greater name recognition and a longer operating history;
- larger budgets and more resources for sales and marketing;
- broader distribution channels and established relationships with distribution partners and end customers;
- more extensive customer support resources;
- greater resources to pursue strategic acquisitions or form strategic partnerships;
- lower labor and product/service development costs;
- newer and/or disruptive services, products, and/or technologies;
- more extensive and mature intellectual property portfolios; and/or
- significantly greater financial, technical, and other resources.

Moreover, some of the Issuer's larger competitors offer significantly broader and more diverse service and product portfolios, making them less vulnerable to slowdowns in specific markets and allowing them to leverage existing relationships or bundle features into their offerings in a way that deters customers from purchasing the Issuer's services and/or products. This may include selling at zero or negative margins, offering concessions, or bundling services. Many smaller competitors, often focused on a specific product or service type, may also deliver these specialized offerings to the market faster than the Issuer.

Organizations currently using traditional services and products may consider those offerings sufficient for their needs or view the Issuer's offerings as relevant only to a limited segment of the industry. As a result, they may continue to allocate their IT budgets to traditional solutions and may choose not to adopt the Issuer's services and products. Additionally, many organizations have made significant financial and human resource investments in designing and operating their own systems and have built deep relationships with existing service and product providers. Consequently, they may prefer to continue working with current providers rather than adopt or transition to a new vendor such as the Issuer, regardless of superior performance or features offered. These organizations may also prefer to incrementally enhance their existing systems rather than fully replace them with the Issuer's solutions.

Market conditions in which the Issuer operates may shift rapidly and significantly due to technological advances, partnerships or acquisitions made by competitors, or ongoing market consolidation. New startups bringing innovation and large competitors making significant R&D investments may create services, products, and technologies that rival or surpass those of the Issuer. Some of the Issuer's competitors have made - or could make

– acquisitions that enable them to offer more competitive and comprehensive solutions, allowing them to adapt more quickly to new technologies and evolving customer needs. Current and potential competitors may also form partnerships among themselves or with third parties, further increasing their available resources.

These competitive pressures or a failure to compete effectively may lead to price reductions, fewer orders, decreased revenues and gross margins, and loss of market share. Any failure to manage or respond to these factors could severely impact the business and operating results.

The Issuer's competitiveness in the current market environment largely depends on its ability to rapidly adapt to new developments and trends. Should the Issuer fail to compete effectively with both local and international competitors, this could negatively affect its operations, financial condition, results, and outlook.

Risk Related to the Issuer's Business Scalability

In recent years, the Issuer has experienced growth and increased demand for its products and services. As a result, the number of employees has grown significantly. For example, from the end of fiscal year 2022 to the end of fiscal year 2023, the consolidated headcount increased from 796 to 1,254. In addition, as the Issuer expanded, the number of end clients also grew significantly, and the Issuer has been managing an increasing number of service projects and implementations of its products and services. This growth and expansion - across the business, services, products, and the level of customer support provided - places significant pressure on management, operational, and financial resources. To effectively manage any future growth, the Issuer must continue to improve and expand its financial and IT infrastructure, enhance and scale its operational systems and administrative controls, and strengthen its capacity to efficiently manage workforce, capital, and processes. These efforts may prove increasingly difficult, especially considering that part of the Issuer's workforce continues to operate remotely.

The Issuer may not be able to successfully implement or scale improvements to its systems and processes efficiently or in a timely manner. Furthermore, the existing systems and processes may not be capable of preventing or detecting all errors, omissions, or fraud. The Issuer may also face challenges in managing enhancements to its systems and processes, or with the third-party software licensed to support such improvements. Any future growth in the Issuer's product and service offerings would increase organizational complexity and require effective coordination across the entire company. Failure to effectively manage such growth could lead to increased costs, disruption of existing customer relationships, reduced demand, limited ability to deliver services or implement products at scale, or negatively impact business performance and operating results.

If the Issuer does not accurately anticipate, prepare for, and respond promptly to technological and market developments – and does not successfully manage the introduction and transition to new services and products to meet the changing needs of end clients – its competitive position and outlook may be adversely affected.

The software services and solutions delivery field, as well as software development, has grown rapidly and is expected to continue evolving at a fast pace. Moreover, many of the Issuer's clients operate in markets characterized by continuously evolving technologies and business models, which require them to add numerous network access points and adapt increasingly complex business networks incorporating a variety of hardware, software, operating systems, and network protocols. As such, the Issuer must continuously adapt its services and/or products.

In addition, the Issuer must commit significant resources to the development of new services and products, often before knowing whether these investments will result in offerings the market will accept. The success of new features depends on multiple factors, including the proper definition of new services and products, their differentiation from those of competitors, and their market acceptance.

There is a possibility that new services and software technologies will not be widely adopted by users or clients. This may occur for various reasons, such as a lack of awareness about the benefits of new services and technologies, resistance to change, or a preference for existing solutions and technologies. In such cases, the investments and efforts made in developing new services and technologies may not yield adequate returns, and market success may be limited.

Although the Issuer makes efforts to assess and mitigate this risk through appropriate market research, user testing and feedback during the development phases, and effective marketing and communication strategies to promote the benefits and innovative features of new services and technologies, the failure to adapt its services and products to market developments could have significant negative consequences on the Group's business, outlook, operating results, and financial position.

Risk Related to the Issuer's Ability to Attract, Retain, and Motivate Qualified Personnel and Senior Management.

The Issuer's success depends heavily on its ability to continue attracting, integrating, and motivating qualified personnel - especially highly skilled programmers and IT engineers. The Issuer relies significantly on the ongoing contribution of its current employees, primarily due to the complexity of its service and product offerings. Although the Issuer makes efforts to motivate its workforce by offering competitive compensation packages (including through stock option plans) and career development opportunities, any failure to manage its existing workforce and/or to recruit sufficient personnel in a timely manner could have a material adverse effect on its business, outlook, performance, and/or financial condition.

Additionally, failure to adequately recruit, integrate, train, and incentivize sales personnel - or the inability of newly hired sales and operations staff to reach target productivity levels - could negatively impact the Issuer's growth and marginal operations. Competition for highly qualified talent, especially in engineering, is often intense, particularly in major business hubs where the Issuer has a substantial presence and personnel needs.

The industry in which the Issuer operates is also generally characterized by high employee turnover. If the Issuer fails to hire, integrate, train, or retain qualified and highly skilled personnel required to meet its current or future needs, its business, financial condition, and operational performance may suffer.

The Issuer's future performance also relies on the continued service and contributions of its leadership team to execute the business plan and identify and pursue new opportunities and product innovations. The loss, decreased effectiveness, or mismanagement of leadership transitions could significantly delay or impair the Issuer's ability to develop high-quality projects, meet business objectives and financial targets, or execute marketing strategies - negatively impacting the Issuer's operations, financial position, and results. In particular, the ongoing involvement of the current management team in pursuing the Issuer's strategic objectives is a key factor in the company's continued development and competitive positioning. The Issuer's future operational results depend largely on the uninterrupted contribution of its existing leadership. If any of the Issuer's executive directors or other key individuals terminate their employment or engagement, the Issuer's business, outlook, operational results, and financial condition could be significantly and adversely affected. Furthermore, the loss of key personnel could lead to their expertise being used by competitors in the market.

Acquisitions, Partnerships, and Strategic Alliances May Have a Negative Impact on the Issuer's Business.

The Issuer expects to continue pursuing acquisitions and entering into strategic partnerships and alliances as part of its long-term business strategy. These acquisitions and other announced or future transactions and arrangements involve significant challenges and risks. These include potential difficulties in implementing the Issuer's business strategy, the risk of achieving an unsatisfactory return on investment, the generation of new obligations and compliance challenges, difficulties in integrating and retaining new employees, business systems and technologies, the potential distraction of management from the Issuer's core operations, or the possibility that announced transactions may not be completed.

Moreover, the Issuer's ability to carry out such investments may be limited by various factors, including the availability of funding, applicable regulations, and competition from other potential acquirers in M&A transactions. For example, if an agreement fails to adequately anticipate changing circumstances and interests of one party, it may lead to early termination or renegotiation of the agreement. The success of these transactions and arrangements will partly depend on the Issuer's ability to leverage them to enhance existing services and products or develop new ones, as well as the ability of acquired companies to align with the Issuer's policies and processes in areas such as data governance, privacy, and cybersecurity. Although the Issuer conducts due diligence on acquisition targets, such assessments are based on assumptions regarding profitability, growth, and other factors. There is no guarantee that the Issuer's evaluations and assumptions about acquisition targets will prove accurate, and actual developments may differ significantly from expectations - particularly in a macroeconomic context marked by uncertainty.

Factors such as project development costs may also impact the Issuer's plans to generate added value from targeted projects. Even if implemented, there is no assurance that these plans will be successful. Failure to successfully execute the intended strategies (or doing so over budget or beyond the anticipated timeline) and failure to achieve the expected benefits may negatively affect the Issuer's business, financial condition, operating results, or outlook.

Part of the Issuer's Business Operates in the Automotive Industry, Which Involves Dependency on Third-Party Partners and Suppliers, Strict Regulation, Rapid Technological Progress, and Cyclical Demand.

As a software company also active in the automotive industry, the Issuer is highly dependent on third-party suppliers and partners involved in the supply chain. This includes suppliers of hardware components, electronic systems, and other critical elements required for the operation of automotive software solutions. The risk lies in potential disruptions or issues arising from these dependencies, which could have significant implications for the Issuer's operations and reputation.

The supply chain itself can be complex and highly interconnected, involving numerous suppliers across various geographic locations. Any disruption - such as component shortages, production delays, quality issues, or logistical challenges - can directly impact the Issuer's ability to deliver its solutions on time and meet customer expectations.

The Issuer also relies on the quality and reliability of components provided by third parties. If these components are defective or of substandard quality, this may result in software malfunctions, system failures, or safety issues in automotive products that incorporate the Issuer's software. This, in turn, can lead to customer dissatisfaction, product recalls, liability claims, and reputational damage.

Moreover, working with third-party suppliers and partners involves sharing intellectual property, trade secrets, and sensitive information. There is a risk of unauthorized use, misappropriation, or disclosure of valuable intellectual property, which could result in disputes or the loss of competitive advantage. Strong contractual agreements and robust intellectual property protection measures are essential to mitigate this risk.

Regarding regulatory matters, the automotive industry is subject to strict regulations, standards, and safety requirements. The Issuer must ensure that its solutions comply with all applicable regulations, including functional safety standards and cybersecurity requirements. Non-compliance could result in fines, legal consequences, or restrictions on operating within the industry.

In terms of technological progress, the Issuer's solutions risk becoming obsolete. Emerging technologies such as autonomous driving, connected cars, and electric vehicles are disrupting traditional automotive software paradigms. The Issuer must continuously invest in research and development to keep pace with technological trends and evolving customer demands.

The occurrence of any of these risks may cause technical issues, damage the Issuer's reputation, lead to customer losses, and have a significant adverse effect on the Issuer's business, outlook, operating results, and financial position.

A Network or Data Security Incident Could Lead to Unauthorized Access, Harm the Issuer's Reputation, Create Additional Liability, and Negatively Impact Financial Performance.

Companies are increasingly subjected to a wide range of cyberattacks on their networks. In addition to traditional threats posed by hackers, malicious code (such as viruses and worms), phishing attempts, and employee misuse or negligence, sophisticated actors now engage in intrusions and attacks - including advanced persistent threats - that heighten the risks to the Issuer's internal networks, client-facing environments, and the information stored or processed within them.

The incidence of cybersecurity breaches has increased. Despite significant efforts to implement protective security measures, it is practically impossible for the Issuer to fully mitigate these risks. The Issuer and its third-party service providers may be exposed to security threats and attacks from various sources. Data, corporate systems, third-party systems, and security measures may be compromised due to external attacks, employee errors, malicious acts, or a combination of these factors. As a result, unauthorized parties may gain access to the Issuer's data.

Furthermore, as a well-established provider and developer of software products, solutions, and services, the Issuer may be an attractive target for such attacks. A data breach or an attack on the availability of the Issuer's services and products - or those of its service providers - could compromise the Issuer's networks or product-related secure networks. This could result in system slowdowns or outages, exploitation of vulnerabilities in the Issuer's products, and unauthorized access to, public disclosure of, modification, loss, or theft of sensitive data, potentially causing financial harm.

Although the Issuer has not yet suffered significant damages due to unauthorized third-party access to its internal network, any actual or perceived breach of its systems or networks could damage its reputation, lead to negative publicity, loss of business partners and end clients, decreased sales, erosion of competitive advantage, higher remediation and incident response costs, regulatory investigations and enforcement actions, costly litigation, and other liabilities.

Additionally, the Issuer may incur substantial costs and operational consequences to investigate, remediate, remove, and deploy additional tools or infrastructure aimed at preventing actual or perceived security breaches and other security incidents. The Issuer may also face compliance costs associated with notification obligations triggered by any security incident.

Any of these risks could harm market perception of the Issuer's services and products, diminish customer and investor confidence, and severely impact its business or operational performance.

Operating Results May Vary Significantly from Period to Period and May Be Unpredictable.

The Issuer's operating results may vary significantly from one period to another and may be unpredictable, which could cause the market price of the New Shares to decline. Although the Issuer's operating results - particularly revenue, gross margins, operating margins, and operating expenses - have recorded growth in previous periods, these results may fluctuate due to a number of factors, many of which are beyond the Issuer's control and may be difficult to predict, including:

- the Issuer's ability to attract and retain new end clients or to sell additional services and/or products to existing clients;
- budget cycles, seasonal purchasing patterns, and procurement practices of end clients, including the potential slowdown in IT spending due to the global economic downturn;
- changes in the needs or requirements of end clients, distributors, or resellers, or in market demand;
- price competition;
- the timing and success of launching new services and products by the Issuer or its competitors, or any other changes in the competitive landscape of the industry in which the Issuer operates, including

consolidation among its competitors or end clients, and strategic shifts or partnerships entered into by or among competitors;

- the Issuer's ability to successfully and continuously expand its business nationally and internationally, particularly in the context of the ongoing global economic slowdown;
- the Issuer's failure to complete or effectively integrate any acquisitions it may undertake;
- increased or unforeseen expenses or liabilities and any impact on the Issuer's operating results following such acquisitions;
- the Issuer's ability to grow the scale and productivity of its distribution channel;
- decisions by potential end clients to purchase services and products from larger and internationally recognized suppliers or from their main network equipment and/or service providers;
- insolvency risks or credit difficulties faced by end clients - potentially exacerbated by global economic conditions - that may negatively affect their ability to purchase or pay for the Issuer's products and services in full or on time, or issues faced by the Issuer's key suppliers (including sole-source suppliers), which could disrupt the Issuer's supply chain;
- failure of third parties to meet their obligations to the Issuer, including in relation to the implementation of investment projects pursued by the Issuer;
- any disruption in the distribution channel or termination of relationships with key distribution partners, including as a result of consolidation among distributors and resellers of products and services;
- the Issuer's inability to fulfill customer orders due to supply chain delays or events affecting the Issuer's suppliers, partners, or their suppliers, as well as the unavailability of internal resources or partners needed to deliver requested products or services, all of which may be negatively impacted by global economic conditions;
- the cost and outcome of potential litigation, which may have a significant adverse effect on the Issuer's business;
- seasonality or cyclical fluctuations in the market in which the Issuer operates, including in the IT labor and subcontractor market;
- political, economic, and social instability caused by the military conflict initiated by the Russian Federation in Ukraine, continued hostilities in the Middle East, terrorist activities, disruptions caused by COVID-19 and/or any other pandemic or global health crisis, and the disruptions such events may cause to the global industrial economy;
- general macroeconomic conditions, both nationally and in the foreign markets where the Issuer operates, which could impact some or all of the regions in which the Issuer is active - including the anticipated global economic slowdown, heightened inflation risk, and the potential for a global recession.

Any of the above factors, or the cumulative effect of several of them, could lead to significant fluctuations in the Issuer's financial and operating results. Such unpredictability could result in the Issuer failing to meet expectations regarding revenue, margins, or other performance indicators.

Reputational Risk Is an Inherent Part of the Issuer's Business Activity.

The Issuer's ability to maintain and attract clients is partly influenced by brand recognition and public perception. Negative opinions about the Issuer - whether based on actual or perceived practices -can harm its overall reputation, including the perceived quality of its products or services or the way it conducts business.

Even though the Issuer makes every effort to comply with applicable regulations and improve positive perception among current and potential clients, negative publicity or unfavorable public opinion could impair the Issuer's ability to retain and attract clients.

Recent Revenue Growth May Not Be Indicative of the Issuer's Future Performance

The Issuer's revenues for any prior quarterly or annual period should not be regarded as an indication of future revenue or future revenue growth - whether such growth is organic or driven by M&A activity. If the Issuer is unable to maintain consistent revenue levels or revenue growth, its shares may experience significant volatility, and it may find it difficult to achieve and sustain profitability or to consistently maintain and/or grow its cash flows.

The Issuer's Current Research and Development Efforts May Not Result in Successful Products or Services That Generate Significant Revenues, Cost Savings, or Other Benefits in the Near Future.

The development of services and products related to the Issuer's operations is a costly process. The Issuer's investments in research and development may not lead to significant improvements, commercially viable services or products, or may result in offerings that are more expensive than initially anticipated. Furthermore, the Issuer may not achieve the expected cost savings or performance improvements, and it may take longer than expected for new offerings to generate revenue. The Issuer's future plans include significant investments in research and development. It believes that continuing to dedicate substantial resources to R&D is essential to maintaining its competitive position. However, the Issuer may not generate significant revenue from these investments in the near term, or these investments may not deliver the expected benefits - either of which could negatively impact its business and operating results.

Risks Related to Intellectual Property Rights

Given the nature of its business, the Issuer may face claims alleging that it infringes the intellectual property rights of others. The number of such claims may increase due to the rapid pace of technological change in the markets in which the Issuer competes, the broad patent coverage of existing technologies, the rapid issuance of new patents, and the scope of the Issuer's product and service offerings. To resolve such claims, the Issuer may be required to enter into royalty or licensing agreements on less favorable terms than those currently available, cease selling or redesign the affected services or products, or pay damages to fulfill indemnity obligations to its customers. These outcomes could reduce operating margins. In addition to monetary damages, in certain jurisdictions, plaintiffs may seek court orders that restrict or prevent the import, commercialization, or sale of the Issuer's services or products that are alleged to incorporate infringing technologies.

Although the Issuer takes measures to manage these risks, third-party claims of intellectual property infringement could have a significant adverse effect on its business or operating results.

Liquidity and Cash Flow Risk

Liquidity risk also includes the risk associated with the potential non-collection of receivables. Due to the nature of its operations, the Issuer maintains a level of receivables and payables that supports the optimal conduct of its business activities.

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

One contributing factor to this risk is the nature of IT services, which often involve long-term contracts with corporate or governmental clients. In such cases, there is a possibility that some clients may delay or fail to fully pay their invoices or may not comply with agreed payment terms. This can lead to an increase in outstanding receivables and put pressure on the Issuer's liquidity.

Additionally, the IT industry is highly competitive, and rapid technological change can cause sudden shifts in customer demand and preferences. If the Issuer fails to respond quickly to market changes or cannot retain existing clients, it may face challenges in generating revenue and, consequently, in maintaining adequate liquidity.

Moreover, the high costs associated with technology development and implementation can result in significant expenditures and place pressure on the Issuer's cash flow. These expenses may include the purchase of equipment, compensation for IT specialists, and investments in research and development. If the Issuer does not manage these costs effectively or fails to achieve a satisfactory return on its investments, its liquidity may be negatively impacted.

To minimize low liquidity risk, the Issuer applies rigorous financial management, carefully monitors cash flow, implements clear policies and procedures for receivables collection, and diversifies its client portfolio. The Issuer also maintains an adequate liquidity reserve and fosters strong relationships with suppliers and financial partners to be able to withstand unforeseen circumstances and ensure long-term financial stability.

Risk Associated with Interest Rates and Financing Sources

There is no guarantee that the Issuer will be able to generate or accumulate sufficient funds to cover its long-term capital expenditure plans or that it will be able to secure such funds at a reasonable cost. Should the economic environment in which the Issuer operates deteriorate, it may find itself unable to secure new loans under the same favorable terms as before, which could lead to increased financing costs and negatively affect the Issuer's financial position - or, in a more severe scenario, result in a lack of available financing altogether.

A directly related risk is the exposure to interest rate fluctuations. If market interest rates rise significantly, the Issuer may face higher financing costs when refinancing existing loans or securing new debt. An increase in interest rates could lead to higher interest payments on existing borrowings and adversely affect the Issuer's cash flow.

Furthermore, if the economic environment worsens and investor or creditor confidence declines, the Issuer may face difficulties in obtaining the necessary funding for ongoing operations or development projects. In such circumstances, financial institutions may impose stricter lending conditions and higher collateral requirements, limiting the Issuer's access to affordable and appropriate financing and hindering its ability to fund operations and grow effectively.

Another related risk is foreign exchange exposure. If the Issuer holds debt denominated in foreign currencies and the local currency depreciates, financing costs could rise significantly, potentially impacting profitability and liquidity.

Although the Issuer continuously monitors the economic environment, interest rate fluctuations, and develops risk management strategies - including diversifying funding sources, using financial instruments to hedge against interest rate fluctuations, maintaining adequate cash reserves, and sustaining strong relationships with financial institutions and creditors - there is still a possibility that the Issuer may be exposed to the risks outlined above. These risks could significantly impact its ability to finance new projects, cover capital needs, or engage in other activities aligned with its business interests.

RISKS RELATED TO LEGAL, REGULATORY, AND LITIGATION MATTERS

Changes in tax laws or interpretations, as well as unfavorable decisions by tax authorities, could have a significant negative impact on the Issuer's operating results and cash flows.

Tax laws and regulations in Romania are subject to change, and there may be modifications in the interpretation and enforcement of fiscal legislation. Such changes to tax laws and/or their interpretation and application may be adopted or implemented swiftly by the authorities, may be difficult to anticipate, and as a result, the Issuer may not be adequately prepared for these changes. Accordingly, the Issuer considers that there is a risk that certain collaboration arrangements with subcontractors could be reclassified by the tax authorities as dependent activities, potentially leading to a reassessment of the related taxes and contributions.

In recent years, the Romanian government has implemented several fiscal measures, including increases in real estate taxes, the expansion of the scope of social security contributions, and the introduction of certain levies, which have directly impacted the Group's operating results or have led to a reduction in consumers' disposable income. Such measures may continue to be adopted in the future, especially in the context of the current international political and economic environment, as well as political changes following the 2024 elections. Ongoing uncertainty regarding the government's implementation of fiscal measures and continued instability of the tax regime, along with potential special taxation, could ultimately have a direct and/or indirect negative impact on consumer spending and/or on the prices the Group is able to charge for its products and services, and consequently, on the Group's profitability.

Risks Related to the Application of Laws and Regulations

The activity of the Issuer and the Group is subject to oversight by various entities, government agencies, and local public authorities. Regulatory authorities may exercise subjectivity in the enforcement and interpretation of applicable laws, regulations, and standards, as well as in issuing and renewing licenses, permits, approvals, and authorizations, and in monitoring compliance with their terms by licensed entities.

There may be situations in the Group's activity where the manner in which legal provisions are interpreted or applied by regulatory authorities differs from the interpretation adopted by the Group's management. In such cases, the Group's management may choose to challenge the regulatory decisions issued by competent authorities, which could affect the Group's relationship with those authorities.

Competent authorities have the right to conduct periodic inspections of the Group's activities. These inspections may result in findings that the Group has violated laws, decrees, or regulations. The Group may not be able to successfully challenge such findings or remediate the identified violations.

Additionally, authorities may periodically change their interpretation of applicable legal provisions, policies, or positions in the Group's area of activity in ways that could significantly impact its operations.

Legislative Risk Related to the Fleet Management Industry

The fleet management industry is subject to strict regulations related to road safety, environmental protection, and compliance with laws and regulations regarding the operation of commercial vehicles and the protection of personal data.

As a provider of fleet management solutions, the Issuer is aware of these regulations and makes efforts to ensure that its services comply with all applicable legal and administrative requirements. However, should the Issuer's solutions fail to meet all applicable regulations - such as environmental standards or personal data protection requirements - non-compliance could lead to fines and other legal consequences, which could adversely affect the Issuer's business, outlook, operating results, and financial condition.

Litigation Risk

In the course of its business activities, the Issuer is exposed to litigation risk, including as a result of changes and developments in legislation. The Issuer may be affected by contractual claims, complaints, and legal disputes - potentially initiated by third parties with whom it has contractual relationships, employees, clients, competitors, or regulatory authorities - as well as by any negative publicity that such events may generate.

As of the date of this Prospectus, the Issuer was not involved in any material litigation, either as claimant or defendant.

RISKS RELATED TO INVESTMENTS IN ROMANIA

Political and Military Instability in the Region May Have Adverse Effects on the Issuer's Operations.

Regional political and military instability - triggered by the Russian Federation's invasion of Ukraine in February 2022, following the annexation of Crimea and the conflict in Eastern Ukraine with pro-Russian separatists in 2014, as well as the international sanctions imposed on Russia as a result - may lead to deeply unfavorable economic conditions, social unrest, or, in the worst-case scenario, widespread military conflict in the region.

The consequences are largely unpredictable and may include a decline in investment, significant currency fluctuations, increased interest rates, reduced access to credit, disruptions in trade and capital flows, rising energy prices, and more.

Sanctions imposed on Russia, as well as retaliatory threats and responses, may also affect global commodity markets, particularly oil and natural gas. These could lead to increased volatility, disruptions in the availability and pricing of raw materials, supply chain bottlenecks, and restricted freedom to provide services. The situation remains fluid and may evolve in ways that could negatively impact the Issuer. The scope of sanctions in place may be extended or amended in ways that adversely affect the Issuer. In turn, Russia may implement countermeasures or undertake additional actions in response.

Such unfavorable conditions could lead to reduced demand for the Issuer's services and products, longer sales cycles, shorter and lower-value client contracts, slower adoption of new technologies, and increased price-based competition. Consequently, continued or intensified macroeconomic and market uncertainty at the global level could prompt end clients to revise their spending priorities or delay decisions to outsource services or purchase products - resulting in prolonged sales cycles and potentially harming the Issuer's business and operating results.

In addition, political and military instability in the region, rising inflation, and interest rate hikes may - and are likely to continue to - contribute to a significant decline in demand within the custom software and IT services market.

These effects, along with other unforeseen negative outcomes stemming from regional crises, could have a material adverse impact on the Group's business, outlook, operating results, and financial position.

Unpredictable Inflation Trends Could Have a Significant Negative Impact on the Issuer's Financial Performance.

The evolution of inflation remains unpredictable and may negatively impact the Issuer's business by increasing the difficulty of accurately estimating total costs associated with its operations. This may lead to a potential mismatch between the prices charged to clients and the Issuer's actual cost base, resulting in significant adverse effects. A substantial discrepancy between forecasted inflation and the actual rate recorded during a given period can negatively influence how the Issuer allocates its resources, thereby affecting its operations, financial resources, outlook, and profitability.

Moreover, an unexpected increase in inflation could trigger broader macroeconomic imbalances, such as rising interest rates, a decline in living standards, and a general slowdown in Romania's economic growth. These imbalances may lead to reduced demand in the IT services and software market, which could have a material adverse effect on the Group's business, outlook, operating results, and financial position.

A Potential Deterioration in the General Economic, Political, and Social Conditions in Romania Could Negatively Impact the Issuer's Business.

The Issuer's success is closely tied to overall economic developments in Romania. Adverse trends or a general weakening of Romania's economy - such as a decline in living standards, limited liquidity resources among potential clients, or rising unemployment - could directly impact demand in the Issuer's local market.

In recent years, Romania has undergone significant political, economic, and social changes. As is typical for emerging markets, the country does not yet possess the full business infrastructure, legal, and regulatory framework generally found in more mature free-market economies. Additionally, Romanian tax legislation is often subject to varied interpretations and frequent changes, which are sometimes sudden or implemented too quickly. The future trajectory of Romania's economy will largely depend on the effectiveness of governmental economic, financial, and monetary policies, as well as developments in fiscal, legal, regulatory, and political areas.

The fact that four rounds of elections - European Parliament, parliamentary, local, and presidential - were held in 2024 increases the risk of economic instability amid ongoing debates and frequent changes. This instability may disrupt entrepreneurs' business plans and influence investment and development decisions.

Moreover, political changes or election-related uncertainties could result in market fluctuations, including increased currency volatility or decreased investor confidence, both of which may impact business revenues and profitability.

Unfavorable economic conditions in Romania, fiscal uncertainty, and higher taxation could ultimately have a direct and/or indirect negative effect on the prices the Issuer can charge for its products and services.

The Romanian Leu May Be Subject to High Volatility.

The Romanian leu operates under a floating exchange rate regime, whereby its value against foreign currencies is determined on the interbank foreign exchange market. The monetary policy of the National Bank of Romania (NBR) targets inflation. The floating exchange rate regime is aligned with the use of inflation targets as the nominal anchor of monetary policy and allows for a flexible policy response to unforeseen shocks that may affect the economy. The NBR does not target a specific exchange rate level or range. Its ability to limit the volatility of the leu depends on a number of economic and political factors, including the availability of foreign currency reserves and the volume of new foreign direct investments.

In this context, any changes in global investors' perceptions of global or Romanian economic prospects may lead to a depreciation of the Romanian leu. A significant depreciation of the leu could negatively affect the country's economic and financial situation, which could in turn have a substantial adverse effect on the Issuer's operations, financial results, and overall financial position.

Moreover, considering AROBS's plans to expand its operations into the European Union and United States markets, the Group is increasingly exposed to exchange rate fluctuations between the leu and the euro, the leu and the US dollar, as well as between the euro and the US dollar. This expanded currency exposure may impact operational costs, reported revenues, and profit margins, especially in the event of significant and rapid currency movements. In a volatile economic environment, such risks may become more pronounced and may require operational adjustments, with potential implications for the Group's international development plans.

Romania's Economy Is More Vulnerable to Global Economic Fluctuations than Developed Economies. Global Economic Downturns Could Adversely Affect the Value of the Newly Issued Shares.

Romania's economy is more susceptible to global economic declines compared to developed economies. The impact of global economic developments - such as changes in Eurozone monetary policy related to EUR interest rates or increases in benchmark interest rates by the U.S. Federal Reserve - is often felt more strongly in emerging markets like Romania than in more mature economies.

As seen in the past, financial market volatility tends to increase perceived risk associated with investments in emerging markets, which can reduce foreign investment in Romania. Should this occur, the Romanian economy could face serious liquidity issues, which may lead to higher taxation or the introduction of new taxes and levies - negatively affecting the Issuer's business, operating results, and financial position.

Any Downgrade of Romania's Credit Rating by an International Agency Could Adversely Affect the Newly Issued Shares.

A downgrade of Romania's credit rating - whether related to local or foreign currency debt - by an international credit rating agency (especially a significant downgrade) could negatively impact the Issuer's ability to secure financing, as well as the interest margins and other commercial terms under which such financing would be available. Any adverse impact on the Issuer's access to funding could, in turn, negatively affect the Group's business, outlook, operating results, and financial condition.

The Romanian Legal and Judicial System Is Less Developed than in Other European Countries, Making an Investment in the New Shares Riskier Compared to Investments in Securities of Issuers Operating in More Developed Legal Systems.

The legal and judicial system in Romania is less developed than those of other European countries. Romanian commercial, competition, capital markets, corporate, and insolvency laws - and other areas of law - are relatively new to judges, and related legal provisions have been and continue to be subject to constant changes as new laws are adopted to align with Romania's transition to a market economy and with European Union legislation.

Existing Romanian laws and regulations may be inconsistently enforced or interpreted in a restrictive, business-unfriendly manner. In certain circumstances, timely legal remedies may be unavailable. The relatively limited experience of a significant number of Romanian magistrates, particularly with regard to capital market matters, as well as concerns surrounding judicial independence, may lead to unfounded decisions or rulings influenced by non-legal considerations.

Furthermore, case resolution in Romania may involve substantial delays. The judicial system is underfunded compared to those of other European countries. Enforcement of court decisions can be difficult, meaning that the execution of such judgments may be burdensome - particularly where unfavorable rulings could result in business shutdowns or job losses. This lack of legal certainty and the inability to access timely and effective legal remedies may adversely affect the Issuer's operations and could also complicate the resolution of claims that investors in the New Shares might seek to pursue.

The overall uncertainty surrounding Romania's judicial system may negatively impact the economy, create an unstable environment for investment, and consequently have adverse effects on the Group's business, operating results, financial position, and future outlook.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	2024 AROBS Group Audited	2023 AROBS Group Audited	Variație %
TURNOVER:	**414,667,612**	**427,294,137**	**-3%**
Revenue from software services	327,574,127	344,775,332	-5%
Revenue from software products	79,823,305	70,537,191	13%
Revenue from integrated systems	7,270,180	11,981,615	-39%
TOTAL COST OF SALES:	**301,894,814**	**295,755,657**	**2%**
Cost of sales of software services	256,626,233	254,215,350	1%
Cost of sales of software products	38,855,377	31,653,344	23%
Cost of sales of integrated systems	6,413,204	9,886,963	-35%
GROSS MARGIN	**112,772,798**	**131,538,480**	**-14%**
Other operating revenues	1,647,892	1,131,751	46%
Sales and marketing expenses	(21,098,009)	(18,370,931)	15%
General and administrative expenses	(69,633,618)	(70,739,928)	-2%
OPERATING PROFIT	**23,689,063**	**43,559,373**	**-46%**
Financial revenue / (expenses), net	3,934,628	(517,637)	-860%
GROSS PROFIT – BEFORE TAX	**27,623,691**	**43,041,736**	**-36%**
Profit Tax	(6,391,433)	(11,125,850)	-43%
NET PROFIT	**21,232,258**	**31,915,886**	**-33%**
Other comprehensive income items	(52,768)	(251,459)	-79%
TOTAL COMPREHENSIVE INCOME	**21,179,490**	**31,664,427**	**-33%**
Attributable to the parent company	20,937,674	31,585,137	-34%
Attributable to non-controlling interests	241,816	79,290	205%

CONSOLIDATED BALANCE SHEET

Balance sheet indicators (LEI)	31.12.2024 AROBS Group Audited	31.12.2023 AROBS Group Audited	Variation %
Tangible assets	13,679,736	35,556,876	-62%
Right-of-use assets	25,396,600	17,236,489	47%
Investment properties	21,008,039	-	100%
Goodwill	111,230,318	104,761,369	6%
Customer relationship	74,155,381	76,561,802	-3%
Other intangible assets	27,031,719	23,044,459	17%
Loans granted to related parties	7,294,119	15,555,506	-53%
Other financial assets	3,687,246	3,700,985	0%
Deferred tax assets	1,974,769	2,129,265	-7%
Total fixed assets	**285,457,927**	**278,546,751**	**2%**
Work in progress services and inventories	8,799,106	6,975,925	26%
Trade receivables	73,202,668	97,908,883	-25%
Prepaid expenses	2,316,462	2,015,826	15%
Current tax receivables	1,470,248	1,758,512	-16%
Other receivables	6,858,931	5,106,152	34%
Loans granted to related parties and other Loans	5,847,550	1,413,707	314%
Cash and cash equivalents	259,604,189	88,075,920	195%
Total current assets	**358,099,154**	**203,254,925**	**76%**
Total assets	**643,557,081**	**481,801,676**	**34%**
Share capital	104,555,233	87,129,361	20%
Adjustments of equity capital to hyperinflation	263,971	263,971	0%
Share premium	146,472,470	23,185,001	532%
Reserves	11,4]05,199	9,680,545	18%
Own shares	(12,885,372)	(5,689,379)	126%
Other components of equity	12,693,649	12,574,918	1%
Retained earnings	158,433,437	139,037,199	14%
Gains/Losses from own equity instruments	19,684,169	8,352,878	136%
Conversion differences from consolidation	(218,041)	(163,971)	33%
Total equity	**440,404,715**	**274,370,522**	**61%**
Non-controlling interest	(547,698)	(683,364)	-20%
Total equity	**439,857,017**	**273,687,158**	**61%**
Non-current liabilities:			
Advance income	3,232,865	3,523,269	-8%
Governments grants	768,378	301,940	154%
Equity liabilities	14,686,659	14,686,660	0%
Bank loans	42,435,001	62,629,398	-32%
Leasing	17,267,490	11,309,563	53%
Other liabilities	559,757	49,746	1025%
Provisions	13,102,084	12,823,043	2%
Deferred tax liabilities	11,701,946	12,200,152	-4%
Total non-current liabilities	**103,754,180**	**117,523,771**	**-12%**
Current liabilities:			
Trade payables	22,327,278	18,391,002	21%
Advance income	13,346,834	8,796,705	52%

Government grants	143,121	158,741	-10%
Equity liabilities	3,977,961	3,763,224	6%
Bank loans	24,677,989	24,184,008	2%
Leasing	8,206,905	7,919,498	4%
Employee-related liabilities	14,630,156	15,072,690	-3%
Current tax liabilities	813,583	1,435,243	-43%
Other liabilities	11,822,057	10,869,637	9%
Total current liabilities	**99,945,884**	**90,590,748**	**10%**
Total liabilities	**203,700,064**	**208,114,518**	**-2%**
Total equity and liabilities	**643,557,081**	**481,801,676**	**34%**

CONSOLIDATED CASH-FLOW

	31.12.2024 AROBS Group	31.12.2023 AROBS Group	Variation %
Profit before tax	**27,623,691**	**43,041,736**	**-36%**
***Adjustments* for:**			
Depreciation of Goodwill	4,424,306	-	100%
Depreciation expenses	21,859,061	20,711,679	6%
Expenses related to disposed tangible and intangible assets	791,367	(503,221)	-257%
(Income) from the sale of tangible and intangible assets	(1,042,437)	(835,138)	25%
Expenses related to employee benefits – SOP	13,763,047	19,131,306	-28%
Expenses / (Income) related to adjustments for inventory write-downs	(168,847)	(30,041)	462%
Expenses /(Income) related to adjustments for receivables depreciation	(391,252)	2,196,790	-118%
Expenses / (Income) related to provisions for risks and charges	(742,203)	923,727	-180%
(Income) from subsidies	450,818	(148,353)	-404%
Expenses with interest and other financial expenses	4,217,537	2,629,077	60%
(Income) from interest and other financial income	(6,706,085)	(3,126,355)	115%
Expenses / (Incomes) related to value adjustments for tangible and intangible assets	-	127,551	-100%
Retained Earnings Adjustments	(54,378)	(265,889)	-80%
Operating profit before change in working capital	**64,024,625**	**83,852,869**	**-24%**
Change in trade and other receivables balances	26,851,314	(29,934,716)	-190%
Change in inventory balances	(1,654,334)	1,976,834	-184%
Change in trade and other payables balances	3,017,223	8,345,988	-64%
Change in prepaid expenses balances	(300,636)	(69,212)	334%
Change in deferred income balances	4,259,726	720,828	491%
Interest paid	(4,217,537)	(2,629,077)	60%
Interest received	4,371,911	2,859,430	53%
Cash generated from operating activities	**96,352,292**	**65,122,943**	**48%**
Income tax paid	(6,058,038)	(10,567,650)	-43%
Net cash from operating activities	**90,294,254**	**54,555,293**	**66%**
Cash flows from investing activities			
Loans (granted) to / repaid by affiliated entities and change in guarantees provided	3,745,065	3,017,607	24%
(Payments) for acquisitions of subsidiaries	(20,492,835)	(45,775,454)	-55%
(Payments) for acquisitions of tangible and intangible assets	(14,822,788)	(31,087,866)	-52%
Own Share buybacks	(9,509,018)	(6,379,028)	49%
(Payments) / Receipts from other investments in financial assets	302,033	221,342	36%
Net cash from investing activities	**(40,777,543)**	**(80,003,401)**	**-49%**
Cash flows from financing activities			
Collection of bank loans	2,624,127	12,961,428	-80%
Repayment of bank loans	(22,137,931)	-	-100%
Short term loan variation	(187,912)	-	-100%
Payment of debts related to financial leasing	(876,846)	(1,113,067)	-21%
Capital increase	142,892,151	-	100%
Net cash from financing activities	**122,313,589**	**11,848,362**	**932%**
(Decrease) / Net increase in cash and cash equivalents	171,830,301	(13,599,743)	-1363%
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	**259,604,189**	**87,773,888**	**196%**

INDIVIDUAL PROFIT AND LOSS ACCOUNT

	2024 AROBS Individual Audited	2023 AROBS Individual Audited	Variație %
TURNOVER:	**232,872,943**	**266,685,347**	**-13%**
Revenue from software services	184,241,443	224,677,840	-18%
Revenue from software products	48,631,500	42,007,506	16%
TOTAL COST OF SALES:	**178,749,973**	**188,383,142**	**-5%**
Cost of sales of software services	153,644,326	170,388,519	-10%
Cost of sales of software products	25,105,647	17,994,623	40%
GROSS PROFIT	**54,122,970**	**78,302,205**	**-31%**
Other revenues	3,735,258	451,959	726%
Sales and marketing expenses	(9,106,735)	(7,943,270)	15%
General and administrative expenses	(36,695,477)	(41,989,623)	-13%
OPERATING PROFIT	**12,056,016**	**28,821,272**	**-58%**
Income from shares held in affiliated entities	20,472,861	23,300,756	-12%
Financial revenues	6,891,611	3,262,373	111%
Financial expenses	(7,125,830)	(2,270,357)	214%
Revenue / (expenses) from exchange rate differences, net	1,006,849	(377,291)	-367%
GROSS PROFIT - BEFORE TAX	**33,301,507**	**52,736,754**	**-37%**
Profit tax	(2,784,627)	(6,248,221)	-55%
NET PROFIT	**30,516,880**	**46,488,533**	**-34%**

INDIVIDUAL BALANCE SHEET

Balance sheet indicators (LEI)	31.12.2024 AROBS Individual Audited	31.12.2023 AROBS Individual Audited	Variation %
Shares held in affiliated entities	234,583,941	212,955,994	10%
Intangible assets	5,029,988	8,266,950	-39%
Right-of-use assets related to leased assets	18,809,970	9,458,236	99%
Other intangible assets	15,344,054	13,695,274	12%
Loans granted to affiliated parties	12,434,136	9,267,407	34%
Loans granted to related parties and other loans	7,294,119	9,418,063	-23%
Other financial fixed assets	2,968,304	2,968,851	0%
Deferred tax	234,104	613,356	-62%
Total fixed assets	**296,698,616**	**266,644,131**	**11%**
Work in progress services and inventories	1,990,082	1,493,635	33%
Trade receivables	38,614,387	65,414,888	-41%
Prepaid expenses	1,595,274	1,323,501	21%
Current tax receivables	470,213	1,581,076	-70%
Other receivables	1,412,913	1,525,053	-7%
Loans granted to related parties and other loans	10,259,951	9,192,978	12%
Cash and cash equivalents	218,899,865	58,565,326	274%
Total current assets	**273,242,685**	**139,096,457**	**96%**
Total assets	**569,941,301**	**405,740,588**	**40%**
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	11,177,834	9,413,945	19%
Own shares	(12,885,372)	(5,689,379)	126%
Other components of equity	12,782,685	12,628,497	1%
Retained earnings	174,304,450	145,551,459	20%
Gains (losses) on equity instruments	19,684,169	8,352,878	136%
Total equity	**456,355,440**	**280,835,732**	**62%**
Total equity	**456,355,440**	**280,835,732**	**62%**
Non-current liabilities:			
Advance income	234,184	273,503	-14%
Governments grants	216,510	301,940	-28%
Liabilities related to equity investments	14,686,659	14,686,659	0%
Bank loans	29,716,103	49,841,347	-40%
Leasing	13,670,184	6,708,754	104%
Provisions	4,050,449	2,728,395	48%
Total non-current liabilities	**62,574,089**	**74,540,598**	**-16%**
Current liabilities:			
Trade liabilities	6,281,464	5,893,161	7%
Advance income	3,682,621	3,262,205	13%
Government grants	94,671	158,741	-40%
Equity liabilities	3,976,479	3,761,760	6%
Bank loans	20,122,370	20,122,257	0%
Leasing	4,950,253	3,939,382	26%
Employee-related liabilities	6,810,480	7,455,155	-9%
Other current liabilities	5,093,434	5,771,597	-12%
Total current liabilities	**51,011,773**	**50,364,258**	**1%**
Total liabilities	**113,585,862**	**124,904,856**	**-9%**
Total equity and liabilities	**569,941,301**	**405,740,588**	**40%**

INDIVIDUAL CASH-FLOW

	31.12.2024	31.12.2023	Variation %
Profit before tax	**33,301,507**	**52,736,754**	**-37%**
***Adjustments* for:**			
Depreciation expenses on shares held in affiliated entities	2,023,784	-	100%
Depreciation expenses	7,537,750	6,679,165	13%
Expenses related to disposed tangible and intangible assets	199,551	(447,091)	-145%
(Income) from the sale of tangible and intangible assets	(463,285)	(607,668)	-24%
Expenses related to employee benefits – SOP	10,517,286	15,691,279	-33%
Expenses / (Income) related to adjustments for inventory write-downs	(168,847)	(30,041)	462%
Expenses /(Income) related to adjustments for receivables depreciation	254,457	1,556,698	-84%
Expenses / (Income) related to provisions for risks and charges	1,093,930	885,514	24%
(Income) from subsidies	(149,500)	(148,353)	1%
Expenses with interest and other financial expenses	3,255,406	2,234,615	46%
(Income) from interest and other financial income	(6,635,470)	(3,096,249)	114%
Expenses / (Incomes) related to value adjustments for tangible and intangible assets	-	235,714	-100%
Operating profit before change in working capital	**50,766,570**	**75,690,337**	**-33%**
Change in trade and other receivables balances	27,093,639	(17,495,204)	-255%
Change in inventory balances	(327,600)	430,155	-176%
Change in trade and other payables balances	(1,042,797)	(2,697,217)	-61%
Change in prepaid expenses balances	(271,773)	289,759	-194%
Change in deferred income balances	381,097	(452,664)	-184%
Interest paid	(3,255,406)	(2,234,615)	46%
Interest received	3,816,309	2,510,223	52%
Cash generated from operating activities	**77,160,039**	**56,040,774**	**38%**
Income tax paid	(3,895,490)	(4,846,426)	-20%
Net cash from operating activities	**73,264,549**	**51,194,347**	**43%**
Cash flows from investment activities			
Loans (granted) to / repaid by affiliated entities and change in guarantees provided	740,253	772,216	-4%
(Payments) for acquisitions of subsidiaries	(20,492,835)	(53,786,612)	-62%
(Payments) for acquisitions of tangible and intangible assets	(5,685,834)	(7,581,099)	-25%
Own Share buybacks	(9,509,018)	(6,379,028)	49%
(Payments) / Receipts from other investments in financial assets	302,033	221,342	36%
Net cash from investing activities	**(34,645,401)**	**(66,753,181)**	**-48%**
Cash flows from financing activities			
Collection from/ (Repayment of) bank loans	(20,125,495)	1,998,067	-1107%
Change in credit lines	2,136	-	100%
Payment of debts related to financial leasing	(751,366)	(953,655)	-21%
Capital increase	142,892,151	-	100%
Net cash from financing activities	**122,017,426**	**1,044,412**	**11583%**
(Decrease) / Net increase in cash and cash equivalents	160,636,573	(14,514,421)	-1207%
Cash and cash equivalents at the beginning of the financial period	**58,263,292**	**72,777,713**	**-20%**
Cash and cash equivalents at the end of the financial period	**218,899,865**	**58,263,292**	**276%**

SUSTAINABILITY STATEMENT

The 2024 Sustainability Report, which completes this Board of Directors report, prepared by AROBS Transilvania S.A., is available on the company's website, in the Investors section – General Shareholders' Meetings – Ordinary General Meeting of Shareholders dated April 28, 2025.

BVB CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT

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

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

				accordance with the provisions of the Companies Law and the Company's Articles of Association.
A.4. Most Board members shall not have an executive function. In the case of companies in the Premium Category, no less than two non-executive members of the Board shall be independent. Each independent Board member shall issue a statement at the time of nomination thereof for election or re-election, and whenever any change arises in the status thereof, indicating the elements on the basis of which the same is to be deemed independent in terms of character and judgment.	**X**			Three of the five members of the Board are non-executive. Two out of three non-executive members of the Board are non-executive and independent. On the occasion of each appointment of a member of the Board of Directors, the Company carries out an assessment of the independence of its members based on the independence criteria established in the Corporate Governance Code (which are essentially similar to those provided for in the Companies Law), consisting of an assessment individual assessment by the relevant Board member, followed by an external assessment.
A.5. Any other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of companies and non-profit institutions, shall be disclosed to the shareholders and prospective investors prior to nomination and during the term of office thereof.	**X**			Information on the permanent professional commitments and obligations of the Board members, including executive and non-executive positions within companies and non-profit institutions, can be found in the CVs of the Board members, available at the Company headquarters and published of the Company’s website.
A.6. Any member of the Board shall present the Board with information on any relation with a shareholder holding, either directly or indirectly, shares representing more than 5% of all voting rights.	**X**			The information is included in the annual reports issued by the Company.
A.7. The Company shall appoint a Secretary of the Board to be in charge of supporting the activity of the Board.	**X**			The Company has a General Secretary who supports the Board activities.
A.8. The Corporate Governance Statement shall stipulate whether a Board assessment has taken place under the direction of either the Chairperson or the Nomination Committee and,			**X**	In 2024, the Company had no policy and no guidance regarding Board evaluation. There was no formal Council self-assessment for 2024.

if so, shall summarize the key measures and the resulting changes. The Company shall have a policy/guide regarding Board assessment, including the purpose, criteria and frequency of the assessment process.				
A.9. The Corporate Governance Statement shall contain information on the number of Board and Committee meetings over the past year, the participation of the directors (in person and in default) and a Report by the Board and Committees on their activities.	**X**			The Board of Directors of AROBS Transilvania Software SA will meet whenever necessary, but at least once every three months. Throughout the year 2024, there were 29 Board of Directors meetings (29 meetings with full attendance), 4 Audit Committee meetings (4 meetings with full attendance), and 3 Nomination and Remuneration Committee meetings (3 meetings with full attendance).
A.10. The Corporate Governance Statement shall include information on the exact number of independent members of the Board.	**X**			In 2024, two (2) members of the Board met all the independence criteria set out by the Corporate Governance Code of AROBS Transilvania Software S.A.
	Section B – The risk management and internal control system			
B.1. The Board shall set up an Audit Committee, in which at least one member shall be independent and non-executive. Most members, including the Chair, shall have proven appropriate qualification relevant to the functions and responsibilities of the Committee. At least one member of the Audit Committee shall have proven adequate experience in auditing or accounting. In the case of companies in the Premium Category, the Audit Committee shall consist of at least three members and most members of the Audit Committee shall be independent.	**X**			The Audit Committee began its activity on September 29, 2023, and consists of two non-executive and independent members and one non-executive member. All members of the Audit Committee, including the Chairman, have demonstrated adequate qualifications, according to the internal rules established by the Company.
B.2. The Chair of the Audit Committee shall be an independent non-executive member.	**X**			The Chair of the Risk & Audit Committee is an independent non-executive member.

B.3. As part of its responsibilities, the Audit Committee shall carry out an annual assessment of the internal control system.	X			The Audit Committee conducts an annual evaluation of the Company’s internal control system.
B.4. The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board Audit Committee, the promptness and effectiveness with which the executive management addresses any deficiencies or weaknesses identified as a result of the internal control and the submission of relevant reports to the Board.	X			In the annual assessment, the Audit Committee assesses the effectiveness of this system, the adequacy of the risk management and internal control reports submitted to the Audit Committee, as well as the promptness and the effectiveness of management in addressing the deficiencies or weaknesses found in terms of internal control.
B.5. The Audit Committee shall assess any conflicts of interest in connection with the transactions of the Company and its subsidiaries with related parties.	X			The Audit Committee evaluates the effectiveness of the Group’s risk management system, monitor the application of the statutory and generally accepted internal audit standards and will evaluate the situations of conflicts of interest within the transactions concluded by the Group and / or any of its subsidiaries with affiliated parties.
B6. The Audit Committee shall assess the effectiveness of the internal control and risk management systems.	X			
B.7 The Audit Committee shall monitor the application of the legal standards and generally accepted internal audit standards. The Audit Committee shall receive and assess the reports of the internal audit team.	X			
B.8. Whenever the Code mentions reports or analyses initiated by the Audit Committee, these shall be followed by regular reports (at least annual reports) or ad hoc reports to be subsequently submitted to the Board.	X			The Audit Committee regularly presents the Board with reports on the specific issues that have been assigned to it.

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

C.1. The Company shall publish the Remuneration Policy on its website and shall include a statement on the implementation of the Remuneration Policy in the Annual Report during the annual period under review. Any key change in the Remuneration Policy shall be published on the Company website in a timely manner.	X			The company publishes on its own website the Remuneration Policy, as well as the remuneration report prepared in accordance with this policy, the latter being subject to the approval of the Company's Annual Ordinary General Meeting of Shareholders.
	Section D – Adding value by way of the investor relations			
D.1. The Company shall organize an Investor Relations Service - indicating to the general public the officer(s) in charge or the relevant organizational unit. In addition to the information required by law, the Company shall include on its website a section dedicated to Investor Relations, in both Romanian and English, with all the relevant information of interest to investors, including: • The main corporate regulations: Articles of Association, the procedures regarding the General Shareholders' Meetings (GSM); • The professional CVs for the members of the Company management bodies, other professional commitments of the Board members, including executive and non-executive positions in the Boards of Directors of companies or non-profit institutions;	X			All the information specified by provision D1 is provided on the Company's website.

• Current and regular reports (quarterly, half-yearly and annual); • Information on the General Shareholders' Meetings; • Information on the corporate events; • The name and contact details of a person who can provide relevant information, on request; • Company presentations (e.g., investor presentations, quarterly result presentations, etc.), financial statements (quarterly, half-yearly, annual), Audit Reports, and Annual Reports.				
D.2. The Company shall have a policy on the annual distribution of dividends or other benefits to the shareholders. The principles of the policy of annual distribution to the shareholders shall be published on the Company website.	X			The Company's dividend policy is available on the Company's website in the Investor Relations section.
D.3. The Company shall adopt a policy regarding forecasts, whether they are made public or not. Forecasts mean quantified conclusions of various studies aimed at determining the overall impact of a number of factors for a future period (the so-called assumptions): by its nature, a forecast has a high level of uncertainty, and the actual results can vary significantly from the original forecasts. The Forecast Policy shall determine the frequency, period considered and content			X	The company has not adopted an official forecasting policy. The company only prepares annual budgets and does not provide any financial forecasts outside of the mandatory annual budgets approved by the company's shareholders.

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

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

DECLARATION OF THE MANAGEMENT

Cluj-Napoca, March 28, 2025

I hereby confirm, to the best of my knowledge, that the audited consolidated and individual financial results for the period between January 1, 2024, and December 31, 2024, present a true and fair view of the assets, liabilities, financial position, and income and expenses of AROBS Transilvania Software S.A., and that the Board of Directors' report provides a true and fair view of the significant events that took place in 2024 and their impact on the company's financial statements.

Voicu Oprean

CEO

Henri Barbusse 44-46, CBC,
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of AROBS TRANSILVANIA SOFTWARE SA

Registered Office: DONATH STREET, no. 11, building M4, SC 2, 3rd floor, ap 28, CLUJ NAPOCA, ROMANIA
Unique Code of Registration: 11291045

Audit Opinion

1. We have audited the consolidated financial statements of AROBS TRANSILVANIA SOFTWARE SA (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

   The consolidated financial statements as at and for the year ended 31 December 2024 are identified as follows:
   - Total equity: 439.857.017 Lei
   - Net profit /(loss) for the year: 21.232.258 Lei

2. In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards (MOFP no. 2844/2016).

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation") and Law no. 162/2017 („The Law''). Our responsibilities under those standards and regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants ("IIESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Revenue recognition	
Key audit matter	**How our audit addressed the key audit matter**
Information regarding revenue from contracts with customers are presented in Note 5 "Turnover" while the recognition policies are presented in Note 39.1 "Revenue from contracts with customers"	Our audit procedures included, among other: ▪ Evaluation of processes and controls on the existence and accuracy of the recorded revenues, also to identify fraud and errors in revenue recognition.

A. Revenue recognition	
Key audit matter	**How our audit addressed the key audit matter**
In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results. The main activities from which the Group generates revenues are custom software and software development, fleet tracking monitoring solutions, HR applications licensing and implementation of integrated hardware and software solutions. Revenues are recognized when control is transferred to the customer, which generally happens at the time of receipt by him of the products sold, respectively over time or when the service was provided.	▪ Testing a sample of agreements concluded with customers to understand terms and conditions for delivery. ▪ Verification of sale register to identify unusual transactions and to check the supporting documents to confirm that revenues are properly recorded. ▪ Audit procedures for testing that revenues were recorded in the appropriate period, for a sample of transactions recorded around the year-end. ▪ Testing a sample of sales and receivables balance by sending direct confirmation letters.

B. Goodwill depreciation testing	
Key audit matter	**How our audit addressed the key audit matter**
Intangible assets mainly include goodwill presented in Note 19, which according to IFRS should be tested annually for depreciation. Goodwill is presented in the balance sheet at the acquisition value less the accumulated value adjustments. Impairment adjustment testing is based on management estimate of future discounted cash flows, or other alternative valuation methods in the current economic context. Therefore, there is significant measurement uncertainty inherent in this assessment.	Our audit procedures included, exclusively for the purpose of testing for impairment of goodwill: ▪ testing the historical accuracy of management's estimates through retrospective review; ▪ testing the assumptions, methodologies and other data used in the computation model, for example by comparing them with external information; ▪ reviewing growth rates and cash flow forecasts by reference to historical performance and our expectations based on understanding the current environment.

Other information - Consolidated Report of the Board of Directors

5. Management is responsible for the preparation and presentation of Other information. The Other information comprise the Consolidated Report of the Board of Directors, Sustainability Report, Remuneration Report but does not include the financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover this Other Information and we do not express any assurance conclusion thereon, as part of the audit engagement on the consolidated financial statements. With regard to the Sustainability Report, included in the Consolidated Report of the Board of Directors, we have performed a limited assurance engagement, the conclusions of which are presented in a separate assurance report.

6. In connection with our audit of the consolidated financial statements for the period ended at 31 December 2024, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

7. In respect to the Consolidated Report of the Board of Directors, we read and report whether the Board of Directors report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 26-28 of the accounting regulations in accordance with International Financial Reporting Standards.

8. Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:

a) The information given in the Consolidated Report of the Board of Directors report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the consolidated financial statements;

b) The Consolidated Report of the Board of Directors, including the non-financial representation has been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 26-28, of the accounting regulations compliant with the International of Financial Reporting Standards.

9. In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit of consolidated financial statements for the year ended as at 31 December 2024, we are required to report if we have identified material misstatements in the Consolidated Report of the Board of Directors. We have nothing to report in this regard.

10. Regarding the Remuneration Report, we have read this report to determine whether it presents, in all material respects, the information required by the provisions of Law 24/2017, paragraph no. 107. We have nothing to report on this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

11. Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

13. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient and appropriate audit evidence for the entities and activities from the Group, to issue an opinion over the consolidated financial statements. We are responsible for coordination, supervision and execution of the group audit. We are solely responsible for our audit opinion.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

19. We were appointed as auditor of AROBS TRANSILVANIA SOFTWARE SA by the General Shareholders' Meeting on 7 March 2022. Our total uninterrupted period of engagement is 4 years, respectively for the financials period between 2021-2024.
20. We confirm that:
    - Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
    - We have not provided to the Group the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.

Other matters

21. This report of the Independent Auditor is addressed exclusively to the Group’s shareholders, as a body. Our audit was undertaken in order to report to the Company’s shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements, or for the opinion we have formed.

For and behalf of

BDO AUDITORS & ACCOUNTANTS SRL

Registered in the Public Electronic Report of financial auditors and audit firms with no. FA1003

Partner’s name: Cristian Iliescu

Refer to original signed version in Romanian language

Registered in the Public Electronic Report of financial auditors and audit firms with no. AF1530

28 March 2025

Cluj-Napoca, Romania

AROBS TRANSILVANIA SOFTWARE S.A.

CONSOLIDATED FINANCIAL STATEMENTS

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

TABLE OF CONTENT

STATEMENT OF CONSOLIDATED INCOME	Note	FY 2024	FY 2023
Turnover:	5	**414,667,612**	**427,294,137**
Software services		327,574,127	344,775,332
Software products		79,823,305	70,537,191
Integrated systems		7,270,180	11,981,614
Total cost of sales:		**301,894,814**	**295,755,657**
Cost of sales of software services	76.1	256,626,233	254,215,350
Cost of sales of software products	76.2	38,855,377	31,653,344
Cost of sales of integrated systems	76.3	6,413,204	9,886,963
Gross profit		**112,772,798**	**131,538,480**
Other income	7	1,647,892	1,131,751
Sales and marketing	8	(21,098,009)	(18,370,931)
General and administration	9	(69,633,618)	(70,739,928)
Proft before tax		**23,689,063**	**43,559,372**
Interest income	12	6,950,694	3,300,289
Interest expense	12	(4,396,061)	(2,595,577)
Net Forex Income/(Expenses)	12	1,379,995	(1,222,348)
Proft before tax		**27,623,691**	**43,041,736**
Income tax	14	(6,391,433)	(11,125,850)
Net profit		**21,232,258**	**31,915,886**
Other Comprehensive Income		**(52,768)**	**(251,459)**
Overall result		**21,179,490**	**31,664,427**
related to parent company		20,937,674	31,585,137
related to NCI		241,816	79,290
Basic earnings per share		**0.0229**	**0.0385**
Diluted earnings per share		**0.0202**	**0.0372**

These financial statements were signed and approved on March 28, 2025, by:

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION	Note	FY 2024	FY 2023
Property, plant and equipment	17	13,679,736	35,556,876
Assets related to rights of use of leased assets	32	25,396,600	17,236,489
Investment Properties	18	21,008,039	-
Goodwill	19	111,230,318	104,761,369
Customer relationship	20	74,155,381	76,561,802
Other intangible assets	21	27,031,719	23,044,459
Loans granted to related parties and other loans	22,36	7,294,119	15,555,506
Other financial fixed assets	22,	3,687,246	3,700,985
Deferred income tax assets	14	1,974,769	2,129,265
Total fixed assets		**285,457,927**	**278,546,751**
Work in progress services and inventories	23	8,799,106	6,975,925
Trade receivables	24	73,202,668	97,908,883
Prepaid expenses	25	2,316,462	2,015,826
Corporate income tax	14	1,470,248	1,758,513
Other trade receivables	26	6,858,931	5,106,152
Related parties loans	36	5,847,550	1,413,707
Cash and cash equivalents	27	259,604,189	88,075,920
Total current assets		**358,099,154**	**203,254,926**
Total assets		**643,557,081**	**481,801,677**
Share capital	28	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	28	11,405,199	9,680,545
Own shares		(12,885,372)	(5,689,379)
Other equity items		12,693,649	12,574,918
Retained earnings		158,433,437	139,037,200
Gains on equity instruments		19,684,169	8,352,878
Conversion differences from consolidation		(218,041)	(163,971)
Total capital		**440,404,715**	**274,370,524**
Non controlling interest		(547,698)	(683,366)
Total equity		**439,857,017**	**273,687,158**
Non-current liabilities			
Advance income	5	3,232,865	3,523,269
Grants	5	768,378	301,940
Equity liabilities	30	14,686,659	14,686,660
Bank loans	31	42,435,001	62,629,398
Leasing liabilities	32	17,267,490	11,309,563
Other payables	33	559,757	49,746
Provisions	0	13,102,084	12,823,043
Deferred income tax liabilities	14	11,701,946	12,200,152
Total non-current liabilities		**103,754,180**	**117,523,771**
Current liabilities			
Trade payables	29	22,327,278	18,391,002
Income in advance	5	13,346,834	8,796,705
Grants	5	143,121	158,741
Equity liabilities	30	3,977,961	3,763,224
Bank loans	31	24,677,989	24,184,008
Leasing liabilities	32	8,206,905	7,919,498
Personnel liabilities	35	14,630,156	15,072,690
Corporate income tax liabilities	14	813,583	1,435,243
Other payables	33	11,822,057	10,869,637
Total current liabilities		**99,945,884**	**90,590,748**
Total liabilities		**203,700,064**	**208,114,519**
Total equity and liabilities		**643,557,081**	**481,801,677**

These financial statements were signed and approved on March 28, 2025, by :

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

	Equity	Equity adjustments for hyperinflation	Share premiums	Legal and other reserves	Own shares	Gains on own held equity instruments	Other equity elements	Retained earnings	Conversion reserves	Total equity	Non-controlling interests	Total equity
Closing balance 31.12.2022	**91,139,499**	**263,971**	**23,185,001**	**6,367,437**	**(7,535,897)**	**1,805,558**	**4,206,340**	**110,215,599**	**151,199**	**229,798,707**	**(75,767)**	**229,722,939**
Result of the exercise	-	-	-	-	-	-	-	31,851,026	-	31,851,026	64,860	31,915,886
Conversion difference	-	-	-	-	-	-	-	-	(265,889)	(265,889)	14,430	(251,459)
Overall result	-	-	-	-	-	-	-	***31,851,026***	***(265,889)***	***31,585,137***	***79,290***	***31,664,427***
Profit sharing	-	-	-	3,362,572	-	-	-	(3,362,572)	-	-		-
Retained earnings	-	-	-	(49,464)	-	-	-	49,465	(49,281)	(49,280)		(49,280)
Employee benefits in the form of equity instruments	-	-	-	-	-	-	19,131,306	-	-	19,131,306		19,131,306
Repurchase of own shares	-	-	-	-	(6,379,028)	-	-	-	-	(6,379,028)		(6,379,028)
Transfer of own shares	-	-	-	-	8,225,546	-	(8,225,546)	-	-	-		-
Cancellation of own shares	(4,010,138)	-	-	-	-	-	4,010,138	-	-	-		-
Gains on equity instruments	-	-	-	-	-	8,772,946	(8,772,947)	-	-	-		-
Adjustments for non-controlling interests	-	-	-	-	-	-	-	283,682	-	283,682	(283,682)	1
Expense related to the distribution, repurchase, sale, free distribution or cancellation of shares	-	-	-	-	-	(2,225,627)	2,225,627	-	-	-		-
Non controlling interests	-	-	-	-	-	-	-	-		-	(403,207)	(403,207)
Closing balance 31.12.2023	**87,129,361**	**263,971**	**23,185,001**	**9,680,545**	**(5,689,379)**	**8,352,878**	**12,574,918**	**139,037,200**	**(163,971)**	**274,370,524**	**(683,366)**	**273,687,158**

AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31 2024
(All amounts are in RON, 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-controlling interests	Total equity
Closing balance 31.12.2023	**87,129,361**	**263,971**	**23,185,001**	**9,680,545**	**(5,689,379)**	**8,352,878**	**12,574,918**	**139,037,200**	**(163,971)**	**274,370,524**	**(683,366)**	**273,687,158**
Result of the exercise	-	-	-	-	-	-	-	20,992,052	-	20,992,052	240,206	21,232,258
Conversion differences	-	-	-	-	-	-	-	-	(54,378)	(54,378)	1,610	(52,768)
Overall result	-	-	-	-	-	-	-	***20,992,052***	***(54,378)***	***20,937,674***	***241,816***	***21,179,490***
Profit sharing	-	-	-	1,724,159	-	-	-	(1,768,931)	-	(44,772)	-	(44,772)
Retained earnings	-	-	-	-	-	-	-	44,373	-	44,373	-	44,373
Increase of share capital	17,425,872	-	123.287.469	-	-	-	-	-	-	140,713,341	-	140,713,341
Employee benefits in the form of equity instruments	-	-	-	-	-	-	13,763,047	-	-	13,763,047	-	13,763,047
Repurchase of own shares	-	-	-	-	(9,509,018)	-	-	-	-	(9,509,018)	-	(9,509,018)
Sale of own shares	-	-	-	-	2,313,025	-	(2,313,025)	-	-	-	-	-
Shares cancelation	-	-	-	-	-	-	-	-	-	-	-	-
Gains on equity instruments	-	-	-	-	-	11,331,291	(11,331,291)	-	-	-	-	-
Correction of minority interests	-	-	-	495	-	-	-	128,743	308	129,546	(106,148)	23,398
Closing balance 31.12.2024	**104,555,233**	**263,971**	**146,472,470**	**11,405,199**	**(12,885,372)**	**19,684,169**	**12,693,649**	**158,433,437**	**(218,041)**	**440,404,715**	**(547,698)**	**439,857,017**

These financial statements were signed and approved on March 28, 2025, by :

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

CASH FLOW STATEMENT	**Note**	**FY 2024**	**FY 2023**
Cash flows from operating activities:			
Gross profit		**27,623,691**	**43,041,736**
Adjustments for:			
Depreciation of Goodwill		4,424,306	
Amortization expenses	6	21,859,061	20,711,679
Expenses / (Income) related to disposed tangible and intangible assets		791,367	(503,221)
(Income) from the sale of tangible and intangible assets		(1,042,437)	(835,138)
Expenses related to employee benefits – SOP	10	13,763,047	19,131,306
Expenses/(Income) related to adjustments for inventory write-downs		(168,847)	(30,041)
Expenses/(Income) related to adjustments for receivables depreciation		(391,252)	2,196,790
Expenses/(Income) on provisions for risks and charges	0	(742,203)	923,727
(Income) from subsidies and grants		450,818	(148,353)
Expenses with interest and other financial expenses	12	4,217,537	2,629,077
(Income) from interest and other financial income	12	(6,706,085)	(3,126,355)
Expenses/(Income) relating to value adjustments on tangible and intangible fixed assets		-	127,551
Adjustments for non-controlling interests		(54,378)	(265,889)
Operating profit before changes in working capital		**64,024,625**	**83,852,869**
Change in trade and other receivables balances	24,26	26,851,314	(29,934,716)
Change in inventories balances	23	(1,654,334)	1,976,834
Change in trade payable and other debt balances	29,33	3,017,223	8,345,990
Changes in prepaid expenses	25	(300,636)	(69,212)
Change in advance income balances	5	4,259,726	720,828
Interest paid		(4,217,537)	(2,629,077)
Interest earned		4,371,911	2,859,430
Cash generated from operating activities		**96,352,292**	**65,122,946**
Income tax paid	14	(6,058,038)	(10,567,650)
Net cash from operating activities		**90,294,254**	**54,555,296**
Cash flow from investing activities::			
Loans (granted) to/repayments from affiliated entities		3,745,065	3,017,606
(Payments) for acquisitions of subsidiaries		(20,492,835)	(45,775,454)
(Payments) for acquisitions of tangible and intangible assets	17,21	(14,822,788)	(31,087,866)
Own Share buybacks		(9,509,018)	(6,379,028)
(Payments)/Cash in from other investments in financial assets	22	-	523,374
Net cash from investing activities		**(41,079,576)**	**(79,701,368)**
Cash flow from financing activities::			
Collection of bank loans	31	2,624,127	12,961,428
Repayments of bank loans	31	(22,137,929)	-
Credit lines variation		(187,912)	-
(Payments) of finance lease liabilities	32	(876,846)	(1,113,067)
Capital increase		142,892,151	-
Net cash from financing activities		**122,313,591**	**11,848,361**
Net increase in cash and cash equivalents		**171,528,269**	**(13,297,711)**
Cash and cash equivalents at the beginning of the financial year		**88,075,920**	**101,373,631**
Cash and cash equivalents at the end of the financial year		**259,604,189**	**88,075,920**

These financial statements were signed and approved on March 28, 2025, by :

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

1. FINANCIAL REPORTING PRESENTATION

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

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

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

INFORMATION ABOUT AROBS

INFORMATION ABOUT THE PARENT COMPANY

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

AROBS creates software solutions and products – for which AROBS owns the intellectual property – such as fleet management and GPS tracking solution, business optimization solution (WMS, CRM 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 retained 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 management for the 2024 Financial Year has been carried out by the Board of Directors, which was comprised of 5 members: 2 executive members, 3 non executive members of which 2 independent..

In accordance with the law no. 31/1990, a 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 Alin 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. Aurelian 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:
In Cluj-Napoca:
Str. Minerilor, No. 63;
P-ța Cipariu, No. 9; Ap. 69;
Str. Săpătorilor, No.5;
Str. Henri Barbusse, No. 44-46, in office building Cluj Business Center, 2nd and 3rd floor;
Str. Trifoiului; No. 22;
Str. Constantin Brâncuși no. 55-59, office building ABC Incubator, 6th floor;
Str. Constantin Brâncuși no. 78-78A, 2nd floor;
In Iași – Str. Palat, No. 3E, Building United Business Center 1, ground floor;
In Tg. Mureș – Str. Georghe Doja, No. 64-68, Building Multinvest Business Center 2 (MBC2);
In Suceava – Str. Universității, No. 15A, 1st floor;
In București – Sector 4, Calea Șerban Vodă, No. 133, Central Business Park, Building A, 1st floor;
In Baia Mare – B-dul. Unirii, No. 18, Building Centrul de Afaceri Baia Mare, 1st floor;
In Arad – B-dul. Revoluției, No. 52-54, Building Arad Plaza, Sc. C, 3rd floor, ap. 12.

Shareholding structure as of 31.12.2024:

	2024			2023		
Shareholder	**Number of Shares**	**Value**	**Percent**	**Number of Shares**	**Value**	**Percent**
Oprean Voicu	494,232,967	49,423,297	47.2700%	578,278,772	57,827,877	66.3701%
Persoane Juridice	275,441,628	27,544,163	26.3441%	52,849,048	5,284,905	6.0656%
Persoane Fizice	171,320,977	17,132,098	16.3857%	164,963,031	16,496,303	18.9331%
Cabrio Investment SRL	104,556,758	10,455,676	10.0001%	75,202,758	7.520.276	8.6312%
Total	**1,045,552,330**	**104,555,233**	**100%**	**871,293,609**	**87,129,361**	**100%**

AROBS Transilvania Software S.A. 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 have led 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– anual renewal
- HU-GO Certificate - National Toll Payment Services Plc. 2020 - Hungary, anual audit
- 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.

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 all over the world, becoming an international software development company with European and Romanian roots.

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***

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;

The AROBS solution for textbook digitisation involves the continuous development of educational software products and contributes to the performance of the Romanian education system.

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.

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.

As of 31.12.2024, , the 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, HR solutions, or implementation of digitalization projects in the public sector, the market is also experiencing moderate growth due to the challenges and the economic and social context. In fleet management, AROBS is continuing its campaign to acquire companies in Romania and Eastern Europe with a view to consolidating in this market and expanding into other markets with the TrackGPS solution.

The companies included in the consolidation, as at 31.12.2024, are as follows:

- AROBS TRANSILVANIA SOFTWARE SA, Romania, Cluj-Napoca, Donath Str, no. 11/28, Cluj county
- AROBS DEVELOPMENT & ENGINEERING SRL (previous ENEA Services Romania), Romania, Bucuresti, sect. 6, Splaiul Independentei, no. 319
- AROBS ETOLL SOLUTIONS SRL, Romania, Cluj-Napoca, Minerilor Str., no 63C, Cluj county
- AROBS PANNONIA SOFTWARE Kft, Hungary, 1191 Budapest, Üllői str., no.206
- AROBS POLSKA (SYDERAL POLSKA), Poland, Gdansk, ul. Trzy Lipy 3B/ 3.11.5
- AROBS SOFTWARE SOLUTIONS GmbH, Germany, Leopold Strasse 23, 80801, Munchen
- AROBS SOFTWARE SRL, Moldova, Renaşterii Naționale Str. no. 12, of. 401-405
- AROBS SYSTEMS SRL, Romania, Cluj-Napoca, Minerilor Str, no 63, Cluj county
- AROBS TRACKGPS SRL, Moldova, str. Puskin no. 26A, of. 301
- ATS ENGINEERING LLC, SUA, 1200 South Pine Island Road, Plantation, Florida, 33324
- BERG COMPUTERS SRL, Romania, Com.Ghiroda, Lugoj Str., no.4, Timis county
- CABRIO INVEST B.V., The Netherlands,Tolweg 7, 4851SJ, Ulvenhout
- CENTRUL DE SOFT GPS SRL, Romania, Bucuresti Sectorul 4, SERBAN VODA Str., No. 133, Building A, CENTRAL BUSINESS PARK , Et 1
- COSO TEAM UK LTD, United Kingdom, 10 Bridge Street Christchurch Dorset BH23 1EF, UK
- COSO BY AROBS BVBA, Belgium, De Vis 20, cod 2930, Brasschaat
- COSO BY AROBS B.V., The Netherlands, Tolweg 7, 4851SJ, Ulvenhout
- FUTURE WORKFORCE SA, Romania, Cluj-Napoca, Serpuitoare Str. No. 53A, Ap. 1, Cluj County
- FUTURE WORKFORCE SRL, Romania, Cluj-Napoca, Strada Serpuitoare, Nr. 53A, Ap. 1, Cluj County
- FUTURE WORKFORCE GmbH – Germany, Münchner Str. 191 85757 Karlsfeld
- FUTURE WORKFORCE Limited, United Kingdom, 45 Fitzroy St, London, W1T 6EB
- INFOBEST ROMÂNIA SRL - România, Str. Simion Barnutiu, nr. 13, etaj 1 si 2, Timișoara, Jud. Timiș
- INFOBEST ROMÂNIA SRL NL DEUTSCHLAND, Max-Delbrück-Straße 20, 51377 Leverkusen, Germany

- INFOBEST SYSTEMHAUS GmbH, Humboldstraße 38, 51379 Leverkusen, Germany
- NORDLOGIC SOFTWARE, Romania, Cluj-Napoca, Descartes Rene Str. no 10-12 C, Cluj County
- NORDLOGIC USA, Inc., SUA, 137 NW 145th Street, Seattle, Washington 98177
- PT AROBS SOLUTIONS, Indonezia, Puri Indah Financial Tower, et. 8 809-810, Jalan Puri Lingkar Dalam Blok T8, Jakarta Barat
- SAS FLEET TRACKING SRL (SAS GRUP), Romania, Bucuresti, sect. 6, Bld. Ghencea, no. 43B, Ghencea Business Center, et. 5
- SILVER BULLET SRL, Romania, Cluj-Napoca, Descartes Rene Str. 10-12, Cluj county
- SKYSHIELD Kft, Hungary, 1191 Budapest, Üllői Str. no.206
- SOFTMANAGER S.R.L, Romania, Ploiesti, Zmeului Str, no. 21, Prahova County
- UCMS GROUP ROMANIA S.R.L., Romania, Cluj-Napoca, Constantin Brâncuși Str. No. 78-78A Cluj County

Group's structure as of 31.12.2024 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 ROMANIA SRL	100%	0%	31 May 2024
21	INFOBEST SYSTEMHAUS GmbH	100%	0%	31 May 2024
22	INFOBEST ROMANIA SRL Branch	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 the group structure in 2024

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

3. BASIS OF PREPARATION

3.1. Statement of compliance

These consolidated financial statements of the Group are the responsibility of the management of the Parent Company and have been prepared in accordance with the applicable International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and in accordance with OMFP 2844/2016, which are applicable to companies whose shares are admitted to trading on a regulated market.

The consolidated 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 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 39.

3.2. The going concern principle

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

The budget prepared by the Group's management for the year 2025 and approved by the Board of Directors indicates positive cash flows from operating activities, an increase in sales and a net profitability of RON 37,000,000.

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.

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.

When the Group acquires a business, it evaluates the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and conditions pertinent at the acquisition date.

Goodwill is initially measured at cost (being the excess of the total consideration transferred over the amount recognised for non-controlling interests and any previously held interest in the identifiable net assets acquired and liabilities assumed). If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the revaluation results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 derecognises 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 which are accounted as the Company had sold directly these asstes and liabilities. Any interest 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 RON at the rate of exchange prevailing at the reporting date. For practical reasons, the Group considers the average rate for the period in translating income and expense items of its foreign operations, since exchange rates used have not fluctuated significantly within a reporting period. The exchange differences arising on translation for consolidation are recognised in OCI.

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

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

	31 December 2024	**31 December 2023**
RON – EUR	4.9741	4.9746
RON – USD	4.7768	4.4958
RON – GBP	5.9951	5.7225

The average exchange rates for the periods ended December 31, 2024 and December 31, 2023 were:

	FY 2024	**FY 2023**
RON – EUR	4.9746	4.9464
RON – USD	4.5975	4.5758
RON – GBP	5.8775	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 and Integrated Systems.

The amount of each segment item reported shall be the measure 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 and intergrated systems. Expenses related to the sale of products and services as well as marketing expenses have been considered as overheads. The segmentation of assets and liabilities into the same segment categories was also carried out.

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, 2024:

- **Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7) -** On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); -** On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (the Amendments). Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

- **Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1) -** The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

  The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

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

- **Lack of Exchangeability (Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates) -** This amendment to IAS 21 clarifies how entities should assess and account for transactions in currencies that are not freely exchangeable on foreign exchange markets. The standard introduces new requirements for identifying and measuring the applicable exchange rate when exchangeability is restricted. The objective of this amendment is to enhance consistency and comparability in financial reporting for economies with significant foreign exchange restrictions. Effective for the annual reporting period beginning 1 January 2025.
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) -** These amendments clarify and improve the rules for classifying and measuring financial instruments, ensuring more consistent application of IFRS 9 and IFRS 7 principles. The key changes include:

- Clarification of the criteria for classifying financial assets based on the business model and cash flow characteristics.

- Enhancements to the recognition and measurement of financial liabilities, including aspects related to contractual term modifications.

- New disclosure requirements for entities using complex financial instruments, aiming to increase transparency and comparability in financial reporting.

Effective for the annual reporting period beginning 1 January 2026.

- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) -** These amendments clarify the accounting treatment for electricity purchase agreements where supply is dependent on natural factors such as wind, solar, or hydroelectric power.

- Clarification of IFRS 9 applicability in determining whether electricity purchase agreements should be accounted for as financial instruments or executory contracts.

- Modifications to IFRS 7 disclosure requirements to improve transparency regarding risks associated with such contracts and their impact on financial statements.

- Impact on revenue recognition and financial risk assessment, particularly for entities entering long-term renewable energy contracts.

Effective for the annual reporting period beginning 1 January 2026

- **IFRS 18** ***Presentation and Disclosure in Financial Statements*** **-** IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. Effective for the annual reporting period beginning 1 January 2027.

- **IFRS 19** ***Subsidiaries without Public Accountability: Disclosures*** **-** Published by the IASB in May 2024, IFRS 19 introduces a simplified reporting framework for subsidiaries that do not have a public accountability obligation but apply IFRS in their financial reporting. This standard reduces disclosure requirements for such entities while maintaining transparency and comparability of financial information. The main benefit of IFRS 19 is the reduction of administrative and reporting costs without compromising the usefulness of financial statements for users. Effective for the annual reporting period beginning 1 January 2027

4. APPLYING PROFESSIONAL JUDGEMENT, ESTIMATES AND ASSUMPTIONS

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

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

Main judgements on financial statementes preparation are:

- **Revenue recognisition from selling Track GPS monitoring solution –** presented in Note 39 and Note 5
- **Revenue recognisition from HR application license selling -** presented in Note 39
- **Revenue recognistion on a gross/net basis, based on the Group method of seeling as Principal or Agent –** presented in Note 39

Significant estimates on financial statemente preparation are:

- **Fair value measurement on business combinations** – presented in Note 20 „Mergers & Acquisitons";
- **Fair value measurement on goodwill** - presented in Note 19 „Goodwill"
- **Leasing contract duration and discount rate** – presented in Note 32 „Leasing";
- **Loss on financial assets measurments –** presented in Note 38
- **Recongnition and measurment on share options programs –** presented in Note 10

5. TURNOVER

	FY 2024	FY 2023
Turnover		
Revenues from software services	327,574,127	344,775,332
Revenues from software products	79,823,305	70,537,191
Revenues from integrated systems	7,270,180	11,981,615
Total turnover	**414,667,612**	**427,294,137**

Turnover – geographic regions	**FY 2024**	**FY 2023**
Romania*	202,857,908	243,152,981
Europe (excluding Romania)	130,803,077	105,024,477
USA	78,244,341	76,687,606
Asia & The Middle East	2,762,286	2,429,074
Total cifră de afaceri	**414,667,612**	**427,294,137**

*Software revenues billed in Romania represent services provided to customers in Europe but for tax reasons are billed in Romania because these customers have a local subsidiary.

The Group's strategy of maintaining multiple growth pillars has helped balance the temporary decline in revenue from the "Software Services" segment through the growth of the "Software Products" segment, despite the latter contributing 19% to the Group's total revenue. Revenue from the "Integrated Systems" segment, which was lower compared to the same period of the previous year, was influenced by the type of contracts won and their signing timeline. In December 2024, the largest integrated systems services contract since the subsidiary's establishment was signed with the National Public Pension House.

Revenues from the "Software Services" segment recorded in 2024 at the consolidated level decreased by 5% compared to the previous year. The M&A category companies contributed 146 million lei to the segment's revenue as of December 31, 2024, marking an increase of 25.5 million lei (+21%) compared to the previous year, while the Organic business experienced a 19% decline, primarily due to delays in new projects and reductions in projects within the Automotive sector, particularly in electrification, as well as in the medical sector.

Revenues from the "Software Products" segment increased by 9.3 million lei (+13%) in 2024 at the consolidated level compared to the previous year. As of December 31, 2024, the acquired companies contributed 8.5 million lei to the segment's revenue, while the overall segment activity increased by 2.2 million lei.

In the software products area, including fleet management, business optimization, and HR solutions, the market continues to grow, following the trend observed in 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 professionals specialized in the public sector and possesses technical expertise in integrating complex systems and technologies such as ORACLE, HP, DELL, and Microsoft. Revenues and expenses recorded in this segment were restated following the application of accounting policies in accordance with IFRS, specifically adjusting revenues and expenses related to partners within joint contracts, as well as those where AROBS Systems acted as an agent. As of December 31, 2024, the impact of this adjustment on both revenues and related expenses amounted to 31.4 million lei, compared to 21.8 million lei as of December 31, 2023, with zero effect on both EBITDA and net profit.

The following table shows the structure of significant customers by business segment:

Business segments	Top clients 2024	% of turnover	Top clients 2023	% of turnover
Software Services	Client 1	17.56%	Client 1	25.82%
	Client 2	3.82%	Client 2	4.21%
	Client 3	3.63%	Client 3	5.93%
	Client 4	3.48%	Client 4	0.00%
	Client 5	2.57%	Client 5	4.35%
Software products	Client 6	0.81%	Client 6	0.41%
	Client 7	0.52%	Client 7	0.37%
	Client 8	0.19%	Client 8	0.15%
	Client 9	0.10%	Client 9	0.14%
	Client 10	0.10%	Client 10	0.16%
Integrated Systems	Client 11	0.91%	Client 11	0.00%
	Client 12	0.30%	Client 12	0.08%
	Client 13	0.18%	Client 13	0.00%

Cost of carrying out contracts with customers

Cost of carrying out contracts with customers – HR licensing

	OB 2024	CAPITALISATION 2024	DEPRECIATION 2024	CB 2024
HR Licences	403,650	609,630	260,265	753,015

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

	OB 2024	CAPITALISATION 2024	DEPRECIATION 2024	CB 2024
GPS Monitoring services	1,440,193	2,387,912	2,164,869	1,663,236

Deffered revenue – contract performance obligations

	FY 2023	Entries	Disposals (Returns on income)	FY 2024
Deffered revenue	12,319,973	29,610,196	25,350,470	16,579,699

	Sold la 31 Decembrie 2024	Sold la 31 Decembrie 2023
Deffered revenue, out of which:	**16,579,699**	**12,319,973**
Long term	3,232,865	3,523,269
Short term	13,346,834	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.

The revenue from subsidies is presented in the table below. In 2024, the majority of these revenues were recorded by the parent company – in the amount of 0.3 million lei for the SMIS Project and by Arobs Development & Engineering company in the amount of 0.5 million lei for the AROBS AlertBox solution that addresses a critical need of society: ensuring communication in emergency situations, when GSM networks are unavailable, regardless of whether catastrophic events occur in isolated, rural areas or urban agglomerations. The product is an independent unit connected via satellite to a centralized and secure server, which further communicates with local and national authorities providing 112 and E-alert services.

	Balance at 31.12.2024	**Balance at 31.12.2023**
Subsidies, out of which:	**911,499**	**571,716**
Long term	768,378	301,940
Short term	143,121	269,776

6. COST OF SALES

6.1 Cost of sales of software services

	FY 2024	**FY 2023**
Salary Expeneses	163,173,065	158,211,644
Employee stock ownership plan costs	6,628,064	10,002,179
Third paty expenses	73,293,596	74,077,853
Expenses related to equipment sold	29,452	535,730
Property plant and equipment depreciation expeneses	8,646,327	7,494,359
Rental expenses	1,169,130	1,226,279
Telecommunications expenses	30,903	8,949
Fuel expenses	974,122	1,263,373
Transport of goods and personnel	1,376,340	1,712,337
Electricity, heating and water	619,499	554,824
Insurance premiums	241,451	225,566
Maintenance and repair expenses	494	-
Revenues from subsidies	(6,643)	(1,371,315)
Other operating expenses	450,433	273,572
Cost of sales of software services	**256,626,233**	**254,215,350**

The cost of sales of software services consists of salaries and benefits (including remuneration in equity instruments) of directly productive staff involved in the delivery of these services, the cost of services performed by third parties related to software services projects, depreciation of equipment used and other operating expenses necessary for the delivery of software services: rent and energy and water costs, travel expenses, insurance and commissions and fees.

The cost of sales for software services increased by 2.4 million lei in 2024 compared to the previous year. This variation was driven by a significant reduction of 20.3 million lei in costs within the Organic business, compared to the same period of the previous year, while costs increased by 22.7 million lei due to the companies that joined the Group in 2023 and 2024. The evolution of costs on both Organic and M&A was adjusted according to the dynamics of revenues and projects carried out during 2024, through their prudent management.

Although the beginning of the year saw salary increases, also influenced by the partial removal of fiscal incentives on income tax, costs (including ESOP) related to directly productive resources, including both employees and third parties, were effectively managed throughout 2024.

Expenses on services contracted from third parties decreased in 2024 compared to the previous year by 0.8 million lei. Services contracted from third parties represented, during 2024, mainly expenses on software services and IT consultancy, recruitment services, participation in fairs and conferences.

6.2 Cost of sales of software products

	FY 2024	FY 2023
Salary Expeneses	15,681,277	11,951,806
Employee stock ownership plan costs	351,152	688,342
Third paty expenses	7,486,367	6,139,601
Expenses related to equipment sold	2,201,124	1,993,038
Property plant and equipment depreciation expeneses	7,420,424	6,605,960
Rental expenses	115,898	225,165
Telecommunications expenses	3,527,430	2,469,237
Fuel expenses	981,920	788,441
Transport of goods and personnel	347,048	339,242
Electricity, heating and water	277,438	242,685
Raw materials expenses	52,703	6,523
Insurance premiums	107,008	48,239
Maintenance and repair expenses	178,877	149,562
Other operating expenses	126,711	5,503
Cost of sales of software products	**38,855,377**	**31,653,344**

The cost of sales of software products consists of salaries and benefits (including remuneration in equity instruments) of directly productive personnel involved in the delivery of these products and the provision of related services, the cost of equipment sold, depreciation of equipment used and other operating expenses necessary for the delivery of software products and the provision of related services: telecommunication services, rent and energy and water costs, travel expenses, fuel, maintenance and repairs. Services contracted from third parties during 2024 mainly represented services with installations of monitoring devices and software services.

The cost of sales of software products increased by 7,2 million lei compared to 2023, driven by higher salary expenses and third-party services, following the internalization of certain software development and maintenance processes. The third-party services contracted during this period primarily included device installation for monitoring and software development services. The evolution of these costs aligns with the expansion of the segment’s activities and the development of internal products.

6.3 Cost of sales of integrated systems

	FY 2024	FY 2023
Salary Expeneses	1,722,101	446,579
Third paty expenses	972,496	2,462,299
Expenses related to equipment sold	1,800,558	6,181,185
Property plant and equipment depreciation expeneses	57,074	17,706
Rental expenses	1,746	-
Electricity, heating and water	1,103	-
Raw materials expenses	1,858,126	779,194
Cost of sales of integrated systems	**6,413,204**	**9,886,963**

7. OTHER INCOME

	FY 2024	FY 2023
Other operating revenue	663,404	799,834
Rental income from investment property	733,418	-
Net revenue from the sale of Fixed Assets	251,070	331,917

Total	**1,647,892**	**1,131,751**

8. SALES AND MARKETING EXPENSES

	FY 2024	FY 2023
Salary Expeneses	15,227,489	11,599,150
Employee stock ownership plan costs	671,528	542,918
Third paty expenses	1,453,208	1,028,605
Property plant and equipment depreciation expeneses	664,157	736,556
Telecommunications expenses	9,674	-
Transport of goods and personnel	163,065	106,293
Entertaining, promotion and advertising	2,626,001	4,129,722
Fuel expenses	83,895	-
Rental expenses	65,111	131,486
Electricity, heating and water	93,970	90,775
Insurance premiums	16,863	5,426
Maintenance and repair expenses	1,058	-
Other operating expenses	21,990	-
Sales and marketing expenses	**21,098,009**	**18,370,931**

Sales and marketing expenses consist of salaries and benefits (including remuneration in equity instruments) of sales and marketing staff, protocol, advertising and publicity expenses and services performed by third parties generated by the Group's promotional activities Sales and marketing expenses increased by 2.7 million lei in 2024 compared to 2023. The largest increase of 3.6 million lei comes from salary expenses. This increase is balanced by the decrease in advertising and protocol expenses by 1.5 million lei compared to 2023. The main cause of this variation was the impact of newly acquired companies and the sales efforts undertaken to identify new commercial opportunities.

9. GENERAL & ADMINISTRATION EXPENSES

	FY 2024	FY 2023
Salary Expeneses	28,069,635	23,878,623
Employee stock ownership plan costs	6,109,098	7,895,972
Third paty expenses	7,817,335	11,911,958
Property plant and equipment depreciation expeneses	18,372,195	13,692,801
Expenses related to equipment sold	290,455	(3,350)
Telecommunications expenses	538,027	615,101
Transport of goods and personnel	880,592	2,462,561
Entertaining, promotion and advertising	51	-
Fuel expenses	494,914	985,868
Raw materials expenses	568	6,344
Other taxes, duties and similar expenses	1,809,574	1,189,510
Rental expenses	207,943	335,666
Depreciation of investment property	236,193	-
Electricity, heating and water	187,326	268,570
Insurance premiums	762,260	746,240
Maintenance and repair expenses	502,800	758,615
The cost related to the acqusition of the subsidiaries	551,326	1,382,611
Impairment losses/revenue on non current assets	(391,252)	2,196,790
Other operating expenses	3,194,578	2,416,048
General & Administration expenses	**69,633,618**	**70,739,928**

General and administrative expenses comprise salaries and benefits (including remuneration in equity instruments) of staff in the management, administrative, procurement, finance, legal, management, labour protection, human resources and IT support departments and of expenses for services performed by third parties, consultancy expenses, rental expenses and other expenses incurred in the administration of the Group. General and administrative expenses decreased in 2024 by 1.1 million lei compared to the previous year, with the Group's management applying measures to reduce these costs, in line with the dynamics of the Group's activity.

This evolution is due to the effect of the decrease in general and administrative costs (except for those mentioned below), compared to the previous year by 6.3 million lei, as well as the increase in amortization of customer relationships by 0.8 million lei and the adjustment for goodwill impairment, amounting to 4.4 million lei.

The increase in customer relationship amortization resulted from the 2024 acquisition of the Infobest Group and includes costs related to the 7 months following its integration into the Group. In 2024, following impairment tests conducted for the Group's Goodwill arising from acquisitions, a 4.4 million lei expense was recorded for two subsidiaries, where indications of a decrease in its value were identified based on discounted cash flow analysis.

Customer relationships were recognized as intangible assets with a useful life of 10 years, for which period the amortization expense is calculated on a straight-line basis.

10. EMPLOYEE BENEFITS EXPENSES

	FY 2024	**FY 2023**
Salary Expeneses	216,657,536	200,296,347
Social security contributions	7,638,268	6,756,839
Meal ticket expenses	5,039,794	4,955,328
Capitalization	(4,719,829)	(6,844,440)
Untaken holidays provision	(742,202)	923,727
Subtotal personnel expenses	**223,873,567**	**206,087,802**
Employee stock ownership plan costs	**13,759,842**	19,129,411
Total personnel expenses	**237,633,409**	**225,217,213**

The average number of employees during the financial year ended 31 December 2024 and 31 December 2023 was as follows:

	FY 2024	**FY 2023**
Management personnel	27	31
Administrative personnel	35	40
Acquisition personnel	3	3
Financial personnel	42	44
Legal personnel	4	4
Warehouse administration personnel	2	6
Marketing personnel	22	19
Research & Development personnel	886	935
Occupational safety and health personnel	3	3
Human Resources personnel	26	36
Installation - Services personnel	44	40
IT Support personnel	26	27
Sales personnel	67	66
Total	**1,187**	**1,254**

Salary expenditure during the financial year ended 31 December 2024 and 31 December 2023 was as follows:

	FY 2024	FY 2023
Management personnel	9,357,347	8,056,610
Administrative personnel	3,218,838	3,325,174
Acquisition personnel	467,099	388,616
Financial personnel	5,702,329	5,089,290
Legal personnel	767,701	638,085
Warehouse administration personnel	149,707	457,342
Marketing personnel	2,421,088	1,896,677
Research & Development personnel	169,902,057	160,807,980
Occupational safety and health personnel	145,287	140,745
Human Resources personnel	2,992,327	3,575,022
Installation - Services personnel	4,630,569	2,917,612
IT Support personnel	4,027,787	4,171,349
Sales personnel	12,875,400	8,831,845
Total salary exepenses	**216,657,536**	**200,296,347**

Expenses with benefits in the form of the entity's own shares (or other equity instruments), ESOP programs 1-4, recorded during the financial year ended December 31, 2024, respectively December 31, 2023, were as follows:

	FY 2024	FY 2023
Management personnel	5,805,809	12,249,871
Administrative personnel	31,780	93,522
Acquisition personnel	10,532	14,822
Financial personnel	103,804	135,649
Legal personnel	51,920	50,437
Warehouse administration personnel	202	18,792
Marketing personnel	34,506	68,313
Research & Development personnel	6,931,365	5,856,849
Occupational safety and health personnel	-	1,146
Human Resources personnel	13,524	117,801
Installation - Services personnel	47,852	52,958
IT Support personnel	91,526	72,895
Sales personnel	637,023	396,356
Total expenses with benefits in equity instruments	**13,759,843**	**19,129,411**

Salary expenses increased compared to the previous year, partly as a result of the elimination of tax incentives regarding the payment of income tax for the category of employees directly productive in the provision of software services. Also, salary expenses increased with the aim of maintaining competitiveness in the market and ensuring the necessary resources for ongoing projects, through salary increases and the addition of resources from newly acquired companies. Personnel rights are recorded in the accounting with the retention of related contributions and taxes established according to the legislation in force. Settlements with personnel include salary rights, bonuses, supplements, allowances for vacation leaves, as well as those for temporary incapacity for work, paid from the payroll fund, and other rights in money and/or in kind owed by the company to the personnel for the work performed.

ESOP-related costs as of December 31, 2024, were 5.4 million lei (-28%) lower than in the same period of the previous year, following the completion of ESOP 1, ESOP 2, and the first stage of ESOP 3, as well as reduced expenses related to ESOP 4.

The management of AROBS is ensured by the Board of Directors, the General Manager and 2 Executive Directors. The Board of Directors is composed of 5 members, of which 2 are executives and 3 are non-executive. The gross annual remuneration includes fixed remuneration, share-based remuneration and other benefits. The total gross annual remuneration for the Management of AROBS is 5,604,686 lei.

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 regarding the repurchase of own shares for the purpose of implementing the Stock Option Plan program, the provisions of Law 31/1990 were taken into account.

11. CATEGORIES OF EXPENSES

	FY 2024	FY 2023
Salary Expeneses	223,873,567	206,087,802
Employee stock ownership plan costs	13,759,842	19,129,411
Third paty expenses	91,023,002	95,620,316
Property plant and equipment depreciation expeneses	35,160,177	28,547,381
Expenses related to equipment sold	4,321,589	8,953,417
Telecommunications expenses	4,106,034	3,093,287
Transport of goods and personnel	2,767,045	2,462,561
Entertaining, promotion and advertising	2,626,052	4,129,722
Fuel expenses	2,534,851	3,037,682
Raw materials expenses	1,911,397	792,061
Other taxes, duties and similar expenses	1,809,574	1,189,510
Rental expenses	1,559,828	1,918,596
Depreciation of investment property	236,193	
Electricity, heating and water	1,179,336	1,156,854
Insurance premiums	1,127,582	1,025,470
Maintenance and repair expenses	683,229	908,177
The cost related to the acqusition of the subsidiaries	551,326	1,382,611
Impairment losses/revenue on non current assets	(391,252)	2,196,790
Revenues from subsidies	(6,643)	(1,371,315)
Other operating expenses	3,793,712	4,606,183
Total	**392,626,441**	**384,866,516**

12. FINANCIAL RESULT

	2024	**2023**
Revenues from shares in affiliated entities	5,617	5,127
Net income/(expense) from exchange rate differences	1,379,995	(1,480,143)
Interest income	6,706,085	3,126,355
Financial income from impairment adjustments	249,041	-
Other financial income	(10,049)	426,601
Interes expense	(4,217,537)	(2,629,077)
Financial expenses regarding impairment adjustments	(13,843)	-
Other financial expenses	(164,681)	33,500
Financial result	**3,934,628**	**(517,637)**

13. SEGMENTS RECONCILIATION

REVENUE AND EXPENSES RECONCILIATION BY BUSINESS SEGMENTS	SOFTWARE SERVICES		SOFTWARE PRODUCTS		INTEGRATED SYSTEMS		TOTAL	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue from software services	327,574,127	344,775,332	-	-	-	-	327,574,127	344,775,332
Revenue from software products	-	-	79,823,305	70,537,191	-	-	79,823,305	70,537,191
Revenue from integrated systems	-	-	-	-	7,270,180	11,981,615	7,270,180	11,981,615
Total turnover	**327,574,127**	**344,775,332**	**79,823,305**	**70,537,191**	**7,270,180**	**11,981,615**	**414,667,612**	**427,294,137**
Salary Expeneses	163,173,065	158,211,644	15,681,277	11,951,806	1,722,101	446,579	180,576,443	170,610,029
Employee stock ownership plan costs	6,628,064	10,002,179	351,152	688,342	-	-	6,979,216	10,690,520
Third paty expenses	73,293,596	74,077,853	7,486,367	6,139,601	972,496	2,462,299	81,752,459	82,679,753
Expenses related to equipment sold	29,452	-	2,201,124	1,993,038	1,800,558	6,960,379	4,031,134	8,953,417
Property plant and equipment depreciation expeneses	8,646,327	7,494,359	7,420,424	6,605,960	57,074	17,706	16,123,825	14,118,024
Rental expenses	1,169,130	1,226,279	115,898	225,165	1,746	-	1,286,774	1,451,444
Other operating expenses	3,686,599	3,203,036	5,599,135	4,049,432	1,859,229	-	11,144,963	7,252,470
Total cost of sales	**256,626,233**	**254,215,350**	**38,855,377**	**31,653,344**	**6,413,204**	**9,886,963**	**301,894,814**	**295,755,657**
Gross margin	**70,947,894**	**90,559,982**	**40,967,928**	**38,883,847**	**856,976**	**2,094,652**	**112,772,798**	**131,538,480**
Margin %	**22%**	**26%**	**51%**	**55%**	**12%**	**17%**	**27%**	**31%**
Interest Expenses	3,642,475	2,493,270	502,028	115,806	73,034	20,000	4,217,537	2,629,077

Sales and marketing and general administration expenses are unallocated costs.

FINANCIAL POSITION BY BUSINESS SEGMENTS	SOFTWARE SERVICES		SOFTWARE PRODUCTS		INTEGRATED SYSTEMS		UNALLOCATED		TOTAL	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Additions to non-current assests	17,869,263	-	7,856,334	-	-	-	14,536,012	-	40,261,608	-
Allocated assets	267,421,014	285,997,247	83,600,047	75,279,640	3,590,021	3,035,639	6,751,415	2,839,430	361,362,498	367,151,956
Unallocated assets	-	-	-	-	-	-	282,194,583	114,649,720	282,194,583	114,649,720
Total assets	**267,421,014**	**285,997,247**	**83,600,047**	**75,279,640**	**3,590,021**	**3,035,639**	**288,945,999**	**117,489,150**	**643,557,081**	**481,801,676**
Allocated liabilities	134,064,378	144,095,091	40,884,568	39,835,302	3,731,426	4,215,043	10,912,795	7,153,776	189,593,168	195,299,211
Unallocated liabilities	-	-	-	-	-	-	14,106,896	12,815,307	14,106,896	12,815,307
Total liabilities	**134,064,378**	**144,095,091**	**40,884,568**	**39,835,302**	**3,731,426**	**4,215,043**	**25,019,692**	**19,969,083**	**203,700,064**	**208,114,518**

14. INCOME TAX AND DEFERRED TAX

	2024	2023
Current profit tax expense	5,932,493	11,040,173
Micro enterprise profit tax expense - Current	1,690,943	1,449,439
Subtotal – current tax	**7,623,436**	**12,489,612**
Deferred profit tax	(1,232,003)	(1,363,762)
Total	**6,391,433**	**11,125,850**

The amounts presented relate to revenue and expenditure for each financial year.

	2024	2023
Gross profit	**27,623,691**	**43,041,736**
Current profit tax expense	(5,932,493)	(11,040,173)
Micro enterprise profit tax expense - Current	(1,690,943)	(1,449,439)
Current tax	**(7,623,436)**	**(12,489,612)**
Deferred profit tax	1,232,003	1,363,762
Recalculated net profit	**21,232,258**	**31,915,886**

Income tax	**31 December 2024**	**31 December 2023**
Income tax - receivable	1,470,248	1,758,513
Total	**1,470,248**	**1,758,513**

Income tax	**31 December 2024**	**31 December 2023**
Income tax - payable	813,583	1,435,243
Total	**813,583**	**1,435,243**

Theoretical rate and effective rate reconciliation	**FY 2024**	**FY 2023**
Result before tax	**42,371,267**	**54,927,016**
Restated or adjusted income	(116,996,441)	(90,156,977)
Restated or adjusted expenses	94,187,616	65,803,133
Profit or loss before tax	**65,180,092**	**79,280,859**
Profit or loss microenterprise	**3,183,010**	**2,495,792**
Non taxable income	(44,417,857)	(21,600,070)
Non taxable expenses for tax calculation	35,869,772	20,048,409
Legal reserves	(1,640,224)	(2,760,718)
Fiscal loss carried forward	**51,808,773**	**72,472,688**
Fiscal loss carried forward/Taxable income	**51,808,773**	**72,472,688**
Profit tax	**10,177,435**	**14,068,703**
Income tax deductions for sponsorships	**2,075,221**	**2,198,594**
Income tax deduction 15%, 16%, 20%	**(478,778)**	**619,503**
Income tax correction for previous year	**7,623,436**	**12,489,612**

***** Tax rates applicable to profit generated in the USA are 21% and 25%, and in Germany is 15%.

Deferred income tax

	FY 2024	FY 2023
Deferred income tax assets	1,974,769	2,129,265
Total	**1,974,769**	**2,129,265**

Deferred income tax assets 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.

	Sold la 31 Decembrie 2024	Sold la 31 Decembrie 2023
Deferred income tax liabilities	11,701,946	12,200,152
Total	**11,701,946**	**12,200,152**

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

Source of temporary differences	2024	2023
Customer relationship	(11,682,283)	(12,200,153)
Other intangible assets	(775,471)	(295,064)
Assets related to rights of use of leased assets	(1,133,021)	(2,753,777)
Work in progress services and inventories	140,328	171,858
Trade receivables	287,727	364,991
Personnel liabilities	612,727	704,163
Advance income	708,203	828,084
Leasing liabilities	1,114,778	2,831,603
Provisions	681,270	543,924
Current result	(1,162)	14,477
ESOP	319,725	(280,994)
Total	**(9,727,177)**	**(10,070,887)**

15. 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:

	2024	**2023**
Operating revenues	416,319,926	430,399,492
Operating expenses	356,683,166	356,910,127
EBITDA	**59,636,761**	**73,489,365**
EBITDA Margin	**14%**	**17%**
ESOP 1-3	6,837,134	19,129,411
Normalized EBITDA*	**66,473,895**	**92,618,775**
Normalized EBITDA margin*	**16%**	**22%**
ESOP 4	6,922,709	-
Depreciation and amortization of assets	25,579,863	19,523,793
Customer relationship depreciation	9,816,509	9,023,588
Other operating expenses***	551,326	1,382,611
Financial result	3,934,629	(517,637)
Gross profit	**27,623,691**	**43,041,736**
Tax	6,391,433	11,125,850
Net profit	**21,232,258**	**31,915,886**
Net profit margin	**5%**	**7%**
**Normalized Net profit ** **	**28,069,392**	**51,045,297**
**Normalized Net profit margin ** **	**7%**	**12%**

* Normalized EBITDA = EBITDA less SOP expense

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

*** Expenses incurred in the activity of acquiring companies and stock exchange expenses, which do not represent current operating expenses of the company

Normalized EBITDA, at consolidated level, recorded a value of 66.5 million lei, as of December 31, 2024, and normalized net profit recorded a value of 28.1 million lei, as of the same date. The normalization of these indicators was achieved by canceling the effect of the expense with the ESOP 2 and 3 programs. The expense with the ESOP 4 program, started in May 2024, is not taken into account in the normalization of these indicators because the shares needed to carry out the program were purchased within the framework of the buyback programs, generating a monetary effect.

16. 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	**2024**	**2023**
Profit	20,992,051	31,851,024
Regular shares in circulation	917,313,056	827,332,139
Basic earnings per share	**0.0229**	**0.0385**

Diluted	**2024**	**2023**
Profit	20,992,051	31,851,024
Diluted regular shares in circulation	1,040,116,936	856,620,812
Diluted earnings per share	**0.0202**	**0.0372**

The dilution effect is due to the treasury shares allocated in the ESOP programs that are to be distributed on the dates established in the ongoing programs.

Ordinary shares	**2024**	**2023**
Weighted average number of shares used in basic EPS	**917,313,056**	**827,332,139**
Capital increase	174,258,722	-
Capital decrease		(40,101,379)
ESOP	21,472,265	22,997,495
Weighted average number of shares used in diluted EPS	**1,040,116,936**	**856,620,812**

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	**Plant, machinery and motor vehicles**	**Other instalation s and fixtures and fittings**	**Advances and WIP Tangible assets**	**Total**
31-Dec-23	**5,759,727**	**30,359,573**	**7,825,398**	**22,589,921**	**66,534,619**
Purchases	14,653	4,120,200	553,544	4,799,990	**9,488,388**
Transfers	26,555,290	(2,804,509)	2,837,940	(26.556.951)	**31.769**
Transfer to Investment Property	(21,244,232)	-	-	-	**(21.244.232)**
Disposals	(244,496)	(5,793,935)	(812,432)	(550,027)	**(7,400,890)**
31-Dec-24	**10,840,943**	**25,881,329**	**10,404,451**	**282,933**	**47,409,655**
Depreciation/Adjustments					
31-Dec-23	**5,174,044**	**20,261,180**	**5,542,520**	**-**	**30,977,743**
Period cost	523,175	4,639,165	1,378,400	-	**6,540,740**
Transfers	-	(2,243,352)	2,575,729	-	**332,376**
Disposals	(244,063)	(3,239,019)	(637,859)	-	**(4,120,942)**
31-Dec-24	**5,453,156**	**19,417,974**	**8,858,790**	-	**33,729,919**
Net value					
31-Dec-23	**585,684**	**10,098,393**	**2,282,878**	**22,589,921**	**35,556,876**
31-Dec-24	**5,387,787**	**6,463,355**	**1,545,661**	**282,933**	**13,679,736**

The net value of tangible fixed assets decreased in 2024 by 2% compared to previous year. Purchases recorded during 2024 include the purchase of laptops, switches and other workstations for the optimal performance of activities.

18. INVESTMENT PROPERTY

	Buildings
31-Dec-23	**-**
Purchases / Receptions	-
Transfers from Buidlings	21,244,232
Disposals	-
31-Dec-24	**21,244,232**
Depreciation/Adjustments	
31-Dec-23	**-**
Period cost	-
Transfers	236,193
Disposals	-
31-Dec-24	**236,193**
Net value	
31-Dec-23	**-**
31-Dec-24	**21,008,039**

Investment properties were recognized following the completion of the investment in a new headquarters, which will be used for rental purposes to third parties, in a proportion of 80%. We estimate that the fair value of the investment property is not significantly different from its investment cost, at the end of 2024.

19. GOODWILL

	31.12.2024	**31.12.2023**
AROBS DEVELOPMENT & ENGINEERING SRL (ENEA)	29,526,716	29,526,716
BERG COMPUTERS S.R.L.	11,337,454	11,337,454
NORDLOGIC SOFTWARE	14,782,480	14,701,986
CENTRUL DE SOFT GPS	1,853,698	1,853,698
COSO BE & NL	272,307	350,976
AROBS TRACKGPS	23,505	23,505
AROBS SOFTWARE	9,191,483	11,541,483
AROBS POLSKA (SYDERAL POLSKA)	-	2,074,306
FUTURE WORKFORCE	32,337,663	32,337,663
AROBS PANNONIA SOFTWARE	1,013,582	1,013,582
INFOBEST ROMANIA	10,891,431	-
Total	**111,230,318**	**104,761,369**

The net value of the goodwill recorded as of 31.12.2024 is 111 million lei. It increased in 2024 by 10.9 million lei, following the acquisition of the Infobest group.

The Group is required to test, on an annual basis, whether goodwill is impaired. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of discounted future cash flows and the determination of a discount rate to calculate the present value of the cash flows.

At 31 December 2024, the impairment test of the goodwill related to the acquired companies was performed. Following the calculations regarding future cash flows, the test concluded with an impairment of 4.4 million lei for 2 subsidiaries.

The main assumptions are the following:

2024	**%**	**%**	**%**	**%**
Main assumptions	**ENEA**	**Berg Computers**	**Nordlogic Software**	**Future Workforce**
Revenue increase average rate	7.6	5.1	7.5	14.8
EBITDA average rate	26	25.6	18.4	16.5
WACC	15.9	16.4	15.9	14.1
Perpetuity rate	2	2	2	2

The revenue growth rate for each entity took into account the history of revenue development but also the dynamics of the markets where each company's customers are.

The average EBITDA growth rate for each entity was estimated based on the historical evolution but also taking into account the estimated evolution of the main categories of expenses, in particular salaries.

The WACC rate was calculated taking into account both the risk of the industry in which each company operates, the country risk taking into account the place of service provision as well as the country where the customer of the services is located and the specific risk of each entity.

Sensitivity analysis

If any of the following changes were made to the key assumptions above, for cash-generating units holding a significant proportion of the total goodwill balance, the carrying amount and recoverable amount would be equal:

2023	**p.%**	**p.%**	**p.%**	**p.%**
Sensitivity analysis	**ENEA**	**Berg Computers**	**Nordlogic Software**	**Future Workforce**
Revenue increase average rate	-15	-20.5	-5.5	-2.9
EBITDA average rate	-9.2	-13.2	-2.8	-1.8
WACC	8.4	15.7	+2.7	1.4

20. MERGERS & ACQUISITIONS

In order to strengthen its position on the market, the company has been pursuing an acquisition policy in recent years. It has transformed itself into an international company, forming partnerships and collaborations with partners and customers in the United States, Canada, Germany, Finland, Switzerland, the Netherlands, Belgium and Italy.

2024 Acquisitions

Fair vlaue	**Infobest Grup**
Client relations	7,410,087
Net current Assets/(liabilities)	1,846,631
Deferred tax	(1,112,738)
Total net assets	**8,829,431**
Fixed contribution	16,920,780
Contingent obligation	2,114,631
Noncontrolling interests	-
Goodwill	**10,891,431**

Infobest By AROBS

At the end of May 2024, AROBS fully acquired the Infobest group: Infobest Romania SRL, Infobest Romania SRL Niederlassung, Infobest Systemhaus GmbH. By acquiring Infobest, AROBS consolidates its presence on the Romanian and German markets, its expertise in the business line, software services and accesses new industries, such as telecommunications, media and communication.

2023 Acquisitions

Fair vlaue	**Future Worforce**	**Pannonia**	**Software**	**Polska**	**Track GPS**	**Total**
Client relations	6,632,459	2,550,180	-	-	1,449,000	10,631,639
Net current Assets/(liabilities)	2,723,536	2,671,964	2,980,742	(1,337,985)	1,194,065	8,263,322
Deferred tax	(1,069,450)	(229,516)	-	-	(189,000)	(1,487,966)
Total net assets	**8,286,545**	**4,992,628**	**2,980,742**	**(1,337,985)**	**2,485,065**	**17,406,995**
Fixed contribution	26,754,582	6,006,210	14,522,225	811,784	2,508,570	50,603,370
Contingent obligation	14,197,369	-	-	-	-	14,197,369
Noncontrolling interests	(327,743)	-	-	(74,462)	-	(403,205)
Goodwill	**32,337,663**	**1,013,582**	**11,541,483**	**2,074,306**	**23,505**	**46,990,539**

Future Workforce Global SA

At the ned of April 2023 Arobs fully acquire Future Workforce Global SA și and its subsidiaries: 100% Future Workforce SRL (Romania), 80% Future Workforce UK (United Kingdom) și 65% Future Workforce Gmbh(Germany). FWF by AROBS continued to strengthen its position in intelligent automation and digital transformation with significant increases in the number of new partnerships. One of FwF's success pillars remains its specialization in the financial banking sector, which uses RPA technologies and low-code solutions to deliver complex operations digitization programs.

Arobs Pannonia Software Kft

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

AROBS Software SRL

The acquisition of AROBS Software SRL was completed in the begining of February 2023, a transaction with strategic value for software services division development within the Group.

AROBS Polska

For AROBS Polska, were the Group acquired 94% of shareholding, 2023 was a year marked by significant events. The company joined the AROBS group and strengthened its position in the European space market. In 2023, AROBS Polska developed quantum communication – especially in a project for the European Space Agency. In addition, the company continued to expand its competencies in controlling mechanisms for space missions, with plans to introduce a dedicated product to this market by the end of 2025.

AROBS TrackGPS SRL

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

Fair value on business combinations – signifcant estimates

In the separate annual financial statements, goodwill can only be recognized in the case of the transfer of all assets or a part of them and of liabilities and equity, regardless of whether it is realized because of the purchase or because of some merger operations. For goodwill to be accounted for separately, the transfer must be related to a business, represented by an integrated set of activities and assets organized and managed for the purpose of obtaining profits, recording lower costs or other benefits. For the accounting recognition of the assets and liabilities acquired in a business combination, AROBS proceeded to evaluate the fair value of the items acquired/transferred. This operation was carried out by authorized evaluators.

21. OTHER INTANGIBLE ASSETS

	Goodwill	Customer relationships	Research & development expenses	Other noncurrent assets	Total
Cost					
31-Dec-23	**105,639,905**	**93,842,536**	**8,311,149**	**28,388,976**	**236,182,566**
Purchases		7,410,087	5,564,067	6,827,224	**19,801,379**
Transfers			(10,709,939)	10,709,939	**-**
Purchases (CI*)	10,971,842	-	-	-	**10,971,842**
Disposals	-	-		(1,334,839)	**(1,334,839)**
31-Dec-24	**116,611,747**	**101,252,623**	**3,165,277**	**44,591,300**	**265,620,947**
Depreciation/Adjustments					
31-Dec-23	**878,536**	**17,280,734**	**189,036**	**13,466,629**	**31,814,935**
Period cost	4,502,893	9,816,509	-	7,964,614	**22,284,015**
Disposals	-	-	-	895,421	**895,421**
31-Dec-24	**5,381,429**	**27,097,243**	**189,036**	**20,535,822**	**53,203,529**
Net value					
31-Dec-23	**104,761,369**	**76,561,802**	**8,122,113**	**14,922,347**	**204,367,631**
31-Dec-24	**111,230,318**	**74,155,381**	**2,976,241**	**24,055,478**	**212,417,418**

*****Business combinations

The goodwill, in a net amount of 111,230,318 lei, resulted as a positive difference between the acquisition cost and the value, at the transaction date, of the part of the acquired net assets of the subsidiary. The increase in the value of intangible assets is mainly due to the recording of goodwill, following the acquisition of the Infobest group, from the end of May 2024 and the continued development of domestic products.

In order to determine goodwill, the Parent Company has valued, through independent licensed valuers, the identifiable assets acquired and liabilities assumed at their fair values as of the date of acquisition of the above mentioned companies as well as those acquired in prior years. Following calculations regarding future cash flows, the testing concluded with an impairment of 4.4 million lei for 2 subsidiaries.

For the acquired companies, customer relationships were identified in the process of allocating the purchase price by the appraisers, which were recognized at fair value as intangible assets in the financial statements at the date of each acquisition. The net book value of customer relationships as of 31.12.2024 is 74.2 million lei. Amortization of these assets is made on a straight-line basis over a period of 10 years.

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

22. FINANCIAL ASSETS

Cost	Balance at 31.12.2024	Balance at 31.12.2023
Affiliated company shares	10,181	10,181
Loans granted to affiliated entities and other loans	9,817,830	18,314,341
Bonds	2,110,053	2,220,548
Guarantees and other financial assets	1,567,012	1,470,255
Total	**13,505,076**	**22,015,325**

Value adjustments	**Balance at 31.12.2023**	**Increase**	**Decrease**	**Balance at 31.12.2024**
Loans granted to affiliated entities and other loans	2,758,835	874,635	1,109,759	2,523,711
Total	**2,758,835**	**874,635**	**1,109,759**	**2,523,711**

From the amount of 10,181 lei related to the shares held in affiliated entities and jointly controlled entities, 9,000 lei represents the contribution to the assets held by Cluj IT Association.

Loans granted to related parties and other loans, amounting to 9,817,830 lei, represent long-term loans granted at group level whose value decreased at the end of 2024, following their partial reimbursement (3.5 million lei), respectively the reclassification to short-term of some loans in 2024, which were presented as long-term in 2023 (3.1 million lei).

Part of these loans granted to related parties have been fully adjusted, the amount of the adjustments at 2024 being 2,523,711 lei.

Guarantees granted and guarantees received

The outstanding guarantees in balance at the end of 2024, amounting to 1,587,563 lei, are detailed in the statement presented below:

Guarantees	**2024**	**2023**
Building lease	1,297,427	1,320,532
Guarantees for adequate execution	5,586	3,984
Auctions	95,446	66,183
Other	189,104	79,556
Total	**1,587,563**	**1,470,255**

23. WORK IN PROGRESS SERVICES AND INVENTORIES

	Balance at 31.12.2024	**Balance at 31.12.2023**
Materials	274,657	278,398
Work in progress	5,467,236	4,265,587
Merchandise	2,945,707	1,983,850
Inventories Advances	111,506	448,090
Total	**8,799,106**	**6,975,925**

The value of services in progress and outstanding inventories, as of 31.12.2024, increased compared to 2023, due to the increase in goods, mainly used in fleet management activity, and work in progress.

Work in progress services refer to contracts with clients that run over longer periods of time. Direct costs involved in providing these services, mainly salaries, were recognized under this asset, taking into account the degree of completion of the projects by 31.12.2024.

Inventory adjustments are calculated according to age, namely: 30% of the entry value for stocks between 181 and 365 days old and 100% of the value of stocks older than one year and with slow movement. The value of adjusted stocks for 2024 is 876,401 lei, being at a similar level to the previous year.

24. TRADE RECEIVABLES

	Balance at 31.12.2024	Balance at 31.12.2023
Accounts receivable	72,139,534	95,581,994
Accounts receivable - unissued invoices	5,220,971	7,306,443
Accounts payable adjustments	(6,876,594)	(6,380,867)
Accounts receivable - affiliate entities	2,627,697	2,964,133
Adjustments for accounts receivable - affiliate entities	(2,408,876)	(2,243,781)
Supplier advances	2,499,936	680,961
Total	**73,202,668**	**97,908,883**

The total value of trade receivables decreased in 2024 compared to the previous year by 25%, mostly due to the decrease in receivables from customers by 23.4 million lei compared to 2023.

At the end of each financial year, bad debts are analysed and adjusted 100%.

At the end of 2024, impairment adjustments related to customer receivables amounted to 6,876,594 lei, the increase being due both to the newly acquired entities and to the application of the accounting policy established under IFRS 9, which involves recording impairment adjustments for receivables based on impairment rates, calculated by age intervals.

Receivables ageing	**Balance at 31.12.2024**	**Balance at 31.12.2023**
Not due	47,227,934	55,785,966
0-30	12,704,199	18,353,793
31-90	1,943,805	12,363,440
91-360	4,153,596	3,742,309
Over 360	6,110,000	5,336,481
Total gross value (unadjusted)	**72,139,534**	**95,581,990**

Software services	**Expected average loss rate**	**2024**	**2023**
Not due	0.27%	43,140,518	52,491,852
1-30	0.38%	11,125,522	16,742,655
31-60	2.48%	1,028,967	10,660,585
61-90	4.02%	569,929	1,432,895
91-180	6.00%	1,950,518	3,093,255
181-270	20.02%	1,248,064	461,612
271-360	44.77%	710,291	25,709
Over 360	100.00%	4,132,079	5,122,624
Total gross value (unadjusted)		**63,905,887**	**90,031,187**

Software products – GPS tracking	**Expected average loss rate**	**2024**	**2023**
Not due	0.39%	2,824,996	1,736,402
1-30	0.84%	920,315	828,387
31-60	3.80%	238,781	133,863
61-90	9.58%	65,365	72,650
91-120	21.34%	41,314	37,058
Over 120	37.31%	1,076,502	228,640
Total gross value (unadjusted)		**5,167,272**	**3,037,001**

Software products – HR services	Expected average loss rate	2024	2023
Not due	0.24%	1,263,264	1,532,498
1-30	0.39%	658,363	783,085
31-60	1.44%	5,113	59,533
61-90	3.20%	35,900	4,273
91-120	7.17%	-	23,136
121-180	11.48%	42,902	49,645
181-270	26.97%	22,842	9,175
271-360	56.08%	-	-
Over 360	100.00%	52,651	43,484
Total gross value (unadjusted)		**2,081,034**	**2,504,828**

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 December 31, 2024 for each category of receivables mentioned above.

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

25. PREPAYMENTS

	Balance at 31.12.2024	Balance at 31.12.2024
Prepayments, out of which:	**2,316,462**	**2,025,283**
Long term	-	153,355
Short term	2,316,462	1,871,928

Prepayments increased in 2024 by 14% compared to previous year. These include prepayments made for expenses with third party services, insurance, rent, employee travels and trainings.

26. OTHER RECEIVABLES

	Balance at 31.12.2024	Balance at 31.12.2023
Other personnel-related claims	2,126,327	2,072,656
VAT receivable	3,106,441	2,214,747
VAT under settlement	311,877	391,946
Input VAT	114,647	270,104
Other claims receivable from the Treasury	844,559	13,451
Sundry debtors	257,185	18,647
Suspense account	90,052	30,904
Transactions with shareholders / associates related to capital	5,000	5,000
Other employee-related claims	2,843	4,157
Non-repayable loans in the form of grants	-	84,537
Government subsidies	-	3
Total	**6,858,931**	**5,106,152**

27. CASH AND CASH EQUIVALENTS

	Balance at 31.12.2024	Balance at 31.12.2023
Cash at bank and deposits in lei	80,425,779	20,781,961
Cash at bank and deposits in foreign currencies	178,825,630	66,777,196
Subtotal – Cash at bank and deposits	**259,251,409**	**87,559,158**
Petty cash	142,223	160,563
Bonds	-	302,033
Other marketable securities	215,319	35,345
Amounts being settled	-	5,047
Other cash equivalents	(4,762)	13,776
Total	**259,604,189**	**88,075,920**

Balance of foreign and domestic currencies Current account	Balance at 31.12.2024	Balance at 31.12.2023
RON	80,425,779	20,781,961
EUR	162,556,418	46,558,865
USD	10,422,415	16,591,938
GBP	2,611,323	864,329
Other currencies	3,235,474	2,762,065
Total	**259,251,409**	**87,559,158**

Cash and cash equivalents in the bank and deposits increased by 171.7 million lei in 2024 compared to the previous year. Most of this increase is due to the successful completion of the capital increase operation, which attracted 142.9 million lei from institutional investors. AROBS aims to capitalize on the capital attracted by investing in newly acquired companies.

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

28. 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.

As of December 31, 2024, the paid-up share capital of the Parent Company is 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-up as of December 31, 2024. The Parent Company was transformed into a joint-stock company as of September 5, 2014..

In July 2024, the share capital increase operation was successfully completed, attracting 142.9 million lei from institutional investors. The funds entered the Company are found in cash and cash equivalents as of December 31, 2024. AROBS aims to capitalize on the attracted capital by investing in newly acquired companies, expanding commercial activities on key markets and continuing to develop the software products in its portfolio.

The Company ran a program to buy back its own shares in order to implement ESOP programs. As of 31 december 2024 the total number of redeemed shares in balance is 32,052,907 shares.

Legal reserves are established in accordance with the regulations in place at Group company level. The legal reserve has been established in accordance with the terms of the Law on Commercial Companies. As at 31 December 2024, the value of the legal reserves amounts RON 9,447,748.

On December 31, 2024, differences resulting from the conversion of transactions of foreign entities under consolidation were recognized in capital.

	31.12.2024	**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**

29. TRADE PAYABLES

	Balance at 31.12.2024	**Balance at 31.12.2023**
Suppliers	12,880,506	11,683,514
Client advances	6,160,223	3,834,033
Suppliers - invoices not yet received	2,819,843	2,172,434
Supplier liabilities - affiliated entities	375,700	519,650
Other creditors	91,006	181,370
Total	**22,327,278**	**18,391,001**

The total amount of debt increased in 2023 compared to the previous year by 3.9 million lei, an increase of 21%.

The most significant increases were recorded in advances received from customers for various projects, according to contractual agreements with them, amounting to 2.3 million lei and supplier debts, amounting to 1.2 million lei.

30. EQUITY LIABILITIES

	Balance at 31.12.2024	Balance at 31.12.2023
Equity liabilities out of which	**18,664,617**	**18,449,883**
Long term	14,686,659	14,686,659
Short term	3,977,961	3,763,224
Total	**18,664,617**	**18,449,883**

Equity liabilities are generated following the estimation of contingent payments according to the clauses in the acquisition contracts of subsidiaries, payments that are conditioned on the fulfillment of certain financial indicators.

31. BANK LOANS

	Balance at 31.12.2024	Balance at 31.12.2023
Long terms bank loans	65,248,133	84,760,637
Short term bank loans	1,864,857	2,052,769
Total	**67,112,990**	**86,813,406**

Bank loans by due date:

	Balance at 31.12.2024	Balance at 31.12.2023
Bank loans due up to 1 year	24,677,989	24,184,008
Bank loans due between 1 and 5 years	42,435,001	62,629,398
Bank loans due over 5 years	-	-
Total	**67,112,990**	**86,813,406**

At the end of 2024, the value of bank loans decreased by 19.7 million lei, compared to the end of 2023, as a result of the repayments made during 2024, reaching a total value of 67 million lei.

Bank loans contingencies

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

As of December 31, 2024, **AROBS TRANSILVANIA SOFTWARE SA** ("the Company") has a loan in the amount of EUR 787,500 (RON 3,917,104) due on February 27, 2026, a loan in amount of EUR 6,041,667 (RON 30,051,855) due on May 31, 2027 and a loan in the amount of EUR 3,190,000 (RON 15,867,379) due on August 14, 2028, contracted from Citi Bank. The interest related to these loans is according to the contracts negotiated between the parties.

Obligations:

- The company undertakes to run through its bank accounts an amount of money that is equivalent to at least 80% of its business volume, i.e. the receipts from third parties on its bank accounts must represent the equivalent of at least 80% of its turnover, but not less than the equivalent of €3,300,000 per month. If this condition is not met, the bank charges a fee of 0.25% per quarter of the maximum amount of the facility contracted.

- The Company undertakes not to distribute and/or pay dividends without the Bank's prior written consent for amounts exceeding EUR 1,000,000 cumulatively during a calendar year.
- The Company undertakes to maintain the "Debt Service" ratio greater than or equal to 1.5x for the duration of its obligations under the contract.
- The Company undertakes to maintain a "Financial Leverage Ratio" of less than 3.5x for the duration of its contractual obligations.
- The Borrower undertakes to notify the Bank if it takes out Bank Loans from other financial-banking institutions.
- The Company undertakes to notify the Bank in the event that it considers a transaction of acquisitions of shares in another company that exceeds 10% of the value of the assets of this Borrower on 31.12.2022 as soon as there is reasonable assurance regarding the materialization of the transaction. The information may be provided under a Confidentiality Agreement before the information becomes public and will contain as a minimum: company name, details regarding the scope of activity and number of employees, motivation behind the acquisition / strategy, shareholding.
- Specific obligations arising from the use of the type of credit provided for in the contract negotiated between the parties;
- The company undertakes to take all steps so that the joint and several DEBTORS fulfill the conditions assumed in the loan agreement.

In addition to the above, the company **UCMS GROUP ROMANIA S.R.L**, part of the group, has a non-revolving, committed term loan granted by Raiffeisen Bank S.A. in the amount of EUR 3,095,567 (RON 15,397,271), as of 31.12.2024 maturing on 30.09.2030. The interest on this loan is in accordance with the contract negotiated between the parties. The loan is granted for the purpose of financing/refinancing a maximum of 70% of the cost, excluding VAT, of the investment project on a plot of land over which a surface right is established for a period of 8 years, located in Cluj Napoca, 78-78A Constantin Brâncuși Street, with an area of 991 sq.m, consisting of "Construction of an office building, with a height of S+P+5E+Er, fencing and external improvements". In order to guarantee the loan,

Obligations:

- UCMS GROUP ROMANIA S.R.L. undertakes to make any change in the shareholder structure only with prior written notification to the Bank;
- The Company undertakes to achieve through its current accounts opened with the Bank a minimum annual turnover in proportion to the share of the facilities granted by Raiffeisen Bank S.A. in the total bank debts;
- The Company undertakes to incur other loans or similar indebtedness from banks with the prior consent of the Bank;
- The Company undertakes to make dividend payments to shareholders with the prior consent of the Bank;
- All liabilities of the Company to shareholders or other non-bank entities will be subordinated to the obligations of the Company arising under the Facility pursuant to a Sobordination Deed on the form of the Bank;
- The Company will honour its commitments under the facility agreement;
- The company will comply with the financial indicator Debt Service Coverage Ratio = min 1.2x;
- All proceeds from the lease of the Project will be collected in the collector account opened with the Bank and mortgaged to the Bank. The Company will only be able to dispose of the rental income on a monthly basis to the collector account after monthly payment of the amount due to the Bank (principal, interest and commissions). At the request of the Company, the surplus on the collector account will be transferred to the current account;
- Leases will have a Rent Payment Guarantee in the form of a collateral deposit or bank guarantee amounting to the estimated rent for 3 months, unless the tenants are intra-group companies.
- The company undertakes to conclude with the bank an additional deed to the facility contract and the mortgage contract within 30 days after the construction has been registered in the Land Register in order to extend the mortgage to the construction;
- The company undertakes to enter into lease agreements with a minimum contract term of 3 years;

- A financial obligation of the company/group of which it is a part to the Bank under this contract and any other credit agreements, or a financial obligation of the company/group of which it is a part to third parties is not paid when due or becomes payable or may become payable before it is due, shall constitute an event of default or fault;
- The company and the guarantor undertake to seek the bank's approval for the amendment of the building lease.

The company **FUTURE WORK FORCE S.R.L**, part of the group, has an overdraft facility granted by Citi Bank, with a balance of EUR 373,781 (RON 1,859,222), as of 31.12.2024.

Contingent liabilities

The group has the following contingent liabilities – bank guarantee letters:

Amount	Currency	Date of document that certifies the start of the obligation	Payment/due date
15,874.13	**EUR**	**08 May 2023**	**02 May 2025**
275,000	**EUR**	**10 May 2022**	**13 March 2025**
12,786	**RON**	**10 June 2024**	**06 June 2025**

32. 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 and movements during the period are shown below:

	Land and buildings	Transport vehicles
Balance at 31.12.2023	**29,297,689**	**5,905,953**
Additions	14,026,031	5,691,109
Disposals	(3,733,162)	(1,756,851)
Accumulated depreciation	(20,060,120)	(3,974,050)
Balance at 31.12.2024	**19,530,439**	**5,866,161**

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 31.12.2024
19,229,060	(10,956,335)	16,638,059	(634,842)	1,206,563	(8,110)	**25,474,396**

Commitments and contingencies - Leasing

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

	31.12.2024	31.12.2023
T0 (Under 1 year)	9,394,560	8,587,590
TL 1 (1-5 years)	18,053,736	11,955,271
TL 2 (Over 5 years)	956,050	-
Total	**28,404,347**	**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 leases office space and cars for a period of 1 to 8 years. Lease contracts are concluded in LEI, EUR, GPB, 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.

33. OTHER PAYABLES

Other payables	**Balance at 31.12.2024**	**Balance at 31.12.2023**
Liabilities related to employee social security expenses	6,155,475	5,820,426
Other liabilites to the state budget	4,676,218	4,162,989
Dividend payment	666,714	666,714
Shareholder loans	201,437	109,751
Guarantees	510,016	-
Other taxes	171,954	159,504
Total	**12,381,814**	**10,919,384**

34. PROVISIONS

The Group recorded provisions for taxes generated by contractual employment relationships.

	Balance at 31.12.2023	Transfers in the account	Transfers from the account	Balance 31.12.2024
Provisions	12,823,044	1,322,053	1,043,013	13,102,084
Total	**12,823,044**	**1,322,053**	**1,043,013**	**13,102,084**

	Balance at 31.12.2023	**Balance 31.12.2024**
Provisions – short term	-	-
Provisions – long term	12,823,044	13,102,084
Total	**12,823,044**	**13,102,084**

35. PERSONNEL LIABILITIES

Personnel liabilities	**Balance at 31.12.2023**	**Balance 31.12.2024**
Owed amounts to personnel	10,191,387	9,799,019
Untatekn holiday provision	4,438,769	5,273,671
Total	**14,630,156**	**15,072,690**

36. RELATED AND AFFILIATED PARTIES

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

Related parties – Receivables	**Balance at 31.12.2023**	**Balance 31.12.2024**
AROBS BUSINESS CENTER SRL	39,833	150,289
AROBS BUSINESS SERVICES SRL	101,892	19,927
AROBS TRADING & DISTRIBUTION GMBH	471,008	469,881
AROBS TRADING & DISTRIBUTION SRL	1,500,130	1,495,259
AROBS TURKEY YAZILIM LIMITED	-	283
CABRIO INVEST SRL	-	5,718
CABRIO INVESTMENT SRL	568	-
MED CONTROL SOLUTION SRL	102,531	102,531
NEWCAR4FUTURE SRL	220,825	220,825
OOMBLA TRAVEL MANAGEMENT SRL	476	454
SMAIL COFFEE SRL	140,817	140,866
TRANSILVANIA SOFTWARE RECRUITMENT SRL	-	308,485
VISION PLUS MOBILE SRL	49,616	49,616
Total	**2,627,697**	**2,964,133**

Related parties – Payables	**Balance at 31.12.2023**	**Balance 31.12.2024**
AROBS BUSINESS CENTER SRL	39,621	8,988
AROBS BUSINESS CENTER PLUS SRL	2,452	-
AROBS BUSINESS SERVICES SRL	222,130	233,433
AROBS TRADING & DISTRIBUTION GMBH	5,726	5,726
CABRIO INVEST SRL	-	7,509
IKON SOFT	-	63,544
OOMBLA TRAVEL MANAGEMENT SRL	81,071	39,119
SMAIL COFFEE SRL	52,249	7,148
TRANSILVANIA SOFTWARE RECRUITMENT SRL	107,550	154,176
Total	**510,799**	**519,653**

Related parties - Sales	**FY 2024**	**FY 2023**
AROBS BUSINESS CENTER SRL	33,473	125,799
AROBS BUSINESS CENTER PLUS SRL	1,254,257	-
AROBS BUSINESS SERVICES SRL	590,463	100,704
AROBS TRADING & DISTRIBUTION GMBH	1,174	1,177
AROBS TRADING & DISTRIBUTION SRL	17,397	134,778
AROBS TURKEY YAZILIM LIMITED	2,504	2,496
CABRIO INVEST SRL	44,365	48,921
CABRIO INVESTMENT	477	-
MANAGIS SERV SRL	-	120
NEWCAR4FUTURE SRL	-	2,551
OOMBLA TRAVEL MANAGEMENT SRL	4,829	6,916
SMAIL COFFEE SRL	50,379	76,862
Total	**1,999,318**	**500,324**

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

Related parties - Purchases	**FY 2024**	**FY 2023**
AROBS BUSINESS CENTER SRL	1,430,698	1,528,966
AROBS BUSINESS CENTER PLUS SRL	178,637	-
AROBS BUSINESS SERVICES SRL	2,670,594	387,405
AROBS TRADING & DISTRIBUTION GMBH	-	5,694
AROBS TRADING & DISTRIBUTION SRL	-	11,811
AROBS TURKEY YAZILIM LIMITED	1,280,794	1,616,287
CABRIO INVEST SRL	122,536	98,491
IKON SOFT SRL	648,712	495,567
OOMBLA TRAVEL MANAGEMENT SRL	1,209,456	1,048,430
SMAIL COFFEE SRL SRL	613,541	545,142
TRANSILVANIA SOFTWARE RECRUITMENT SRL	-	129,560
Total	**8,154,969**	**5,867,353**

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

Loan granted by AROBS to AROBS Trading & Distribution GmbH

	31.12.2024	31.12.2023
Loan value	3,583,367	5,074,092
Interest value	1,057,226	1,416,816
Adjustment	(64,760)	(64,760)
Total	**4,575,833**	**6,426,147**

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

Loan granted by AROBS to CABRIO INVESTMENT SRL

	31.12.2024	31.12.2023
Loan value	-	822,497
Interest value	609,092	591,209
Total	**609,092**	**1,413,706**

Loan granted by AROBS to AROBS BUSINESS CENTER

	31.12.2024	31.12.2023
Loan value	6,605,106	7,252,468
Interest value	1,414,281	1,124,412
Adjustment	(62,640)	(62,640)
Total	**7,956,747**	**8,314,240**

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

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

	31.12.2024	31.12.2023
Loan value	-	815,932
Total	**-**	**815,932**

37. RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS

The Group’s financial liabilities comprise loans and borrowings, including finance leases, trade and other payables and contract liabilities. The main purpose of these financial liabilities is to finance the Group’s operations.
The Group’s financial assets are represented by trade and other receivables and contract assets, cash and short-term deposits, restricted cash.
The Group is exposed to interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management ensures the Group’s financial

risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with Group risk appetite.

37.1. Interest rate fluctuation risk rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Trade and other receivables and payables are non-interest bearing financial assets and liabilities. The borrowings are exposed to cash flow interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities, as the interest rates on the Group's loans and borrowings are variable. Management's policy is to resort mainly to fixed rate financing in order to reduce the risk. In addition, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favorable to the Group over the expected period until maturity.

37.2. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group's profit before tax and equity are affected through the impact on floating rate borrowings without considering the CAPs effect, as follows:

	31.12.2024	**31.12.2023**
Fixed rate financial instruments		
Financial liabilites (loans and leasing)	90,722,528	103,989,697
Variable rate financial instruments		
Financial liabilites (loans and leasing)	1,864,857	2,052,769

	Base point increase	Impact on profit before tax
2024	1%	19,588
2023	1%	24,078

The fixed interest rate at which the Company borrows varies between 1.5% p.a. and 4.55% p.a. The variable interest rate at which the Company borrows is ROBOR 1M + 1.1% or EURIBOR 1M + 1.1%.
The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. An equal decrease of the interest rate would have the same effect but of opposite impact.

37.3. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities, as part of the financing contracted by the Group is Euro based and to cash balances denominated in foreign currencies,
For the Group, the majority of revenues and expenses, trade and other receivables and payables is in RON, and the rest in EUR or linked to EUR. For the Group, the majority of revenues and trade receivables are linked to EUR or USD, being settled in RON equivalent.
The Group monitors the currency risk by following changes in exchange rates in currencies in which its external debts are denominated.

37.4. Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EUR or USD exchange rate. The Group's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Group's profit before tax and equity are affected as follows:

	Exchange rate increase	Effect on profit before tax
2024 – EUR	1%	1,019,947
2023 – EUR	1%	1,924,755
2024 – USD	1%	222,663
2023 – USD	1%	319,438

An equal decrease of the EUR rate would have the same effect but of opposite impact.

31.12.2024	**EUR**	**RON**	**USD**	**GBP**	**Other currencies**	**Total**
Cash and cash equivalents	162,566,163	80,658,408	10,431,362	2,617,820	3,330,436	259,604,189
Trade receivables	17,313,713	42,185,518	12,841,515	6,345,315	3,802,077	82,488,138
Loans granted to related parties and other loans	14,370,516	1,294,864	-	-	-	15,665,380
Long term bank loans	(42,435,001)	-	-	-	-	(42,435,001)
Short term bank loans	(22,818,767)	(1,859,222)	-	-	-	(24,677,989)
Leasing liabilities	(25,220,947)	(83,734)	-	(23,649)	(146,066)	(25,474,396)
Trade payables	(1,780,935)	(11,293,047)	(1,006,599)	(2,260,582)	(5,986,115)	(22,327,278)
Net result of financial exposure	**101,994,742**	**110,902,787**	**22,266,278**	**6,678,904**	**1,000,332**	**242,843,043**

31.12.2023	**EUR**	**RON**	**USD**	**GBP**	**Other currencies**	**Total**
Cash and cash equivalents	46,578,619	21,156,637	16,600,807	873,391	2,866,465	88,075,920
Trade receivables	24,087,263	59,620,770	14,750,444	3,750,473	679,488	102,888,437
Loans granted to related parties and other loans	15,683,719	4,044,328	-	-	-	19,728,047
Long term bank loans	(62,629,398)	-	-	-	-	(62,629,398)
Short term bank loans	(23,582,492)	(601,517)	-	-	-	(24,184,008)
Leasing liabilities	(17,859,070)	(935,737)	-	(37,457)	(396,796)	(19,229,060)
Trade payables	(2,054,910)	(9,459,752)	(592,561)	(1,275,262)	(473,464)	(13,855,948)
Net result of financial exposure	**(19,776,267)**	**73,824,730**	**30,758,690**	**3,311,145**	**2,675,692**	**90,793,990**

37.5. Credit risk

The Group's credit risk is primarily attributed to trade and other receivables, contract assets and balances with banks. The carrying amount of trade and other receivables and contract assets, net of allowances for expected credit losses plus balances with banks, represent the maximum amount exposed to credit risk. Management believes that there is no significant risk of loss to the Group beyond the allowances already recorded. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group does not track changes in credit risk for trade receivables and contract assets, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In this respect, the Group has established a provision policy to measure expected credit losses that is based on historical credit loss experience, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due but no more than 90 days past due.

a. Categorized financial assets – exposure to credit risk

31.12.2024	Note	Gross accounting value	Depreciation	Net accounting value
Loans granted to related parties and other loans	36	15,665,380	(2,523,711)	13,141,669
Trade receivables	24	82,488,138	(9,285,470)	73,202,668
Total		**98,153,518**	**(11,809,181)**	**86,344,337**

31.12.2023	Note	Gross accounting value	Depreciation	Net accounting value
Loans granted to related parties and other loans	36	19,728,047	(5,002,616)	14,725,431
Trade receivables, without advances	24	102,888,437	(6,380,867)	96,507,570
Total		**122,616,485**	**(11,383,483)**	**111,233,001**

b. Categorized financial liabilities - exposure to credit risk

31.12.2024	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans	31	67,112,990	67,112,990	24,677,989	42,435,001	-
Leasing liabilities	32	25,474,396	25,474,396	8,206,906	16,341,473	926,017
Trade payables	29	22,327,278	22,327,278	22,327,278	-	-
Total		**114,914,664**	**114,914,664**	**55,212,173**	**58,776,474**	**926,017**

31.12.2023	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans	31	86,813,406	86,813,406	24,184,008	62,629,398	-
Leasing liabilities	32	19,229,061	19,229,060	7,919,498	11,309,563	-
Trade payables	29	13,855,948	13,855,948	13,855,948	-	-
Total		**119,898,415**	**119,898,415**	**45,959,454**	**73,938,960**	**-**

37.6. Liquidity risk

The Group has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines. The tables below summarizes the maturity profile of the Group's financial liabilities, including principal amounts and interests according to contractual terms, at 31 December 2024 and 31 December 2023 based on contractual undiscounted payments.

	31.12.2024	31.12.2023
Current assets	358,099,154	201,496,412
Short term liabilites	99,945,884	89,865,905
Current liquidity ratio	**3.58**	**2.24**

	31.12.2024	31.12.2023
Current assets	358,099,154	201,496,412
Inventories	8,799,106	6,975,925
Short term liabilites	99,945,884	89,865,905
Liquidity ratio	**3.49**	**2.16**

37.7. Capital management

Capital includes the equity attributable to the equity holders of the parent.
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants, To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital, among other things, by using a gearing ratio, which is net debt divided by total capital plus net debt, The Group does not have a target gearing ratio, The Group includes within net debt, interest bearing loans and borrowings, trade and other payables and contract liabilities, less cash and cash equivalents.

	31.12.2024	**31.12.2023**
Long term liabilities	103,754,180	116,490,101
Equity	439,857,017	273,687,158
Gearing ratio	19%	30%

The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the year ended at 31 december 2024.

38. FAIR VALUE

The financial instruments that are not recorded at fair value in the financial statements also include trade receivable and other receivables, contractual assets, cash and cash equivalents, restricted cash, trade payables, and other contractually derived payables. The value of these financial instruments is considered to approximate their fair value due to their short term nature (for the majority of them) and due to the low cost of transaction pertaining to these instruments (Level 1).

38.1. Financial assets

	Amortized cost	**Amortized cost**
	31.12.2024	**31.12.2023**
Loans granted to related parties and other loans	13,141,669	16,969,212
Trade receivables	73,202,668	97,908,883
Cash and cash equivalents	259,604,189	87,773,888
Total	**345,948,526**	**202,651,983**

Short term investments – fair value	**Category**	**Value at 31.12.2024**	**Fair value assesment at 31.12. 2024**
Short term investments – fair value	Shares	215,319	Level 1
Total		**215,319**	

Short term investments – fair value	Category	Value at 31.12.2023	Fair value assesment at 31.12. 2023
Short term investments – fair value	Shares	337,378	Level 1
Total		**337,378**	

38.2. Financial liabilities

	Amortized cost	**Amortized cost**
	31.12.2024	**31.12.2023**
Bank loans	67,112,990	86,813,406
Trade payables	22,327,278	18,400,460
Total	**89,440,268**	**105,213,866**

39. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

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

39.1. 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 24 TRADE 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.

39.2. 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.

Useful life

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

Buildings	40 - 50 years
Investments in leased bildings	1 - 15 years
Monitoring equipment	3 years
Installations and equipment	3 - 8 years
Vehicles	3 - 6 years
Office 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 2024, 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.

39.3. 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

Customer relationships	10 years

39.4. Assets related 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 related to the right of use of 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.

The Company reassesses whether a contract is, or includes, a lease only if the terms and conditions of the contract change. The Company determines the lease term as the irrevocable period of a lease, together with:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Lease liabilities related to rights of use of assets

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.

39.5. Investment property

***Investment property* is property (land or a building—or part of a building—or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both, rather than for:**

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business.

Investment property is held to earn rentals or for capital appreciation or both. Therefore, an investment property generates cash flows largely independently of the other assets held by an entity. This distinguishes investment property from owner-occupied property. The production or supply of goods or services (or the use of property for administrative purposes) generates cash flows that are attributable not only to property, but also to other assets used in the production or supply process. IAS 16 applies to owned owner-occupied property and IFRS 16 Leases applies to owner-occupied property held by a lessee as a right-of-use asset.

An owned investment property shall be recognised as an asset when, and only when:

(a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and

(b) the cost of the investment property can be measured reliably.

An entity evaluates under this recognition principle all its investment property costs at the time they are incurred. These costs include costs incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service a property.

The entity does not recognise in the carrying amount of an investment property the costs of the day-to-day servicing of such a property. Rather, these costs are recognised in profit or loss as incurred. Costs of day-to-day servicing are primarily the cost of labour and consumables, and may include the cost of minor parts. The purpose of these expenditures is often described as for the 'repairs and maintenance' of the property.
An owned investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement.

The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs.

39.6. 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 21

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.

39.7. 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 24 - Trade 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.

39.8. 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.

39.9. 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.

39.10. 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.

39.11. 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.

39.12. 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.

39.13. 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.

39.14. 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.

39.15. Provisions and contingent 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 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.

40. OTHER INFORMATION

Environment

Romania is currently in a period of rapid harmonization of environmental legislation with the European Economic Community legislation in force. As at 31 December 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.

ESG Report

In accordance with legal requirements and European CSRD regulations, the Group has prepared an ESG report which is annexed to the financial statements.

Transfer price

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

The parent company is a large taxpayer and the group entities are small and medium taxpayers. In view of the size criteria laid down in the law, Group entities are not required to prepare a transfer pricing file. At the date of preparation of the consolidated financial statements, the transfer pricing file for the Parent Company is in progress.

Russia – Ukraine conflict

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

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

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

Audit expenses

The fees for the audit of the Group's financial statements in accordance with the International Reporting Standards adopted by the European Union for the financial year ending 31 December 2024 were in accordance with the contract concluded with BDO Auditors & Accountants S.R.L.

41. SUBSEQUENT EVENTS

SVT Electronics aquisition

On March 11, 2025, AROBS announced the signing of its eleventh transaction, through the full takeover of SVT Electronics. The company offers integrated solutions for digital tachograph data management, which is essential for companies operating in the transport and logistics sectors. In addition to tachograph data management solutions, SVT Electronics also offers telematics solutions for fleet monitoring. The completion of the transaction is subject to the fulfillment of certain legal procedures.

These financial statements were signed and approved on March 28, 2025, by:

Voicu Oprean
Director General

Bogdan Ciungradi
Director financiar

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Victory Business Center
Invingatorilor 24
Bucharest - 3
Romania
030922

INDEPENDENT AUDITORS' REPORT

To the Shareholders of: AROBS TRANSILVANIA SOFTWARE SA

Registered Office: DONATH STR, no 11, M4 building, 3rd floor, SC. 2, AP. 28, CLUJ NAPOCA, ROMANIA
Unique Code of Registration: 11291045

Opinion

1. We have audited the individual financial statements of AROBS TRANSILVANIA SOFTWARE SA ("the Company"), which comprise the non-consolidated statement of financial position as at December 31, 2024, and the non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and non-consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

   The individual financial statements as at and for the year ended 31 December 2024 are identified as follows:

   - Total equity: 456.355.440 Lei
   - Net profit for the year: 30.516.880 Lei

2. In our opinion, the accompanying individual financial statements give a true and fair view of the non-consolidated financial position of the Company as at December 31, 2024, and of its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards (OMFP nr. 2844/2016).

Basis for opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation") and Law no. 162/2017 („The Law''). Our responsibilities under those standards and regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. Revenue recognition	
Key audit matter	**How our audit addressed the key audit matter**
Information regarding revenue from contracts with customers are presented in Note 4 "Turnover" while the recognition policies are presented in Note 36.1 "Revenue from contracts with customers"	Our audit procedures included, among other: ▪ Evaluation of processes and controls on the existence and accuracy of the recorded revenues, also to identify fraud and errors in revenue recognition.

A. Revenue recognition	
Key audit matter	**How our audit addressed the key audit matter**
In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results. The main activities from which the Company generates revenues are custom software and software development and fleet tracking monitoring solutions. Revenues are recognized when control is transferred to the customer, which generally happens at the time of receipt of the products sold, respectively over time or when the service was provided.	▪ Testing a sample of agreements concluded with customers to understand terms and conditions for delivery. ▪ Verification of sale register to identify unusual transactions and to check the supporting documents to confirm that revenues are properly recorded. ▪ Audit procedures for testing that revenues were recorded in the appropriate period, for a sample of transactions recorded around the year-end. ▪ Testing a sample of sales and receivables balance by sending direct confirmation letters.

B. Valuation of shares in affiliates	
Key audit matter	**How our audit addressed the key audit matter**
Shares held in related entities presented in Note 16. Those are presented in the balance sheet at the acquisition value less the accumulated value adjustments. Impairment adjustment testing is based on management estimate of future discounted cash flows, as the shares are not listed. Therefore, there is significant measurement uncertainty inherent in this assessment.	Our audit procedures included, exclusively for the purpose of testing for impairment of shares (which are not presented at fair values): ▪ testing the historical accuracy of management's estimates through retrospective review; ▪ testing the assumptions, methodologies and other data used in the computation model, for example by comparing them with external information; ▪ reviewing growth rates and cash flow forecasts by reference to historical performance and our expectations based on understanding the current environment.

Other information - Consolidated Report of the Board of Directors

5. Management is responsible for the Other Information. That Other Information includes the Consolidated Report of the Board of Directors which includes information on the individual financial statements, the Consolidated Sustainability Report and the Remuneration Report, but does not include the individual financial statements and the auditor’s report thereon. Our opinion on the non-consolidated financial statements does not cover this Other Information and we do not express any assurance conclusion thereon as part of our audit of the non-consolidated financial statements. With respect to the Consolidated Sustainability Report, included in the Consolidated Report of the Board of Directors, we have performed a limited assurance engagement, the conclusions of which are presented in a separate assurance report.

6. In connection with our audit of the individual financial statements for the period ended at 31 December 2024, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

7. In respect to the Consolidated Report of the Board of Directors, we read and report whether the Report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19 of the accounting regulations in accordance with International Financial Reporting Standards.

8. Based solely on the work required to be undertaken in the course of the audit of the financial statements, in our opinion:

   a) The information related to non-consolidated financial statements presented in the Consolidated Report of the Board of Directors for the financial year for which the non-consolidated financial statements are prepared, is consistent, in all material respects, with the financial statements;

   b) The Consolidated Report of the Board of Directors has been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 15-19, of the accounting regulations compliant with the International of Financial Reporting Standards.

9. In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit for the financial year ended December 31, 2024, we are required to report if we have identified material misstatements in the Consolidated Report of the Board of Directors. We have nothing to report in this regard.

10. Regarding the Remuneration Report, we have read this report to determine whether it presents, in all material respects, the information required by the provisions of Law 24/2017, paragraph no. 107. We have nothing to report on this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

11. Management is responsible for the preparation of the individual financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

13. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

19. We were appointed as auditor of AROBS TRANSILVANIA SOFTWARE SA by the General Shareholders' Meeting on 7 March 2022. Our total uninterrupted period of engagement is 4 years, respectively for the financials period between 2021-2024.

20. We confirm that:

    - Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
    - We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.

Other matters

21. This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements, or for the opinion we have formed.

For and behalf of

BDO AUDITORS & ACCOUNTANTS SRL

Registered in the Public Electronic Report of financial auditors and audit firms with no. FA1003

Partner's name: Cristian Iliescu

Refer to original signed version in Romanian language

Registered in the Public Electronic Report of financial auditors and audit firms with no. AF1530

28 March 2025

Cluj-Napoca, Romania

AROBS TRANSILVANIA SOFTWARE S.A.

INDIVIDUAL FINANCIAL STATEMENTS

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

For the year ended 31 December 2024

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STATEMENT OF INCOME	**Note**	**FY 2024**	**FY 2023**
Turnover:	4	**232,872,943**	**264,275,656**
Software services		184,241,443	222,268,150
Software products		48,631,500	42,007,506
Total cost of sales:	5	**178,749,973**	**188,383,142**
Cost of sales of software services	5.1	153,644,326	170,388,519
Cost of sales of software products	5.2	25,105,647	17,994,623
Gross profit		**54,122,970**	**75,892,514**
Other income	6	3,735,258	451,959
Sales and marketing	0	(9,106,735)	(7,943,270)
General and administration	8	(36,695,477)	(41,989,623)
Proft before tax		**12,056,016**	**28,821,272**
Income from shares in affiliated entities	12	20,472,861	23,300,756
Interest income	12	6,891,611	3,262,373
Interest expense	12	(7,125,830)	(2,270,357)
Net Forex Income/(Expenses)	12	1,006,849	(377,291)
Proft before tax		**33,301,507**	**52,736,754**
Income tax	13	(2,784,627)	(6,248,221)
Net profit		**30,516,880**	**46,488,533**
Other comprehensive income		**-**	**-**
Overall result		**30,516,880**	**46,488,533**
Basic earnings per share	**15**	**0.0333**	**0.0562**
Diluted earnings per share	**15**	**0.0293**	**0.0543**

These financial statements were signed and approved on March 28, 2025, by:

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION	Note	FY 2024	FY 2023
Shares held in affiliated entities	16	234,583,941	212,955,994
Tangible fixed assets	**Error! Reference source not found.**	5,029,988	8,266,950
Assets related to rights of use of leased assets	29	18,809,970	9,458,236
Other intangible assets	18	15,344,054	13,695,274
Loans granted to affiliated entities	19, 33	12,434,136	9,267,407
Loans granted to related parties and other loans	19, 33	7,294,119	9,418,063
Other financial fixed assets	19	2,968,304	2,968,851
Deferred income tax assets	13	234,104	613,356
Total fixed assets		**296,698,616**	**266,644,131**
Work in progress services and inventories	0	1,990,082	1,493,635
Trade receivables	21	38,614,387	65,414,888
Prepaid expenses	22	1,595,274	1,323,501
Corporate income tax	13	470,213	1,581,076
Other trade receivables	23	1,412,913	1,525,053
Loans granted to related parties and other loans	33	10,259,951	9,192,978
Cash and cash equivalents	24	218,899,865	58,565,325
Total current assets		**273,242,685**	**139,096,456**
Total assets		**569,941,301**	**405,740,587**
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	25	11,177,834	9,413,945
Own shares		(12,885,372)	(5,689,379)
Other equity items		12,782,685	12,628,497
Retained earnings		174,304,450	145,551,458
Gains on equity instruments		19,684,169	8,352,878
Total equity		**456,355,440**	**280,835,730**
Total equity		**456,355,440**	**280,835,730**
Non-current liabilities			
Contract liabilities	4	234,184	273,503
Grants	4	216,510	301,940
Equity liabilities	27	14,686,659	14,686,659
Bank loans	28	29,716,103	49,841,347
Leasing liabilities	29	13,670,184	6,708,754
Provisions	32	4,050,449	2,728,395
Total non-current liabilities		**62,574,089**	**74,540,599**
Current liabilities			
Trade payables	0	6,281,464	5,893,161
Contract liabilities	4	3,682,621	3,262,205
Grants	4	94,671	158,741
Equity liabilities	27	3,976,479	3,761,760
Bank loans	28	20,122,370	20,122,257
Leasing liabilities	29	4,950,253	3,939,382
Personnel liabilities	30	6,810,480	7,455,155
Other trade payables	31	5,093,434	5,771,597
Total current liabilities		**51,011,772**	**50,364,259**
Total liabilities		**113,585,861**	**124,904,857**
Total equity and liabilities		**569,941,301**	**405,740,587**

These financial statements were signed and approved on March 28, 2025, by:

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

	Equity	Equity adjustments for hyperinflation	Share premiums	Legal and other reserves	Own shares	Gains on own held equity instruments	Other equity elements	Retained earnings	Conversion reserves
Closing balance 31.12.2022	**91,139,499**	**263,971**	**23,185,001**	**6,092,872**	**(7,535,897)**	**1,805,558**	**4,206,340**	**102,383,998**	**221,541,341**
Result of the exercise	-	-	-	-	-	-	-	46,488,532	46,488,532
Retained earnings	-	-	-	-	-	-	-	***46,488,532***	***46,488,532***
Profit sharing	-	-	-	3,321,072	-	-	-	(3,321,072)	-
Employee benefits in the form of equity instruments	-	-	-	-	-	-	19,184,885	-	19,184,885
Repurchase of own shares	-	-	-	-	(6,379,028)	-		-	(6,379,028)
Anulare/Vanzare/Distribuire actiuni proprii	(4,010,138)	-	-	-	5,999,920	-	(1,989,782)	-	(0)
Sale of own shares	-	-	-	-	-	8,772,946	(8,772,946)	-	-
Losses in respect of sales from own equity instruments	-	-	-	-	2,225,627	(2,225,627)		-	-
Closing balance 31.12.2023	**87,129,361**	**263,971**	**23,185,001**	**9,413,945**	**(5,689,379)**	**8,352,878**	**12,628,497**	**145,551,458**	**280,835,730**

AROBS TRANSILVANIA SOFTWARE S.A.
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS 2024
(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
Closing balance 31.12.2023	**87,129,361**	**263,971**	**23,185,001**	**9,413,945**	**(5,689,379)**	**8,352,878**	**12,628,497**	**145,551,458**	**280,835,730**
Result of the exercise	-	-	-	-	-	-	-	30,516,880	30,516,880
Retained earnings	-	-	-	-	-	-	-	***30,516,880***	***30,516,880***
Profit sharing	-	-	-	1,763,889	-	-	-	(1,763,889)	-
Increase of share capital	17,425,872	-	123,287,469	-	-	-	-	-	140,713,341
Employee benefits in the form of equity instruments	-	-	-	-	-	-	13,798,504	-	13,798,504
Repurchase of own shares	-	-	-	-	2,313,025	-	(2,313,025)	-	-
Sale of own shares	-	-	-	-	(9,509,018)	-	-	-	(9,509,018)
Shares cancelation	-	-	-	-	-	-	-	-	-
Gains on equity instruments	-	-	-	-	-	11,331,291	(11,331,291)	-	-
Retained earnings from correction of accounting errors	-	-	-	-	-	-	-	1	1
Closing balance 31.12.2024	**104,555,233**	**263,971**	**146,472,470**	**11,177,834**	**(12,885,372)**	**19,684,169**	**12,782,685**	**174,304,450**	**456,355,440**

These financial statements were signed and approved on March 28, 2025, by:

Voicu Oprean
Administrator

Bogdan Ciungradi
Chief Financial Officer

CASH FLOW STATEMENT	**Note**	**FY 2024**	**FY 2023**
Cash flows from operating activities:			
Gross profit		**33,301,507**	**52,736,754**
Adjustments for:			
Depreciation of Goodwill		2,023,784	
Amortization expenses	5	7,537,750	6,679,165
Expenditure on assets sold		199,551	(447,091)
(Income) from assets sold		(463,285)	(607,668)
Expenditure relating to SOP employee benefits	9	10,517,286	15,691,279
Expenditure/(Income) related to adjustments for inventory write-downs		(168,847)	(30,041)
Expenditure/(Income) related to adjustments on receivables		254,457	1,556,698
Expenditure/Income on provisions for risks and charges	32	1,093,930	885,514
(Income) from subsidies and grants	4	(149,500)	(148,353)
Cheltuieli privind dobânzile și alte costuri financiare	12	3,255,406	2,234,615
Expenditure with interest and other financial expenses	12	(6,635,470)	(3,096,249)
(Income) from interest and other financial income		-	235,714
Operating profit before changes in working capital		**50,766,570**	**75,690,337**
Change in trade and other receivables balances	21, 23	27,093,639	(17,495,204)
Change in inventories balances	20	(327,600)	430,155
Change in trade payable and other debt balances	0, 31	(1,042,797)	(2,697,217)
Changes in prepaid expenditure balances	22	(271,773)	289,759
Change in advance income balances	4	381,097	(452,664)
Interest paid		(3,255,406)	(2,234,615)
Interest earned		3,816,309	2,510,223
Cash generated from operating activities		**77,160,039**	**56,040,774**
Income tax paid	13	(3,895,490)	(4,846,426)
Net cash from operating activities		**73,264,549**	**51,194,347**
Cash flow from investing activities			
Loans (granted) to/repayments from affiliated entities		740,253	772,216
(Payments) related to the acquisition of subsidiaries		(20,492,835)	(53,786,612)
(Payments) related to the acquisition of tangible and intagible asstes, including customer relationship	17 , 18	(5,685,834)	(7,581,099)
Repurchase of own shares		(9,509,018)	(6,379,028)
(Payments)/Cash in from other investments in financial assets	19	302,033	221,342
Net cash from investing activities		**(34,645,401)**	**(66,753,181)**
Cash flow from financing activities:			
Cash in/(Repayments) of bank loans	28	(20,125,495)	1,998,067
Credit lines variation	28	2,136	-
(Payments) of finance lease liabilities	29	(751,366)	(953,655)
Capital increase		142,892,151	-
Net cash from financing activities		**122,017,426**	**1,044,412**
Net increase in cash and cash equivalents		**160,636,573**	**(14,514,421)**
Cash and cash equivalents at the beginning of the financial year		**58,263,292**	**72,777,713**
Cash and cash equivalents at the end of the financial year		**218,899,865**	**58,263,292**

These financial statements were signed and approved on March 28, 2025, 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 individual financial statements of AROBS Transilvania Software S.A („Company" or „AROBS")

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

INFORMATION ABOUT THE 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 management for the 2024 Fiscal Year has been carried out by the Board of Directors. As such, 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 Alin 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. Aurelian 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.

Information related to the remuneration of the members of the Executive Management is presented in note 9 and in the remuneration report attached to the financial statements.

COMPANIES LOCATIONS

The Company is headquartered in Cluj Napoca, Street Donath No.11, Apt. 28 and has the following regional operational offices:

In Cluj-Napoca:

- Str. Minerilor, No. 63;
- P-ța Cipariu, No. 9; Ap. 69;
- Str. Săpătorilor, No.5;
- Str. Henri Barbusse, No. 44-46, in office building Cluj Business Center, 2nd and 3rd floor;
- Str. Trifoiului; No. 22;
- Str. Constantin Brâncuși no. 55-59, office building ABC Incubator, 6th floor;
- Str. Constantin Brâncuși no. 78-78A, 2nd floor;

In Iași – Str. Palat, No. 3E, Building United Business Center 1, ground floor;
In Tg. Mureș – Str. Georghe Doja, No. 64-68, Building Multinvest Business Center 2 (MBC2);
In Suceava – Str. Universității, No. 15A, 1st floor;
In București – Sector 4, Calea Șerban Vodă, No. 133, Central Business Park, Building A, 1st floor;
In Baia Mare – B-dul. Unirii, No. 18, Building Centrul de Afaceri Baia Mare, 1st floor;
In Arad – B-dul. Revoluției, No. 52-54, Building Arad Plaza, Sc. C, 3rd floor, ap. 12.

Shareholding structure as of 31.12.2024 is:

	2024			2023		
Shareholder	**Number of Shares**	**Value**	%	**Number of Shares**	**Value**	%
Oprean Voicu	494,232,967	49,423,297	47.2700%	578,278,772	57,827,877	66.3701%
Companies	275,441,628	27,544,163	26.3441%	52,849,048	5.284.905	6.0656%
Private individuals	171,320,977	17,132,098	16.3857%	164,963,031	16,496,303	18.9331%
Cabrio Investment SRL	104,556,758	10,455,676	10.0001%	75,202,758	7,520,276	8.6312%
Total	**1,045,552,330**	**104,555,233**	**100%**	**871,293,609**	**87,129,361**	**100%**

DESCRIPTION OF COMPANY'S ACTIVITY

AROBS Transilvania Software S.A. 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, AROBS Transilvania Software has been developing its own solutions and products, the most important of which are:

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

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

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

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

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

Our passion for technology, combined with intense efforts to acquire new skills and aligning with market trends, has made AROBS Transilvania Software one of the leading Romanian software development companies. The company's software services division is the largest within the Company 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***

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;

The AROBS solution for textbook digitisation involves the continuous development of educational software products and contributes to the performance of the Romanian education system.

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.

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. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Statement of compliance

These financial statements are the responsibility of the management of the Company and have been prepared in accordance with the applicable International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and in accordance with OMFP 2844/2016, which are applicable to companies whose shares are admitted to trading on a regulated market.

The Financial Statements have been prepared on a historical cost basis. For the purpose of drawing up these financial statements, in accordance with the provisions of IFRS, the functional currency of the Company is considered to be the Romanian Leu (LEI), the amounts being presented at the level of leu, by rounding to one leu for fractions over 0.5 Lei and by neglecting fractions of up to 0.49 Lei inclusive.

The significant accounting policies applied by the Company in the preparation of its individual financial statements are presented in Note 0.

2.2. The going concern principle

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

The budget prepared by the Company's management for 2025 and approved by the Board of Directors indicates positive cash flows from operating activities, an increase in sales and a net profitability of RON 21,953,000.

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

2.3. 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 to the Company.

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.

2.4. Transactions and balances in foreign currencies

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.

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

	FY 2024	FY 2023
LEI – EUR	4.9741	4.9746
LEI – USD	4.7768	4.4958
LEI – GBP	5.9951	5.7225

The average exchange rates for 2024 and 2023 were:

	FY 2024	FY 2023
LEI – EUR	4.9746	4.9464
LEI – USD	4.5975	4.5758
LEI – GBP	5.8775	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.

2.5. 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.

The Company 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.

The Company's operational segments are: Software Services, Software Products, Integrated Systems and Distribution of goods.

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. Segmentation of assets and liabilities into the same segment categories was also carried out.

2.6. 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, 2024:

- **Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7) -** On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements
- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); -** On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (the Amendments). Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.
- **Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1) -** The IASB issued amendments to IAS 1 in January 2020 Classification of

Liabilities as Current or Non-current and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

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

- **Lack of Exchangeability (Amendment to IAS 21 - The Effects of Changes in Foreign Exchange Rates) -** This amendment to IAS 21 clarifies how entities should assess and account for transactions in currencies that are not freely exchangeable on foreign exchange markets. The standard introduces new requirements for identifying and measuring the applicable exchange rate when exchangeability is restricted. The objective of this amendment is to enhance consistency and comparability in financial reporting for economies with significant foreign exchange restrictions. Effective for the annual reporting period beginning 1 January 2025.
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) -** These amendments clarify and improve the rules for classifying and measuring financial instruments, ensuring more consistent application of IFRS 9 and IFRS 7 principles. The key changes include:
  - Clarification of the criteria for classifying financial assets based on the business model and cash flow characteristics.
  - Enhancements to the recognition and measurement of financial liabilities, including aspects related to contractual term modifications.
  - New disclosure requirements for entities using complex financial instruments, aiming to increase transparency and comparability in financial reporting.

Effective for the annual reporting period beginning 1 January 2026

- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) -** These amendments clarify the accounting treatment for electricity purchase agreements where supply is dependent on natural factors such as wind, solar, or hydroelectric power.
  - Clarification of IFRS 9 applicability in determining whether electricity purchase agreements should be accounted for as financial instruments or executory contracts.
  - Modifications to IFRS 7 disclosure requirements to improve transparency regarding risks associated with such contracts and their impact on financial statements.
  - Impact on revenue recognition and financial risk assessment, particularly for entities entering long-term renewable energy contracts.

Effective for the annual reporting period beginning 1 January 2026

- **IFRS 18 *Presentation and Disclosure in Financial Statements*** - IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. Effective for the annual reporting period beginning 1 January 2027.

- **IFRS 19 *Subsidiaries without Public Accountability: Disclosures* -** Published by the IASB in May 2024, IFRS 19 introduces a simplified reporting framework for subsidiaries that do not have a public accountability obligation but apply IFRS in their financial reporting. This standard reduces disclosure requirements for such entities while maintaining transparency and comparability of financial information. The main benefit of IFRS 19 is the reduction of administrative and reporting costs without compromising the usefulness of financial statements for users. Effective for the annual reporting period beginning 1 January 2027

3. PROFESSIONAL JUDGEMENT, ESTIMATES AND ASSUMPTIONS

In preparing Company's 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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

Main judgements on financial statementes preparation are:

- **Revenue recognisition from selling Track GPS monitoring solution –** presented in Note 0 and Note 4

Significant estimates on financial statemente preparation are:

- **Determining the purchase price of subsidiaries –** presented in Note 16 „Shares held in affiliated entities";
- Estimation of the recoverable value of investments in subsidiaries - presented in Note 16 "Shares held in affiliated entities"
- **Duration of leasing contracts and discount rate** - presented in Note 29 "Leasing";
- **Adjustments for losses in value of financial assets** - presented in Note 35
- **Recognition and settlement of share-based employee payment program** - presented in Note 9

4. TURNOVER

	FY 2024	FY 2023
Turnover:		
Software services	184,241,443	222,268,150
Software products	48,631,500	42,007,506
Total turnover	**232,872,943**	**264,275,656**

Turnover – geographic regions	FY 2024	FY 2023
Romania*	165,924,850	200,852,051
Europa (excluding Romania)	28,758,203	27,090,166
USA	38,028,936	35,877,157
Asia & The Middle East	160,954	456,283
Total turnover	**232,872,943**	**264,275,656**

* Software services revenues billed in Romania represent services provided to customers in Europe but for tax reasons are billed in Romania because these customers have a local subsidiary.

The Company's strategy of maintaining multiple growth pillars has helped balance the temporary decline in revenue from the "Software Services" segment through the growth of the "Software Products" segment, despite the latter contributing 21% to the Company's total revenue.

Revenues from software services are mainly recorded at a point in time when the service is provided to the customer.

Revenues from „Software products" segment increased by 6.6 milion lei (16%), compared to the previous year.. Revenues from software products are recorded over time as services are provided to customers.

In the software products area, including fleet management, business optimization, and HR solutions, the market continues to grow, following the trend observed in recent years.

The following table shows the structure of significant customers by business segment:

Business segments	Top clients 2024	% of turnover	Top clients 2023	% of turnover
	Client 1	31.27%	Client 1	41.74%
	Client 2	6.80%	Client 2	6.81%
Software Services	Client 3	6.47%	Client 3	9.52%
	Client 4	6.20%	Client 4	-
	Client 5	4.34%	Client 5	5.13%
	Client 6	1.43%	Client 6	0.67%
Software products	Client 7	0.93%	Client 7	0.60%
	Client 8	0.13%	Client 8	0.08%

Cost of carrying out contracts with customers

Cost of carrying out contracts with customers – GPS monitoring services

	OB 2023	CAPITALISATION 2024	DEPRECIATION 2024	CB 2024
GPS Monitoring services	770,138	1,499,822	1,337,892	932,068

Deffered revenue – contract performance obligations

	FY 2023	Entries	Returns on income	FY2024
Deffered revenue	3,535,708	9,668,902	9,287,805	3,916,805

Deffered revenue – contract performance obligations

	Balance at 31.12.2024	Balance at 31.12.2024
Deffered revenue, out of which:	**3,916,805**	**3,535,708**
Long term	3,682,621	3,262,205
Short term	234,184	273,503

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

Revenues from grants are presented in the following table. They decreased in 2024 compared to the previous year by 149,500 lei. Most of these grants were received for the SMIS project.

	Balance at 31.12.2024	Balance at 31.12.2024
Grants, out of which:	**311,181**	**460,681**
Long term	216,510	301,940
Short term	94,671	158,741

5. COST OF SALES

5.1. Cost of sales - Software services

	FY 2024	FY 2023
Salary Expeneses	83,178,206	90,377,617
Employee stock ownership plan costs	4,667,453	7,393,189
Third paty expenses	58,176,221	65,354,174
Expenses related to equipment sold	149	527,756
Property plant and equipment depreciation expeneses	4,840,951	4,652,272
Rental expenses	989,270	832,629
Fuel expenses	241,850	-
Transport of goods and personnel	885,961	1,139,525
Electricity, heating and water	339,540	416,723
Insurance premiums	213,820	167,317
Revenues from subsidies	(6,643)	(472,683)
Other operating expenses	117,547	-
Cost of sales Software Services	**153,644,326**	**170,388,519**

The cost of sales of software services consists of salaries and benefits (including ESOP costs) of directly productive staff involved in the delivery of these services, the cost of services performed by third parties related to software services projects, depreciation of equipment used and other operating expenses necessary for the delivery of software services: rent and energy and water costs, travel expenses, insurance and commissions and fees. Cost of sales of software services decreased by 16.7 million lei compared to the previous year, mainly due to reduced personnel costs, reduced headcount and lower expenses for services contracted from third parties.

Services contracted from third parties represented, during 2024, mainly expenditure on software and IT consulting services, recruitment services, participation in fairs and conferences.

5.2. Cost of sales – Software products

	FY 2024	FY 2023
Salary Expeneses	8,646,043	5,556,157
Employee stock ownership plan costs	242,957	518,581
Third paty expenses	4,612,596	2,259,990
Expenses related to equipment sold	3,119,237	2,762,319
Property plant and equipment depreciation expeneses	4,801,509	3,186,931
Rental expenses	160,415	215,293
Telecommunications expenses	2,077,607	2,266,937
Fuel expenses	840,197	728,512
Transport of goods and personnel	319,639	323,542
Electricity, heating and water	84,877	125,505
Raw materials expenses	51,719	6,523
Insurance premiums	56,475	44,331
Other operating expenses	92,377	-
Cost of sales software products	**25,105,647**	**17,994,623**

The cost of sales of software products consists of salaries and benefits (including ESOP expenses) of directly productive personnel involved in the delivery of these products and the provision of related services, the cost of equipment sold, depreciation of equipment used and other operating expenses necessary for the delivery of software products and the provision of related services: telecommunication services, rent and energy and water costs, travel expenses, fuel, maintenance and repairs. Services contracted from third parties during 2024 mainly represented services with installations of monitoring devices and software services.

The increase in salary expenses in the area of software services and software products was generated by increased employee costs in order to maintain competitiveness in the market through salary increases and stock options offered under ESOP programmes during the year.

The increase in expenditure on services performed by third parties is in line with the expansion of the business and the development of new internal products.

6. OTHER INCOME

	FY 2024	FY 2023
Other operating revenues	1,338,417	291,382
Income from administration activities	2,133,107	2,409,691
Net revenue from the sale of current assets	263,734	160,577
Total	**3,735,258**	**2,861,649**

Revenues from administration activities refer to services invoiced by the Parent Company to affiliated entities and other entities, services that are not related to the Company's main activity.

7. SALES AND MARKETING EXPENSES

	FY 2024	FY 2023
Salary Expeneses	7,083,807	4,337,244
Employee stock ownership plan costs	111,779	214,735
Third paty expenses	232,619	356,063
Property plant and equipment depreciation expeneses	183,007	283,352
Entertaining, promotion and advertising	1,392,275	2,592,987
Rental expenses	67,522	106,060
Electricity, heating and water	35,726	52,828
Sales and marketing expenses	**9,106,735**	**7,943,270**

Sales and marketing expenses consist of salaries and benefits (including ESOP costs) of sales and marketing staff, protocol, advertising and publicity expenses and services performed by third parties generated by the Company's promotional activities.

Sales and marketing expenses increased in 2024 by 1.2 million lei compared to the previous year. The largest increase of 2.7 million lei comes from salary expenses. This increase is balanced by the decrease in advertising and protocol expenses of 1.2 million lei compared to 2023.

8. GENERAL & ADMINISTRATION EXPENSES

	FY 2024	FY 2023
Salary Expeneses	18,908,247	15,060,599
Employee stock ownership plan costs	5,495,097	7,564,774
Third paty expenses	4,488,667	7,188,923
Property plant and equipment depreciation expeneses	2,558,231	3,088,179
Expenses related to equipment sold	348,619	(3,350)
Telecommunications expenses	332,496	329,308
Transport of goods and personnel	491,745	1,531,232
Fuel expenses	274,900	739,208
Raw materials expenses	568	6,177
Other taxes, duties and similar expenses	950,011	855,608
Rental expenses	156,237	311,081
Electricity, heating and water	112,081	196,115
Insurance premiums	376,805	399,423
Maintenance and repair expenses	327,971	374,631
The cost related to the acqusition of the subsidiaries	325,055	1,382,611
Impairment losses/revenue on non current assets	254,457	1,556,698
Other operating expenses	1,294,290	1,408,405
General & Administration expenses	**36,695,477**	**41,989,623**

General and administrative expenses comprise salaries and benefits (including remuneration in equity instruments) of staff in the management, administrative, procurement, finance, legal, management, labour protection, human resources and IT support departments and of expenses for services performed by third parties, consultancy expenses, rental expenses and other expenses incurred in the administration of the Company.

General and administrative expenses decreased in 2024 by 5.3 million lei compared to the previous year, the Company's management applying measures to reduce these costs, in line with the dynamics of the company's activity. The most significant decreases were recorded on the side of expenses for services performed by third parties of 2.7 million lei compared to 2023 and on the side of expenses for remuneration in equity instruments of 2 million lei compared to 2023.

Costs related to the acquisition of subsidiaries refer to the amounts paid to consultants and lawyers contracted for these transactions and to additional amounts paid under the subsidiary acquisition contracts. These costs decreased in 2024 compared to 2023 by 1 million lei.

9. EMPLOYEE BENEFITS EXPENSES

	FY 2024	FY 2023
Salary Expeneses	114,028,873	111,195,752
Employee social security contributions	3,147,048	3,064,961
Meal ticket expenses	2,547,991	2,725,125
Capitalization	(3,001,539)	(2,539,735)
Untaken holidays provision	1,093,930	885,514
Subtotal personnel expenses	**117,816,303**	**115,331,617**
Employee stock ownership plan costs	10,517,286	15,691,279
Total personnel expenses	**128,333,589**	**131,022,896**

Capitalizations refer to revenues related to the costs incurred in the development of internal products in progress during the year.

The average number of employees during the financial year ended 31 December 2024 and 31 December 2023 was as follows:

	FY 2024	FY 2023
Management	14	22
Administrative	12	13
Purchasing	2	2
Financial	21	21
Legal	4	4
Warehouse keepers	2	2
Marketing	13	14
Research & Development	429	498
Health & safety	2	2
Human resources	11	18
Service – Installations	32	30
IT support	17	13
Sales	35	30
Total	**594**	**669**

Salary expenditure during the financial year ended 31 December 2024 and 31 December 2023 was as follows:

	FY 2023	FY 2022
Management	6,395,561	6,091,120
Administrative	1,067,828	1,271,466
Purchasing	271,520	257,469
Financial	3,663,283	3,374,588
Legal	726,753	579,415
Warehouse keepers	149,707	175,627
Marketing	1,540,144	1,320,257
Research & Development	87,197,347	89,291,036
Health & safety	132,875	130,625
Human resources	1,261,623	1,817,751
Service – Installations	3,485,500	2,308,412
IT support	3,102,787	2,067,003
Sales	5,033,945	2,510,983
Total salary exepenses	**114,028,873**	**111,195,752**

Expenses with benefits in the form of the entity's own shares (or other equity instruments) during financial year ended 31 December 2024 and 31 December 2023, respecively were:

ESOP	FY 2024	FY 2023
Management	5,270,939	12,103,484
Administrative	12,584	29,087
Purchasing	10,532	14,822
Financial	56,830	108,460
Legal	51,920	50,437
Warehouse keepers	202	3,992
Marketing	34,727	54,540
Research & Development	4,877,122	3,112,368
Health & safety	-	1,146
Human resources	5,925	39,412
Service – Installations	33,288	41,922
IT support	86,165	49,662
Sales	77,052	81,946
Total	**10,517,286**	**15,691,279**

Salary expenses increased compared to the previous year, partly as a result of the elimination of tax incentives regarding the payment of income tax for the category of employees directly productive in the provision of software services. Also, salary expenses increased in order to maintain competitiveness in the market and ensure the necessary resources for ongoing projects, through salary increases and the addition of resources from newly acquired companies. Personnel rights are recorded in the accounting with the retention of related contributions and taxes established according to the legislation in force. Settlements with personnel include salary rights, bonuses, supplements, allowances for vacation leaves, as well as those for temporary incapacity for work, paid from the payroll fund, and other rights in money and/or in kind owed by the company to the personnel for the work performed.

The management of AROBS is ensured by the Board of Directors, the General Manager and 2 Executive Directors. The Board of Directors is composed of 5 members, of which 2 are executives and 3 are non-executive. The gross annual remuneration includes fixed remuneration, share-based remuneration and other benefits. The total gross annual remuneration for the Management of AROBS is 5,604,686 lei.

To 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, Art. 1031 and Art 104.

10. CATEGORIES OF EXPENSES

	FY 2024	FY 2023
Salary Expeneses	117,816,303	115,331,617
Employee stock ownership plan costs	10,517,286	15,691,279
Third paty expenses	67,510,102	75,159,151
Property plant and equipment depreciation expeneses	12,383,697	11,210,735
Expenses related to equipment sold	3,468,005	2,762,319
Telecommunications expenses	2,410,103	2,596,244
Transport of goods and personnel	1,697,346	1,531,232
Entertaining, promotion and advertising	1,392,275	2,592,987
Fuel expenses	1,356,947	1,467,720

Raw materials expenses	52,286	12,700
Other taxes, duties and similar expenses	950,011	855,608
Rental expenses	1,373,444	1,465,063
Electricity, heating and water	572,225	791,171
Insurance premiums	647,099	611,071
Maintenance and repair expenses	327,971	374,631
The cost related to the acqusition of the subsidiaries	325,055	1,382,611
Impairment losses/revenue on non current assets	254,457	1,556,698
Revenues from subsidies	(6,643)	(472,683)
Other operating expenses	1,504,216	3,395,880
Total	**224,552,185**	**238,316,034**

11. SEGMENTS RECONCILIATION

REVENUE AND EXPENSES RECONCILIATION BY BUSINESS SEGMENTS	SOFTWARE SERVICES 2024	SOFTWARE SERVICES 2023	SOFTWARE PRODUCTS 2024	SOFTWARE PRODUCTS 2023	TOTAL 2024	TOTAL 2023
Revenue from software services	184,241,443	222,268,150	-	-	184,241,443	222,268,150
Revenue from software products	-	-	48,631,500	42,007,506	48,631,500	42,007,506
Total Turnover	**184,241,443**	**222,268,150**	**48,631,500**	**42,007,506**	**232,872,943**	**264,275,656**
Salary Expeneses	83,178,206	90,377,617	8,646,043	5,556,157	91,824,249	95,933,774
Employee stock ownership plan costs	4,667,453	7,393,189	242,957	518,581	4,910,410	7,911,769
Third paty expenses	58,176,221	65,354,174	4,612,596	2,259,990	62,788,817	67,614,164
Expenses related to equipment sold	-	-	3,119,237	2,762,319	3,119,237	2,762,319
Property plant and equipment depreciation expeneses	4,840,951	4,652,272	4,801,509	3,186,931	9,642,460	7,839,204
Rental expenses	989,270	832,627	160,415	215,293	1,149,685	1,047,922
Other operating expenses	1,792,224	1,778,640	3,522,891	3,495,350	5,315,115	5,273,990
Total cost of sales	**153,644,325**	**170,388,519**	**25,105,648**	**17,994,623**	**178,749,973**	**188,383,142**
Gross margin	**30,597,118**	**51,879,629**	**23,525,852**	**24,012,884**	**54,122,970**	**75,892,514**
Gross margin %	17%	23%	48%	57%	23%	29%
Interest expenses	3,255,406	2,234,615	-	-	3,255,406	2,234,615

Expenses related to sales and marketing activities, general administrative expenses, interest income and other financial expenses/income have not been allocated.

FINANCIAL POSITION BY BUSINESS SEGMENTS	SOFTWARE SERVICES 2024	SOFTWARE SERVICES 2023	SOFTWARE PRODUCTS 2024	SOFTWARE PRODUCTS 2023	UNALLOCATED 2024	UNALLOCATED 2023	TOTAL 2024	TOTAL 2023
Additions to non-current assets	-	-	4,408,151	-	3,269,010	-	7,677,161	-
Allocated assets	247,300,717	258,530,877	68,429,052	59,696,792	28,630,861	20,935,756	344,360,629	339,163,425
Unallocated assets	-	-	-	-	225,580,673	66,577,163	225,580,673	66,577,163
Total assets	**247,300,717**	**258,530,877**	**68,429,052**	**59,696,792**	**254,211,634**	**87,512,919**	**569,941,302**	**405,740,588**
Allocated liabilities	86,155,179	100,875,137	10,297,148	8,885,248	5,447,456	3,019,032	101,899,783	112,779,417
Unallocated liabilities	-	-	-	-	11,686,079	12,125,439	11,686,079	12,125,439
Total liabilities	**86,155,179**	**100,875,137**	**10,297,148**	**8,885,248**	**17,133,535**	**15,144,471**	**113,585,862**	**124,904,856**

12. FINANCIAL RESULT

	2024	2023
Revenues from shares in affiliated entities	20,478,479	23,300,756
Net income/(expense) from exchange rate differences	1,006,849	(377,291)
Interest income	6,635,470	3,096,249
Financial income from impairment adjustments	261,349	-
Other financial income	(10,826)	166,124
Interes expense	(3,255,406)	(2,234,615)
Financial expenses regarding impairment adjustments	(3,706,565)	-
Other financial expenses	(163,859)	(35,742)
Financial result	**21,245,491**	**23,915,482**

Income from shares held in affiliated entities refers to dividends distributed by subsidiaries during the financial year.

13. INCOME TAX AND DEFERED TAX

	2024	2023
Income tax	2,405,375	5,824,278
Deferred income tax	379,252	423,942
Total	**2,784,627**	**6,248,221**

The amounts presented relate to revenue and expenditure for each financial year.

	2024	2023
Gross profit	**33,301,507**	**52,736,754**
Current period income tax	(2,405,375)	(5,824,278)
Revenue as a result of deferred income tax	(379,252)	(423,942)
Recalculated net profit	**30,516,880**	**46,488,533**

Income tax	**31 December 2024**	**31 December 2023**
Income tax - receivable	470,213	1,581,076
Total	**470,213**	**1,581,076**

Theoretical rate and effective rate reconciliation	**2024**	**2023**
Result before tax	**33,301,507**	**52,736,766**
Restated or adjusted income	-	(2,227,344)
Restated or adjusted expenses	-	(668,105)
Profit/loss before tax	**33,301,507**	**55,632,215**
Non taxable income	(31,318,958)	(16,366,419)
Non taxable expenses for tax calculation	26,407,812	13,042,010
Legal reserves	(1,640,224)	(2,753,218)
Fiscal Profit/loss	**26,750,137**	**49,554,588**
Fiscal loss carried forward/Taxable income	**26,750,137**	**49,554,588**
Profit tax	**4,280,022**	**7,928,734**
Income tax deductions as per Fiscal Code	**1,395,869**	**2,104,456**
Previous year tax correction	**(478,778)**	**-**
Income tax after deductions	**2,405,375**	**5,824,279**

Deferred income tax

	FY 2024	FY 2023
Deferred income tax - receivable	234,104	613,356
Total	**234,104**	**613,356**

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

The temporary differences regarding the deferred payment are generated by the following items: assets related to the rights of use of the leased assets, inventories, trade receivables and other receivables, lease liabilities, income in advance, other tangible fixed assets and provisions, as presented in the following table:

	FY 2024	FY 2023
Shares held in affiliated entities	-	127,694
Other intangible assets	(530,301)	(123,222)
Assets related to rights of use of leased assets	-	(1,513,318)
Work in progress services and inventories	140,858	171,858
Trade receivables	121,345	190,143
Personnel liabilities	183,007	219,507
Advance income	-	270,430
Leasing liabilities	-	1,551,257
ESOP	319,725	(280,994)
Total	**234,104**	**613,356**

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 Company's management. Individual EBITDA is reconciled to the Company's individual income statement as follows:

	2024	2023
Operating revenue	236,608,201	268,156,146
Operating expenses	211,843,433	226,741,529
EBITDA	**24,764,768**	**41,414,618**
EBITDA Margin	**10%**	**15%**
ESOP 1 – 3	5,577,797	15,691,279
Normalized EBITDA*	**30,342,565**	**57,105,896**
Normalized EBITDA margin*	**13%**	**21%**
ESOP 4	4,939,488	-
Depreciation&Provision	12,383,697	11,210,735
Incidental expenses***	325,055	1,382,611
Financial result	21,245,491	23,915,482
Profit before tax	**33,301,507**	**52,736,754**
Tax	2,784,627	6,248,221
Net profit	**30,516,880**	**46,488,533**
Net profit margin	**13%**	**17%**
Normalized net profit**	**36,094,677**	**62,179,812**
Normalized net profit margin**	**15%**	**23%**

*Normalized EBITDA = EBITDA less SOP expense

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

***Expenses incurred in the activity of acquiring companies and stock exchange expenses, which do not represent current operating expenses of the company

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	**2024**	**2023**
Profit	30,516,880	46,488,532
Regular shares in circulation	917,313,056	827,332,139
Basic earnings per share	**0.0333**	**0.0562**

Diluted	**2024**	**2023**
Profit	30,516,880	46,488,532
Diluted regular shares in circulation	1,040,116,936	856,620,812
Diluted earnings per share	**0.0293**	**0.0543**

The dilution effect is due to the treasury shares allocated in the ESOP programs that are to be distributed on the dates established in the ongoing programs.

Ordinary shares	**2024**	**2023**
Weighted average number of shares used in basic EPS	**917,313,056**	**827,332,139**
Capital increase	174,258,722	-
Capital decrease	-	(40,101,379)
ESOP	21,472,265	22,997,495
Weighted average number of shares used in diluted EPS	**1,040,116,936**	**856,620,812**

16. SHARES IN AFFILIATED ENTITIES

In order to strengthen its position on the market, the company has been pursuing an acquisition policy in recent years. It has transformed itself into an international company, forming partnerships and collaborations with partners and customers in the United States, Canada, Germany, Finland, Switzerland, the Netherlands, Belgium and Italy.

Infobest By AROBS

At the end of May 2024, AROBS fully acquired the Infobest group: Infobest Romania SRL, Infobest Romania SRL Niederlassung, Infobest Systemhaus GmbH. By acquiring Infobest, AROBS consolidates its presence on the Romanian and German markets, its expertise in the business line, software services and accesses new industries, such as telecommunications, media and communication.

Future Workforce Global SA

At the ned of April 2023 Arobs fully acquire Future Workforce Global SA și and its subsidiaries: 100% Future Workforce SRL (Romania), 80% Future Workforce UK (United Kingdom) și 65% Future Workforce Gmbh(Germany). FWF by AROBS continued to strengthen its position in intelligent automation and digital transformation with significant increases in the number of new partnerships. One of FwF's success pillars remains its specialization in the financial banking sector, which uses RPA technologies and low-code solutions to deliver complex operations digitization programs.

Arobs Pannonia Software Kft

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

AROBS Software SRL

The acquisition of AROBS Software SRL was completed in the begining of February 2023, a transaction with strategic value for software services division development within the Company.

AROBS Polska

For AROBS Polska, were the Company acquired 94% of shareholding, 2023 was a year marked by significant events. The company joined the AROBS and strengthened its position in the European space market. In 2023, AROBS Polska developed quantum communication – especially in a project for the European Space Agency. In addition, the company continued to expand its competencies in controlling mechanisms for space missions, with plans to introduce a dedicated product to this market by the end of 2025.

AROBS TrackGPS SRL

AROBS TrackGPS SRL from the Republic of Moldova joined the Company in February 2023 following its full acquisition. AROBS TrackGPS SRL is a company with experience in fleet management for companies in all industries, with a portfolio of active clients consisting of approximately 450 companies, with approximately 5,000 monitored vehicles. The integration of the new entity into the Company meant for the fleet management business line of AROBS the consolidation of its presence on the Central and Eastern European market.

Value of shares held in affiliated entities

	FY 2024	FY 2023
AROBS DEVELOPMENT & ENGINEERING S.R.L.	90.816.568	89.370.831
FUTURE WORKFORCE	41.149.572	40.951.950
BERG COMPUTERS S.R.L.	21.038.727	20.435.500
INFOBEST	19.491.933	-
NORDLOGIC SOFTWARE S.R.L.	16.295.407	15.016.046
AROBS SOFTWARE S.R.L.	15.789.683	15.377.028
SAS FLEET TRAKING S.R.L.	14.168.205	14.123.307
AROBS PANNONIA SOFTWARE S.R.L.	6.006.210	6.006.210
CENTRUL DE SOFT GPS S.R.L.	4.939.617	4.939.617
UCMS GROUP ROMANIA S.R.L.	2.679.109	2.563.986
AROBS TRACKGPS S.R.L.	2.543.665	2.525.728
AROBS POLSKA (SYDERAL POLSKA)	811.784	811.784
PT AROBS INDONEZIA	521.314	521.314
SOFTMANAGER S.R.L.	196.439	196.439
COSO BE & NL	89.037	53.580
CABRIO INVEST BV	87.705	87.705
AROBS SOFTWARE SOLUTIONS GMBH	72.504	72.504
AROBS ETOLL SOLUTIONS S.R.L.	64.321	61.423
SILVER BULLET	4.883	-
ALTE PARTICIPAȚII	800	800
ASOCIATIA TRANSILVANIA IT	250	250
AROBS SYSTEMS	200	200
Total gross value	**236.767.933**	**213.116.201**

The company is required to test, annually, whether the value of the participations in the affiliated entities has suffered any depreciation. The recoverable amount is determined based on value in use calculations. Using this method requires estimating discounted future cash flows and determining a discount rate to calculate the present value of the cash flows. Recoverable values for cash-generating units ("CGUs") that hold a significant proportion of the total goodwill balance have been determined from value-in-use calculations based on cash flow forecasts from officially approved budgets covering a period of five years to December 31, 2029.

The main assumptions are the following:

2024	**%**	**%**	**%**	**%**
Main assumptions	**AROBS Development & Engineering**	**Berg Computers**	**Nordlogic Software**	**Future Workforce**
Revenue increase average rate	7.6	5.1	7.5	14.8
EBITDA average rate	26	25.6	18.4	16.5
WACC	15.9	16.4	15.9	14.1
Perpetuity rate	2	2	2	2

Main assumptions:

The revenue growth rate for each entity took into account the history of revenue development but also the dynamics of the markets where each company's customers are.

The average EBITDA growth rate for each entity was estimated based on the historical evolution but also taking into account the estimated evolution of the main categories of expenses, in particular salaries.

The WACC rate was calculated taking into account both the risk of the industry in which each company operates, the country risk taking into account the place of service provision as well as the country where the customer of the services is located and the specific risk of each entity.

Sensitivity analysis

If any of the following changes were made to the key assumptions above, for cash-generating units holding a significant proportion of the total goodwill balance, the carrying amount and recoverable amount would be equal:

2024	**p.%**	**p.%**	**p.%**	**p.%**
Sensitivity analysis	**AROBS Development & Engineering**	**Berg Computers**	**Nordlogic Software**	**Future Workforce**
Revenue increase average rate	-12	-26	-9.6	-2.3
EBITDA average rate	-7.8	-15.5	-4.6	-1.4
WACC	6.5	23	5	1.1

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant, machinery and motor vehicles	Other instalations and fixtures and fittings	WIP Tangible assets	Total
Cost					
31-Dec-23	**5,504,672**	**18,850,139**	**4,888,230**	**344,062**	**29,587,103**
Purchases	9,501	2,221,149	204,549	257,543	2,692,743
Transfers	-	(2,814,261)	2,837,940	-	23,679
Disposals	(213,867)	(3,844,813)	(456,095)	(318,672)	(4,833,447)
31-Dec-24	**5,300,306**	**14,412,214**	**7,474,624**	**282,933**	**27,470,078**
Amortizare/Ajustări					
31-Dec-23	**4,933,406**	**12,809,276**	**3,577,471**	**-**	**21,320,152**
Amortizare/Ajustări	458,529	2,352,852	998,240	-	3,809,622
Period cost	-	(3,588,850)	2,575,729	-	(1,013,122)
Disposals	(213,868)	(1,006,642)	(456,053)	-	(1,676,563)
31-Dec-24	**5,178,068**	**10,566,636**	**6,695,387**	**-**	**22,440,090**
Net value					
31-Dec-23	**571,266**	**6,040,863**	**1,310,759**	**344,062**	**8,266,951**
31-Dec-24	**122,238**	**3,845,579**	**779,237**	**282,933**	**5,029,988**

Tangible fixed assets mainly refer to laptops, switches, workstations and other equipment, as well as fittings of the leased premises where the activity is carried out. Also, the equipment rented in the fleet monitoring activity is included in the position of technical installations and machines.

18. INTANGIBLE ASSETS

	Research & development expenses	Concessions, patents, licenses, brands and other noncurrent assets	Total
Cost			
31-Dec-23	**2,453,645**	**18,765,504**	**21,219,149**
Purchases/Transfers	3,431,512	1,552,905	**4,984,417**
Disposals	-	(1,271,700)	**(1,271,700)**
31-Dec-24	**5,885,157**	**19,046,709**	**24,931,867**
Depreciation/Adjustments			
31-Dec-23	**189,036**	**7,334,839**	**7,523,875**
Depreciation/Adjustments	-	3,344,995	**3,344,995**
Disposals	-	(1,281,057)	**(1,281,057)**
31-Dec-24	**189,036**	**9,398,777**	**9,587,813**
Net value			
31-Dec-23	**2,264,610**	**11,430,665**	**13,695,275**
31-Dec-24	**5,696,122**	**9,647,932**	**15,344,054**

Intangible assets and development expenses relate to projects to develop and improve the GPS tracking application and other internal products. On December 31, 2024, the budget projections of the division of domestic products monitoring the car fleet for the following years were analyzed and, based on the DCF method, it was found that there are no signs of impairment of these intangible assets.

19. FINANCIAL ASSETS

Cost	31.12.2024	31.12.2023
Shares held in affiliated entities and jointly controlled entities	236,767,934	213,116,203
Loans granted to affiliated entities	18,310,998	9,267,407
Loans to related parties and other loans	9,817,830	17,498,408
Other securities held as financial assets – bonds	2,110,053	2,220,548
Guarantees and other financial assets	858,251	748,304
Total	**267,856,066**	**242,850,869**

Value adjustments	31.12.2023	Increase	Decrease	Reclassification	31.12.2024
Shares held in affiliated entities	160,209	2,023,784	-	-	2,183,993
Loans granted to affiliated entities	-	1,668,938	12,382	4,220,306	5,876,862
Loans to related parties and other loans	8,080,345	13,843	248,967	(5,321,510)	2,523,711
Total	**8,240,554**	**3,706,565**	**261,349**	**(1,101,204)**	**10,584,566**

The difference on reclassifications represents short-term reclassifications.

Net amount	31.12.2024	31.12.2023
Shares held in affiliated entities and jointly controlled entities	234,583,941	212,955,994
Loans granted to affiliated entities	12,434,136	9,267,407
Loans to related parties and other loans	7,294,119	9,418,063
Other securities held as financial assets – bonds	2,110,053	2,220,548
Guarantees and other financial assets	858,251	748,304
Total	**257,280,500**	**234,610,316**

Part of these loans granted to affiliated entities and related parties were fully adjusted, the value of the adjustments at 2024 being 8,400,573 lei. Information related to loans granted to related parties can be found in Note 33.

Guarantees granted and guarantees received

The guarantees in balance as of 31 December 2023, amounting 739,174 lei, are detailed below:

Guarantees	31.12.2024	31.12.2023
Building lease	748,846	716,561
Guarantees for adequate execution	5,586	3,984
Auctions	8,407	11,628
Other	86,283	7,000
Total	**849,122**	**739,174**

20. INVENTORIES AND WORK IN PROGRESS

	31.12.2024	31.12.2023
Raw materials	243,937	250,842
Work in progress - services	59,830	-
Goods purchased for resale	1,637,865	864,256
Inventories advances	48,450	378,537
Total	**1,990,082**	**1,493,635**

The value of services in progress and outstanding inventories as of 31.12.2024 increased compared to 2023 due to higher inventories of goods purchased for resale, used mainly in fleet management activities.

Services in progress refer to contracts with customers that are ongoing over longer periods of time. Within this asset, the costs directly involved in the provision of these services, mainly salaries, were recognized, taking into account the degree of completion of the projects by 31.12.2024.

Inventory adjustments are calculated according to age, namely: 30% of the entry value for stocks between 181 and 365 days old and 100% of the value of stocks older than one year and with slow movement. The value of adjusted stocks for 2024 is 876.401 lei, being at a similar level to the previous year.

21. TRADE RECEIVABLES

	Balance at 31.12.2024	Balance at 31.12.2023
Accounts receivable	34,990,970	61,279,859
Accounts receivable - unissued invoices	1,867,701	3,803,343
Accounts payable adjustments	(2,370,323)	(2,968,637)
Accounts receivable - affiliate entities	7,605,268	5,768,960
Adjustments for accounts receivable - affiliate entities	(3,889,389)	(2,548,002)
Supplier advances	410,161	79,365
Total	**38,614,387**	**65,414,888**

The total value of trade receivables decreased in 2024 compared to the previous year by 41%, mostly due to the decrease in receivables from customers by 26.3 million lei compared to 2023.

According to IFRS 9, the recording of impairment adjustments for receivables is recorded based on depreciation rates, calculated over age intervals.

At the end of each financial year, doubtful debts are analyzed and adjusted at 100%.

Receivables ageing	Balance at 31.12.2024	Balance at 31.12.2023
Nescadent	25,311,315	33,521,157
0-30	6,236,531	14,176,411
31-90	864,577	9,935,784
91-360	444,022	1,195,385
Peste 360	2,134,514	2,451,122
Total gross value (unadjusted)	**34,990,970**	**61,279,859**

Software services	**Expected average loss rate**	**2024**	**2023**
Not due	0.27%	23,342,692	32,205,315
1-30	0.38%	5,750,150	13,639,771
31-60	2.48%	275,766	9,242,519
61-90	4.02%	432,176	617,015
91-180	6.00%	281,565	1,066,429
181-270	20.02%	9,418	106,873
271-360	44.77%	(0)	(2)
Over 360	100%	386,755	684,383
Total gross value (unadjusted)		**30,478,523**	**57,562,303**

Software products – GPS tracking	**Expected average loss rate**	**2024**	**2023**
Not due	0.39%	1,969,467	1,290,628
1-30	0.84%	486,391	536,974
31-60	3.80%	114,804	45,605
61-90	9.58%	42,081	31,004
91-120	21.34%	35,093	12,224
Over 120	37.31%	879,270	796,558
Total gross value (unadjusted)		**3,527,106**	**2,712,993**

Distribution	**Expected average loss rate**	**2024**	**2023**
Not due	100%	(844)	25.214
1-30	100%	-	(334)
31-60	100%	(250)	-
61-90	100%	-	(359)
91-180	100%	(359)	(1.912)
181-270	100%	(444)	(3.820)
271-360	100%	(359)	(3.995)
Over 360	100%	987,597	989,770
Total gross value (unadjusted)		**985,341**	**1,004,562**

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 Company 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 ed by category according to the services provided, namely: software services and other services, software products – GPS monitoring. 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 December 31, 2024 for each category of receivables mentioned above.

Contractual assets are initially recognised for revenue from services provided by the Company, 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.

22. PREPAYMENTS

	Balance at 31.12.2024	Balance at 31.12.2024
Prepayments, out of which:	**1.595.274**	**1.323.501**
Long term	-	147.545
Short term	1.595.274	1.175.956

Prepayments increased in 2024 by 21% compared to previous year. These include prepayments made for expenses with third party services, insurance, rent, employee travels and trainings.

23. OTHER RECEIVABLES

	Balance at 31.12.2024	Balance at 31.12.2023
Other personnel-related claims	1,090,598	1,151,790
VAT under settlement	107,758	132,192
Sundry debtors	200,207	39,682
Suspense account	13,989	4,700
Other employee-related claims	361	1,116
Non-repayable loans in the form of grants	-	195,573
Total	**1,412,913**	**1,525,053**

24. CASH AND CASH EQUIVALENTS

	Balance at 31.12.2024	Balance at 31.12.2023
Cash at bank and deposits in lei	74,022,993	12,652,369
Cash at bank and deposits in foreign currencies	144,621,155	45,525,982
Subtotal – Cash at bank and deposits	**218,644,148**	**58,178,350**
Petty cash	40,398	44,908
Bonds and deposits	-	302,033
Other short term financial investments	215,319	35,345
Amounts under settlement	-	4,522
Other cash equivalents	-	166
Total	**218,899,865**	**58,565,325**

Balance of foregin and domestic currencies Current account	Balance at 31.12.2024	Balance at 31.12.2023
LEI	74,022,993	12,652,369
EUR	141,143,355	33,382,461
USD	3,472,012	12,125,332
GBP	5,315	17,696
Other currencies	473	493
Total	**218,644,148**	**58,178,350**

Cash and cash equivalents in the bank and deposits increased by 160.3 million lei in 2024 compared to the previous year. Most of this increase is due to the successful completion of the capital increase operation, which attracted 142.9 million lei from institutional investors. AROBS aims to capitalize on the attracted capital by investing in newly acquired companies.

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 Company and accrue interest at the coresponding interest rates.

25. CAPITAL AND RESERVES

As of December 31, 2024, the share capital of AROBS Transilvania Software is worth 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 December 31, 2024.

In July 2024, the share capital increase operation was successfully completed, attracting 142.9 million lei from institutional investors. The funds entered the Company are found in cash and cash equivalents as of December 31, 2024. As a result of this operation, share premium reached 146.5 million at the end of financial year 2024. AROBS aims to capitalize on the attracted capital by investing in newly acquired companies, expanding commercial activities in key markets and continuing to develop the software products in the portfolio.

The Company has implemented a share buyback program to implement ESOP programs. As of December 31, 2024, the total number of shares repurchased and outstanding is 32,052,907 shares.

Legal reserves are established in accordance with the regulations in place. The legal reserve has been established in accordance with the terms of the Law on Commercial Companies. As at 31 December 2024, the value of the legal reserves amounts LEI 9,316,526.

	31.12.2024	**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**

The retained earnings available on December 31, 2024, amounting to 174,304,450 lei, are fully distributable.

26. TRADE PAYABLES

	Balance at 31.12.2024	**Balance at 31.12.2023**
Suppliers	4,664,202	3,285,352
Client advances	336,236	176,002
Suppliers - invoices not yet received	268,594	563,861
Supplier liabilities - affiliated entities	1,012,432	1,867,946
Total	**6,281,464**	**5,893,161**

27. EQUITY LIABILITIES

	Balance at 31.12.2024	**Balance at 31.12.2023**
Equity liabilities out of which	**18,663,140**	**18,448,420**
Long term	14,686,659	14,686,659
Short term	3,976,480	3,761,760

28. BANK LOANS

	Balance at 31.12.2024	Balance at 31.12.2023
Long terms bank loans	49,836,337	69,963,604
Short term bank loans	2,136	-
Total	**49,838,473**	**69,963,604**

Bank loans by due date:

	Balance at 31.12.2023	Balance at 31.12.2022
Bank loans due up to 1 year	20,122,370	20,122,257
Bank loans due between 1 and 5 years	29,716,103	49,841,347
Bank loans due over 5 years	-	-
Total	**49,838,473**	**69,963,604**

At the end of 2024, the value of bank loans decreased by 20.1 million lei, compared to the end of 2023, as a result of the repayments of made during 2024, reaching a total value of 49.8 million lei.

Bank loans contingencies

At 31.12.2024 AROBS TRANSILVANIA SOFTWARE SA (The Company) has a short term bank loan in value of 787.500 EUR (3,917,104 lei) which is due on 27.02.2026 and a loan of 6,041,667 EUR (30,051,855 lei) with a due date on 31.05.2027. The Company also benefits from a loan of 3,190,000 EUR (15,867,379 lei) that is due on 14.08.2028. All of the three loans are contracted with Citi Bank. The interest on these loans is according to the contract negotiated between the parties.

Obligations:

- The company undertakes to run through its bank accounts an amount of money that is equivalent to at least 80% of its business volume, i.e. the receipts from third parties on its bank accounts must represent the equivalent of at least 80% of its turnover, but not less than the equivalent of €3,300,000 per month. If this condition is not met, the bank charges a fee of 0.25% per quarter of the maximum amount of the facility contracted.
- The Company undertakes not to distribute and/or pay dividends without the Bank's prior written consent for amounts exceeding EUR 1,000,000 cumulatively during a calendar year.
- The Company undertakes to maintain the "Debt Service" ratio greater than or equal to 1.5x for the duration of its obligations under the contract.
- The Company undertakes to maintain a "Financial Leverage Ratio" of less than 3.5x for the duration of its contractual obligations.
- The Borrower undertakes to notify the Bank if it takes out Bank Loans from other financial-banking institutions.
- The Company undertakes to notify the Bank in the event that it considers a transaction of acquisitions of shares in another company that exceeds 10% of the value of the assets of this Borrower on 31.12.2022 as soon as there is reasonable assurance regarding the materialization of the transaction. The information may be provided under a Confidentiality Agreement before the information becomes public and will contain as a minimum: company name, details regarding the scope of activity and number of employees, motivation behind the acquisition / strategy, shareholding.
- Specific obligations arising from the use of the type of credit provided for in the contract negotiated between the parties;

- The Company undertakes to take all steps so that the joint and several BEDTORS fulfill the conditions assumed in the loan agreement.

Contingent liabilities

The Company has the following contingent liabilities – bank guarantee letters:

Amount	Currency	Date of document that certifies the start of the obligation	Payment/due date
15,874.13	**EUR**	**08 May 2023**	**02 May 2025**
275,000	**EUR**	**10 May 2022**	**13 March 2025**
12,786	**EUR**	**10 June 2024**	**06 June 2025**

29. LEASING

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

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

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

	Land and buildings	Transport vehicles
Balance at 31.12.2023	**17,925,844**	**3,907,397**
Purchases	11,344,156	4,760,516
Derecognition of right of use assets	(1,528,840)	(1,528,452)
Accumulated depreciation	(13,439,440)	(2,631,212)
Balance at 31.12.2024	**14,301,720**	**4,508,250**

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 31.12.2024
10,648,136	(6,327,144)	13,756,075	(287,445)	835,365	(4,551)	**18,620,437**

Commitments and contingencies - Leasing

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

	31.12.2024	31.12.2023
T0 (Under 1 year)	5,871,712	4,300,037
TL 1 (1-5 years)	14,233,201	7,106,755
TL 2 (Over 5 years)	956,050	-
Total	**21,060,963**	**11,406,792**

Lease contracts term and discount rate – significant estimates:

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

The Company 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 Companies for loans with the same characteristics as leasing agreements, in terms of the asset used, currency and maturity.

30. PERSONNEL LIABILITIES

	Balance at 31.12.2024	**Balance at 31.12.2023**
Owed amounts to personnel	5,666,685	6,083,237
Untatekn holiday provision	1,143,795	1,371,918
Total	**6,810,480**	**7,455,155**

31. OTHER TRADE PAYABLES

	31.12.2024	**31.12.2023**
Liabilities related to employee social security expenses	3,319,069	3,444,089
Other liabilites to the state budget	1,702,386	2,268,579
Other taxes	71,979	58,929
Total	**5,093,434**	**5,771,597**

32. PROVISIONS

The company recorded provisions for obligations arising from contractual employment relationships.

	Balance at 31.12. 2023	**In the acccont**	**From the accont**	**Balance at 31.12. 2024**
Provisions	2,728,395	1,322,053	-	4,050,449
Total	**2,728,395**	**1,322,053**	**-**	**4,050,449**

	Balance at 31.12.2023	Balance at 31.12.2024
Provisions	**2,728,395**	**4,050,449**
Short term	-	-
Long term	2,728,395	4,050,449

33. RELATED AND AFFILIATED PARTIES

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

Related parties - Receivables	Balance at 31.12.2024	Balance at 31.12.2023
AROBS BUSINESS CENTER S.R.L.	39,833	150,289
AROBS BUSINESS SERVICES S.R.L.	101,883	19,927
AROBS DEVELOPMENT&ENGINEERING S.R.L.	389,533	922,545
AROBS ETOLL SOLUTIONS S.R.L.	165,904	97,169
AROBS PANNONIA SOFTWARE	107,549	116,541
AROBS POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	191,725	98,975
AROBS SOFTWARE SOLUTIONS GMBH	1,900	101,487
AROBS SOFTWARE SRL	72,070	17,212
AROBS SYSTEMS S.R.L.	753	5,767
AROBS TRACKGPS SRL	45,516	40,333
AROBS TRADING&DISTRIBUTION GmbH	471,008	469,881
AROBS Turkey Yazilim Limited Sirketi	-	313
ATD CORNER S.R.L.	1,500,130	1,495,205
BERG COMPUTERS SRL	52,952	44,432
CABRIO INVEST SRL	-	5,718
CABRIO INVESTMENT SRL	568	-
CENTRUL DE SOFT GPS S.R.L.	2,077	(54,062)
COSO BY AROBS BV	402,188	239,854
COSO BY AROBS BVBA	21,503	64,774
FUTURE WORFORCE LIMITED	14,922	
FUTURE WORK FORCE S.R.L.	564,321	162,975
MED CONTROL SOLUTION SRL	102,531	102,531
NEWCAR4FUTURE S.R.L.	220,825	220,825
NORDLOGIC SOFTWARE SRL	18,346	151,363
OOMBLA TRAVEL MANAGEMENT S.R.L.	476	454
PT AROBS SOLUTIONS INDONESIA	11,354	364,640
S.A.S. FLEET TRACKING S.R.L.	74,922	134,317
SMAIL COFFEE SRL	140,817	140,866
UCMS GROUP ROMANIA SRL	2,840,047	666,220
VISION PLUS MOBILE SRL	49,616	49,616
Total	**7,605,268**	**5,830,167**

Related parties – Payables	**Balance at 31.12.2024**	**Balance at 31.12.2023**
AROBS BUSINESS CENTER S.R.L.	25,846	8,988
AROBS BUSINESS CENTER PLUS S.R.L.	2,452	
AROBS BUSINESS SERVICES S.R.L.	77,038	29,836
AROBS ETOLL SOLUTIONS S.R.L.	-	65
AROBS PANNONIA SOFTWARE	-	43,665
AROBS SOFTWARE SRL	742,210	1,629,539
AROBS TRADING&DISTRIBUTION GmbH	5,726	5,726
CABRIO INVEST SRL	-	7,509
CENTRUL DE SOFT GPS S.R.L.	1,989	-
COSO TEAM UK LTD	(2,848)	(2,718)
IKON SOFT SRL	-	64,644
NORDLOGIC SOFTWARE SRL	34,467	26,708
OOMBLA TRAVEL MANAGEMENT S.R.L.	68,214	39,119
SMAIL COFFEE SRL	52,249	50,202
UCMS GROUP ROMANIA SRL	5,090	51,498
Total	**1,012,432**	**1,954,780**

Related parties – sales	**FY 2024**	**FY 2023**
AROBS BUSINESS CENTER S.R.L.	33,473	127,725
AROBS BUSINESS SERVICES S.R.L.	580,583	110,924
AROBS DEVELOPMENT&ENGINEERING S.R.L.	4,363,626	3,008,061
AROBS ETOLL SOLUTIONS S.R.L.	55,078	56,380
AROBS PANNONIA SOFTWARE	720,343	446,137
AROBS POLSKA SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	77,606	98,705
AROBS SOFTWARE SOLUTIONS GMBH	100,970	904,596
AROBS SOFTWARE SRL	35,087	42,861
AROBS SYSTEMS S.R.L.	30,819	30,633
AROBS TRACKGPS SRL	792,782	712,499
AROBS TRADING&DISTRIBUTION GmbH	1,174	1,182
AROBS Turkey Yazilim Limited Sirketi	2,504	2,496
ATD CORNER S.R.L.	17,397	135,031
BERG COMPUTERS SRL	495,534	404,114
CABRIO INVEST SRL	44,365	63,129
CABRIO INVESTMENT SRL	477	105
CENTRUL DE SOFT GPS S.R.L.	275,515	433,952
COSO BY AROBS BV	147,241	155,834
COSO BY AROBS BVBA	106,161	102,496
FUTURE WORK FORCE S.R.L.	450,633	98,207
MANAGIS SERV SRL	-	120
NEWCAR4FUTURE S.R.L.	-	2,708
NORDLOGIC SOFTWARE SRL	2,320,667	897,446
OOMBLA TRAVEL MANAGEMENT S.R.L.	4,829	7,647
PT AROBS SOLUTIONS INDONESIA	158,451	94,639
S.A.S. FLEET TRACKING S.R.L.	2,234,671	1,965,197
SILVER BULLET SOFTWARE SRL	-	4,454
SMAIL COFFEE SRL	50,379	76,862
SOFTMANAGER S.R.L.	-	3,711
UCMS GROUP ROMANIA SRL	1,773,276	1,228,957
Total	**14,873,643**	**11,216,809**

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

Related parties – Purchases	**FY 2024**	**FY 2023**
AROBS BUSINESS CENTER S.R.L.	1,403,837	1,528,966
AROBS BUSINESS CENTER PLUS S.R.L.	178,637	-
AROBS BUSINESS SERVICES S.R.L.	609,465	346,524
AROBS DEVELOPMENT&ENGINEERING S.R.L.	-	1,467,505
AROBS ETOLL SOLUTIONS S.R.L.	280	4,367
AROBS PANNONIA SOFTWARE	313,926	583,117
AROBS SOFTWARE SOLUTIONS GMBH	317,285	276,680
AROBS SOFTWARE SRL	12,943,635	17,706,802
AROBS SYSTEMS SRL	-	-
AROBS TRACKGPS SRL	6,139	1,346
AROBS TRADING&DISTRIBUTION GmbH	-	5,722
AROBS Turkey Yazilim Limited Sirketi	973,462	1,621,328
ATD CORNER S.R.L.	-	14,459
CABRIO INVEST SRL	122,536	98,491
CENTRUL DE SOFT GPS S.R.L.	1,950	14,863
COSO BY AROBS BVBA	-	140,231
FUTURE WORK FORCE S.R.L.	-	67,866
IKON SOFT SRL	648,712	495,567
NORDLOGIC SOFTWARE SRL	417,070	330,320
OOMBLA TRAVEL MANAGEMENT S.R.L.	994,034	1,048,572
SMAIL COFFEE SRL	613,541	555,140
SOFTMANAGER S.R.L.	57,755	1,156,718
UCMS GROUP ROMANIA SRL	230,411	186,053
Total	**19,832,676**	**27,650,637**

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

	31.12.2024	**31.12.2023**
Related parties loans		
AROBS BUSINESS CENTER	6,605,106	7,252,468
AROBS ETOLL SOLUTION SRL	547,115	472,465
AROBS POLSKA	1,193,784	1,492,380
AROBS SOFTWARE SOLUTIONS GMBH	74,612	74,619
AROBS SYSTEMS SRL	150,030	-
AROBS TRADING & DISTRIBUTION GMBH	3,583,367	5,074,092
CABRIO INVEST BV	5,121,831	5,122,346
CABRIO INVESTMENT SRL	-	822,497
COSO BY AROBS BV	397,928	512,384
UCMS GROUP ROMANIA SRL	11,747,784	8,320,598
Total related parties loans	**29,421,556**	**29,143,848**
Interest value for the loans for related parties		
AROBS BUSINESS CENTER	1,414,281	1,124,412
AROBS ETOLL SOLUTION SRL	39,095	16,182
AROBS POLSKA	89,500	61,336
AROBS SOFTWARE SOLUTIONS GMBH	8,839	5,855
AROBS SYSTEMS SRL	1,176	-
AROBS TRADING & DISTRIBUTION GMBH	1,057,226	1,416,815
CABRIO INVEST BV	511,465	481,505
CABRIO INVESTMENT SRL	609,092	591,209
COSO BY AROBS BV	27,165	16,862
UCMS GROUP ROMANIA SRL	686,352	222,289
Total interest value for the loans for related parties	**4,444,193**	**3,936,466**
Loan and interest adjustments related to loans to affiliated entities		
AROBS BUSINESS CENTER	(62,640)	(62,640)
AROBS POLSKA	(808,146)	-
AROBS TRADING & DISTRIBUTION GMBH	(64,760)	(64,760)
CABRIO INVEST BV	(5,633,296)	(4,792,264)
COSO BY AROBS BV	(425,093)	(529,246)
Total loan and interest adjustments related to loans to affiliated entities	**(6,993,935)**	**(5,448,910)**
Total adjusted loan and interest related to loans to affiliated entities	**26,871,814**	**27,631,404**

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. The loan was granted to cover the current needs of the companies.

The loan granted to the company AROBS BUSINESS CENTER was used for the development of the "Business Incubator" project realized through the absorption of European funds and for working capital.

	31.12.2024	31.12.2023
Loans granted to related parties and other loans	**17,554,070**	**18,611,041**
Short term	7,294,119	9,418,063
Long term	10,259,951	9,192,978

34. RISK MANAGEMENT FOR FINANCIAL INSTRUMENTS

The Company's financial liabilities comprise loans and borrowings, including finance leases, trade and other payables and contract liabilities. The main purpose of these financial liabilities is to finance the Company's operations.
The Company's financial assets are represented by trade and other receivables and contract assets, cash and short-term deposits, restricted cash.
AROBS Transilvania Software is exposed to interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks. The Company's senior management ensures the Company's financial risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with the Company risk appetite.

34.1. Interest rate fluctuation risk rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
Trade and other receivables and payables are non-interest bearing financial assets and liabilities. The borrowings are exposed to cash flow interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities, as the interest rates on the Company's loans and borrowings are variable. Management's policy is to resort mainly to fixed rate financing in order to reduce the risk.
In addition, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favorable to the Company over the expected period until maturity.

34.2. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's profit before tax and equity are affected through the impact on floating rate borrowings without considering the CAPs effect, as follows:

	31.12.2024	31.12.2023
Fixed rate financial instruments		
Financial liabilites (loans and leasing)	68,456,774	80,611,740
Variable rate financial instruments		
Financial liabilites (loans and leasing)	2,136	-

	Base point increase	Impact on profit before tax
2024	1%	11
2023	1%	13,815

The fixed interest rate at which the Company borrows varies between 1.5% p.y. and 4.55% p.y. The variable interest rate at which the Company borrows is ROBOR 1M + 1.1% or EURIBOR 1M + 1.1%.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. An equal decrease of the interest rate would have the same effect but of opposite impact.

34.3.Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's financing activities, as part of the financing contracted by the Company is Euro based and to cash balances denominated in foreign currencies,
For the Company, the majority of revenues and expenses, trade and other receivables and payables is in LEI, and the rest in EUR or linked to EUR. For the Company, the majority of revenues and trade receivables are linked to EUR or USD, being settled in LEI equivalent.
The Company monitors the currency risk by following changes in exchange rates in currencies in which its external debts are denominated.

34.4.Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EUR or USD exchange rate. The Company's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Company's profit before tax and equity are affected as follows:

	Exchange rate increase	**Effect on profit before tax**
2024 – EUR	1%	970,851
2023 – EUR	1%	1,139,267
2024 – USD	1%	60,400
2023 – USD	1%	163,689

An equal decrease of the EUR rate would have the same effect but of opposite impact.

31.12.2024	**EUR**	**RON**	**USD**	**Other currencies**	**Total**
Cash and cash equivalents	141,152,171	74,254,461	3,480,947	12,285	**218,899,865**
Trade receivables	6,812,849	34,696,867	3,367,232	(2,848)	**44,874,100**
Loans to affiliated, related parties and other loans	34,967,193	4,229,732	-	-	**39,196,925**
Long term bank loans	(29,716,103)	-	-	-	**(29,716,103)**
Short term bank loans	(20,122,370)	-	-	-	**(20,122,370)**
Leasing	(18,536,703)	(83,733)	-	-	**(18,620,437)**
Trade liabilities	(630,385)	(4,842,917)	(808,162)	-	**(6,281,464)**
Situația netă a expunerii financiare	**113,926,651**	**108,254,410**	**6,040,017**	**9,437**	**228,230,516**

31.12.2023	**EUR**	**LEI**	**USD**	**Other currencies**	**Total**
Cash and cash equivalents	33,399,445	13,004,790	12,133,839	27,251	**58,565,325**
Trade receivables, less advances	10,666,446	50,205,263	4,210,985	508	**65,083,202**
Loans to affiliated, related parties and other loans	31,491,738	4,467,056	-	-	**35,958,793**
Long term bank loans	(49,841,347)	-	-	-	**(49,841,347)**
Short term bank loans	(20,122,257)	-	-	-	**(20,122,257)**
Leasing	(10,545,597)	(102,539)	-	-	**(10,648,136)**
Trade liabilities, less advances	(486,230)	(2,772,789)	(24,061)	(2,272)	**(3,285,352)**
Net result of financial exposure	**(5,437,802)**	**64,801,780**	**16,320,763**	**25,488**	**75,710,229**

34.5. Credit risk

The Company's credit risk is primarily attributed to trade and other receivables, contract assets and balances with banks. The carrying amount of trade and other receivables and contract assets, net of allowances for expected credit losses (Note 22) plus balances with banks (Note 24), represent the maximum amount exposed to credit risk. Management believes that there is no significant risk of loss to the Company beyond the allowances already recorded. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. The Company does not track changes in credit risk for trade receivables and contract assets, but instead recognises a loss allowance at each reporting date. In this respect, the Company has established a provision policy to measure expected credit losses that is based on historical credit loss experience, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due but no more than 90 days past due.

a. Categorized financial assets – exposure to credit risk

31.12.2024	Note	Gross accounting value	Depreciation	Net accounting value
Loans granted to affiliated ,related parties and other loans	16, 33	39,196,925	(9,208,718)	29,988,207
Trade receivables	21	44,874,100	(6,259,712)	38,614,388
Total		**84,071,025**	**(15,468,431)**	**68,602,594**

31.12.2023	Note	Gross accounting value	Depreciation	Net accounting value
Loans granted to affiliated, related parties and other loans	16, 33	35,958,794	(10,628,347)	25,330,447
Trade receivables, less advances	21	65,083,202	(2,968,637)	62,114,565
Total		**101,041,996**	**(13,596,983)**	**87,445,012**

b. Categorized financial liabilities - exposure to credit risk

31.12.2024	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans	28	49,838,473	49,838,473	20,122,370	29,716,103	-
Leasing	29	18,620,437	18,620,437	4,950,253	12,744,167	926,017
Trade payables	0	6,281,464	6,281,464	6,281,464	-	-
Total		**74,740,374**	**74,740,374**	**31,354,087**	**42,460,270**	**926,017**

31.12.2023	Note	Net accounting value	Total	Less than 1 year	1 - 5 years	Over 5 years
Bank loans	28	69,963,604	69,963,604	20,122,257	49,841,347	-
Leasing	29	10,648,136	10,648,136	3,939,382	6,708,754	-
Trade payables, less advances	0	3,849,213	3,849,213	3,849,213	-	-
Total		**84,460,953**	**84,460,953**	**27,910,852**	**56,550,101**	**-**

34.6. Liquidity risk

The Company has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines. The tables below summarizes the maturity profile of the Company's financial liabilities, including principal amounts and interests according to contractual terms, at 31 December 2024 and 31 December 2023 based on contractual undiscounted payments.

	31.12.2024	**31.12.2023**
Current assets	273,242,685	139,096,456
Short term liabilites	51,011,772	50,364,259
Current liquidity ratio	**5.36**	**2.76**

	31.12.2024	**31.12.2023**
Current assets	273,242,685	139,096,456
Inventories and work in progress	1,990,082	1,493,635
Short term liabilites	51,011,772	50,364,259
Immediate liquidity ratio	**5.32**	**2.73**

34.7. Capital Management

Capital includes the equity attributable to the equity holders of the Company.

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants, To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital, among other things, by using a gearing ratio, which is net debt divided by total capital plus net debt, The Company does not have a target gearing ratio, The Company includes within net debt, interest bearing loans and borrowings, trade and other payables and contract liabilities, less cash and cash equivalents.

	31.12.2024	**31.12.2023**
Long term debt	62,574,089	74,540,599
Capital	456,355,440	280,835,730
Gearing ratio	**12%**	**21%**

The Company’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. For agreements in force as of December 31, 2024 and December 31, 2023 please refer to Note 28.

No changes were made in the objectives, policies or processes for managing capital during the year ended at 31 December 2024 and 31 December 2023.

35. FAIR VALUE

The financial instruments that are not recorded at fair value in the financial statements also include trade receivable and other receivables, contractual assets, cash and cash equivalents, restricted cash, trade payables, and other contractually derived payables. The value of these financial instruments is considered to approximate their fair value due to their short term nature (for the majority of them) and due to the low cost of transaction pertaining to these instruments (level 1).

35.1. Financial assets

	Depreciated cost	
	31.12.2024	**31.12.2023**
Loans to related parties and other loans	10,259,951	9,192,978
Commercial receivables	38,614,387	65,414,888
Cash and cash equivalents	218,899,865	58,263,292
Total	**267,774,203**	**132,871,158**

35.2. Short term investments – fair value

	Category	**Value at 31.12.2023**	**Fair value assesment at 31.12. 2023**
Short term investments	Shares	215,319	Level 1
Total		**215,319**	

35.3. Financial liabilities

	Depreciated cost	
	31 Decembrie 2024	**31 Decembrie 2023**
Bank loans	49,838,473	69,963,604
Trade payables	6,281,464	5,893,161
Total	**56,119,937**	**75,856,765**

36. ACCOUNTING PRINCIPLES, POLICIES AND METHODS

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

36.1. 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 Company 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 Company for the good and services delivered to the customers.

When (or as) a performance obligation is satisfied, the Company will recognize as revenue the amount of the transaction price that is allocated to that performance obligation. The Company 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.

If a discount is applied to one or more execution obligations, the Company will apply the discount prior to using the residual approach in order to estimate the price of sale for an individual good or services.

The Company 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 Company 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 Company 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 Company.

A. Revenue from software services

The Company'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 Company 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 Company 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 Company 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 Company 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 Company 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 Company expects to be entitled in exchange for those services. The Company 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 22.

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

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 sales of goods

The Company 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 Company 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.

36.2. 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.

36.3. 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

The research and development expenditure are recognized when they are incurred. 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.

După recunoașterea inițială a cheltuielii cu dezvoltarea unui activ, este aplicat modelul bazat pe cost, care prevede contabilizarea activelor la cost minus orice amortizare acumulată și orice pierderi din depreciere cumulate. Amortizarea imobilizărilor începe atunci când dezvoltarea este finalizată și activul este disponibil în vederea vânzării/utilizării. Acesta este amortizat pe perioada beneficiului viitor preconizat. Amortizarea este recunoscută în costul bunurilor vândute. În perioada de dezvoltare, activul este testat anual pentru depreciere.

The Company'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

36.4. 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 Company 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.

36.5. 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 **Error! Reference source not found.**
- Intangible assets Note 18

The Company 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 Company 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 s 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 Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company'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 Company 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 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.

36.6. IFRS 9 Financial instruments

Financial assets

Initial recognition and measurement

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

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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 Company 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 Entity applies a simplified approach in calculating ECLs, Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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 21.

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

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 Company 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 Company's financial statements are presented in Romanian New Lei (''RON'').

28.1. 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 Company 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.

29.1.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 Company 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 Company 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 Company 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 Company employees are members of state-administered pension schemes.

The Company 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 Company's business.

36.7. 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.

Deffered 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 Company 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.

36.8. Inventories and work in progress

Goods and work in progress are valued at the lower of cost and net realizable value. The ’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.

36.9. 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.

36.10. 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 Company 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 Company. 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.

36.11. 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.

36.12. Provisions and contingent liabilities

General

Provisions are recognised when the Company 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 Company 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 Company is subject to income tax in several jurisdictions. There are several transactions and calculations for which the final tax determination is uncertain. Therefore, the Company 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.

37. OTHER INFORMATION

Environment

Romania is currently in a period of rapid harmonization of environmental legislation with the European Economic Community legislation in force. As at 31 December 2023, 2022 and 2021 the Company has not recorded any liabilities relating to anticipated costs, including legal and consultancy fees, studies, design and implementation of environmental remediation plans. The Company does not consider costs associated with environmental issues to be significant.

ESG Report

In accordance with legal requirements and European CSRD regulations, the Company has prepared an ESG report which is annexed to the financial statements.

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 Company cannot quantify the outcome of such a verification. The Entity considers that the transactions with related parties were carried out at arm's length values.

The Company is a large taxpayer. At the date of preparation of the individual 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 '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 Company has no direct exposure to third parties affected by the sanctions imposed since the conflict began (customers, suppliers, banking institutions with which the Company collaborates). Indirect exposure (customers, suppliers, with whom the Company 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's management has so far given no indication of any significant impact on the 's business.

Audit expenses
The fees for the audit of the 's financial statements in accordance with the International Reporting Standards adopted by the European Union for the financial years ending 31 December 2024, were in accordance with the contract concluded with BDO Auditors & Accountants S.R.L.

38. SUBSEQUENT EVENTS

SVT Electronics aquisition

On March 11, 2025, AROBS announced the signing of its eleventh transaction, through the full takeover of SVT Electronics. The company offers integrated solutions for digital tachograph data management, which is essential for companies operating in the transport and logistics sectors. In addition to tachograph data management solutions, SVT Electronics also offers telematics solutions for fleet monitoring. The completion of the transaction is subject to the fulfillment of certain legal procedures.

These financial statements were signed and approved on March 28, 2025, by:

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

AROBS
Transilvania Software

AROBS 2024 Environmental, Social and Governance Report

Message from the CEO

Dear Stakeholder,

2024 was a defining year for AROBS, marked by key milestones such as a successful capital increase and the European Bank for Reconstruction and Development (EBRD) joining us as an investor, alongside eight major institutional investors. These achievements validate our trajectory of sustainable growth, resilience, and commitment to innovation.

We aspire to excel in our industry and support the development of an innovative, connected, equitable, and sustainable community. We have always been open to learn and re-learn toward building the best possible version of our company. We wish to do this in business, on the Stock Market, and on the environmental, social, and governance levels. From that perspective, we see sustainability as a **business imperative** that fuels **innovation, resilience, and long-term value creation**.

In 2024, we consider ourselves better prepared to be part of the conversation around Sustainability with our institutional and private investors that analyse environmental, social, and governance factors alongside traditional financial metrics when making investment decisions.

We aspire to be a responsible corporate citizen, to do what is right but also to create tangible business value. Embedding sustainability in our daily business and going the extra mile in innovation and quality of service enable us to meet and exceed the performance demands of global clients, investors, analysts and financiers. Moreover, our focus on resilience and risk mitigation ensures we are well-prepared to navigate an ever-changing business environment while fostering innovation and long-term success. Meanwhile, we continue to create value for society and be involved in the wellbeing of the communities we are part of.

These efforts are underpinned by our ESG objectives, which include:

- **Driving sustainability** by reducing carbon emissions and integrating circular economy principles.
- **Fostering innovation and education**, empowering both young talent and employees.
- **Enhancing community well-being** through health, sports, and social initiatives.
- **Ensuring governance excellence** through strict adherence to global standards and regulations.
- **Delivering measurable ESG results** to drive accountability and long-term impact.

Together, with our stakeholders, we will build a future where sustainability, innovation, and business success go hand in hand.

Sincerely,

Voicu Oprean
CEO & President of the Board
AROBS Transilvania Software

Introduction to Sustainability

Introduction to Sustainability

At AROBS, **sustainability** is a **business imperative** that drives **innovation, resilience, long-responsibility, and social well-being**, ensuring that we thrive while making a meaningful impact on the world around us.

The European Sustainability Reporting Standards (ESRS) is a part of the European Union's Corporate Sustainability Reporting Directive (CSRD). The standards provide a comprehensive framework for companies to disclose their environmental, social, and governance (ESG) performance in a standardized and transparent manner. The ESRS aims to ensure that businesses communicate their impact on the environment and society while aligning their sustainability strategies with the EU's broader goals, including carbon neutrality by 2050.

Key Features of the ESRS

1. Mandatory Reporting for Large Entities: Starting in 2024, the CSRD mandates ESRS reporting for large companies operating in the EU, expanding its reach to include non-EU companies with significant EU operations. Therefore, the 2024 AROBS Sustainability report is following the ESRS standard.

2. Alignment with Global Standards: While primarily tailored to EU-specific regulations, the ESRS incorporates elements from frameworks like the Global Reporting Initiative (GRI) and the Task Force on Climate-related Financial Disclosures (TCFD), fostering comparability across international markets, bringing a global level of transparency on the company's Sustainability disclosures.

3. Holistic ESG Scope: The ESRS uses a double materiality approach. This means it assesses both financial materiality (impacts on the company's value) and impact materiality (the company's effects on society and the environment).

4. Sector-Specific and General Requirements: The ESRS includes sector-agnostic standards as well as sector-specific guidance, ensuring tailored reporting for industries with unique sustainability challenges.

AROBS 2024
Sustainability Report Alignment with ESRS

AROBS 2024 Sustainability Report Alignment with ESRS

AROBS' alignment with ESRS involves:

- Comprehensive Reporting: Integrating ESRS requirements into our reporting framework ensures that our disclosures meet the highest standards of transparency and comparability.
- Stakeholder-Centric Approach: ESRS emphasizes stakeholder engagement, a practice already embedded in AROBS' operations, to capture the concerns and expectations of clients, investors, employees, and other key groups.
- Focus on Impact and Risk Management: ESRS-guided reporting allows AROBS to assess its environmental and social impacts while addressing financial risks such as regulatory compliance, technological shifts, and evolving market demands.

Through this alignment, AROBS positions itself as a responsible corporate citizen, demonstrating that sustainability and business success are not only compatible but also mutually reinforcing.

The report incorporates all applicable phase-in options. These disclosed statements and metrics were audited, via the limited assurance methodology, and the Independent Practitioner's Limited Assurance Report can be found starting at page 136.

The majority of our quantitative data is sourced directly from our internal systems. Where data collection relies on alternative methods, such as estimation or extrapolation within our value chain, this is explicitly disclosed.

In preparing the Sustainability Statements, AROBS has applied assumptions, judgments, and estimates that influence the reported figures, particularly concerning the Group's Scope 3 emissions. Consequently, a degree of inherent uncertainty exists in these calculations.

These estimates and assumptions are based on historical data, relevant research papers, local or national plans and various other relevant factors, and we believe they are reasonable under the given circumstances. They are continuously reviewed to enhance the accuracy of future reporting, with potential revisions impacting the disclosed amounts. Efforts to improve the precision of emissions calculations include sourcing primary data from partners wherever feasible and reducing reliance on estimates when higher-quality data becomes available.

For further details on the estimates and assumptions applied, please refer to the disclosures in the subsequent sections of these Sustainability Statements.

Disclosures Related to Specific Circumstances (BP-2): Time horizons

Unless stated otherwise, the short-, medium-, and long-term time horizons referenced in these Sustainability Statements are defined as follows:

- short-term refers to a period of one to two years
- medium-term covers two to five years
- long-term applies to periods extending beyond five years

Implementation Strategy

The company conducted a gap assessment to compare its current practices against CSRD requirements. Efforts have been focused on identifying relevant reporting topics and ensuring alignment with regulatory obligations. This sets the foundation for expanded disclosures in the coming years.

Strategic Objectives and Sustainability Integration

AROBS' strategic vision regarding sustainability integration focuses on:

- Innovation in Technology: Developing cutting-edge software solutions that support sustainable industries, such as fleet management systems that improve fuel efficiency and reduce carbon emissions.
- Global Impact: Expanding responsibly in international markets while minimizing negative impacts and contributing positively to the communities we serve.
- Workforce Development: Nurturing a diverse, inclusive, and skilled workforce that aligns with global ESG priorities and drives the company's innovation and excellence.
- Operational Efficiency: Leveraging technology to optimize our operations, reduce resource consumption, and minimize waste.
- Sustainability Leadership: Strengthen AROBS' sustainability strategy by adhering to compliance requirements, proactively addressing partner expectations through voluntary ESG initiatives, transparent reporting, and targeted actions to align with global sustainability standards.
- Resilience and Growth: Identifying opportunities for growth in sustainability-driven markets while mitigating risks associated with environmental and social challenges.

General Disclosures (BP-1-2)

The sustainability report regards the AROBS Group operations, and it has been prepared on a consolidated basis, the scope being the same as for the financial statement. The sustainability statement covers own operations of AROBS Group with respect to impacts, risks, and opportunities. The statement also covers our value chain with respect to emissions data stemming from the main parts of our upstream and downstream value chain. No information regarding intellectual property or know-how has intentionally been omitted. No subsidiary undertakings are exempt from individual or consolidated sustainability reporting.

We have not published targets in this report, as we are working on prioritizing our sustainability focus areas with an ambition to set mid- and long-term targets aligned with our overall strategic ambitions.

We report on the short-term basis, that is the reporting period in our financial statements – one calendar year. The value chain information described in this report is based on a combination of desk research, direct engagement with members of our value chain, and expert statements. Pursuant to Articles 19a (3) and 29a (3) of Directive 2013/34/EU, for this first reporting year, AROBS will not present detailed value chain information in its sustainability disclosures. For this reporting cycle, the company has no quantitative metrics or monetary amounts subject to a high level of measurement uncertainty.

Estimates, approximations, and/or forecasts used in preparing and presenting the consolidated sustainability report are subject to significant inherent uncertainty. The inclusion of qualitative, quantitative, objective, subjective, historical, and forward-looking information also entails a substantial degree of uncertainty. The selection of different—yet acceptable—estimation, approximation, or forecasting techniques in the context of sustainability reporting could have led to materially different reported values or disclosures.

As highlighted in discussions on ESRS – E1 Climate Change, the availability of emission factors is often constrained by the general methodology and scientific assumptions underpinning their development. Institutions that provide these factors frequently do not offer sufficient detail to specifically cover every analyzed category, which leads to a margin of error. Consequently, quantifying greenhouse gas emissions inevitably involves significant uncertainty due to both incomplete scientific knowledge and the generalized estimates on which emission factors are based.

The nature of sustainability matters and the lack of unified external standards may result in the use of different but acceptable measurement methodologies, potentially causing variations between entities. Moreover, these methodologies can affect the comparability of sustainability information across different organizations, as well as from one year to another within the same organization, as they evolve over time.

When preparing the consolidated sustainability report, the company's Administrators interpret certain undefined legal terms and other potentially ambiguous expressions. Because these terms may be understood differently, including in terms of legal compliance, some degree of uncertainty can arise in the reporting process.

The uncertainties and assumptions relevant to AROBS' GHG emissions calculations are presented in the Climate Change section of this report.

This report shows how environmental, social and ethical risks are managed in AROBS Group. It is an integral part of AROBS Group's Annual Report 2024 and constitutes disclosures stemming from our account of social responsibility. It is reported using the ESRS Reporting standard and the criteria established by EFRAG. No changes have been made in this first reporting year; future adjustments will be disclosed in subsequent reports.

AROBS Value Chain Overview

AROBS's value chain reflects the company's focus on software development, embedded solutions, and digital transformation services.

Upstream, AROBS collaborates with technology suppliers—such as hardware manufacturers, software license providers, and specialized consultancy partners—to secure the tools, platforms, and expertise needed for product innovation. The company also relies on outsourced services for specialized engineering or testing tasks when advanced technical capabilities are required.

On the downstream side, AROBS's primary customers are typically business-to-business (B2B) clients operating in industries such as Automotive, Life Sciences, IoT, Travel & Hospitality, and Fintech. The relationship model ranges from long-term development partnerships—where AROBS provides dedicated engineering and IT solutions—to project-based engagements focused on custom software or embedded system design. Distribution channels vary according to each product or service line, but they often include direct collaboration with client technical teams, licensing arrangements, and software-as-a-service (SaaS) frameworks. These offerings ultimately reach end-users through the client's own products, platforms, or internal operations.

In 2024, the company has integrated the value chain perspective specifically in the assessment of its carbon footprint, capturing upstream and downstream impacts in alignment with GHG Protocol scopes. A broader assessment of value chain-related Impacts, Risks, and Opportunities (IROs) in line with ESRS requirements is planned for next year, as part of AROBS's continued commitment to enhance the scope and depth of its sustainability reporting.

The value chain is further supported by a solid infrastructure, including governance aligned with public listing standards, financial sustainability, and continuous investment in employee development and R&D. These elements ensure that AROBS maintains resilience, scalability, and innovation across its operations.

Role of administrative, management, and supervisory bodies (GOV 1)

At AROBS, sustainability governance is a key focus of our leadership. While specific disclosures on the composition and diversity of our administrative, management, and supervisory bodies are not currently available, our leadership actively engages in sustainability-related initiatives and professional training. Members participate in specialized courses on Board Governance, Sustainability, and Environmental topics, reinforcing their commitment to a greener and more responsible future. Additionally, our management is directly involved in social, health, sports, and environmental causes, as well as educational projects that align with our sustainability goals.

SUSTAINABILITY-RELATED EXPERTISE AND DEVELOPMENT

AROBS recognizes the importance of sustainability expertise at all levels of governance. The company ensures access to professional training programs, enabling the administrative, management, and supervisory bodies to strengthen their knowledge and oversight capabilities regarding sustainability matters.

- **Social & Governance Expertise:** AROBS has a well-established reporting framework for social and governance topics, allowing for effective risk identification, compliance monitoring, and strategic decision-making. Prior experience in reporting on workforce-related KPIs, diversity, ethics, and governance structures has enhanced the company's ability to address material risks and opportunities. Additionally, AROBS adheres to internal policies and procedures, as well as best practice guidelines from the Bucharest Stock Exchange (BVB) and the European Bank for Reconstruction and Development (EBRD), ensuring transparency, accountability, and alignment with international sustainability standards.
- **Environmental Expertise Development:** While AROBS has made progress in understanding climate-related impacts, our environmental reporting framework is still evolving. Expertise in climate-related assessments, risk quantification, and emissions reduction strategies is being enhanced, particularly following the integration of Scope 3 emissions into our calculations and the incorporation of climate risks into Risk Management programs. Future efforts will focus on further strengthening capabilities in greenhouse gas (GHG) emissions management, climate risk analysis, and regulatory compliance.

As part of our commitment to sustainability, we continue to refine our expertise across all ESG (Environmental, Social, and Governance) dimensions to ensure a balanced and comprehensive approach to managing material impacts, risks, and opportunities.

Governance processes, controls, and oversight mechanisms (SBM 1)

The governance processes for sustainability oversight at AROBS will include structured controls and procedures that are embedded into the company's overall Risk Management framework.

- **Integration with Internal Functions:**

  The management of sustainability-related risks will be integrated into the company's internal Risk Management procedure, ensuring that sustainability considerations are systematically assessed alongside other business risks.

- **Oversight of Target Setting and Monitoring:**

The administrative, management, and supervisory bodies, along with senior executive leadership, will oversee the setting of sustainability-related targets and monitor progress toward achieving them. This oversight will ensure alignment with the company's broader business strategy, regulatory compliance, and risk management approach.

- **Integration with Internal Functions:**
  The management of sustainability-related risks will be integrated into the company's internal risk management procedures, ensuring that sustainability aspects are systematically evaluated alongside other business risks.
- **Oversight of Goal Setting and Monitoring:**
  The administrative, management, and supervisory bodies, together with the senior executive management, will oversee the establishment of sustainability-related objectives and monitor progress toward achieving them. This oversight will ensure alignment with the company's broader business strategy, regulatory compliance, and effective risk management.
  - **Target Setting:**
    - The management and supervisory bodies will provide strategic direction on sustainability targets, ensuring they align with corporate objectives and regulatory expectations.
    - Senior executive management will be responsible for identifying key sustainability priorities, including social, governance, and environmental goals, and integrating them into the company's long-term strategy.
    - While social and governance targets are well-defined due to previous reporting experience, environmental target-setting is still evolving as the company strengthens its climate-related expertise.
  - **Monitoring of Progress:**
    - Sustainability performance data and (KPIs) will be regularly reviewed starting with the next reporting in 2025, by the supervisory body and senior executives
    - Climate-related risks have been incorporated into Risk Management programs, ensuring systematic monitoring of environmental challenges.
    - Internal assessments will be conducted periodically to evaluate advancements in social, governance, and climate-related objectives, allowing for necessary adjustments to improve overall performance.

As AROBS continues to expand its sustainability strategy, our governance and oversight mechanisms will evolve to incorporate more structured targets and enhance data-driven decision-making in sustainability management. The corresponding list of material impacts, risks and opportunities analyzed in this reporting cycle is disclosed in the Double Materiality section of this report.

Information flow and decision-making on sustainability matters (GOV 2)

Administrative, management, and supervisory bodies will be regularly informed about material sustainability impacts, risks, and opportunities. Insights from the double materiality assessment and internal risk management procedures guide strategic planning and risk management, ensuring sustainability considerations are embedded in decision-making.

INTEGRATION OF SUSTAINABILITY INTO GOVERNANCE AND STRATEGY

Sustainability-related impacts, risks, and opportunities (IROs) are factored into corporate strategy, major transactions, and risk management through the following key actions:

- **Informing decisions through double materiality**

  Insights from the double materiality assessment shape risk identification and opportunity mapping, ensuring sustainability is integrated into high-level strategic decisions.

- **Enhancing supplier evaluation**

  Plans are underway to expand supplier assessments by incorporating environmental, social, and governance (ESG) criteria, strengthening sustainability risk management across the value chain.

- **Balancing trade-offs in decision-making**

  The company is working to assess potential trade-offs between **financial performance, environmental sustainability, and social responsibility**, aiming for a balanced and informed decision-making approach.

- **Embedding sustainability in risk management**

  Sustainability-related risks, particularly climate and social risks, have been **integrated into risk management programs**. Future efforts will enhance risk quantification and strengthen governance practices.

Although still in the early stages of sustainability reporting, AROBS is actively refining its governance framework, improving supplier evaluations, and embedding sustainability considerations into strategic oversight. Ongoing efforts will focus on enhancing trade-off analysis and deepening sustainability integration into business decisions.

Integration of sustainability-related performance in incentive schemes (GOV3)

Currently, no incentive schemes are in place that link remuneration to sustainability-related performance. The integration of sustainability metrics into incentive structures for administrative, management, and supervisory bodies has yet to be determined.

Key aspects, such as the design of incentive schemes, sustainability-related targets, performance benchmarks, and the percentage of variable remuneration tied to sustainability goals, are still under evaluation. Additionally, the approval process and governance for implementing such schemes remain to be defined.

As the company advances its sustainability strategy, future efforts will focus on assessing how sustainability-related performance can be effectively integrated into incentive schemes and remuneration policies.

Statement on due diligence (GOV 4)

Our due diligence process implemented for determining impacts, risks and opportunities is an ongoing assessment of all environmental and social impacts, integrated into the double materiality assessment. It involves stakeholder consultations, feedback mechanisms, and research. In this report our focus was on internal operations, with expansion to the supply chain planned for the next reporting cycles.

Our risk management framework (GOV 5)

At AROBS Group, risk management is integral to sustainable growth and business continuity. Our structured Risk Management Framework ensures we proactively identify, assess, and mitigate risks that could impact our operations, financial stability, and strategic objectives. This framework applies to both existing and new business activities, emphasizing risks within our control or influence.

By systematically addressing potential challenges, we **enhance resilience, safeguard assets, and strengthen governance**.

Risk Management & Business Continuity

AROBS employs a **comprehensive risk assessment strategy**, including:

✓ Regular **risk evaluations** & vulnerability assessments

✓ Continuous **monitoring & policy updates**

✓ **Third-party audits** for compliance & security benchmarking

✓ **Data backup & disaster recovery plans** (onsite & offsite)

Our **Business Continuity Plan (BCP)** ensures:
✓ **Crisis response & recovery procedures**
✓ **Documentation of key suppliers & stakeholders**
✓ **Incident resolution & "lessons learned" analysis**

The key processes within our Risk Management Framework include:

- **Risk Identification** – A **comprehensive** global risk analysis and assessment.
- **Risk Analysis** – Systematic evaluation of **risk sources, likelihood, and potential impact**.
- **Risk Assessment** – Prioritization of risks based on agreed criteria.
- **Risk Management** – Coordinated activities to **guide and control** risk-related decisions.
- **Risk Treatment** – Selection and implementation of **measures** to mitigate risks.
- **Risk Acceptance** – Acknowledgment of residual risks that align with the company's **risk appetite**.
- **Risk Communication** – Clear reporting from **process owners to top management** via the Integrated Risk Management Specialist (IMRS).
- **Continuous Monitoring & Review** – Ongoing assessment of internal and external factors, with **IMRS overseeing** global risk trends and potential security incidents.

As part of our sustainability journey, AROBS has integrated sustainability risks in the existing risks framework. This will be further developed with findings from internal controls.

All findings of sustainability related risk assessments and internal controls will be reported via the Integrated Risk Management Specialist (IMRS) on at least a yearly basis.

In relation to risks related to the sustainability reporting process, we have identified the completeness of our data inventory—particularly regarding Scope 3 emissions and waste quantities—as a key risk. To mitigate this, we will implement internal controls to enhance data accuracy and reliability. Additionally, we leverage external advisory support to ensure comprehensive data collection and reporting alignment with regulatory requirements.

To strengthen internal capabilities, we plan to develop automation solutions to streamline data collection, minimize inconsistencies, and improve overall reporting efficiency. These measures collectively reinforce our commitment to high-quality, transparent, and reliable sustainability disclosures in accordance with the European Sustainability Reporting Standards (ESRS).

Risk assessments are conducted annually or whenever significant changes occur, ensuring adaptability in a dynamic business environment.

By embedding **risk management into our corporate DNA**, AROBS Group ensures **operational stability, regulatory compliance, and business resilience**. This proactive approach enables us to **navigate uncertainties, seize growth opportunities, and maintain trust with stakeholders**, reinforcing our position as a **forward-thinking, sustainable enterprise**.

Our business model (SBM1)

A detailed description of the key elements of our general strategy together with a description of our business model are presented in the AROBS History section. AROBS is neither directly nor indirectly involved in activities related to fossil fuels, the production of chemicals, controversial weapons or the cultivation and production of tobacco. Accordingly, the company does not conduct or support operations within these sectors.

Determining material information, including the use of thresholds (IRO-2)

Our company's determination of material information draws on ESRS 1 Section 3.2, ensuring that all relevant impacts, risks, and opportunities are carefully evaluated for both impact materiality and financial materiality. We began by compiling a broad list of sustainability topics that reflect our business activities and align with the scope of the topical ESRS standards. Through a combination of stakeholder engagement, peer benchmarking, and internal risk mapping, we assessed the significance of each topic in terms of environmental, social, and governance impacts, as well as its potential to affect future financial performance.

In conducting this analysis, we applied qualitative and quantitative thresholds to measure the magnitude and likelihood of each topic's potential effects. Where appropriate, we reviewed existing data, sector trends, and stakeholder feedback to establish whether a topic met the conditions for materiality. This approach allowed us to distinguish between matters with a high likelihood of creating significant impacts—or materially influencing value creation—and those that do not meet the materiality criteria.

Once the process was complete, we identified our material sustainability matters and documented them in our disclosures. We provided the rationale for each decision by referencing whether the topic had met impact materiality, financial materiality, or both. For topics deemed immaterial, we included a concise explanation of our conclusions, in line with ESRS 1 paragraph 32, to show why no further disclosure on those matters was required. We also ensured that mandatory disclosures in ESRS 2 remained in scope, regardless of materiality outcomes, and that the implementation of thresholds in deciding which data points to report was clear, as required by ESRS 1 paragraph 36.

Looking forward, we recognize that materiality can shift over time based on evolving regulatory requirements, stakeholder interests, and changes in our operational footprint. We therefore plan to update our materiality assessment on a regular basis, so that our disclosures continue to reflect the most significant risks, opportunities, and impacts associated with our business activities.

AROBS' s History

AROBS' s History

AROBS Transilvania Software S.A. is an IT company founded in 1998 and is currently the largest and most liquid technology company listed on the Bucharest Stock Exchange. The company specializes in custom software development with advanced expertise in software and embedded engineering for the automotive, aerospace, medical, maritime sectors, and more. It also develops software for IoT projects, tourism, clinical studies, enterprise solutions, FinTech, and intelligent automation. Our company has no products that are banned, in any markets.

With over 25 years of experience delivering custom software solutions to clients in 14 countries across Europe, Asia, and America, AROBS has built its reputation on excellent specialists and flexible, well-honed processes. This approach consistently produces high-quality software, products, and applications while retaining ownership rights. The excellence in service and commitment of its specialists has led to strong, long-term partnerships with over 11,000 companies in Romania and Central and Eastern Europe, along with hundreds of international companies.

Since 2003, AROBS Transilvania Software has been developing its own solutions and products. Notable examples include TrackGPS, a fleet management and monitoring solution; Optimall, a sales force automation solution; RateWizz, a channel manager for the hospitality industry; and a solution for digitizing school textbooks.

Headquartered in Cluj-Napoca, the company operates regional offices in 10 additional cities in Romania and in 10 countries across three continents. In December 2021, AROBS expanded its presence in Romania by acquiring Berg Computers, which has offices in Timișoara, Oradea, and Lugoj.

Since its listing on the Bucharest Stock Exchange, AROBS has completed 10 acquisitions, the most recent being InfoBest. This acquisition has strengthened AROBS's presence in Romania and in the DACH market by adding InfoBest—a company specializing in custom software solutions with offices in Timișoara and Leverkusen, Germany—to its portfolio. The transaction was finalized on May 31, 2024.

GROUP STRUCTURE

As of December 31, 2024, the AROBS Group consisted of AROBS Transilvania Software S.A. (the "Company," "AROBS," or "Parent Company") and 30 subsidiaries.

Romanian entities

1. AROBS DEVELOPMENT & ENGINEERING SRL – 100%
2. AROBS ETOLL SOLUTIONS SRL – 100%
3. AROBS SYSTEMS SRL – 100%
4. BERG COMPUTERS SRL – 100%

5. FUTURE WORKFORCE S.A. – 100%
6. FUTURE WORKFORCE SRL – 100%
7. CENTRUL DE SOFT GPS SRL – 100%
8. INFOBEST ROMANIA SRL – 100%
9. INFOBEST ROMANIA SRL – FILIALA BURSCHEID - GERMANIA – 100%
10. NORDLOGIC SOFTWARE SRL – 100%
11. SAS FLEET TRACKING SRL (SAS GRUP) – 100%
12. SILVER BULLET SRL – 100%
13. SOFTMANAGER SRL – 70%
14. UCMS GROUP ROMANIA SRL – 97.67%

Foreign entities

15. AROBS PANNONIA SOFTWARE KFT – 100%
16. AROBS POLSKA sp. z o.o – 94,36%
17. AROBS SOFTWARE SOLUTIONS GmbH – 60%
18. AROBS SOFTWARE SRL – 100%
19. AROBS TRACKGPS SRL – 100%
20. ATS ENGINEERING LLC – 100%
21. CABRIO INVEST B.V. – 90%
22. COSO BY AROBS B.V. NL – 90%
23. COSO BY AROBS B.V. BE – 90%
24. COSO TEAM UK LTD – 90%
25. FUTURE WORKFORCE GmbH – 65%
26. FUTURE WORKFORCE Limited – 80%
27. INFOBEST SYSTEMHAUS GmbH – 100%
28. NORDLOGIC USA. INC – 100%
29. PT AROBS SOLUTIONS INDONEZIA – 70%
30. SKYSHIELD MAGYARORSZAG KFT – 100%

25+ years of Promoting Good Governance and Ethics in Software Development

At AROBS, we believe that **ethical software development is essential to trust, security, and long-term sustainability**. To promote good governance and ethical responsibility, we focus on several key areas:

- **Security & Data Protection** – Cybersecurity threats are growing, and we are committed to **developing secure, vulnerability-free software**. By prioritizing security, we protect **user data, privacy, and business continuity**. We had zero security breaches in 2024.
- **Transparency & Accountability** – We promote **open development practices**, welcoming feedback from users and peers. Transparency fosters trust, while accountability ensures that ethical considerations guide our decisions.
- **Industry Standards & Documentation** – Well-documented code and adherence to industry best practices make our software **reliable, maintainable, and scalable**. Clear documentation also supports collaboration and innovation.
- **Ethical Software Design** – We recognize the **societal impact of software** and actively work to mitigate **bias, discrimination, and unintended consequences**. Inclusivity is a fundamental principle in our development process.
- **Responsible Data Usage** – We are mindful of the **data we collect and use**, ensuring it is handled with transparency, security, and respect for privacy.

AROBS aims to build **trustworthy, high-quality software** that aligns with both our values and the evolving digital landscape.

Performance Orientation

At AROBS, **efficiency, compliance, and performance excellence** drive our operations. We optimize resources to meet **stakeholder obligations** while achieving ambitious performance goals.

Confidentiality & Information Security

In our industry, **information security is critical**. To safeguard valuable information, we have implemented an **Integrated Management System (IMS)**, incorporating international standards such as:

- **ISO 9001** – Quality Management
- **ISO 27001** – Information Security Management
- **TISAX** – Automotive Information Security

The following companies in the Group are certified:

1. AROBS Transilvania Software
   - Arad (ISO 27001, TISAX)
   - Mures (ISO 27001, TISAX)
   - CBC Cluj (ISO 27001, ISO 9001)
   - Minerilor Cluj (ISO 27001, ISO 9001, ISO 14001, ISO 45001)
2. AROBS Software
   - Chișinau (ISO 27001, TISAX)
3. Berg Software
   - Timișoara (ISO 27001, ISO 9001)
4. AROBS Development & Engineering
   - București (ISO 27001, ISO 9001)
5. Future Workforce
   - Cluj (ISO 27001, ISO 9001)
6. UCMS
   - Cluj (ISO 27001, ISO 9001)

ISO 27001 Certification

AROBS Transilvania Software (ATS) entity has been **ISO 27001-certified since 2017**, with periodic audits ensuring **continuous compliance and improvement**. Our security objectives include:
✓ Securing processes, data, and intellectual property

✓ Identifying and mitigating risks

✓ Ensuring regulatory compliance

✓ Minimizing security incidents

We are continuously enhancing security awareness through **training programs, internal audits, and external evaluations**.

Future-Ready Security: ISO 27001:2022 & TISAX

By 2025, ATS will transition to the new ISO 27001:2022 standard, addressing emerging cybersecurity threats and best practices. ATS and AROBS Software MD hold the TISAX certification, the gold standard for automotive cybersecurity.

Regulatory Compliance: DORA & NIS2 Directives

AROBS proactively aligns its security and compliance framework with **EU directives** (NIS2 & DORA), ensuring compliance through:

✓ **Technical & organizational measures**

✓ **Legal document revisions** based on client requirements

Our **cybersecurity teams hold top-tier industry certifications**, ensuring expertise in **offensive security, vulnerability management, and cyber defence**.

Additional Certifications

We maintain multiple **industry-recognized certifications, for the TrackGPS division**, including:
✓ **ISO 9001:2015** – Quality Management

✓ **ISO 45001:2018** – Occupational Health & Safety

✓ **ISO 14001:2015** – Environmental Management

✓ **ORDA & HU-GO Certified** – Software and telematics

Privacy, Data Responsibility & Security

AROBS is dedicated to **privacy, data security, and ethical data management**.

Our Approach to Data Protection

- **Privacy by Design & Default** – Integrated into all software development processes.
- **Compliance with GDPR & International Standards** – Guided by our **Chief Information Security Officer (CISO) and Data Protection Officer (DPO)**.
- **Internal Security Policies** – Built into our **Integrated Management System (IMS)** for regulatory adherence.
- **Dedicated Privacy & Cybersecurity Teams** – Experts in AI, compliance, cybersecurity, and risk management.
- **Mandatory Employee Training** – Ensuring all staff uphold **privacy, security, and ethical standards**.

Software Development & Security

Security is **integrated** into our software development lifecycle:
✓ **Risk assessments** for all software projects
✓ **GDPR-compliant checklists** for “Privacy by Design” implementation
✓ **Internal policies for security, compliance, & risk mitigation**

Disclosure of aspects regarding the impact of cybersecurity efforts:

In 2024, AROBS recorded zero security breaches caused by unpatched known vulnerabilities and zero incidents with impact on employees’ or customers’ personal data. The digital infrastructure is 100% covered with advanced security solutions (EDR, firewall, encryption), and all employees are included in annual cybersecurity and data protection awareness campaigns.

Through **rigorous compliance, responsible data practices, and cutting-edge cybersecurity**, we create **trustworthy, future-proof technology**.

Major Events in 2024

Major events in 2024

INCLUSION OF AROBS SHARES IN THE FTSE GLOBAL MICRO CAP INDEX

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

INFOBEST ACQUISITION

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

2024 REVENUE AND EXPENSE BUDGET

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

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 f 2,000,000 shares the buyback program initiated on April 18, 2024. More details are available **HERE** .

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

SHARE CAPITAL INCREASE OPERATION

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

APPROVAL OF THE PROSPECTUS FOR THE SHARE CAPITAL INCREASE

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

PUBLICATION OF SUSTAINABILITY REPORT

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

DECISION REGARDING THE RESULTS OF THE SHARE CAPITAL INCREASE

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

More details are available **HERE** .

AROBS is powered by EBRD

On **July 15, 2024**, The EBRD published an announcement about making a minority equity investment into AROBS, to support it in pursuing its regional growth strategy in central and eastern Europe. The EBRD investment was part of a larger primary and secondary share offering of €38.0 million (RON 189.3 million) subscribed to by other retail and institutional investors.

More details are available **HERE**

NOTICE OF MAJOR HOLDINGS >5% BY ALLIANZ SE

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

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

On **October 21, 2024,** AROBS Polska and AROBS Engineering launched the project "Development and Qualification of the Satellite Control Unit for Proximity Operations" (CRIMSON). Approved in September 2024, the project is funded by the European Space Agency (ESA) as part of the Clean Space Program within the COSMIC program, phase two of ESA's Space Safety Program (Period 2). The project addresses a specific need for future Active Debris Removal (ADR) and In-Orbit Servicing (IOS) missions by developing and qualifying an integrated control system for space missions.

More details are available **HERE**

KEBORMED AND BERG SOFTWARE ANNOUNCE A STRATEGIC PARTNERSHIP FOR MEDICAL CONNECTIVITY SOLUTIONS

On **November 12, 2024,** KeborMed—a leading software platform for digital medical solutions—and Berg Software, part of the AROBS Group, announced a strategic partnership to offer comprehensive software infrastructure and connectivity solutions tailored to the medical field. Through this partnership, Berg Software becomes the official implementation partner for the KeborMed platform, supporting medical and pharmaceutical companies in efficiently and securely launching advanced digital solutions. More details are available **HERE**

AROBS ENGINEERING LAUNCHES ALERTBOX PROTOTYPE TESTING

On **November 22, 2024,** AROBS Engineering, part of the AROBS Group, announced the commencement of testing for its AlertBox prototype. Developed under the latest R&D project funded by the European Space Agency (ESA) via the Business Applications and Space Solutions (BASS) program, the AlertBox prototype connects two global satellite networks (Starlink and Iridium) to national emergency management systems. It addresses the critical need for reliable communication during emergencies when GSM networks are unavailable—whether in isolated rural areas or urban centers. The product is an independent unit that connects via satellite to a centralized, secure server, which then communicates with local and national emergency services (112 and E-alert).

More details are available **HERE**

SIGNIFICANT CONTRACT WITH THE NATIONAL HOUSE OF PUBLIC PENSIONS

On **December 9, 2024,** the Company informed the market of a significant contract signed by AROBS SYSTEMS SRL—100% owned by AROBS Transilvania Software S.A.—with the National House of Public Pensions. This contract represents a partnership between AROBS Systems SRL and Wing Leading Edge SRL, in which AROBS Systems SRL holds a 40% stake. The total contract value is 109.931.387,31 (excluding VAT), of which 43,972,554.24 lei (excluding VAT) is attributable to AROBS SYSTEMS SRL. The contract duration is 17 months from the signing date.

More details are available HERE

MERGER PROJECT

On **December 19, 2024,** the Company informed investors about the publication of the Merger Project by absorption between AROBS TRANSILVANIA SOFTWARE S.A. (the acquiring company) and AROBS DEVELOPMENT & ENGINEERING S.R.L., BERG COMPUTERS S.R.L., and NORDLOGIC SOFTWARE S.R.L. (the companies being absorbed). On **February 7, 2025,** the Company further informed the market of the Board of Directors' decision to revise its approach to organizational consolidation within the Group. An internal analysis revealed that the companies initially proposed for the second phase had completed, or were nearing completion of, their integration process, making them suitable for inclusion in a single extended merger operation.

More details are available HERE

MARKET MAKER SERVICE CONTRACTS WITH RAIFFEISEN BANK INTERNATIONAL AND INTERCAPITAL SECURITIES

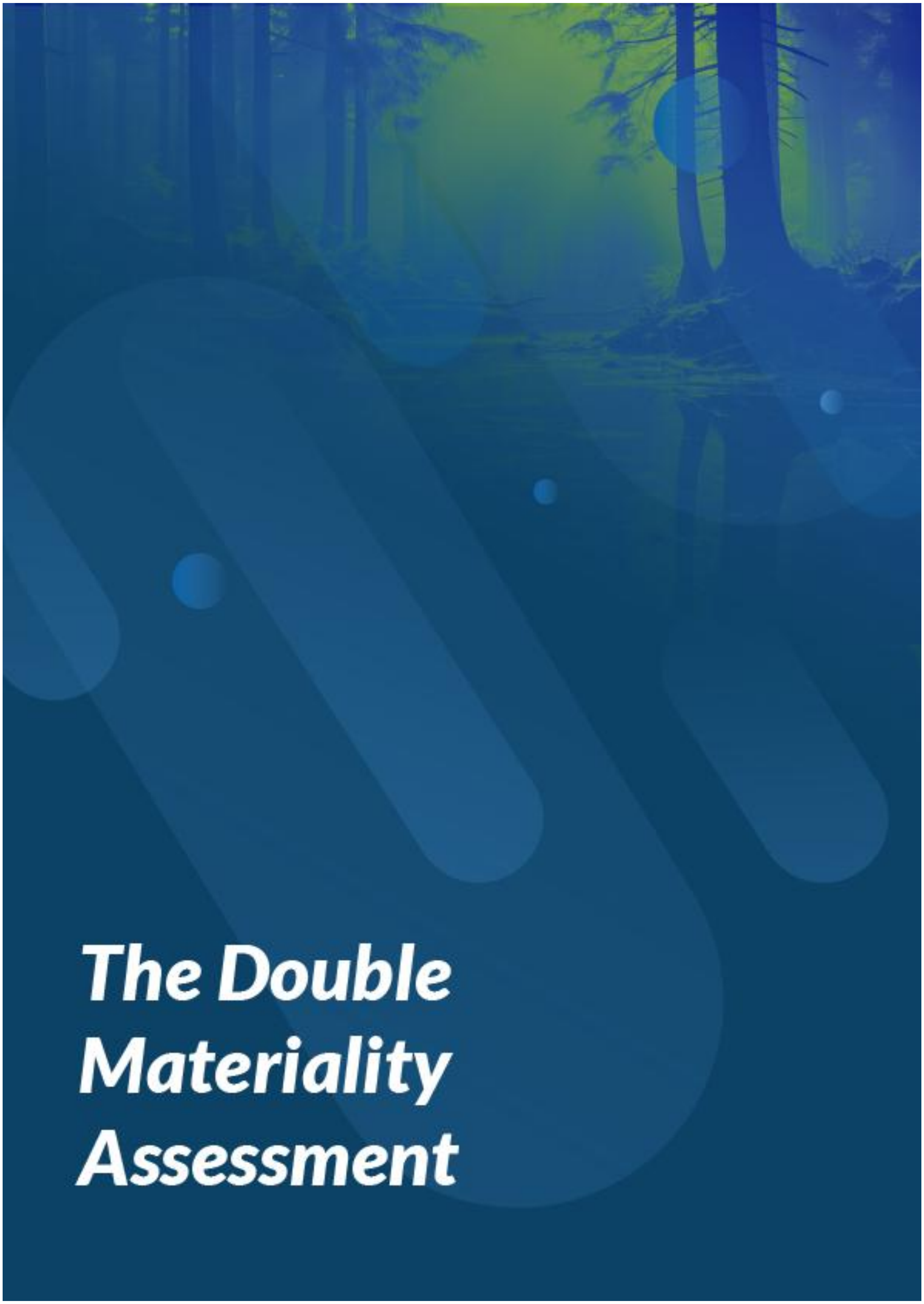
On **January 3, 2025,** the Company informed the market about the signing of two Market Maker service contracts with Raiffeisen Bank International and InterCapital Securities.

More details are available HERE

COMPLETION OF SHARE REPURCHASE PROGRAM

On **January 8, 2025,** the Company informed the market about the completion of its share repurchase program, initiated on April 18, 2024, and supplemented on June 13, 2024, August 7, 2024, and October 9, 2024. The program involved repurchasing a maximum of 11,000,000 shares in accordance with AGEA Resolution No. 1 dated March 4, 2024, published in the Official Monitor Part IV No. 1877/April 16, 2024, with a share price range of 0.1 lei to 1.4 lei. The program was managed by BRD – GROUPE SOCIETE GENERALE S.A., which made independent trading decisions regarding the timing of the share purchases.

More details are available HERE .



The Double Materiality Assessment

The Double Materiality Assessment (SBM-2, SBM-3)

Double materiality is a foundational concept in sustainability reporting that recognizes the dual perspective required to assess the significance of sustainability matters for an organization. It integrates two complementary dimensions:

1. Impact Materiality: This perspective evaluates how the organization’s operations, products, and services affect environmental, social, and governance (ESG) issues. For AROBS, this includes understanding the environmental footprint of its software development processes, the social impact of its workforce management practices, and the ethical considerations of its governance structures. Thus, impact materiality highlights AROBS’ responsibility toward society and the environment, focusing on the broader consequences of its business activities.

The topics for impact materiality were determined by building upon the existing list of impacts from the previous reporting cycle. This list underwent a comprehensive update during a dedicated workshop with the AROBS team, which incorporated enhancements from external consultants who contributed with their technical expertise. These enhancements reflected industry best practices and the consultants' professional experience.

Following this, the extended list of impacts was deliberated and refined during a subsequent session involving a mixed team of AROBS representatives and external consultants. The result of this collaborative effort was a streamlined and improved list that served as the foundation for developing stakeholder consultation questionnaires.

This rigorous approach ensured that the identified materiality topics are both technically sound and aligned with stakeholder expectations, reinforcing the company's commitment to robust sustainability reporting and strategic impact management.

2. Financial Materiality: This dimension assesses how ESG issues influence the organization’s financial performance, position, and resilience. For AROBS, this involves analyzing the financial risks and opportunities presented by changes in technology trends, regulatory developments, or market demands for sustainable solutions. It ensures that sustainability-related risks, such as impact of climate changes, climate-related regulations or shifts in client expectations toward greener technologies, are integrated into financial decision-making.

The financial materiality assessment was developed collaboratively by the team of consultants in partnership with a dedicated team from AROBS. This assessment was discussed and accepted during a focused working session with the financial department leads to ensure alignment with organizational priorities and compliance requirements.

The foundation of this process was built on an analysis of the legislative context and potential sanctions that could impact the company. Additionally, the consultants conducted thorough research to identify and quantify potential financial risks that may affect AROBS for the vast majority of them (for which we were able to identify benchmarks). This approach ensured that risks were evaluated in the context of their potential to impact the company's financial performance and sustainability objectives.

This comprehensive assessment reflects AROBS's commitment to proactively addressing financial risks and integrating these considerations into its sustainability strategy and reporting framework.

The process of double materiality within AROBS focused on all business relationships and geographies as a whole, with a strong focus on own operations.

Importance of Double Materiality for AROBS

The yearly updating process of double materiality is necessary for AROBS to align its sustainability strategy with both regulatory requirements and stakeholder expectations. It ensures that the company not only identifies and mitigates its impacts, but also positions itself to navigate financial risks and capitalize on emerging opportunities in the sustainability-focused global market.

For AROBS, operating in the dynamic software development and IT services industry, double materiality helps:

- Enhance Decision-Making: By considering both its impact on the environment and society and the financial implications of sustainability matters, AROBS can make well-informed strategic decisions that support long-term growth.
- Build Stakeholder Trust: Transparent reporting on double materiality fosters trust among clients, investors, employees, and regulators, demonstrating AROBS' commitment to responsible business practices.
- Ensure Regulatory Compliance: As a company listed on the Bucharest Stock Exchange and subject to European Sustainability Reporting Standards (ESRS), adhering to the double materiality principle aligns AROBS with the Corporate Sustainability Reporting Directive (CSRD) requirements.
- Identify Opportunities: By evaluating both external impacts and financial implications, AROBS can proactively identify opportunities for innovation, such as developing software solutions tailored to sustainability-focused industries like renewable energy, circular economy models or smart city solutions.

AROBS Supply Chain in Software Development and Engineering

AROBS operates within a complex and dynamic software development and engineering supply chain. The supply chain is structured across several key stages:

- Digital and Hardware Infrastructure Sourcing: Hardware providers, cloud service platforms, software development tools (IDEs, frameworks, cybersecurity solutions).
- Research & Development (R&D) and Talent Acquisition: Universities, research institutions, tech incubators, open-source communities.
- Software Design and Development: Internal development teams, freelance engineers, development partners.
- Deployment & Implementation: Cloud hosting providers, DevOps automation tools, IT infrastructure services.
- Customer Delivery, Support & Maintenance: IT service management (ITSM) providers, AI-driven support tools, technical training platforms.
- Governance, Compliance & ESG Reporting: Advisory firms, sustainability auditors, regulatory bodies.
- Workforce Development & Training: Online learning platforms, certification providers, industry training programs.
- Corporate & Administrative Support:
    - Rental & Utilities Suppliers: Office rental services, energy providers, internet and telecom service providers.
    - Fleet Maintenance Suppliers: Automotive service providers, fuel card programs, fleet insurance companies.

- Travel & Mobility Services: Travel agencies, car rental services, business travel management companies.
- Office Supplies & Equipment: Office furniture vendors, stationery suppliers, printing services.
- Promotional & Event Management: Marketing agencies, event organizers, branded merchandise suppliers.

Due diligence is embedded in the risk management framework, ensuring sustainability risks are identified and mitigated, key actions including:

- Stakeholder engagement
- Impact assessment
- Mitigation measures

Through the lens of double materiality, AROBS is equipped to balance its responsibilities to society and the environment with its ambition to achieve sustainable financial growth, ensuring its role as a leader in the evolving IT landscape.

Double Materiality Assessment & identification of impacts, risks, and opportunities (IRO 1)

Process to identify impacts, risks, and opportunities & materiality assessment

AROBS applies a double materiality approach, which considers both impact materiality—how the company's operations affect the environment and society, which assesses how ESG issues influence the company's financial performance. The identification of material topics is based on a structured process that includes internal workshops, external consultant input, stakeholder consultations, and a review of legislative and market trends. The methodology follows a defined threshold, where materiality is determined by selecting topics that exceed half of the maximum global average score for both impacts and financial risks or opportunities. To ensure alignment with evolving regulations and stakeholder expectations, this assessment is updated annually.

Methodologies and assumptions applied

The identification and prioritization of sustainability topics are based on stakeholder engagement surveys, tailored to different stakeholder categories. The company applies a scoring system that ranks topics based on key criteria, including magnitude, likelihood, and scope of impact. The prioritization process ensures that negative impacts are assessed based on severity and likelihood, while positive impacts are considered in terms of their scale, scope, and potential benefits. These methodologies allow AROBS to systematically evaluate material risks, opportunities, and sustainability-related concerns across its operations and business relationships.

Process to identify, assess, prioritize, and monitor impacts on people & environment

The identification, assessment, and monitoring of sustainability-related impacts are guided by stakeholder feedback, internal risk management processes, and double materiality analysis. AROBS ensures a structured approach to evaluating both potential and actual impacts on people and the environment. The company leverages insights from ESG regulatory frameworks, industry benchmarks, and internal sustainability strategies to continuously assess and refine its materiality process.

Focus on high-risk activities, business relationships, and geographies

The risk assessment process places particular emphasis on activities, business relationships, and geographical regions that present a heightened risk of adverse sustainability impacts. Key focus areas include energy usage and greenhouse gas (GHG) emissions, which relate to the company's operational efficiency and supply chain sustainability. Additionally, data security and privacy risks are a priority, given AROBS's involvement in technology and software development. Social factors, such as employee well-being, work-life balance, and ethical corporate conduct, are also central to the assessment of risks and opportunities.

Consideration of impacts from business operations & relationships

AROBS evaluates both direct and indirect impacts stemming from its own operations and those of its business partners, suppliers, and clients. The company integrates value chain analysis to assess potential risks and sustainability challenges in relation to climate change. Due diligence efforts include ESG criteria in procurement processes, data security compliance assessments, and responsible business practices within supplier and client interactions.

Stakeholder consultation & external expertise in risk assessment

Stakeholder engagement plays a critical role in AROBS's sustainability assessment. The company gathers insights through online questionnaires and structured rating systems, ensuring that stakeholders contribute directly to the identification of material impacts and risks. External consultants provide specialized expertise in ESG reporting frameworks, financial risk modeling, and sustainability impact measurement, ensuring that the process aligns with best practices and regulatory expectations.

Prioritization of negative & positive impacts in materiality assessment

The prioritization process differentiates negative and positive impacts to ensure a balanced approach to sustainability reporting. Negative impacts are ranked based on severity and likelihood, addressing key concerns such as energy consumption, data privacy risks, carbon emissions, and workplace safety. On the other hand, positive impacts are evaluated based on their scale, scope, and potential benefits, with a focus on corporate ethics, cybersecurity innovation, and employee well-being. This methodology helps AROBS determine which sustainability matters require the most attention and action.

Process for identifying financial risks & opportunities

The financial materiality assessment is conducted through internal financial reviews, regulatory impact studies, and market trend analysis. The process identifies sustainability-related financial risks, such as regulatory compliance costs, evolving market expectations, and reputational risks. Additionally, it evaluates financial opportunities, including expansion into green technologies, cybersecurity development, and sustainable product innovations.

Assessment of risk likelihood, magnitude & impact on business

AROBS employs historical data, industry benchmarks, and predictive modeling to assess the likelihood of sustainability-related risks. The magnitude of risks is determined based on their potential operational disruption, financial consequences, and regulatory implications. By systematically evaluating these factors, AROBS ensures that sustainability risks are effectively integrated into the broader corporate risk management framework.

Integration into corporate risk management & decision-making

Sustainability-related risks and opportunities are embedded into AROBS's enterprise risk management (ERM) framework. The insights from the materiality assessment directly inform strategic decision-making, investment planning, and regulatory compliance efforts. By aligning sustainability risks with overall corporate governance, the company enhances its ability to anticipate and mitigate emerging challenges while identifying opportunities for sustainable growth.

Extent of integration into management & risk control procedures

The assessment process is closely linked to AROBS’s internal controls, risk monitoring systems, and financial planning. Sustainability-related KPIs are established to ensure continuous monitoring of key risks and opportunities. Regular internal reviews and oversight mechanisms enable proactive risk mitigation and data-driven decision-making across all business units.

Changes to process compared to previous reporting period

In comparison to prior reporting periods, AROBS has refined its list of material topics to reflect emerging risks and new business opportunities. Notably, the 2024 assessment introduced a more structured approach to climate-related risk quantification, a deeper evaluation of cybersecurity threats, and an expansion of stakeholder engagement methodologies. These enhancements ensure that the materiality assessment remains aligned with evolving industry standards and regulatory expectations.

Last modification & Future updates

The last modification of AROBS’s materiality assessment process took place during the 2024 reporting cycle. Moving forward, the company plans to conduct its next revision as part of the 2025 assessment cycle, incorporating new regulatory developments, stakeholder feedback, and technological advancements.

Stakeholder Engagement

The identification of key stakeholders involved in the materiality process for AROBS's activities was initiated based on the list established during the previous reporting cycle. This list was expanded by including additional stakeholders identified through an analysis of the company's current status and partnerships. This analysis was conducted during a dedicated working session, ensuring that the updated list accurately reflects the evolving operational and strategic context of AROBS.

This iterative and inclusive approach underscores AROBS's commitment to engaging relevant stakeholders and aligning its materiality process with the latest organizational and industry developments.

The list of key stakeholders was established as follows:

Stakeholder	Type of stakeholder	Primary interests
Board of Directors	Internal	Long-term ESG strategy integration Risk management (climate, social, governance) Regulatory compliance and corporate responsibility
Employees	Internal	Workplace safety and well-being Career development and sustainability training
Clients	External	Sustainable and ethical business practices Affordable and responsible products/services Transparency in environmental and social impact
Corporate clients	External	ESG-compliant supply chain and partnerships Carbon footprint reduction strategies Compliance with sustainability regulations

Stakeholder	Type of stakeholder	Primary interests
Business Partners (Contractors, Suppliers, Collaborators)	External	Fair and ethical procurement practices Sustainable supply chain standards Support for emissions and waste reduction
Shareholders	External	ESG-driven financial performance and risk mitigation Transparent sustainability reporting and disclosures Long-term value creation through sustainable investments
Non-Governmental Organizations (NGOs)	External	Social and Environmental impact initiatives Corporate accountability and ethical governance Partnerships for sustainability projects
Bucharest Stock Exchange (BVB)	External	ESG compliance and reporting standards Sustainability-driven market performance Investor confidence in sustainable business practices
European Bank for Reconstruction and Development (EBRD)	External	Alignment with green financing criteria Support for sustainable economic development Climate resilience and energy transition effort
Universities	External	Collaboration on sustainability research and innovation Workforce development in sustainability fields Knowledge-sharing on environmental and social governance
Regulators	External	Compliance with sustainability laws and ESG reporting Corporate accountability in environmental and social impact Enforcement of sustainable business practices

Methods of engagement:

Stakeholder engagement was carried out through online questionnaires developed by the team of consultants in collaboration with AROBS. These questionnaires focused on the topics initially identified as material, as well as related subtopics, with the objective of aligning the company's vision with the perspectives of its stakeholders.

To enhance the relevance and accuracy of the feedback, the questionnaires were customized for each stakeholder category, as presented in the Annex to this report. This tailored approach ensured that the topics included in the questionnaires were aligned with the interests, expertise, and potential influence of each stakeholder group. By assigning relevant topics to specific stakeholders, the process encouraged meaningful input and highlighted areas where stakeholders could provide the most valuable insights.

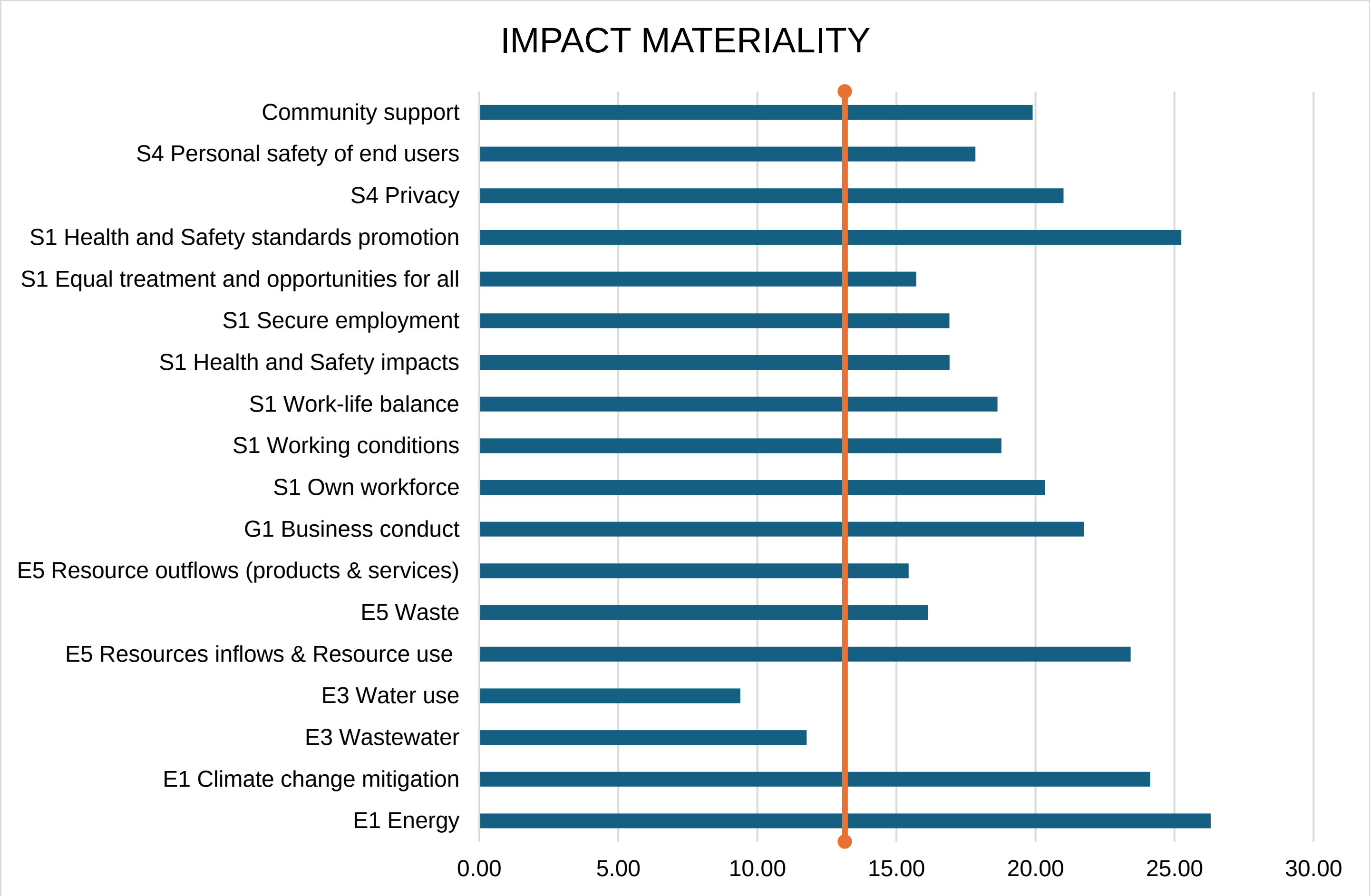
The stakeholders were asked to score assigned impacts, risks or opportunities, based on a scale developed in accordance with EFRAG Guidance IG1 on Double Materiality.

Double Materiality Assessment 2024: Summary of Results

Our Impacts, Risks and Opportunities

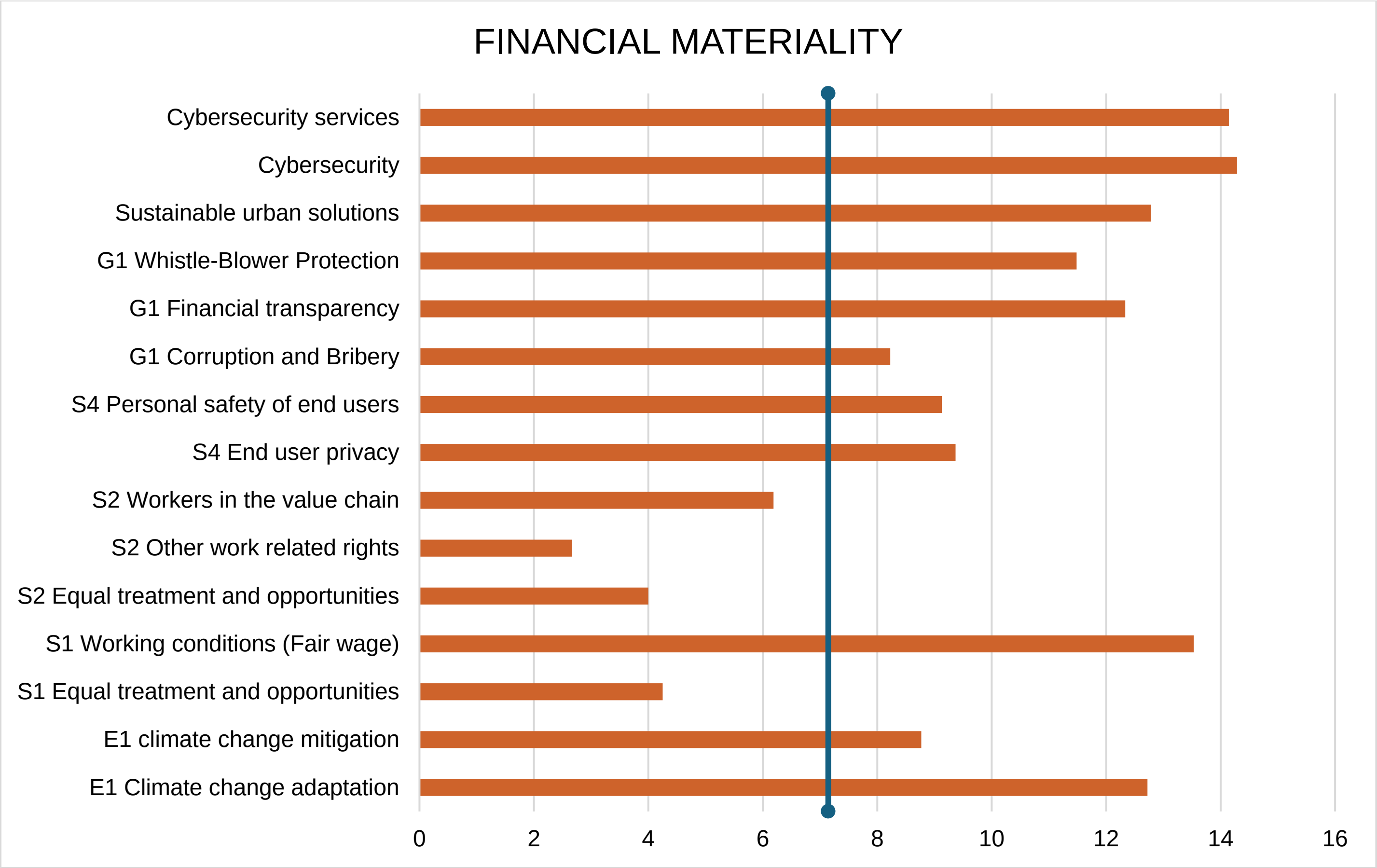
Topic	ESRS	Description	Type	Time horizon
Energy Usage	E1	AROBS relies on significant electricity for operations. Rising energy costs pose risks, requiring efficiency and renewable investments.	Negative	current
Contribution to Global Warming through GHG Emissions	E1	AROBS contributes to Scope 1 & 2 emissions through office and data center energy use. Plans include reduction strategies and supply chain engagement.	negative	current
Overuse of Non-Renewable Resources	E5	AROBS's solutions may indirectly increase resource consumption in high-energy industries. Sustainable alternatives are needed.	negative	potential
Waste generation during operations	E5	AROBS produces e-waste from operations and repairs. Improper disposal by clients could impact its environmental reputation.	negative	potential
Improved Employee Well-being through Work-Life Balance	S1	Flexible work policies improve productivity, retention, and work-life balance, strengthening AROBS's employer reputation.	positive	current
Strong Ethical Corporate Culture	G1	A strong corporate culture enhances innovation, reduces turnover, and attracts talent through inclusivity and well-being focus.	positive	current
Talent Acquisition and Retention	S1	Competition for skilled employees is high. AROBS must invest in training, fair pay, and a positive work environment.	negative	current
Own workforce working conditions	S1	High workloads and tight deadlines in IT create stress, affecting productivity, retention, and reputation if unaddressed.	negative	current
Secure Employment Enhances Workforce Stability	S1	Stable jobs improve loyalty, lower turnover, and strengthen AROBS's competitive advantage in hiring skilled professionals.	positive	current
Health and Safety Risks in Tech Industry	S1	Poor ergonomics and long hours lead to physical and mental health risks, affecting productivity and increasing costs.	negative	current
Improved Employee Morale and Engagement	S1	Engaged employees enhance productivity, lower turnover, and drive innovation, benefiting AROBS's long-term success.	positive	potential
Promotion of Health and Safety Standards	S1	AROBS implements digital tools to improve workplace safety and assist clients with compliance monitoring.	positive	current

Topic	ESRS	Description	Type	Time horizon
Promotion of Sustainable Product Life Cycles	E5	AROBS supports sustainability through digital tools that enhance efficiency, recycling, and resource management.	positive	current
Misuse of Consumer Data	S4	AROBS's technologies must ensure data security to prevent breaches, privacy violations, and regulatory risks.	negative	potential
Product Misuse or Design Flaws	S4	Flaws in AROBS's solutions could lead to safety risks, impacting consumer trust and regulatory compliance.	negative	potential
Implementing Fair Wage Systems	S1	Equitable wages improve employee retention, productivity, and trust while reducing absenteeism and turnover costs.	opportunity	short
Expansion into Green Technologies	S1	AROBS can benefit from the growing green tech sector by developing energy-efficient solutions.	opportunity	medium
Financial transparency	G1	Clear financial reporting enhances efficiency, compliance, and investor confidence while reducing regulatory risks.	opportunity	short
Establishing Whistle-Blower Protection Programs	G1	AROBS strengthened governance by encouraging transparency, preventing fraud, and mitigating legal risks.	opportunity	Medium
Reputational and Legal Risks from Non-Compliance with Privacy Laws	S4	Failure to comply with GDPR and other privacy laws could lead to fines, reputational damage, and consumer mistrust.	risk	Medium
Reputational and Legal Risks from Consumer Harm	S4	Neglecting safety, privacy, or security in AROBS's solutions can lead to legal issues and reputational damage.	risk	medium
Regulatory and Market Pressure to Reduce Emissions	E1	Regulatory and market expectations require AROBS to reduce emissions or face compliance risks and financial penalties.	risk	short
Corruption and Bribery Compliance	G1	Weak anti-bribery measures expose AROBS to legal penalties, financial losses, and reputational harm.	risk	short



The overall materiality threshold for impacts was established at half of the maximum global average score. The maximum global average score was determined by ranking impacts and selecting the highest number, the result being 26.3. In this case, the materiality threshold is thus 13.15. **All impacts ranked below this threshold are considered not material**.

FINANCIAL MATERIALITY



The overall materiality threshold for risks and opportunities (R&O) was established at half of the maximum global average score. The maximum global average score was determined by ranking R&Os and selecting the highest number, the result being 14.28. In this case, the materiality threshold is thus 7.14. **All R&Os ranked below this threshold are considered not material**.

After calculating the average scores for each stakeholder group, a consolidated average score was computed to assign a single score and corresponding level of importance for each topic from the overall stakeholder perspective. Topics that achieved at least half of the maximum possible score for the analysed subject were deemed to hold significant importance for stakeholders. These topics were subsequently categorized as material topics for further consideration in the sustainability strategy and reporting process. The prioritization of impacts, risks, and opportunities (IROs) is summarized in the table below, providing a clear overview of the topics identified as material based on the consolidated scoring methodology. This table serves as a foundation for addressing stakeholder priorities and aligning them with AROBS's sustainability strategy and reporting.

Impact - Description	Type	Global average score
Energy Usage	negative	26.30
Misuse of Consumer Data	negative	25.24
Contribution to Global Warming through GHG Emissions	negative	24.13
Overuse of Non-Renewable Resources	negative	23.42
Talent Acquisition and Retention	negative	21.73
Product Misuse or Design Flaws	negative	21.01
Own workforce working conditions	negative	20.35
Supporting Community Well-Being Through Technology & Education	positive	19.89
Improved Employee Well-being through Work-Life Balance	positive	18.77
Health and Safety Risks in Tech Industry	negative	18.63
Strong Ethical Corporate Culture	positive	17.84
Secure Employment Enhances Workforce Stability	positive	16.91
Improved Employee Morale and Engagement	positive	16.90
Waste generation during operations	negative	16.13
Promotion of Health and Safety Standards	positive	15.71
Promotion of Sustainable Product Life Cycles	positive	15.44

Exclusions based on non-materiality:

Based on the reasoning outlined—where topics receiving a score below half of the maximum possible score are deemed to represent the lowest level of interest and are therefore considered non-material—we can conclude that **Standard E3: Water and Marine Resources** is non-material for AROBS.

Risk/Opportunity - Description	Type	Global average score
Cybersecurity	risk	14.29
Development of Cybersecurity Solutions for Data Privacy and Information Access	opportunity	14.14
Implementing Fair Wage Systems	opportunity	13.53
Development of Sustainable Urban Solutions	opportunity	12.78
Expansion into Green Technologies	opportunity	12.72
Financial transparency	opportunity	12.33

Risk/Opportunity - Description	Type	Global average score
Establishing Whistle-Blower Protection Programs	opportunity	11.48
Reputational and Legal Risks from Non- Compliance with Privacy Laws	risk	9.37
Reputational and Legal Risks from Consumer Harm	risk	9.13
Regulatory and Market Pressure to Reduce Emissions	risk	8.77
Corruption and Bribery Compliance	risk	8.23

Exclusions based on non-materiality

The following risks will not be prioritized in the materiality assessment: **Legal and Reputational Risks from Value Chain Non-Compliance, Supplier's Breach of Human Rights Agreements, Low Pay or Lack of Career Advancement in the Value Chain, and Reputational Damage from Discrimination or Harassment Complaints**. Given that AROBS operates in intellectual, office-based environments, worker rights issues common in labor-intensive sectors do not apply, and the company's impact on value chain working conditions is minimal.

Similarly, AROBS's operations do not significantly affect local communities due to their digital nature and lack of resource extraction or land use. The company's work-from-home policy further reduces environmental and social disruptions. Instead, AROBS engages in Corporate Social Responsibility (CSR) initiatives, focusing on education and community support rather than mitigating negative community impacts.

While AROBS positively contributes to talent development and well-being through technology and education programs, the ESRS framework prioritizes mitigating adverse impacts over social contributions. As a result, AROBS's community engagement efforts, though valuable, are not classified as material risks within the ESRS reporting framework.

Other subjects analysed by the entity, which were found to be specific to the group and not part of any ESRS topics, were:

Supporting Community Well-Being Through Technology & Education: AROBS can contribute positively by developing or supporting digital tools that promote access to adequate housing, food, and water for affected communities. For example, using data analytics and geospatial technologies, AROBS can enable efficient planning for housing or water infrastructure projects. Also, AROBS is already contributing to local communities by partnering with local Universities and various authorities for R&D projects (ex. AlertBox prototype).

Cybersecurity, as a risk: Cybersecurity is integral to AROBS's core business of providing IT and software solutions. Ensuring secure software and data protection is critical to maintaining client trust and delivering high-quality technology solutions and products. With increasing global emphasis on data protection and the rise in cybersecurity threats, this is a strategic and operational priority.

Stakeholder Expectation: Clients, investors, and regulators expect AROBS to have robust cybersecurity measures in place to mitigate risks and protect sensitive data.

Global Trends: Cybersecurity is a significant emerging trend across the IT industry. It is crucial for maintaining competitiveness and aligning with international standards like GDPR and ISO certifications.

Development of Cybersecurity Solutions for Data Privacy and Information Access as an opportunity: The global rise in cyberattacks has heightened the need for robust cybersecurity solutions across industries. Organizations are prioritizing investments in secure systems to protect sensitive data. Stringent data protection regulations, such as the GDPR in the EU and similar frameworks globally, are driving demand for advanced cybersecurity solutions.

AROBS's expertise in software development and IT services positions it well to develop tailored cybersecurity solutions for clients across industries, such as automotive, life sciences, and enterprise software. Developing cybersecurity solutions aligns with AROBS's strategic objective of driving innovation and addressing emerging client needs in technology.

Cybersecurity threats, if unaddressed, can lead to financial losses for businesses. AROBS's solutions can help clients mitigate these risks, creating a strong value proposition. Strong cybersecurity offerings enhance client trust by ensuring data privacy and protecting critical information, which is a priority for stakeholders. By addressing data privacy and access, AROBS supports responsible business practices and aligns with ESG commitments, particularly in governance and risk management.

Environment

EU Taxonomy

EU TAXONOMY

As part of our commitment to sustainable business practices, our company has conducted a taxonomy screening to evaluate the alignment of our economic activities with the EU Taxonomy Regulation (Commission Delegated Regulation 2021/2139). This assessment focused on identifying activities that contribute to climate change mitigation and adaptation, along with determining the necessary steps for alignment. The process involved reviewing our operations, analyzing regulatory criteria, and assessing eligibility based on NACE codes.

Following this evaluation, our company identified 2 eligible activities, with a subset related to data-driven solutions for greenhouse gas (GHG) emissions reductions and provision of IT/OT data-driven solutions. However, none of these fully meet the substantial contribution criteria under the EU Taxonomy due to gaps in climate risk assessments, life-cycle emissions tracking and third-party verification. To address these, we plan to enhance climate-related risk assessments, improve emissions reporting, explore energy efficiency measures, and assess renewable energy sourcing options.

From an investment perspective, our CapEx and OpEx strategies are in the early development stages, focusing on sustainability assessments, IT infrastructure optimization, and compliance initiatives. Future reports will provide updates on our progress in aligning revenues, CapEx, and OpEx with EU Taxonomy requirements, ensuring transparency and long-term sustainability integration into our business strategy.

TURNOVER				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						
Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)
A. TAXONOMY-ELIGIBLE ACTIVITIES			**19%**													
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**Y**	**Y**	**N**	**Y**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Data-driven solutions for GHG emissions reductions		77,671,565	19%													
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**77,671,565**	**19%**													
Total (A.1+A.2)		**77,671,565**	**19%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy-non-eligible activities		**337,729,465**	**81%**													
Total (A+B)		**415,401,030**	**100%**													

CAPEX				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						
Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)
A. TAXONOMY-ELIGIBLE ACTIVITIES			**18%**													
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**Y**	**Y**	**N**	**Y**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																
Data-driven solutions for GHG emissions reductions		7,856,334	18%													
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**7,856,334**	**18%**													
Total (A.1+A.2)		**7,856,334**	**18%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Capex of Taxonomy-non-eligible activities		**36,716,367**	**82%**													
Total (A+B)		**44,572,701**	**100%**													

OPEX				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						
Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)
A. TAXONOMY-ELIGIBLE ACTIVITIES			**18%**													
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**Y**	**Y**	**N**	**Y**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Data-driven solutions for GHG emissions reductions		23,260,084	95%													
Provision of IT/OT data-driven solutions		0.00	0%													
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**23,260,084**	**95%**													
Total (A.1+A.2)		**23,260,084**	**95%**													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
OpEx of Taxonomy-non-eligible activities		**1,296,561**	**5%**													
Total (A+B)		**24,556,635**	**100%**													

GHG Reporting Scope 1, 2 & 3 -Extras

E1 Climate Change

ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

Currently, our company does not integrate climate-related performance metrics into the remuneration structures of its administrative, management, or supervisory bodies. As a result, no portion of the remuneration recognized in the current period is linked specifically to climate-related performance indicators or to the achievement of any GHG emission reduction goals.

At this stage, performance assessments and incentive structures remain centered on financial, operational, and strategic objectives without explicit consideration of climate-related criteria. Because our performance has not been assessed against any formal GHG emission reduction targets, no adjustments have been made to remuneration based on climate-related outcomes.

However, in line with our broader commitment to sustainability governance, we continue to explore the feasibility of incorporating climate-related performance metrics into future incentive schemes. As part of these evaluations, we aim to identify relevant climate-related key performance indicators, so that we can more effectively align management incentives with our long-term climate objectives once formal climate targets are established.

Should the company decide to adopt climate-linked remuneration in upcoming periods, we will disclose the percentage of total remuneration tied to climate-related considerations, the nature of these considerations (e.g., specific emission-reduction milestones or energy-efficiency improvements), and the process by which performance will be measured and verified.

Transition Plan for Climate Change Mitigation (E1-1)

Our company has not yet formalized a transition plan for climate change mitigation. Nevertheless, we recognize the importance of aligning our business model and strategy with global climate objectives, including limiting global warming to 1.5°C and achieving climate neutrality by 2050. Although we currently have no internal or external GHG emission reduction targets, we have begun establishing the building blocks for such targets and broader transition efforts.

No formal GHG reduction targets have been established yet. We therefore do not currently have any emissions goals that are explicitly aligned with the 1.5°C pathway of the Paris Agreement. Our ongoing greenhouse gas (GHG) emissions assessments—inclusive of Scope 1 and 2 for 2023, and Scope 3 starting in 2024 - will provide a baseline for identifying and setting appropriate targets in the future.

Although formal climate-related targets are not yet in place, we have identified several initial mitigation approaches that will feature in our eventual transition plan:

- **Energy Efficiency**: We are exploring opportunities to reduce energy consumption in our offices and data centers, focusing on efficiency improvements across our IT infrastructure.
- **Renewable Energy Sourcing**: We aim to assess renewable electricity options, particularly in our core markets (Romania, Poland, Germany, the UK, Indonesia, and Hungary).
- **Product & Service Portfolio**: We see market potential in low-carbon IT solutions and in sustainable software offerings, as clients increasingly seek climate-aligned services.

Our strategic review process will eventually integrate a climate-focused transition plan to help us allocate resources and guide investment in low-carbon initiatives. Scenario analyses and risk assessments—including those covering potential changes in carbon pricing and energy costs—will be used to inform future decisions, once our GHG emissions baseline is fully established.

Because our transition plan is still under development, there is **no defined process or timeline** for seeking approval from administrative, management, or supervisory bodies. We do, however, anticipate that the final plan—once drafted—will be subject to review and endorsement at these highest governance levels. After we adopt a formal transition plan, we will establish specific objectives, timelines, and performance metrics. Regular public updates will follow to measure our progress toward achieving these objectives.

We have not yet allocated specific timelines or budgets for these actions but view them as key levers for future decarbonization. Thus, no dedicated budget, funding line, or capital expenditure (CapEx) has been earmarked for climate change mitigation activities.

Our company does not engage in coal, oil, or gas-related activities and does not hold energy-intensive assets. Consequently, we consider our exposure to “locked-in” carbon emissions to be low. However, because our IT infrastructure and data centers source electricity that may include fossil fuels, we recognize that future procurement decisions can help reduce potential locked-in emissions.

We have not yet completed a formal alignment assessment with the EU Taxonomy for climate mitigation and adaptation. As part of our sustainability strategy, we plan to review our economic activities to determine potential alignment with the technical screening criteria under relevant delegated acts.

Anticipated Timeline

Although a final transition plan is not yet in place, we aim to develop and adopt one by **the next reporting period (March 2026)**. At that point, we expect to:

1. Finalize internal GHG reduction targets aligned with global climate goals, where feasible;
2. Define relevant CapEx and OpEx to support low-carbon initiatives; and
3. Present the transition plan for approval by the appropriate governing bodies.

Material impacts, risks and opportunities and their interaction with strategy and business model (ESRS 2 SBM-3)

Material Impacts Related to Climate Change

1. **Energy Usage**: AROBS relies heavily on electricity to power its data centers, offices, and specialized equipment, reflecting a broader trend in which IT operations account for an increasing share of global electricity consumption. This energy usage not only has a direct environmental footprint but also exposes the company to cost volatility in global energy markets.

As part of its broader ESG initiatives, AROBS continually explores energy-efficiency measures and renewable energy solutions to minimize both carbon emissions and operational costs.

2. **Contribution to Global Warming through GHG Emissions**: AROBS’s operations contribute to Scope 1 and Scope 2 GHG emissions, primarily through office energy consumption, data center operations, and company facilities. These emissions constitute a negative impact on the climate and underscore the need for proactive reduction strategies.

In 2024, AROBS began calculating its carbon footprint in more detail and intends to develop actionable reduction measures in 2025, recognizing the importance of lowering its overall climate impact.

Material Climate-Related Risks

In line with ESRS 2 SBM-3, AROBS has identified one principal climate-related transition risks:

1. **Regulatory and Market Pressure to Reduce Emissions**: Climate-related **transition risk** arising from evolving EU regulations (e.g., CSRD) and stakeholder demands for stringent emissions disclosures and reductions. Non-compliance could lead to financial penalties, reputational damage, and potential loss of investor confidence. Conversely, a robust emissions management approach can enhance AROBS's competitive positioning and access to sustainable finance.

Currently, AROBS has not identified any material **physical** climate-related risks (e.g., extreme weather events, flooding) that significantly threaten its operations, given the nature of its business model and geographies. However, the company continues to monitor evolving climate scenarios for potential physical risk factors.

Resilience of the Strategy and Business Model in Relation to Climate Change

AROBS's resilience analysis covers the company's global operations, including offices, data centers, and relevant upstream/downstream activities where energy usage or GHG emissions are significant. The company conducts its resilience analysis as part of its broader risk management and strategic planning processes.

While a formal climate scenario analysis is not yet complete, initial assessments consider potential energy market fluctuations and regulatory shifts over short- and medium-term horizons. Data gathered for GHG emissions (Scopes 1, 2, and soon 3) informs internal discussions on strategic investments (e.g., technology upgrades) and policy decisions (e.g., exploring renewables).

The company plans to refine its climate scenario analysis in tandem with further developments in its ESG and risk frameworks, with more robust modeling anticipated in future reporting cycles.

Results of the Resilience Analysis (Including Scenario Analysis)

1. **Short-Term Resilience** (1–3 years):

AROBS has partially mitigated energy cost volatility by improving energy efficiency in data centers and offices. Ongoing operational reviews aim to reduce overall electricity demand and incorporate renewable energy where feasible.

By proactively monitoring and reporting on its GHG footprint, AROBS positions itself to respond more quickly to emerging regulations and sustainability criteria demanded by customers and investors.

2. **Medium-Term Resilience** (3–10 years):

Anticipated tightening of EU climate regulations (e.g., higher carbon pricing, stricter emission reporting) could heighten transition risks. In response, AROBS is aligning its internal processes (e.g., carbon tracking systems, supplier engagement) to comply with stricter standards.

Expansion into **green technologies** offers a substantial opportunity for portfolio diversification and revenue growth, mitigating regulatory cost pressures while enhancing the company's value proposition.

3. **Long-Term Resilience** (10+ years):

If global decarbonization trends persist, high energy prices from conventional sources and heightened emissions regulations may favor businesses that adopt renewables and low-carbon processes. AROBS's potential shift toward providing energy-efficient IT solutions could thus confer a competitive edge.

The company's strategic exploration of software and technology solutions for sustainability can reduce both its own impact and customers' footprints, bolstering resilience as climate policies and market expectations evolve.

Overall, while AROBS's resilience analysis remains in development, preliminary findings suggest that the company's exposure to climate-related transition risks can be actively managed through a combination of energy-efficiency improvements, regulatory compliance measures, and market-driven expansion into green tech. As AROBS refines its scenario analysis and completes more detailed risk assessments, it intends to enhance resilience by setting formal emissions targets and further integrating climate considerations into corporate strategy and operational decision-making.

Next Steps

- **Monitoring and Strategy Alignment**: AROBS will continue monitoring energy market dynamics, regulatory developments, and stakeholder expectations, refining its resilience analysis as more data becomes available.
- **Scenario Analysis Enhancement**: In future reporting cycles, AROBS aims to strengthen its use of quantitative climate scenarios to better evaluate the financial and operational implications of various decarbonization pathways.
- **Leveraging Opportunities**: Expansion into green technologies remains a key strategic avenue, aligning the company's digital expertise with the growing global demand for sustainability-oriented solutions.

By maintaining a proactive stance on energy usage, emissions reduction, and regulatory compliance, AROBS seeks to ensure its strategy and business model remain resilient and well-positioned in a rapidly evolving climate and policy landscape.

Processes to Identify and Assess Material Climate-Related Impacts, Risks, and Opportunities

Our company follows a structured process to identify and assess climate-related impacts, risks, and opportunities, with a strong focus on GHG emissions, physical risks, and transition risks. This approach ensures consistency with GHG Protocol standards and aligns with evolving climate policies and market expectations.

We established the GHG reporting boundary by examining several criteria indicative of potential impact, including revenue, workforce size, vehicle fleet, and operational space. Based on these criteria, we excluded certain smaller entities whose combined contribution to overall emissions was deemed non-material. This approach ensures that our GHG calculations accurately capture the most significant sources of emissions while remaining aligned with the principle of proportionality.

GHG Emissions Assessment

We calculate our GHG emissions using the GHG Protocol standard, ensuring accuracy and adherence to best practices. Our emissions inventory has evolved over time:

- 2023: Initial assessment covering Scope 1 (direct emissions) and Scope 2 (purchased energy).
- 2024: Expansion to Scope 3, assessing indirect emissions across our value chain.

We collect and evaluate emissions data from operational sources, applying emission factors to estimate our total footprint. Future improvements will enhance Scope 3 accuracy and integrate findings into climate risk assessments.

Climate-Related Physical Risks Assessment

As an IT company, our direct exposure to physical climate risks is minimal. However, we conducted an initial assessment using high-emission climate scenarios to evaluate potential hazards like extreme weather, rising temperatures, and infrastructure disruptions.

- **Own Operations**: Our facilities, including data centers, are in areas with low exposure to acute climate hazards. We monitor risks related to energy availability and cooling system efficiency as part of our long-term strategy.
- **Value Chain**: Future assessments will explore supplier dependencies and potential climate-related disruptions within our upstream and downstream operations.

Although the direct exposure of AROBS's IT-based operations is currently assessed as relatively low, management remains attentive to possible disruptions—such as grid outages or heatwaves affecting data center cooling—in both primary office locations and critical supplier operations.

Transition Risks and Opportunities

We assess climate transition risks and opportunities across our operations in Romania, Poland, Germany, the UK, Indonesia, and Hungary. AROBS considers a range of potential regulatory, economic, and technological shifts associated with climate change. At a minimum, the company will reference a climate scenario aligned with limiting global warming to 1.5°C, which implies significant policy actions, carbon pricing, and market expectations for lower-emission products and services.

Key transition factors include:

- Short-Term (0–3 years): Rising energy costs, regulatory carbon disclosure obligations, and increased client sustainability expectations.
- Medium-Term (3–10 years): Expansion of renewable energy policies, stricter data center efficiency regulations, and supply chain decarbonization.
- Long-Term (10+ years): Shift toward net-zero targets, emergence of low-carbon IT solutions, and innovation in energy-efficient digital services.

We anticipate operational cost fluctuations, evolving regulatory requirements, and market opportunities, particularly in green IT solutions and low-carbon cloud computing. Future climate risk analysis will incorporate scenario modeling to quantify financial implications.

By continuously evaluating climate-related risks and opportunities, we aim to enhance business resilience, regulatory alignment, and long-term sustainability. Future reporting cycles will refine our climate strategy, integrating climate risk assessments into decision-making and investment planning.

Policies related to climate change mitigation and adaptation (E1-2)

At present, our company has not yet adopted a formal climate policy addressing climate change mitigation and adaptation. However, we recognize the importance of structured climate governance and are actively working toward integrating climate considerations into our business strategy and risk management frameworks.

While a dedicated policy is not in place, our ISO 14001 certification for the TrackGPS division demonstrates our commitment to environmental management. Additionally, climate risks identified through our double materiality assessment have been incorporated into our Risk Management programs, ensuring ongoing monitoring and mitigation as part of our broader corporate risk strategy.

Scope and Future Plans

Since no standalone climate policy has been established, there are currently no defined scope or exclusions. However, we plan to expand ISO 14001 certification across the entire group, laying the foundation for broader environmental and climate-related commitments.

Governance and Accountability

Currently, there is no designated senior executive accountable for climate policy implementation. However, climate-related risks are managed within our Risk Management programs, which are overseen at the executive level. Future policy development may involve assigning clear accountability to senior leadership within our sustainability and risk management functions.

Alignment with Third-Party Standards and Stakeholder Interests

The ISO 14001 certification serves as the primary reference for environmental management standards. Additionally, climate risks are addressed through stakeholder engagement, ensuring alignment with the expectations of investors, regulatory bodies, customers, and employees.

Future Policy Development and Transparency

Although we do not yet have a formal climate policy, our current environmental initiatives reflect our commitment to sustainability. As we expand our environmental initiatives and develop a structured climate policy, we will ensure stakeholder engagement, transparency, and public disclosure in alignment with evolving sustainability regulations and best practices.

Actions and resources in relation to climate change policies (E1-3)

AROBS has not yet implemented formal climate mitigation or adaptation actions. While the company recognizes the importance of reducing greenhouse gas emissions and enhancing climate resilience, no dedicated initiatives were executed during this reporting period. Areas such as energy efficiency, renewable electricity procurement, and low-carbon product development remain under consideration for future integration into a structured climate plan once clear GHG reduction targets and accountability frameworks are established.

Because no formal actions have been taken, there are currently no reported GHG reductions or specific allocations of capital (CapEx) and operating (OpEx) expenditure for climate-related initiatives. However, AROBS intends to pursue these measures as part of its ongoing sustainability strategy, which will also evaluate potential taxonomy-aligned expenditures under Commission Delegated Regulation (EU) 2021/2178. Going forward, the company plans to track and disclose the outcomes of any climate actions undertaken, including achieved emission reductions and alignment with relevant financial statement line items.

Targets related to climate change mitigation and adaptation (E1-4)

Current Status and Future Commitments

Our company has not yet established formal climate-related targets or a structured transition plan for climate change mitigation. However, we recognize the importance of aligning our strategy with global climate goals, including limiting global warming to 1.5°C and achieving climate neutrality by 2050.

While we have not yet adopted a formal climate policy, and we do not currently have a specific baseline year, reduction percentages or intensity metrics, we have integrated climate risks into our Risk Management programs, ensuring continuous monitoring and mitigation of financial and operational impacts. The ISO 14001 certification for the TrackGPS business line demonstrates our commitment to environmental management, with plans to expand this certification across the group as a foundation for broader climate commitments.

While no specific GHG emissions reduction targets have been set, we have taken initial steps toward assessing our climate impact and mitigation strategies, including:

- GHG Emissions Calculation: Implemented an emissions assessment process covering Scope 1 and 2 emissions (2023) and expanding to Scope 3 (2024) in line with the GHG Protocol standard.
- Energy Efficiency Measures: Exploring ways to reduce energy consumption across our IT infrastructure and operations in Romania, Poland, Germany, the UK, Indonesia, and Hungary.
- Future Strategy: Evaluating renewable energy sourcing and potential emission reduction pathways as part of our broader sustainability initiatives.

Additionally, our company does not engage in coal, oil, or gas-related activities, minimizing exposure to fossil fuel-related transition risks.

Planned Timeframe for Climate Targets and Actions

- Policy Development (Next 2-3 Years): We aim to adopt a formal climate policy as part of our broader sustainability strategy.
- Implementation of Actions (Next 3 Years): Initial actions will focus on energy efficiency, improved emissions tracking, and sustainability-driven IT infrastructure optimization.
- Defining Climate Targets (Next 3-5 Years): Once our emissions footprint is fully assessed, we will define measurable climate-related targets, ensuring alignment with global climate commitments and business objectives.

Challenges and Justifications for Delayed Target Setting

We have not yet established measurable climate targets due to:

- The need for comprehensive emissions data, particularly in Scope 3, following our recent assessment expansion.
- Ongoing internal evaluations of feasible emission reduction pathways and low-carbon technology solutions.

- The requirement to align future targets with evolving regulatory frameworks and corporate strategic objectives.

Tracking and Monitoring Climate-Related Performance

Since a formal transition plan and climate targets are still under development, we do not yet have a structured framework for tracking climate performance. However, we monitor climate risks and opportunities through:

- Periodic risk assessments that consider transition risks such as energy price volatility and regulatory shifts.
- Environmental performance tracking within the ISO 14001-certified TrackGPS business line.
- Future plans to develop a systematic approach to measuring sustainability impact and progress toward emission reductions.

Future Outlook

We expect to formalize a transition plan and define climate targets by 2025-2026, ensuring compatibility with global climate goals and regulatory expectations. As we refine our climate strategy, we will continue integrating sustainability into our business model, enhancing resilience and competitiveness in a low-carbon economy.

Disclosure of energy consumption and mix (E1-5)

The energy mix presented in the data is predominantly reliant on natural gas, which accounts for 30% of the total energy supply. This is followed by petrol, highlighting a significant reliance on fossil fuels. Other conventional sources, such as coal, diesel, and nuclear, also contribute to the mix, indicating a strong presence of both thermal and non-renewable energy sources. Renewable energy sources, while present, make up a smaller share of the mix. Hydropower contributes 7%, while wind, solar, and biomass play relatively minor roles. The data suggests a strong dependency on fossil fuels, with limited but growing participation of renewable sources in the overall energy landscape.

	2024
Energy consumption related to own operations	3311.1 MWh
Energy consumption from fossil sources	2932.33 MWh
Fuel consumption from coal and coal products	*0*
Fuel consumption from crude oil and petroleum products	1617.64 MWh
Fuel consumption from natural gas	980.35 MWh
Fuel consumption from other fossil sources	*0*
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	334.4 MWh
Percentage of fossil sources in total energy consumption	88.6 %
Energy consumption from nuclear sources	161.75 MWh
Percentage of energy consumption from nuclear sources in total energy consumption	4.9 %

Energy consumption from renewable sources	378.72 MWh
Fuel consumption from renewable sources	*0*
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	378.72 MWh
Consumption of self-generated non-fuel renewable energy	*0*
Percentage of renewable sources in total energy consumption	11.4 %
Non-renewable energy production	*0*
Renewable energy production	*0*

AROBS does not operate in high climate impact sectors (e.g., extractive industries or heavy manufacturing). Accordingly, no energy-intensity ratio (consumption per net revenue in a high-impact sector) is disclosed.

Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

The calculation domains, referred to as **SCOPE** in this report, represent the type and source of emissions across the value chain:

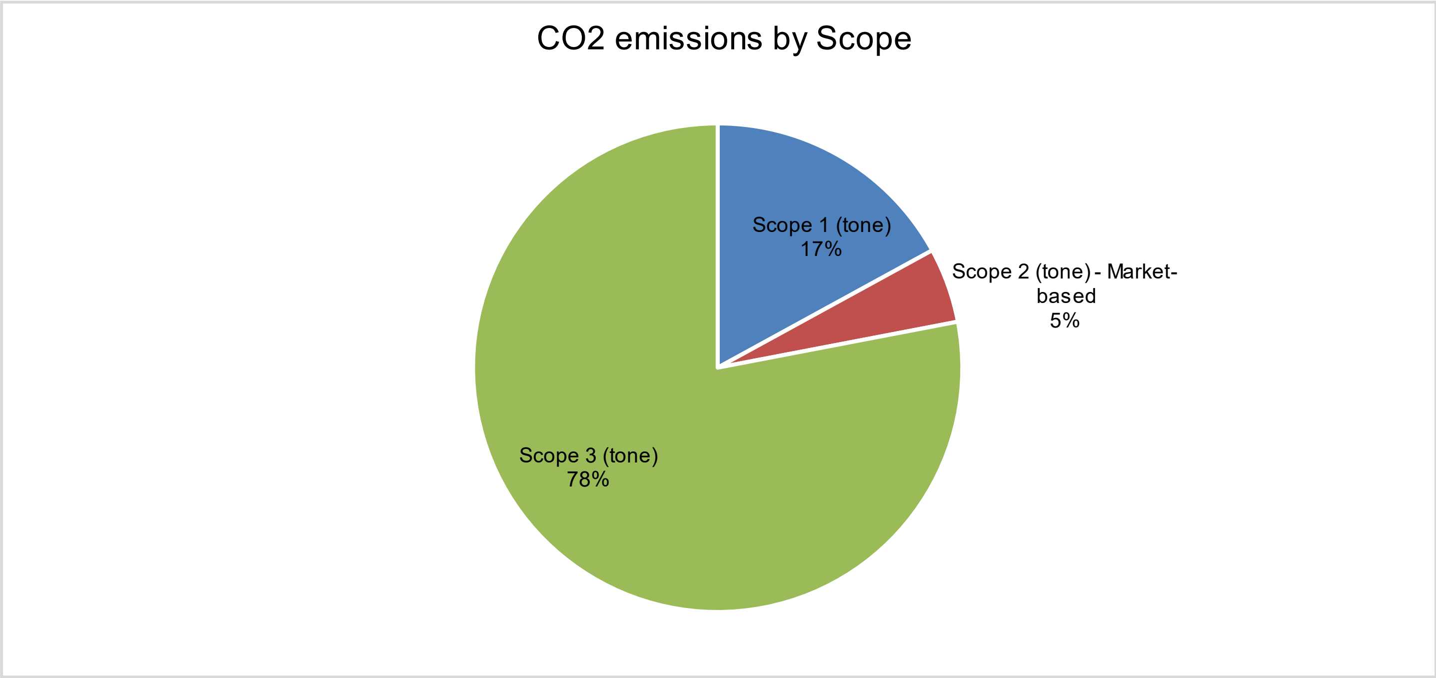
- **SCOPE 1:** Direct emissions from the combustion of fossil fuels within the company's operations.
- **SCOPE 2:** Exclusively indirect emissions from purchased energy.
- **SCOPE 3:** Indirect emissions from the remainder of the value chain, including suppliers and partners.

The selected method for calculation is Equity.

Results by SCOPE

The results are expressed in **tons of CO2 equivalent (tCO2e)**, a unit that encompasses emissions of carbon dioxide (which accounts for the majority), methane (CH4), nitrous oxide (N2O), sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs), as per the calculation requirements outlined in the GHG Protocol standard.

Below, a percentage distribution of emissions by domain is presented to highlight the activities with the most significant impact.



The global emissions overview is also presented in absolute values, providing a benchmark for future calculation exercises aimed at reducing these quantities. It is worth emphasizing that the breakdown of emissions into the three SCOPE categories (1, 2, and 3) enables a more precise identification of major emission sources. This facilitates prioritizing reduction measures where the impact is most significant, thereby supporting the effectiveness of the carbon footprint reduction strategy. Additionally, it allows for systematic long-term monitoring of progress.

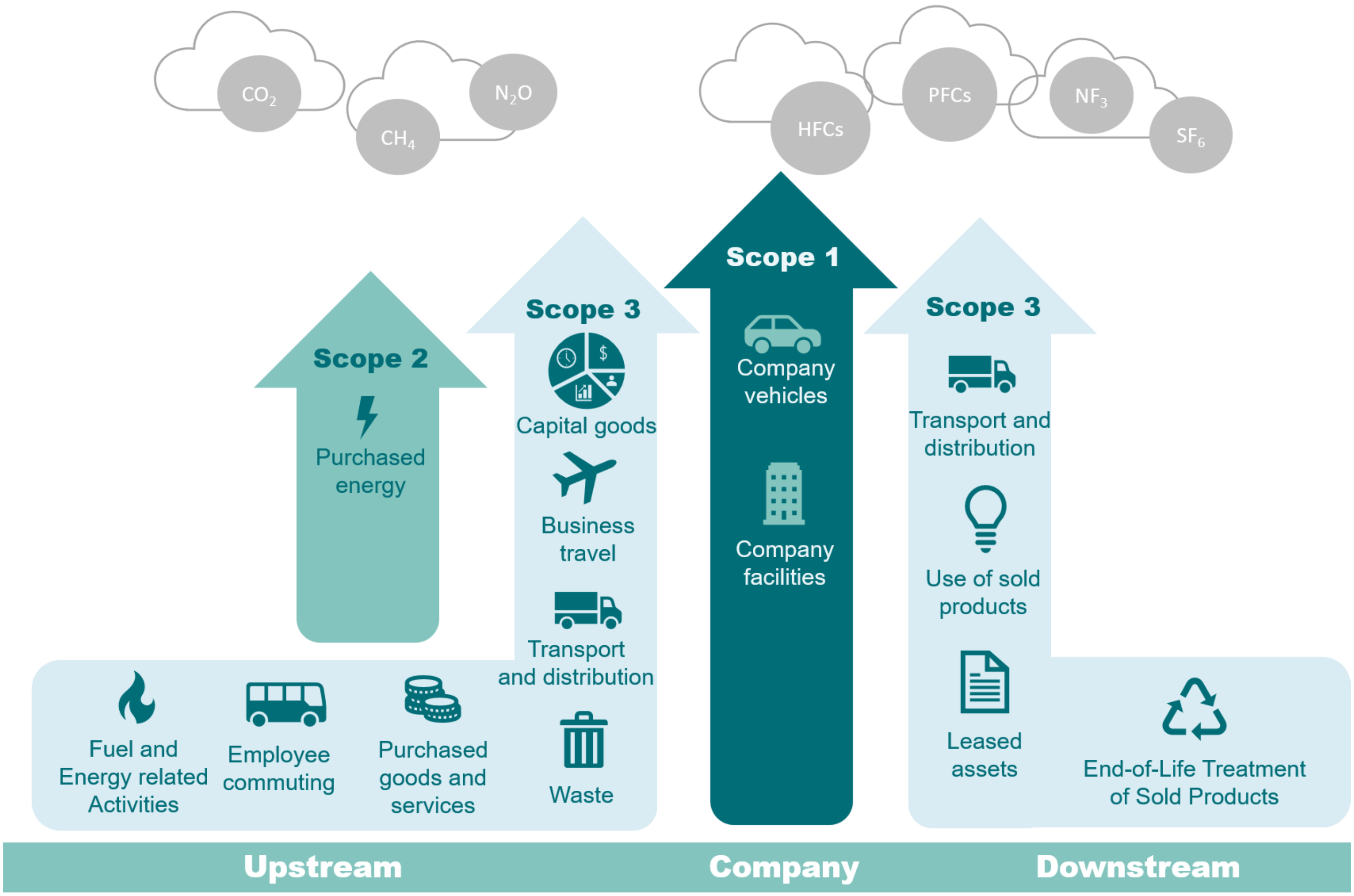
	Retrospective			**Milestones and target years**			
	Base year (N) 2024	**N-1 = 2023**	**% N / N-1**	**2025**	**2030**	**- 2050**	**Annual % target / Base year**
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO2eq)	708.04	825.07	-14%	n.a.	n.a.	n.a.	n.a.
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	0	n.a.	n.a.	n.a.
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO2eq)	166.70	204.04	-18%	n.a.	n.a.	n.a.	n.a.
Gross market-based Scope 2 GHG emissions (tCO2eq)	206.32	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	3,244.99	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 Purchased goods and services	1,235.66	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2 Capital goods	716.02	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
3 Fuel and energy-related activities	172.10	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

		Retrospective			Milestones and target years			
		Base year (N) 2024	N-1 = 2023	% N / N-1	2025	2030	- 2050	Annual % target / Base year
	(not included in Scope1 or Scope 2)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4	Upstream transportation and distribution	55.54	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5	Waste generated in operations	11.77	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6	Business traveling	76.09	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
7	Employee commuting	117.22	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
8	Upstream leased assets	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9	Downstream transportation	509.69	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
10	Processing of sold products	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11	Use of sold products	178.83	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12	End-of-life treatment of sold products	0.01	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
13	Downstream leased assets	172.05	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14	Franchises	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
15	Investments	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total GHG emissions								
Total GHG emissions (location-based) (tCO2eq)		4119.73	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total GHG emissions (market-based) (tCO2eq)		4159.35	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

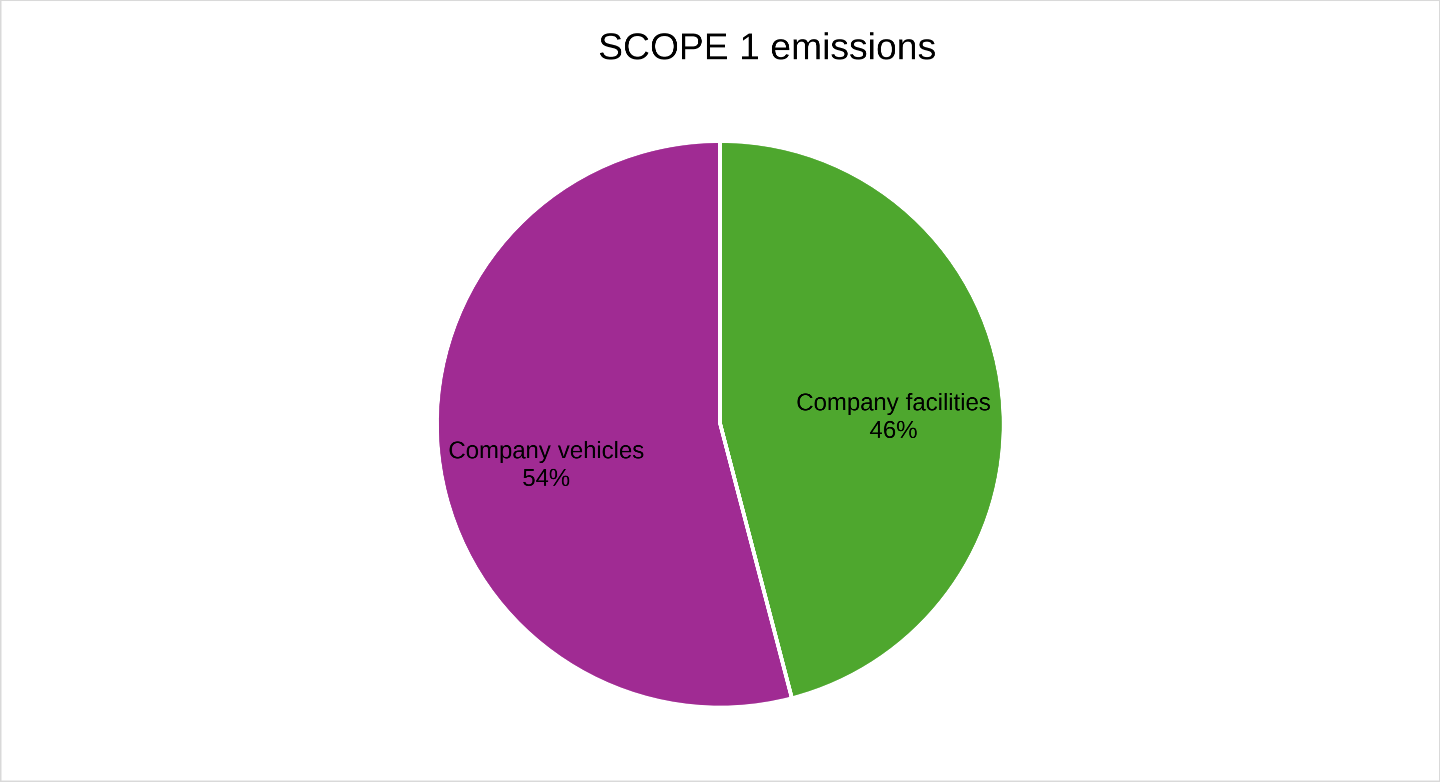
Uncertainty was assessed via the GHG Protocol’s prescribed data uncertainty methodology, yielding an overall 15.1% degree of uncertainty for this first reporting cycle. This result reflects a combination of factors, including reliance on assumptions where direct measurements were unavailable (e.g., average commuting distances), as well as the inherent challenges of consolidating information from multiple company sites during our inaugural emissions inventory. Over time, improved data collection processes, closer supplier engagement, and enhanced internal record-keeping are expected to further reduce the overall uncertainty.

Our company has used internal data and data from national and local authorities in order to determine SCOPE3. Thus, no primary data was used.

The company's activities and their classification into SCOPE categories were carried out in accordance with the technical guidelines provided by the GHG Protocol, with the final mapping presented below.

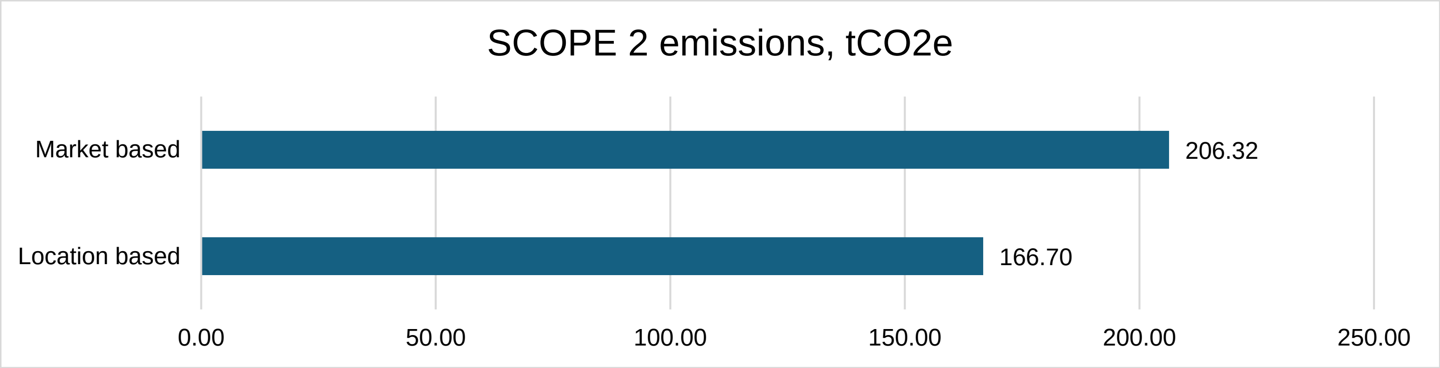


Within SCOPE 1, two categories of emissions were identified: emissions resulting from the fuel consumption of company-operated vehicles, totalling 382.81 tCO2e, and emissions generated by the company's facilities, including natural gas consumption and fluorinated gases, amounting to 325.22 tCO2e. AROBS does **not** combust or biodegrade biomass for energy in its direct operations, so **no biogenic CO_2** is reported separately in Scope 1.



According to the calculation standard, SCOPE 2 encompasses a single category of emissions related to the consumption of electricity, heat, and steam. This data was calculated by applying 2 different emission factors:

- One is specific to the actual energy suppliers (electricity label) – market-based option
- One is specific and applicable at national level – location-based option

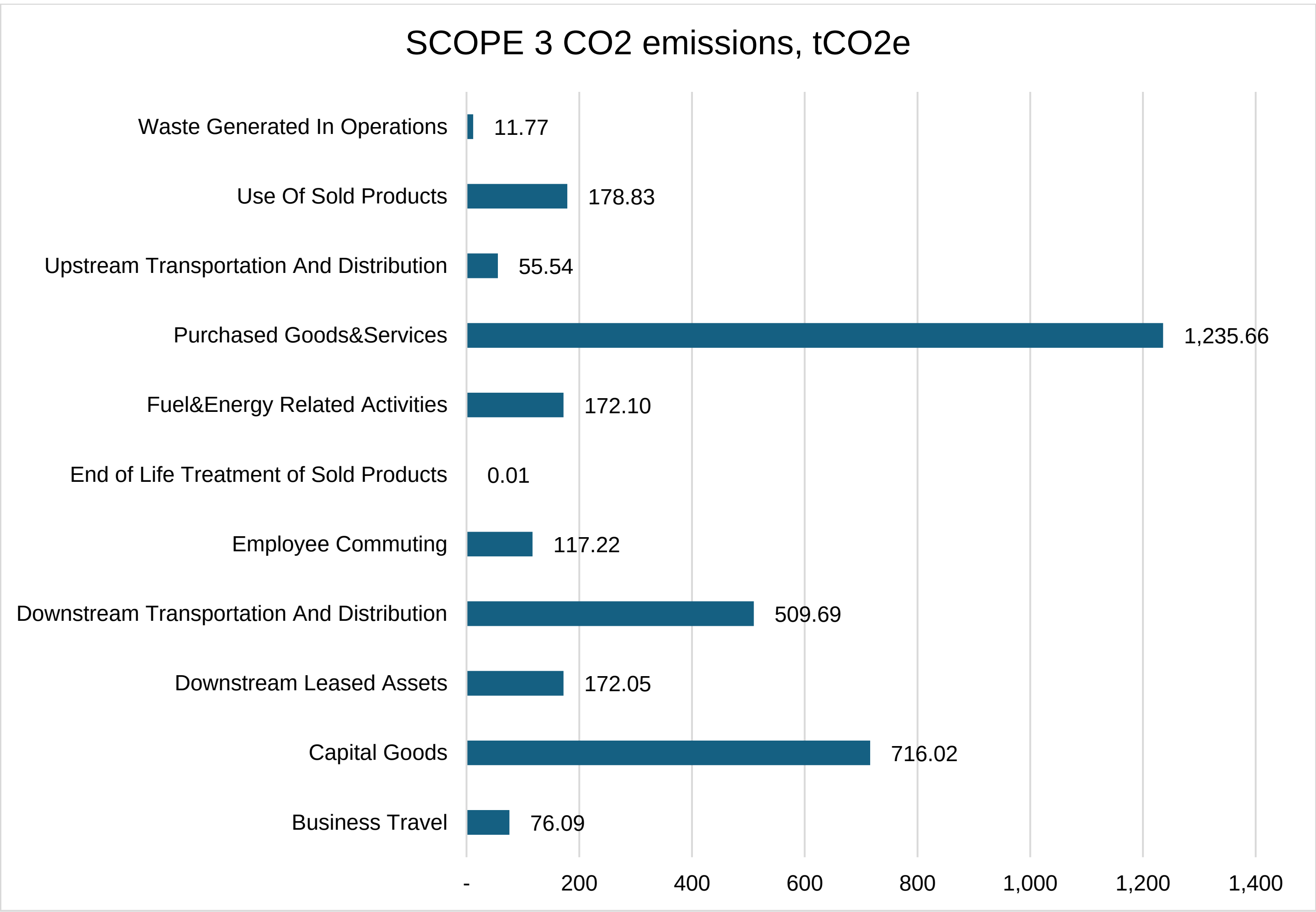


The main reason why the market-based calculation is higher than location based, is due to a high energy consumption from energy suppliers with a higher emission factor compared to the national average, in the case of Romanian locations, and high emissions factors for countries like Poland, Moldova, Hungary and Indonesia which have a higher percentage of non-renewables in their national energy mix.

SCOPE 3 emissions, totalling 3244.99 tCO2e, are driven by goods and services, capital goods and by how AROBS' products are used and transported. In our upstream and downstream value chain, we have **no** known use of **biogenic materials** (e.g., biomass fuels, biodegradable packaging) and **no** known end-of-life combustion or biodegradation processes that generate measurable biogenic CO_2. Any minimal CH_4 or N_2O from disposal is included in the normal waste factors.

GHG intensity based on net revenue

Net revenue used to calculate GHG intensity (see Annual Report, page 21), RON	415,401,030
Total GHG emissions (location-based), tCO2eq	4119.73
Total GHG emissions (location-based) per net revenue, tCO2eq/RON	0.0000099
Total GHG emissions (market-based), tCO2eq	4159.35
Total GHG emissions (market-based) per net revenue, tCO2eq/RON	0.0000100



Where AROBS is already efficient emissions from employee commuting, stemming from the groups preferred method of remote working.

Very low emissions from the end-of-life treatment of products, as the equipment sold by the company can be recycled. Moreover, the B2B focus of the company further guarantees recycling as businesses are more careful with electronic waste vs consumers. Our company has not identified assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy.

Methodologies, Assumptions, and Emission Factors Used for GHG Emissions Calculation (E1-6)

Scope 3 Emissions Calculation Methodology

Our GHG emissions inventory follows GHG Protocol guidelines, incorporating primary data where available and estimates based on industry best practices where necessary.

The emission factors used for the calculations are:

Emission Group	Calculation Methodology	Significant Assumptions	Primary Databases for Emission Factors	Reason for Selection
Company Facilities (offices, refrigerants)	Scope 1 calculation for on-site natural gas and refrigerant leaks. Emissions = Activity Data × Emission Factor (kg CO_2e per unit).	Missing gas or refrigerant data estimated by building surface area; refrigerant types (R22, R134A, etc.) from HVAC equipment info.	DEFRA	DEFRA is compatible with GHG Protocol.
Company Vehicles (fleet)	Scope 1 approach for direct fuel combustion (diesel/gasoline). Emissions = liters of fuel × Emission Factor (kg CO_2e/liter).	If partial fuel logs are missing, average consumption by vehicle type is used. No Electric Vehicles included unless invoiced separately for electricity.	DEFRA	DEFRA is compatible with GHG Protocol.
Energy (purchased electricity/heat/steam)	Scope 2, using both location-based and market-based methods in line with GHG Protocol Guidance. Emissions = kWh × Emission Factor.	If supplier-specific data is absent, location-based average grid factors are used. Where invoices are missing, consumption was estimated.	European Residual Mix (AIB), ANRE national data, or supplier labels if available.	Meets ESRS for location vs. market-based reporting; supplier data captures real energy mix where disclosed.

Emission Group	Calculation Methodology	Significant Assumptions	Primary Databases for Emission Factors	Reason for Selection
Business Travel	Flights, rail, car rentals, hotel stays (excluding company-car use) were considered based on accounting registries. Distance × Emission Factor.	Missing city pairs default to major airports or typical routes. One hotel room per traveler/night.	DEFRA flight/car factors;	DEFRA is compatible with GHG Protocol.
Capital Goods	Item-based approach for major assets (servers, large equipment, buildings).	If brand-level LCA (Life Cycle Assessment) is lacking, use average electronics manufacturing factors.	EIO-LCA or published LCA data (e.g., Dell); DEFRA, EXIOBASE (spend based)	LCA-based approach captures embodied emissions in technology; DEFRA and EXIOBASE are compatible with GHG Protocol
Downstream Leased Assets	Energy use of leased devices (e.g., GPS trackers). Emissions = (annual kWh × Emission Factor × lease duration).	Estimated usage from device specs.	Manufacturer product specs for kWh; DEFRA database for emission factors;	DEFRA is compatible with GHG Protocol.
Downstream Transportation and Distribution	Freight from AROBS to customers. Emissions = weight × distance × Emission Factor by mode (truck, van, air, sea).	Missing exact addresses replaced by city-to-city distances; same-city assumes max cross-city route.	DEFRA	DEFRA is compatible with GHG Protocol.
Employee Commuting	(employees × typical distance × working days) × EF for modes not covered by company vehicles.	Local or national mobility surveys for modal split (car, bus, train). If no data, standard city-level assumptions are used.	DEFRA	DEFRA is compatible with GHG Protocol.
End of Life Treatment of Sold Products	All electronics sold. Emissions = weight × Emission Factor (WEEE or landfill).	Electronics assumed recyclable; average product weights (GPS trackers, probes) used if exact data unavailable.	DEFRA	DEFRA is compatible with GHG Protocol.

Emission Group	Calculation Methodology	Significant Assumptions	Primary Databases for Emission Factors	Reason for Selection
Fuel & Energy Related Activities	Well-to-Tank (WTT) for upstream fuel production plus T&D losses for electricity.	Baseline from Scope 1 & 2 volumes. Default WTT multipliers if local data is missing.	DEFRA	DEFRA is compatible with GHG Protocol.
Purchased Goods & Services	Non-capital items (e.g., paper, small electronics) via item-based, and spend-based calculations for services.	Missing product-level Emission Factor replaced with average (paper, packaging, small electronics). Laptops under 10kg grouped similarly. The value of services in RON x emission factors, except for collaborators for whom the number of hours worked was determined and multiplied by the emission factor related to working from home from DEFRA.	EIO-LCA or standard product Emission factor; DEFRA; EXIOBASE	Covers intangible/tangible goods as well as services. EIO-LCA suitable for large variety in purchased items. DEFRA and EXIOBASE are compatible with GHG Protocol.
Upstream Transportation and Distribution	Freight from suppliers to AROBS. Emissions = weight × distance × Emission Factor by mode.	Unknown addresses replaced with city-to-city. Unknown transport mode defaults to the most common (truck).	DEFRA	DEFRA is compatible with GHG Protocol.
Use Of Sold Products	Annual kWh usage over product lifetime for electronics. Emissions = (kWh × Emission Factor × lifetime × sold).	Battery devices assumed powered by grid or vehicle battery (fossil). Lifespans from product manual or typical usage.	DEFRA	DEFRA is compatible with GHG Protocol.
Waste Generated In Operations	Municipal waste, WEEE, wastewater from offices. Emissions = quantity × Emission Factor (landfill, recycle, treatment).	Wastewater = water inflow in typical office. Municipal waste mostly assumed landfilled unless data shows recycling.	DEFRA	DEFRA is compatible with GHG Protocol.

Scope 3 GHG Emissions Inventory exclusions:

- Upstream leased assets
- Processing of sold products
- Franchises
- Investments
  The above categories are not applicable to AROBS's operations.

Scope 2 & Energy Contractual Instruments

- No contractual instruments are currently in place for Scope 2 emissions.
- No energy attribute certificates (bundled or unbundled) are used for energy procurement.

Extent of Scope 3 Emissions Data Collection

Most Scope 3 inputs were collected directly from AROBS operations, with some data estimated when primary sources were unavailable. Third-party inputs were primarily related to leased office utilities.

Our GHG emissions calculation approach ensures transparency and continuous improvement, integrating available data, industry benchmarks, and operational insights to enhance reporting accuracy.

Resource Use and Circular Economy

E5 Resource use and circular economy

Material resource use and circular economy-related impacts, risks and opportunities (E5-IRO1)

Screening of Assets and Activities for Resource Use and Circular Economy Impacts

As part of our double materiality assessment, we have conducted a systematic screening of our assets and activities to evaluate their actual and potential impacts, risks, and opportunities related to resource inflows, resource outflows, and waste management. This screening covered our own operations, as well as our upstream and downstream value chain, ensuring a comprehensive understanding of circular economy challenges.

To conduct this assessment, we utilized:

- ISO 14001 Environmental Management System (EMS) as a framework to monitor and evaluate resource consumption, waste generation, and sustainability practices within our telematics business line.
- Industry Best Practices for evaluating potential resource efficiency improvements and waste minimization strategies.

Our screening methodology focused on:

- Resource inflows: Identifying materials and products entering our operations, prioritizing opportunities to reduce resource dependency and improve efficiency.
- Resource outflows: Examining how products and materials exit our operations, including reuse, recycling, and end-of-life management.
- Waste management: Assessing waste streams, including electronic waste and packaging materials, to maximize circularity and minimize disposal.

Through this process, we have identified key areas for improvement, such as enhancing product lifecycle circularity, reducing raw material usage, and increasing recovery and reuse rates.

Stakeholder Engagement and Consultations

While we have not yet conducted direct consultations with affected communities, we have engaged with internal and external stakeholders, including:

- Suppliers: To evaluate resource sourcing practices and explore sustainable alternatives for materials.
- Customers: To understand expectations regarding circularity, product lifecycle management, and potential recycling or take-back programs.
- Regulatory and Industry Bodies: To ensure compliance with environmental regulations and align with emerging circular economy frameworks.

Future efforts will focus on expanding stakeholder engagement to include broader consultations with affected communities and industry partners, ensuring a holistic approach to circular economy transition.

Our Policies related to resource use and circular economy (E5-1)

Our company has successfully implemented ISO 14001 for the telematics division (the business line that manages the TrackGPS software product). By integrating ISO 14001, we have established an effective Environmental Management System (EMS) that enables us to monitor and control our resource use, waste management, and energy consumption. The standard aligns our operations with sustainability goals, reduces environmental risks, and improves our environmental practices. It also ensures compliance with local and global environmental regulations.

The standard has helped us reduce waste and resource consumption; it supports the reuse and recycling of materials throughout our operations. We develop regular reviews and improvement cycles to identify new opportunities to enhance sustainability and move toward a circular business model.

ISO 14001 strengthens our risk management processes by helping us identify and address environmental risks and opportunities associated with our activities. The standard also promotes transparency in environmental reporting, enabling us to engage stakeholders effectively and build trust with investors, customers, and regulators.

SASFleet, the other telematics solution owned by the Group and managed by SASFleet Tracking SRL, follows the same procedures for resource use and circular economy.

The key contents of policy

The ISO standard implementation demonstrates the organization's dedication to managing and reducing environmental impacts by implementing an effective Environmental Management System (EMS) for the telematics business line. It sets specific, measurable objectives such as reducing waste, lowering energy consumption, and optimizing resource use. The policy also supports our compliance with relevant environmental laws, regulations, and industry standards, ensuring that the organization meets or exceeds legal requirements.

The ISO 14001 policy identifies key environmental aspects and risks and outlines how the business line assesses and manages these ecological risks, including resource, pollution, and waste management issues.

We understand the importance of monitoring and measuring environmental performance, regularly reviewing and updating our procedures and approaches, and engaging all employees in environmental initiatives. The policy highlights transparency and communication, ensuring stakeholders, including customers, regulators, and the community, are informed of the organization's environmental efforts and progress.

Description of the scope of policy or its exclusions

The policy aligns with the requirements of ISO 14001 for the scope of business related to the telematics business line, with no exclusions. It applies to all environmental aspects and obligations, operations, processes, and activities across the business line. It addresses all aspects of environmental management, including waste reduction, resource efficiency, pollution control, and legal compliance. The policy is relevant to employees, suppliers, contractors, and other stakeholders involved in the business line operations.

The most senior-level person accountable for implementing the policy is the executive director in charge of the Telematics Business line.

The policy addresses the following layers in the waste hierarchy: prevention, Preparation for reuse, Recycling, Other recovery operations, and Disposal. It prioritizes the avoidance/minimization of waste (Reuse, Repair, Refurbish, Remanufacture, and Repurpose) over waste treatment (Recycling).

Actions and resources related to resource use and circular economy (E5-2)

AROBS has comprehensively assessed its carbon footprint, encompassing various emission sources. The company is committed to transparently disclosing its carbon footprint data for Scope 1, 2, and 3.

Sustainable sourcing of energy: According to information collected in 2023 from the leading energy supplier in Romania, Electrica Furnizare SA, 51,44% of the total energy produced in Romania is from renewable sources.

Sustainable sourcing for telematics devices: The telematics business line uses Teltonika products. They are developed with a strong commitment to environmental responsibility, meeting strict international standards and certifications such as RoHS (it addresses the production and use of chemical substances and their potential impacts on both human health and the environment), REACH (**Restriction of Hazardous Substances Directive 2002/95/EC -** Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment), the WEE (Waste Electrical and Electronic Equipment Directive - the European Community Directive 2002/96/EU), and **VerpackG** (**The Verpackungsgesetz -** requirements for the production, placing on the German market and recovery of packaging). The Teltonika design and manufacturing processes prioritize sustainability, ensuring that each device minimizes environmental impact. This rigorous adherence to environmental norms underscores Teltonika's proactive approach to reducing its ecological footprint.

Waste Management: The fleet management division collects devices at the end of their life cycle according to ISO 14001.

Ethical and sustainable sourcing in general supply acquisitions: We prioritize ethical sourcing in our supply chain. We also prioritize locally sourced products for gifts and recycled materials, marketing giveaways for events, and office use—RPET bottles, pens, and 100% recyclable paper stone agendas.

We believe in the role of education in raising awareness towards sustainability and environmental issues, so we invest in continuous education and anti-waste internal communication campaigns.

Future Actions and Long-Term Strategy

AROBS is committed to continuously improving its sustainability performance and integrating circular economy principles into its operations. The company plans to develop its carbon management strategies further, explore innovative solutions for resource optimization, and strengthen its stakeholder engagement processes.

AROBS will analyze a future action plan for resource use and circular economy. Challenges are mostly connected to the general waste management approach, as many of the Group's offices are rentals.

Targets related to resource use and circular economy (E5-3)

Current Resource Utilization

AROBS primarily consumes energy and materials related to software development and consultancy services. Our key resource usage includes:

- Electricity for office operations and IT infrastructure.
- Natural gas for heating.
- IT-related materials for hardware and digital infrastructure.

Circular Economy Objectives

We are committed to transitioning towards a circular economy model by focusing on:

- Reducing Energy Consumption: Implementing energy-efficient technologies to minimize reliance on non-renewable energy sources.
- Optimizing Material Use: Reducing resource consumption through efficient design, procurement, and waste management.
- Promoting Reuse and Recycling: Encouraging material reuse and recycling programs to divert waste from landfills.
- Extending Product Lifespan: Developing durable software solutions and consultancy services that promote longevity and minimize frequent replacements.
- Sustainable Procurement: Prioritizing suppliers with strong environmental practices and adherence to sustainability standards.

Key Initiatives and Actions

To achieve these objectives, AROBS is implementing the following actions:

- Energy Efficiency Programs: Optimizing lighting, heating, and cooling systems to reduce overall consumption.
- Waste Management Programs: Establishing comprehensive recycling and electronic waste disposal systems.
- Sustainable Procurement Policies: Integrating environmental criteria into procurement processes, selecting eco-friendly suppliers.
- Employee Engagement: Educating employees on sustainable practices and fostering a culture of environmental responsibility.
- Collaboration and Partnerships: Working with industry partners, stakeholders, and research institutions to explore innovative circular solutions.

Measurement and Reporting

AROBS is committed to transparently measuring and reporting progress toward circular economy goals. We actively track resource consumption, waste generation, and sustainability performance to:

- Monitor and improve efficiency.
- Identify key areas for improvement.
- Inform long-term sustainability strategies.

Through these initiatives, AROBS aims to reduce environmental impact, enhance resource efficiency, and contribute to a more sustainable, circular business model.

Resource inflows – general (E5-5)

As part of our sustainability assessment, we have we have made efforts to actively collect and analyse data on resource inflows, including products, materials, water, and property, plant, and equipment used in our operations and upstream value chain. This process involved a dedicated training session for the entire team, multiple rounds of data collection from internal and external partners, and several working meetings to ensure accuracy and comprehensive insights.

However, at this stage, we do not have sufficient data to provide a comprehensive disclosure.

Despite our efforts to assess material inflows, we encountered significant limitations due to:

- Lack of standardized tracking systems for material usage across our operations.
- Limited availability of supplier-specific data on the composition and sourcing of materials.
- Challenges in quantifying secondary materials, recycled content, or sustainably sourced inputs in a verifiable manner.

While we recognize the importance of resource inflow transparency, we currently do not have verified data on:

- Total weight of materials used in our products and services.
- Percentage of sustainably sourced biological materials or bio-based components.
- Proportion of reused, recycled, or secondary materials in our resource consumption.

Moving forward, we aim to enhance data collection processes, engage with suppliers for improved reporting, and explore methodologies for estimating material inflows. As our sustainability reporting matures, we will work towards establishing reliable tracking systems to ensure compliance with circular economy principles and resource efficiency standards.

Resource outflows – general (E5-5)

Circular Economy and Product Lifecycle Approach

Our company is committed to integrating circular economy principles into our GPS tracking services by maximizing device lifespan, minimizing electronic waste, and ensuring responsible end-of-life management. While GPS hardware is sourced from suppliers, we focus on:

- Software optimization to enhance performance and extend device usability.
- Remote diagnostics to reduce unnecessary replacements.
- Repair and refurbishment programs to extend product life before disposal.

For out-of-warranty defective devices, we follow a repair-first approach to restore functionality whenever possible. If repairs are not feasible, we divert devices to recycling, aligning with our sustainability commitments and waste reduction strategies.

Waste Management and Resource Outflows

Our company tracks waste generation and diversion, with the following recorded data:

- Total waste generated: 357.37 tones
- Waste diverted from disposal: 230.48 tones
- Waste directed to disposal: 126.89 tones
- Non-recycled waste: 126.89 tones (35.5% of total waste)

Waste Composition:

- Household residual waste: 126.89 tones

- Packaging waste: 227.94 tones
- Other recyclable waste: 0.3 tones
- Electronic waste: 2.24 tones

The materials present in the waste are comprised mainly of plastic, paper, metals and non-metallic minerals. At this stage, we do not have specific data regarding hazardous or radioactive waste, but we will seek to improve our tracking and reporting in future assessments.

Engagement in Product End-of-Life Waste Management

- For leased GPS tracking devices, we operate a take-back program, where returned products are either repaired or sent for recycling.
- For sold devices, customers have the option to return products for repair, and if repairs are not possible, we ensure proper recycling or disposal.

Methodologies Used for Waste Data Calculation

The data was collected from:

- Official surrender documents, including transport annexes, transfer documents, and invoices.
- Estimated calculations for shared office buildings, where waste quantities were allocated based on the percentage of space leased by AROBS.

Waste data was measured directly for three companies, while for the remaining entities in the group, we applied an estimation based on the average amount of waste generated per employee, in line with the National Waste Management Plan. In addition, we accounted for the fact that approximately 50% of employees' working time is spent in a work-from-home arrangement.

Product Durability and Reparability

- Expected Product Lifespan: Our GPS tracking devices are designed for a 3-year warranty period, ensuring long-term usability.
- Reparability: Our company prioritizes product repair before considering replacement, reducing waste and unnecessary consumption.

Recyclable Content in Products and Packaging

Currently, no data is available on the rates of recyclable content in our products and packaging. We recognize this as an important aspect and aim to enhance future reporting and supplier collaboration to improve data collection and transparency.

Through our repair-first approach, take-back programs, and waste management initiatives, AROBS continues to align with circular economy principles, reducing waste and extending product life while exploring opportunities for improved data accuracy and reporting.

Social - Our People

S1 Own workforce

Material impacts, risks and opportunities and their interaction with strategy and business model (S1.SBM-3)

Our disclosure includes all employees within our workforce and non-employees who can be materially impacted by our operations. This encompasses full-time, part-time, and contract-based workers, as well as external service providers directly engaged in company operations.

Types of Employees and Non-Employees Subject to Material Impacts

Our workforce consists of:

- Employees: Permanent and temporary staff working in software development, IT services, consulting, and support roles.
- Non-employees: Contractors, consultants, and outsourced professionals supporting specific business functions such as IT infrastructure, data management, and administrative tasks.

Material Negative Impacts on the Workforce

While our operations do not involve high-risk physical labor, we acknowledge the potential negative impacts on employees, including:

- Work-related stress and mental health concerns due to high workloads and tight deadlines.
- Remote work challenges, including ergonomic risks and digital fatigue.
- Job security concerns arising from automation and AI integration in software development.

Positive Impacts on Workforce and Beneficiaries

We actively engage in initiatives to enhance employee well-being and job satisfaction, including:

- Flexible work arrangements to promote work-life balance.
- Professional development programs to upskill employees and support career progression.
- Employee well-being initiatives, including mental health support and ergonomic workplace improvements.
- Diversity and inclusion programs ensuring equitable opportunities across the workforce.

Material Risks and Opportunities Related to Workforce Impacts

Key risks and opportunities associated with employee impact and business dependencies include:

- Risk of talent attrition: Given the competitive nature of the IT industry, retaining skilled professionals is a challenge.
- Upskilling opportunities: As technology evolves, reskilling and continuous learning programs present growth potential.
- Regulatory compliance: Adhering to labor laws and ESG reporting requirements ensures business sustainability.

Impacts of Transition to a Climate-Neutral Economy on Workers

Transitioning to greener and climate-neutral operations may lead to:

- Need for workforce reskilling to integrate sustainability-focused digital solutions.
- Increased demand for IT professionals with expertise in energy-efficient software development.
- Operational changes in infrastructure management, requiring employees to adapt to energy-efficient IT systems.

Forced and Child Labor Risk Assessment

Given our industry and operational model, our company does not operate with forced labor or child labor. However, we actively monitor our supply chain and external partners to ensure compliance with ethical labor standards.

- Countries and Operations Assessed:
  - We do not operate in regions with a high risk of forced or child labor.
  - IT and digital industries generally present low exposure to such risks.

Understanding Workforce Characteristics and Risk Exposure

We assess workforce vulnerabilities through:

- Regular employee engagement surveys to identify workplace concerns.
- Health and safety assessments focusing on remote work risks.
- Inclusion programs targeting underrepresented groups in the tech industry.

Workforce Risk and Opportunity Disclosures by Group

Our material workforce risks and opportunities relate to:

- Software developers and IT professionals: Exposure to automation risks, but also growth opportunities in green IT and AI integration.
- Support staff and external contractors: Need for job stability and fair working conditions in outsourced services.
- Remote and hybrid employees: Need for enhanced digital well-being initiatives.

Moving forward, we will continue monitoring workforce impacts, ensuring equitable treatment, and enhancing employee engagement while aligning with sustainability and circular economy principles.

Policies related to own workforce – general (S1-1)

AROBS recognizes the interconnectedness of its operations with the well-being of its workforce, value chain partners, affected communities, and consumers. This commitment is reflected in comprehensive policies and proactive measures designed to manage material impacts and leverage associated opportunities.

Important disclosure: For the understanding of the Social standard reporting requirements, we define as a "significant number of employees" in countries that meet both of the following criteria: at least 50 employees in the respective country and the number of employees in that country is greater than 10% of the group's total.

Workforce Policies and Practices

AROBS prioritizes fair labour practices, fostering positive employee engagement through policies on fair pay, living wages, workplace health, and safety. The Company champions diversity, equity, and inclusion, promoting a respectful and inclusive work environment. AROBS invests in employee engagement and development, recognizing its workforce as a key driver of innovation and success. These policies are regularly reviewed and updated to ensure alignment with best practices and evolving employee needs.

Description of AROBS' Policy covering human rights and working conditions

AROBS prioritizes respect for human rights and labour standards, aligning its operations with the UN Guiding Principles on Business and Human Rights. AROBS framework policies encompass a Code of Conduct, a Human Rights Policy, a Compliance Policy articulating our expectations for ethical conduct throughout our operations and supply chain. These policies address key areas such as forced labour, child labour, discrimination, freedom of association, and workplace health and safety.

We implement a rigorous due diligence process to identify, assess, and mitigate potential human rights and labour risks. This process includes:

- **Risk Assessments:** Regular assessments identify potential risks in our operations and supply chain, considering geographical location, industry sector, and specific business activities.
- **Elaborating on a Supplier Code of** Conduct that will also include yearly Supplier declarations/self-assessments of compliance and a supplier grievance mechanism (due in 2025)
- **Grievance Mechanisms:** We maintain accessible grievance mechanisms that allow employees, suppliers, and other stakeholders to raise concerns regarding human rights and labour violations.

Stakeholder Engagement

We recognize the importance of stakeholder engagement in promoting human rights and labour standards. We actively engage with various stakeholders, including employees, suppliers, customers, investors, and non-governmental organizations, to gather feedback, share best practices, and address concerns.

Continuous Improvement

We are committed to continuous improvement in our human rights and labour practices. We regularly review our internal regulations, policies, procedures, and monitoring mechanisms to ensure they remain effective and aligned with evolving best practices and international standards. Our commitment to ongoing learning and improvement reflects our dedication to upholding the highest ethical standards in all aspects of our business.

Alignment with Specific Standards

Our policies and practices are specifically designed to align with the UN Guiding Principles, European Union directives, and national laws.

Disclosure of matters that are material about, as well as the general approach to respect for human rights, including labour rights

The AROBS management team members are involved in developing the **Policy covering human rights and working conditions** and ensuring its implementation in the Company's areas of operations.

This Policy applies to all employees, shareholders, directors, divisions, and companies from the Group. It also applies to our suppliers, business partners, subcontractors, and AROBS consultants to a reasonable, relevant extent. We expect and require all our business partners to understand and support these commitments.

When we refer to Human Rights:

✓the right to life,

✓the right to human dignity,

✓the right to liberty and security,

✓the right to lawful and favourable working conditions,

✓the right to daily and weekly rest,

✓the right to paid annual rest leave,

✓the right to social security benefits by the law,

✓the right to fair wages,

✓the right to form and join a trade union and the right to collective bargaining,

✓the right to equal opportunities/treatment in employment relations,

✓the right to respect for human dignity and personality in employment relations, by the law and this Policy/Internal Regulations,

✓the right to health and safety at work,

✓the right to vocational training, following the law,

✓the right to appropriate working conditions, to the establishment and improvement of working conditions/ working environment,

✓the right to information, by the law,

✓the right to petition, addressed to the employer, under the conditions provided by law,

✓the right to protection in the event of dismissal,

✓right to protection of personal data,

✓Prohibition of all forms of forced or compulsory labour,

✓Prohibition of child labour,

✓Prohibition of discrimination and harassment,

✓freedom of opinion and the like.

Our general approach to engagement with people in our own workforce, value chain workers, affected communities, consumers and end-users

AROBS prioritizes stakeholder engagement as a cornerstone of its ESG strategy. The Company recognizes that open communication and stakeholder collaboration are essential for informed decision-making and building strong relationships. AROBS has implemented a robust materiality assessment process involving C-suite executives and the board of directors to identify and prioritize ESG issues based on their importance to the business and its stakeholders.

AROBS engages with a diverse range of stakeholders, both internal and external. Internal stakeholders include employees, shareholders, executive directors, and board members. External stakeholders encompass clients, suppliers, local communities, regulators, and social advocacy groups. AROBS tailors its engagement approach to each stakeholder group, recognizing their unique needs and priorities.

Disclosure of matters that are material about, as well as a general approach to measures to provide and (or) enable remedy for human rights impacts (S1-3)

All AROBS employees and non-employees must comply with the **Policy covering human rights and working conditions**. Violations may result in disciplinary action, including termination of the employment agreement.

Suppose a supplier, subcontractor or business partner fails to comply with or violates these commitments. In that case, AROBS will take appropriate action, which may ultimately result in the termination of a business relationship.

We expect the Parties to participate actively and in good faith in discussing alleged violations, investigate potential breaches, and implement corrective action as appropriate.

Description of how policies are aligned with relevant internationally recognized instruments

The **Policy covering human rights and working conditions** aims to outline the general principles and framework that AROBS respects. It promotes labour law and human rights through legal regulations, international human rights principles outlined in the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights, conventions, internal rules and policies.

Disclosure of how policies are implemented through specific procedures to ensure discrimination is prevented, mitigated and acted upon once detected and (or) to advance diversity and inclusion

Commitment to Diversity and Inclusion: AROBS embraces diversity and inclusion as core values, recognizing the importance of a workplace that respects individual differences and provides equal opportunities. The Code of Ethics and Conduct enforces this commitment and other policies that address various aspects of the employment lifecycle, from recruitment and hiring to promotion and development.

Specific Procedures:

- **Policy covering human rights and working conditions:** it respects and promotes labour law and human rights by legal regulations, international human rights principles outlined in the Universal Declaration of Human Rights, the International Labor Organization's Declaration on

Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights, conventions, internal rules and policies.

- **The Code of Ethics and Conduct**: the employment relationship operates on the principle of equal treatment of all employees. Any direct or indirect discrimination against an employee, discrimination by association, harassment or victimization based on race, citizenship, ethnicity, colour, language, religion, social origin, genetic traits, gender, sexual orientation, age, disability, etc are prohibited
- **Recruitment and Hiring Procedures:** AROBS employs recruitment practices to minimize unconscious bias during selection. Job descriptions are carefully crafted to avoid gendered language, and diverse interview panels are used to ensure a fair and objective assessment of candidates.
- **Training and Development:** Training programs educate employees on diversity and inclusion principles, unconscious bias, and appropriate workplace behaviour. These programs aim to create a culture of respect and understanding among all employees.
- **Promotion and Advancement:** AROBS has established established clear criteria for promotion and advancement based on merit and performance, ensuring all employees have equal opportunities to progress in their careers. Regular yearly performance reviews are conducted to provide feedback and identify areas for developments; the best of our colleagues join the Rising Star program, coaching and public speaking training, preparing them to become the next business leaders.
- **Grievance Mechanism:** A confidential grievance mechanism is in place for employees to report any instances of discrimination or harassment.
- **Monitoring and Evaluation:** AROBS regularly monitors its diversity and inclusion efforts to assess their effectiveness and identify areas for improvement.

AROBS has a dedicated procedure in place to ensure the protection of personal information, adhering to strict data security protocols and compliance with relevant privacy regulations such as GDPR.

Continuous Improvement: AROBS recognizes diversity and inclusion as an ongoing journey and is committed to constantly improving its practices. The Company regularly reviews its policies and procedures to ensure that they remain relevant and practical. New initiatives are also explored to advance diversity and inclusion within the organization and the wider community.

Transparency and Accountability: AROBS is committed to transparency and accountability in its diversity and inclusion efforts. The Company publishes regular reports on its progress, including data on employee demographics and diversity metrics.

The Policy covering human rights and working conditions was adopted and published in 2024 and contains Supplier codes of conduct provisions. The Policy is published on the intranet, highlighted in internal newsletters, and publicly accessible on the company website. The Company also organizes staff training on non-discrimination policies and practices during onboarding and yearly workshops. The Company analyses the potential barriers to dissemination and works toward new channels and tactics to raise awareness.

Recruiting with fairness and inclusivity in mind

At AROBS, we are committed to ensuring that all job requirements posted on recruiting platforms are defined with fairness and inclusivity and have never been crafted to disadvantage any particular group. We analyse job descriptions and recruitment processes for potential language, qualifications, or requirements bias that could disproportionately affect specific demographic groups. The Company conducts regular reviews of hiring data, promotion rates, and employee demographics to identify any patterns of systemic disadvantage. Every time, we establish clear and objective criteria for evaluating candidates based on skills and experience rather than subjective factors. Programs to promote access to skills development are also in place.

Engaging with own workforce and workers' representatives about impacts (S1-2)

AROBS is committed to open, transparent communication about our ESG impacts. Our streamlined engagement approach includes the following:

- **Employees:** We use newsletters, yearly report meetings, online platforms, and surveys to encourage two-way communication on ESG issues and sustainability initiatives.
- **Investors:** We communicate regularly and transparently with our investors through market updates, newsletters, press releases, Investor calls, and detailed reporting on our ESG performance and strategic initiatives.
- **Value Chain Workers:** We collaborate with suppliers under a strict contract; in 2025, we will start developing procedures and documents to educate our supply chain about environmental protection, human rights, and fair labour practices (the procedures will include self-assessment surveys and open dialogue).
- **Communities:** We build strong local relationships through consultations, events, and partnerships, actively incorporating community feedback into our decision-making.
- **Consumers and End-Users:** We gather insights via customer service channels,, online feedback, social media, and market research to align our products and services with sustainable needs.
- **Representatives:** We engage with trade unions, NGOs, and industry associations to address shared sustainability challenges through meetings and forums.

The perspectives of own workforce, value chain workers, affected communities, consumers and end-users inform decisions and activities aimed at managing actual and potential impacts.

The Company is committed to fostering open dialogue with our stakeholders. To support this, we have established a grievance mechanism inviting stakeholders to share concerns or complaints about our environmental and social performance.

We also regularly undertake materiality assessments to identify our business's most pressing ESG issues, as seen in our Double Materiality report.

To track our progress, we have developed key performance indicators that measure how effectively we manage current and potential impacts. We are dedicated to transparent reporting on these metrics, allowing our stakeholders to see the tangible results of our work.

Understanding that meaningful stakeholder engagement starts with our team, we provide comprehensive training on engagement practices and human rights principles.

AROBS continuously evaluate and improve our stakeholder engagement processes to keep them practical and relevant. We aim to nurture a culture of openness, accountability, and ongoing improvement across our organization through these efforts.

Processes to remediate negative impacts and channels for own workforce to raise concerns

AROBS established a comprehensive code of conduct and an extensive anti-harassment guide and adopted a policy covering human rights and working conditions. Both policies clearly outline the Company's commitment to ethical behaviour and respect for human rights. The Company ensures that all employees receive thorough training on policies covering harassment, discrimination, and health and safety.

In parallel, AROBS implemented a whistleblower protection policy designed to encourage the reporting of unethical behaviour while safeguarding individuals from any form of retaliation.

In its pursuit of responsible business practices, AROBS also develops a robust due diligence process to identify and assess potential negative impacts on affected communities and consumers.

AROBS actively engages with stakeholders—including community representatives and consumer advocacy groups—to gain insights into their concerns and perspectives. Based on this Feedback, AROBS formulates specific mitigation measures.

The Company maintains open lines of communication by regularly issuing yearly ESG reports and quarterly, half-year and annual financial reports.

Furthermore, AROBS instituted a grievance procedure for employees and value chain workers to report any negative impacts. This procedure ensures that reports remaine confidential and are resolved promptly. The Company provides multiple reporting channels, and a structured remediation process is also developed, which involves thorough investigations, the implementation of appropriate actions, and clear communication of outcomes to those affected.

AROBS follows a structured process for addressing negative impacts:

- **Impact Assessment:** Upon identifying a potential or actual negative impact, we conduct a thorough assessment to determine its scope, severity, and root causes. This assessment involves gathering information from various sources, including internal data, stakeholder feedback, and expert opinions. Given the diverse nature of AROBS' activities, impact assessments are tailored to the specific context.

- **Stakeholder Engagement:** We engage with affected stakeholders to understand their concerns, perspectives, and needs. This engagement informs the development of appropriate remediation measures and ensures they align with stakeholder priorities.

- **Remediation Plan Development:** Based on the impact assessment and stakeholder engagement, we will develop a remediation plan plan that outlines specific actions, timelines, and responsible parties.

- **Implementation and Monitoring:** We will implement the remediation plan and will closely monitor its progress.

- **Evaluation and Learning:** After implementing the remediation plan, we evaluate its effectiveness and identify lessons learned.

So far, we have had no material adverse impact on people in our workforce, value chain workers, affected communities, consumers, or end-user incidents.

The channels in place for own workforce, value chain workers, affected communities, consumers and end-users to raise concerns or needs directly

AROBS prioritizes open communication and seeks stakeholder feedback, including employees, partners, investors, communities, and consumers.

Internal Channels:

- **Open-Door Policy:** Encourages employees to speak directly with managers and leadership, promptly resolving issues.
- **Regular Employee Surveys:** A confidential way to capture employee insights on the work environment, management practices, and sustainability initiatives.
- **Confidential Whistleblowing Mechanism:** Allows secure reporting of unethical or illegal activities without fear of retaliation.
- **External Channels:**
- **Dedicated Contact Details:** Provides specific email addresses and phone numbers for key departments, ensuring stakeholders can easily connect and receive timely responses.
- **Online Contact Forms:** A convenient digital method for stakeholders to share feedback, suggestions, and concerns.
- **Stakeholder Engagement Events:** AROBS organizes workshops, forums, and other events.
- **Active Social Media Channels and segmented newsletters engage stakeholders in real-time** by sharing information, responding to inquiries, and addressing concerns.
- **Addressing Concerns and Providing Feedback:**
- **Review & Resolution:** The appropriate departments carefully review all stakeholder input to ensure prompt resolution of concerns.
- **Continuous Improvement:** Feedback is used to drive ongoing enhancements in stakeholder relationships.

Key characteristics of AROBS' workforce (S1-6)

AROBS is proud of its diverse and skilled workforce, a key driver of its success in the dynamic technology sector. The Company values diversity and inclusion by maintaining a balanced gender distribution and fostering an intergenerational team. Employees bring extensive experience and a wide range of expertise—from engineering and software development to consultancy and business management—which fuels innovation and growth.

AROBS also emphasizes high educational standards and invests in employee motivation and retention through competitive salaries, ESOP programmes, and opportunities for professional development. This commitment to human capital enhances the Company's performance and positions it as a leader in the industry.

In total, in AROBS Group, we have the following general statistics: The total number of people (headcount during the period) by country is as follows:

- **Romania**: 1,155
- **Moldova**: 94
- **Germany**: 6
- **Poland**: 16
- **Indonesia**: 12
- **Hungary**: 10
- **United Kingdom**: 6
- **Netherlands**: 3
- **Belgium**: 2
- **United States**: 1

	2024
Number of people (head count), at end of period	1211
Number of people (head count), during period	1305
Number of people who have left undertaking (head count), during period	337
Percentage of people turnover	25.8 %

Description of methodologies and assumptions used to compile data (employees)

AROBS gathers employee data through a collaborative effort involving all departments. Key data is sourced from internal HR records and payroll systems, with estimates made as needed using historical trends and expert judgment. Rigorous checks and cross-references made by the Reporting Department ensure the information is accurate and reliable.

Any gaps in data are addressed with clearly documented assumptions. Strict confidentiality and privacy data security measures are maintained throughout the process to protect sensitive information. Additionally, AROBS continuously refines its methods based on stakeholder feedback and changing requirements.

Description of methodology for employee turnover rate

AROBS calculates its employee turnover rate to inform workforce planning and talent strategies. The key steps are:

- **Data Collection:** Employee data is gathered from all departments and subsidiaries, covering full-time, and part-time while ensuring confidentiality.

- **Calculation:** The turnover rate is calculated as *Employee Turnover Rate = (Number of Employees Who Left During the Period / Average Number of Employees During the Period).* The period is usually a fiscal year.
- **Analysis:** Turnover data is segmented by department, role, tenure, etc., and benchmarked against industry averages to identify trends and areas for improvement.
- **Stakeholder Engagement:** Feedback from surveys and exit interviews helps explain turnover reasons and guide retention strategies.

Disclosure of contextual information necessary to understand data (employees)

Employee Demographics

AROBS employs a diverse workforce across various departments, including software development, consultancy, marketing, financial, and other support functions. Detailed information on employee demographics, such as age, gender, and nationality, is available upon request and subject to data privacy regulations.

Employee Contracts and Working Arrangements

AROBS offers various employment contracts and working arrangements, including full-time, part-time, and contract positions. This information is relevant for assessing the stability and flexibility of our workforce.

Employee Training and Development

AROBS invests in employee training and development programs to enhance skills and promote professional growth. Data on training hours, types of training offered, and participation rates are essential for evaluating our commitment to human capital development.

Employee Turnover and Retention

Employee turnover and retention rates are key indicators of workforce stability and employee satisfaction. Understanding the reasons for employee departures and the effectiveness of retention strategies is crucial for assessing our human capital management practices.

Social Dialogue and Employee Representation

AROBS fosters open communication and social dialogue with its employees. Mechanisms for employee representation or employee surveys ensure that employee voices are heard and considered. This information is relevant for assessing the level of employee engagement and the effectiveness of our social dialogue practices.

Health and Safety

AROBS prioritizes the health and safety of its employees. Data on workplace accidents, occupational illnesses, and health and safety training are essential for evaluating our performance. This information also informs our efforts to improve workplace safety and prevent work-related injuries and illnesses.

Fair Reward and Motivation

AROBS is committed to providing its employees with fair and competitive compensation and benefits packages. This information also provides insights into our efforts to attract and retain talent in a competitive labour market.

Data Privacy and Protection

AROBS respects the privacy of its employees and protects their personal data. We comply with relevant data protection regulations and have implemented appropriate policies and procedures to ensure the security and confidentiality of employee data. This information is applicable for assessing our commitment to data responsibility and ethical data handling practices.

Explanation of why it is not possible to disclose data about employees for gender categorized as other than female and male and why this category is not applicable

AROBS does not collect or disclose employee gender data beyond the traditional male/female categories to protect individual privacy and comply with data protection laws like GDPR. Detailed gender data is considered sensitive under laws such as GDPR.

Disclosure of reference of information reported on total number of employees to most representative number in financial statements

The employee count should accurately reflect the workforce contributing to the Company's financial performance during the reporting period and be consistent with employee-related expenses disclosed in the financial statements. AROBS considers several key metrics:

- **Average Number of Employees:** This metric smooths out fluctuations and is helpful for ratio analysis by averaging employee numbers at different points in time.
- **Full-Time Equivalent (FTE) Count:** This count converts all hours worked by full-time, part-time, and temporary staff into full-time equivalents for a more accurate picture of workforce contribution.
- **End-of-Period Headcount:** This represents the number of employees at the end of the reporting period.

To ensure transparency, the selected employee count should be reconciled with financial statement disclosures by:

- **Aligning with Employee-Related Expenses:** Matching the count with salary, wage, and benefits expenses reported in the income statement.
- **Segment Reporting:** Allocating the employee count to different business segments based on their workforce contributions.
- **Explaining Workforce Changes:** Disclosing significant changes due to acquisitions, divestitures, or restructuring, which provides context for fluctuations in the employee count.

Characteristics of undertaking's employees - number of employees by gender

	Male	Female
Number of employees (head count), at end of period	665	546
Number of employees (head count), during period	728	577

Characteristics of undertaking's employees - number of employees in countries with 50 or more employees

	Romania
Number of employees in countries with 50 or more employees representing at least 10% of total number of employees, at end of period	1084
Number of employees in countries with 50 or more employees representing at least 10% of total number of employees, during period	1155

Characteristics of undertaking's employees - information on employees by contract type and gender

	Full-time Male employees	Part-time Male employees	Full-time Female employees	Part-time Female employees
Methodology of employees' measurement	Head count	Head count	Head count	Head count
Number of employees (head count), at end of period	616	49	483	63
Number of employees (head count), during period	676	51	510	68

Characteristics of undertaking's employees - information on employees by contract type and region

	UK- Full-time employees	Asia -Full-time employees	Asia- Part-time employees	Moldova-Full-time employees	Moldova-Part-time employees	EEA*-Full-time employees	EEA*-Part-time employees
Methodology of employees' measurement	Head count	Head count	Head count	Head count	Head count	Head count	Head count
Number of employees (head count), at end of period	6	12	0	61	12	1020	100
Number of employees (head count), during period	6	9	3	76	17	1093	101

*EEA Countries where AROBS operates: Romania, Hungary, Poland, Belgium, Netherlands and Germany

Characteristics of non-employees in AROBS' externalized resources (S1-7)

Consultants and Independent Contractors: These individuals bring specialized expertise to specific projects—such as software development, cybersecurity, and business optimization—on a project-based basis. Their contributions provide the flexibility and scalability needed to support our operations.

Interns and Trainees: AROBS actively invests in developing future talent through internship and traineeship programs. These initiatives offer practical experience and mentorship to students and recent graduates, fostering their professional growth and strengthening our workforce pipeline.

Management Mandates: AROBS also collaborates with external experts through management mandates. These professionals take on leadership or advisory roles to guide strategic initiatives and drive operational improvements. Their targeted contributions ensure AROBS benefits from diverse perspectives and industry best practices while maintaining agile decision-making.

The number of **non-employees in AROBS' externalized resources** at the end of the period was 253, while the number of collaborators - self-employed, at the end of period was 238.

Collective bargaining coverage and social dialogue (S1-8)

AROBS acknowledges the significance of fostering a positive and productive work environment for all employees. This commitment extends to recognizing the role of collective bargaining and employee representation in shaping working conditions and terms of employment.

Collective Bargaining Agreements -The Company prioritizes direct engagement with employees and their representatives to address workplace matters and ensure fair treatment. AROBS Transilvania Software S.A. fulfils the legal requirements for a collective labour agreement (CLA). We initiated the procedures for collective bargaining and invited employees for the selection of employee representatives starting June 2023 – procedure still ongoing.

We shared several internal email campaigns with all employees, informing them about the employer's initiative for the collective bargaining on the labour agreement and inviting them to present their **representatives** for the company to have a dialogue partner**.** We also informed them about potential candidates who reached out to us, encouraging employees to contact these candidates and organize an election. We will arrange the first negotiation meeting once the employee representatives are elected.

Employee Representation in Social Dialogue - AROBS actively promotes social dialogue and values employee feedback. The Company maintains open communication channels and encourages employees to voice their concerns and suggestions.

European and National Level Social Dialogue - AROBS recognizes the importance of social dialogue at both the European and national levels. The Company stays informed about relevant labour relations and social Policy developments within the EEA and Romania. While AROBS does not directly participate in European-level social dialogue bodies, the Company adheres to all applicable European and national regulations concerning employment practices. As a proud member of both ANIS and ARIES, AROBS rigorously adheres to their codes of good practice for IT professionals, ensuring excellence, ethical conduct, and quality in all our operations. As a representative employer in the software and services industry and a member of the Concordia Employers' Confederation, ANIS actively participates in the trilateral dialogue among Government, Employers, and Unions, championing a balanced and competitive labor market that attracts and retains top talent both regionally and internationally.

Percentage of total employees covered by collective bargaining agreements - 0%

Undertaking has one or more collective bargaining agreements (EEA) - No.

Disclosure of the extent to which non-employees working conditions and terms of employment in the workforce are determined or influenced by collective bargaining agreements - Not Applicable.

The percentage of non-employees whose contractual terms are determined or influenced by collective bargaining agreements is - 0.

Disclosure of the existence of any agreement with employees for representation by the European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council – not applicable

As of the reporting date, AROBS does not have any formal agreements in place with a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council. This is primarily due to the Company's current operational structure, which predominantly focuses on Romania. While AROBS acknowledges the value of these representative bodies, the current scale and scope of its operations do not necessitate the establishment of such formal agreements under the relevant European regulations.

Romania: Collective bargaining coverage and social dialogue by country (EEA) in which undertaking has significant employment

The coverage rate of employees in country (EEA) that are covered by collective bargaining agreements - 0

The coverage rate of employees in the country (EEA) that are covered at the establishment level by workers' representatives - 0

Diversity (S1-9)

Gender Distribution at Top Management

AROBS values gender diversity in its leadership. The Company ensures equal opportunities for all genders to reach top management through initiatives like mentorship and leadership development, striving for balanced representation at the highest levels.

Age Distribution Amongst Employees

AROBS embraces a multigenerational workforce. It values senior employees' experience while nurturing our younger colleagues' fresh ideas. The Company supports career growth for all ages, fostering respect and collaboration across generations.

Data Collection and Reporting

AROBS gathers data on gender and age using internal surveys and HR systems, ensuring privacy and transparency. The methods are regularly updated to meet best practices and regulatory standards.

Disclosure of own definition of top management used

AROBS defines defines "top management" as the individuals responsible for setting the organization's strategic direction and overseeing its performance. This Group includes the Board of Directors and the executive leadership—specifically, the Chief Executive Officer (CEO) and other C-suite executives. This report defines top management as Board members, executive directors, directors, and managers.

Diversity metrics - distribution by age categories

The data presented in the table below has limitations, as AROBS did not quantify the age distribution in the workforce, during period. The available data refers to the number of employees (head count), at end of period.

	2024
Number of employees (head count) under 30 years old, at end of period	391
Percentage of employees under 30 years old	32.29 %
Number of employees (head count) between 30 and 50 years old, at end of period	783
Percentage of employees between 30 and 50 years old	64.66 %
Number of employees (head count) over 50 years old, at end of period	37
Percentage of employees over 50 years old	3.06 %

Diversity metrics - distribution by gender (the data was collected exclusively for the end of period. The data are collected and reported for Romania as we calculated the pay gap following the same indicators, for consistency.

	Female	*Male*
Number of employees (head count) at top management level, at end of period	8	15
Percentage of employees at top management level	35%	65%

Adequate wages (S1-10)

AROBS is dedicated to providing fair and equitable compensation as part of our commitment to ethical business practices and social responsibility.

- **Adequate Wage:** We define an adequate wage as meeting or exceeding legal minimums while considering industry benchmarks, local cost of living, and the skills required for each role.
- **Wage Determination:** Our process involves regular market research, ensuring internal equity, and factoring in performance evaluations to adjust salaries and promotions.
- **Transparency:** We communicate compensation factors, along with specific programmes as ESOP (in our financial reporting documents) fostering open dialogue and addressing concerns.
- **Continuous Improvement:** We regularly review our compensation policies and actively work to identify and close wage gaps related to location, experience, or job role.

By ensuring fair wages, AROBS attracts and retains top talent and builds a positive work environment that drives sustainable success.

BENEFITS GRANTED TO EMPLOYEES

The Company grants the following benefits:

- Employees Stock Options Plan Programs – started in 2021.
- meal vouchers – according to legal requirements,
- occupational medicine controls - according to legal requirements,
- private health insurance,
- additional vacation days depending on seniority,

- material aid on specific events in the employee's life,
- periodic participation in training and other specialized courses,
- involvement in team building.

Through the listing memorandum at the Bucharest Stock Exchange, AROBS has undertaken as one of the Company's strategic directions to focus on motivating and retaining employees by adopting several actions.

A prominent approach was to co-interest our team members in the Company's superior performance through the "stock option plan" financial mechanism. This approach was a natural step in building an open culture of communication and innovation within AROBS with a community spirit that encourages professional and personal growth and creates a space for involvement and, at the same time, partnership.

Such a program represents a differentiator in the technology job market, where recruiting and retaining highly qualified staff is challenging. The quality of human resources and collective expertise are vital components of AROBS, both in the business line of software services for the global market and in developing software products for the domestic market and beyond.

The general allocation criteria are as follows:

- Employee/management status.
- Continuous seniority in the Company of more than 1 year.
- Outstanding results in current activity.
- Actively and effectively involved in promoting the interests of the Company.

Social Protection (S1-11)

AROBS is committed to safeguarding its employees against income loss during significant life events by providing comprehensive social protection benefits that offer financial security during difficult times.

Social Protection Benefits:

- against loss of income due to sickness
- against loss of income due to unemployment
- against loss of income due to employment injury and acquired disability
- against loss of income due to parental leave
- against loss of income due to retirement

AROBS offers these benefits worldwide while adhering to local laws and customs. Although specific benefits may vary by country, the core protection principles remain consistent. All our colleagues are covered for the following: against loss of income due to sickness, due to unemployment, due to employment injury and acquired disability, loss of income due to parental leave and due to retirement.

The Company discloses relevant information in its annual reports and official documents, ensuring stakeholders are informed about its commitment to employee well-being.

AROBS regularly reviews and updates its social protection programs, actively seeking employee feedback to keep the measures adequate and relevant.

AROBS' social protection measures demonstrate its dedication to employee well-being by providing financial security and support during major life events, reinforcing its role as a responsible employer.

Persons with disabilities (S1-12)

0.31% of our colleagues are persons with disabilities; the percentage of employees with disabilities by gender is 0.08% women and 0.23% men. The statistic originates from the four persons' declarations; they have fiscal facilities after filling out official documents stating their disabilities. The percentages are calculated relative to the total number of employees.

AROBS recognizes the sensitive nature of disability data and prioritizes the privacy and dignity of its employees. Collecting and disclosing such information requires careful consideration of ethical implications. AROBS commits to upholding the highest data protection standards and ensuring compliance with relevant privacy regulations.

Employee Training and Development at AROBS (S1-13)

AROBS is dedicated to employee growth through a comprehensive training and development strategy. Key elements include:

- **Educational Partnerships:** Collaborations with universities and NGOs to bridge academic learning with practical application.
- **Internal Programs:** Tailored courses enhance technical and soft skills, supporting long-term career development.
- **Customized Training:** Individualized programs address specific skill gaps and career aspirations - Raising Stars programs for the next generation of leaders.
- **Continuous Learning:** Regular workshops, training sessions, and online resources keep employees updated on industry trends.

This approach drives innovation and competitiveness, benefiting both employees and the Company.

Training and skills development metrics

	Employees
Percentage of employees that participated in regular performance and career development reviews	100.0 %
Average number of training hours per employee	0.18

Health and safety (S1-14)

AROBS ensures employee well-being through a robust health and safety system that meets international standards.

The system covers all employees—including full-time, part-time, temporary staff, and non-employees.

Key Components:

- **Policies & Procedures:** Clear guidelines and reporting mechanisms accessible to all.
- **Training Programs:** Regular, mandatory online and offline sessions on hazards, safe practices, and emergency procedures tailored to specific roles.
- **Risk Assessments:** Regular evaluations to identify hazards and enhance safety measures.
- **Emergency Preparedness:** Comprehensive plans for emergencies (e.g., fires, natural disasters) to ensure a coordinated response.

TrackGPS division of AROBS Group is certified by ISO 45001:2018 standard, represents a working model for organizations with better control over occupational risks, is based on explicit requirements for the most effective risk management professional, and creates a culture of prevention among employees.

We constantly promote actions to prevent and reduce risks to health and safety by assessing potential risks of injury and occupational diseases for each individual activity. We regularly train our staff to comply with prevention measures and reduce and eliminate health and safety risks through the annual training plan. We conduct general introductory training for newly hired staff, visitors, and non-employees and periodic training for all employed personnel.

According to Romanian legislation, AROBS issues a yearly Report for Employees' Health and Safety at Work. A Labor Medicine Doctor issues another report, which informs the management; the report contains statistics about periodical medical checks, the number of checks for new employees, the number of pregnant women, and the classification of health issues split by disease and cause.

- Another important policy is the Occupational Health & Safety Policy, which focuses on the following:
- Eliminate hazards and reduce OSH risks to prevent occupational accidents – zero accidents!
- Ensuring safe and healthy working conditions to prevent injuries, deterioration of the condition of health, and work-related diseases.
- Consultation and involvement of employees and their representatives in security issues and occupational health.

Due to our specific activities in development, implementation, support, maintenance, consulting, etc.; several companies from the Group signed contracts with OHS External Service. The external OHS service (external provider) consists of dedicated personnel trained by legal requirements. They identify occupational risks in the OSH, develop Prevention and Protection Plans, and propose measures to reduce or eliminate them.

Monitoring & Communication: The system is continuously monitored, audited, and improved through employee feedback, meetings, and safety briefings.

For existing contracts between AROBS TRANSILVANIA SOFTWARE and its contractors/ subcontractors, we do not currently monitor data related to safety and health at work. Still, we intend to develop this aspect as part of our Supply chain strategy.

Standards for internal audit or external certification of health and safety management system

AROBS is committed to a robust health and safety system that meets international standards. The Company uses internal audits and external certifications to ensure a safe workplace.

- **Internal Audits:** These are conducted independently and reported to the Audit Committee. These audits review health and safety policies, risk management, training, incident reporting, and emergency plans. We conduct audits, manage reports, and consolidate data in the Non-Conformities Journal, where we periodically monitor issues for resolution in line with identified corrections and corrective actions. All findings are documented in audit reports and the Non-Conformities, Observations, and Recommendations Journal, including necessary corrective measures. A summary of these is included in the management review, in accordance with ISO 27001:2022. All internal audits, reports, and evidence focus exclusively on the certified locations, as per the audit scope communicated previously.

- **External Certification:** AROBS seeks certifications like ISO, where independent auditors assess its practices against international standards. Certification is maintained through periodic audits.
- **Combined Approach and Continuous Improvement:** Internal audits prepare the organization for external certification, while external reviews validate the system's effectiveness. Feedback from both processes drives ongoing improvements.

During the reporting period, our company recorded no (zero) fatalities or work-related illnesses among its own workforce, as well as no (zero) fatalities for other workers operating on our sites. Likewise, we experienced no (zero) recordable work-related accidents, resulting in a 0% accident rate for our own workforce. These figures underscore our commitment to maintaining a safe, healthy environment across all operations.

Work-life balance: Employee Leave Entitlements and Utilization at AROBS (S1-15)

At AROBS, we recognize the importance of work-life balance and offer various leave options to support our employees' personal and family needs. We are committed to providing comprehensive leave benefits, including family-related leave, and promoting their utilization in our workforce.

Our internal policies are designed to meet the legal requirements whenever possible. A generous leave policy is an investment in our employees' well-being and, ultimately, in the success of our Company. AROBS Transilvania Software SA grants employees a **seniority bonus** in the form of additional leave days. Employees receive **one extra day** upon completing **one year** with the company, followed by **one additional day for every two years** of service thereafter.

We offer a range of family-related leave options to cater to diverse needs. These include:

- **Parental and Child-rearing Leave:** New parents are eligible for paid parental leave, allowing them to bond with their children and adjust to their new family dynamics. The duration and specific terms of **Parental / Child-rearing** leave are outlined in our company policy and comply with relevant legal provisions.
- **Maternity Leave:** Specifically designed for expectant and new mothers, maternity leave provides paid time off before and after childbirth. This leave is essential for the health and well-being of both mother and child.
- **Paternity Leave:** We encourage fathers to take paternity leave to actively participate in childcare responsibilities and support their partners during this important time.
- **Adoption Leave:** Employees who adopt a child are entitled to adoption leave, allowing them to welcome their new family member and establish a strong parent-child bond.
- **Marriage Leave**: We understand that happy moments must be celebrated.
- **Leave for Family Emergencies:** We understand that unforeseen family circumstances may require employees to take time off work. We offer leave for emergencies, such as caring for a sick family member or attending to urgent family matters.

Promoting Leave Utilization

We actively encourage our employees to utilize their leave entitlements, including family-related leave. Taking time off for personal and family needs is essential for maintaining a healthy work-life balance and preventing burnout. We promote leave utilization through various initiatives:

- **Transparent Communication:** We ensure that our leave policies are clearly communicated to all employees, making them easily accessible and understandable.
- **Supportive Management:** Our managers are trained to support employees in taking leave and to create a work environment where taking time off is not stigmatized.
- **Flexible Work Arrangements:** We offer offer flexible work arrangements to help employees balance their work and family responsibilities, such as **remote work, hybrid schedules, flexible working hours, and part-time opportunities**. We recognize that flexibility is essential for employee well-being, productivity, and overall job satisfaction, particularly for those balancing family commitments, caregiving, or personal development.
- **Return-to-Work Support:** We support employees returning from leave to ensure a smooth transition back into the workplace.

Data Collection and Reporting

We collect data on employee leave utilization, including family-related leave, to monitor trends and identify potential barriers to leave usage. This data is analysed to inform our policies and practices and ensure that our leave benefits meet our employees' needs.

Work-life balance metrics

	2024
Percentage of employees entitled to take family-related leaves	100.0 %
Percentage of entitled employees that took family-related leave	26.0 %

Percentage of entitled employees that took family-related leave by gender

	Male	Female
Percentage of entitled employees that took family-related leave	11.0 %	15.0 %

Remuneration metrics (S1-16)

To calculate the gender pay gap, we analyse the average remuneration of all male employees compared to the average or median remuneration of all female employees. This analysis considers base salary, bonuses, and other forms of compensation. The basis for calculations is the entire workforce in Romania, as the vast majority of the employees are based in Romania. This approach will deliver a rational and correct image of the remuneration metrics.

Ratio Between Highest Paid Individual and Median Remuneration

We also disclose the ratio between the remuneration of the highest-paid individual within the Company and the median remuneration of all employees. This disclosure provides further insight into our compensation practices and helps stakeholders understand the distribution of remuneration within our organization.

Our Remuneration Policy

Our remuneration policy is publicly available on our website. This Policy outlines the principles and processes that guide our compensation decisions. Transparency in our remuneration policy is crucial for building trust and ensuring fairness. The Gender pay gap is 24% and the Annual remuneration ratio is 8.15 %.

Contextual information necessary to understand data, how data has been compiled and other changes to underlying data that are to be considered

AROBS collects data from internal sources—such as operational databases, HR records, etc—and external sources like industry benchmarks, public datasets, and expert opinions. The data is gathered under strict protocols and compiled using standardized methods.

Incidents, complaints and severe human rights impacts – general (S1-17)

AROBS registered no incidents**, complaints, or severe human rights impacts in 2024. The juridical team is responsible with receiving the complaints. The Company** is committed to transparency and accountability in handling workplace incidents, complaints, and human rights impacts. A safe, respectful, and inclusive work environment is vital to our success and employee well-being.

We disclose:

- **Workplace Incidents:** Total numbers and types of incidents to highlight workplace hazards = 0.
- **Complaints:** Figures on complaints regarding misconduct, including harassment and discrimination =0.
- **Human Rights Impacts:** Serious issues related to forced labour, child labour, discrimination, and freedom of association = 0.
- **Fines, Penalties, and Compensation:** Details of any fines, penalties, or compensation related to incidents or violations = 0.

We regularly review and update our policies and practices, engaging with stakeholders to ensure our approach remains effective and aligned with best practices.

Consumers and End-Users

S4 Consumers and end-users

Interactions with Strategy and Business Model (ESRS 2 SBM-3)

AROBS provides technology and software solutions to corporate clients and public-sector entities, while also affecting end-users such as employees of client companies or private individuals. Within this business model, consumer data handling, product quality, and the reliability of software solutions play a key role in maintaining trust and safeguarding brand reputation.

1. **Misuse of Consumer Data**

In solutions such as fleet monitoring (SAS Fleet, TrackGPS) or HR management (TrueHR), AROBS processes personal data—e.g., drivers' behavioral data and location details, or employees' payroll/HR data. Consequently, potential misuse, unauthorized access, or mishandling of sensitive information could adversely impact end-users' privacy.

Recognizing data protection as a pillar of its business, AROBS has integrated cybersecurity measures, privacy-by-design principles, and relevant certifications (e.g., ISO 27001, TISAX) into product life cycles. This ongoing commitment to data security informs the Company's decisions on product development roadmaps and partnerships.

2. **Product Misuse or Design Flaws**

Solutions delivered to both B2B and B2C contexts (e.g., GPS tracking hardware/software) carry a potential risk of malfunction if not properly tested or maintained. Such flaws could expose consumers or end-users to unintended functionality, data inaccuracies, or safety concerns.

The Company maintains robust quality assurance (QA) procedures, invests in R&D, and adopts industry-specific standards (e.g., automotive or embedded software standards). These procedures drive continuous upgrades and close coordination with clients, ensuring that consumer/end-user welfare is reflected in design specifications and testing protocols.

3. **Reputational and Legal Risks from Consumer Harm**

If end-users are harmed (financially or physically) by software malfunctions—such as inaccurate route guidance in telematics solutions—AROBS could face legal claims and reputational damage.

AROBS' strategic approach emphasizes engagement with clients and end-users for feedback, thorough product documentation, and transparent communication on system limitations. These measures are embedded in training programs for the sales and technical teams, shaping how the Company refines offerings and prevents consumer harm.

4. **Reputational and Legal Risks from Non-Compliance with Privacy Laws**

Non-adherence to GDPR or other data protection regulations could trigger financial penalties and harm consumer trust are the origins of this risk.

AROBS invests in internal compliance mechanisms (e.g., data protection officers, privacy committees), routine privacy audits, and training employees on data handling. Lessons from these audits guide adjustments in product features and contractual terms with business partners.

Overall, these consumer/end-user impacts directly inform how AROBS refines its software development methods, data governance, and customer support processes.

Relationship between material risks/opportunities and the Company's strategy and business model

From a strategic perspective, consumer/end-user demands for data security and reliable solutions generate growth opportunities in cybersecurity, compliance consulting, and advanced analytics. By addressing Misuse of Consumer Data and Product Misuse or Design Flaws, AROBS aims to strengthen its position as a trusted provider, maintaining a competitive edge. In parallel, mitigating Reputational and Legal Risks through robust privacy and quality standards reduces long-term financial and legal exposures, reinforcing AROBS' business model built on recurring partnerships and continuous improvement.

Scope of impacted consumers/end-users

AROBS includes in its assessments all end-users whose personal data, security, or well-being might be affected by the Company's software solutions, including:

- **Drivers** monitored via fleet management applications and their managers (TrackGPS, SASFleet)
- **Employees** or associates whose personal data is processed through HR/payroll solutions
- **Potentially vulnerable users** if solutions are adapted for sectors like healthcare or essential public services.

While AROBS predominantly acts in a B2B context, **individual consumers** or end-users can experience material impacts through data misuse, product design flaws, or non-compliance with privacy laws.

Brief description of types of consumers/end-users subject to material impacts

- End-users (fleet managers) who rely on accurate GPS tracking data for safety and route management.
- Users whose personal information is stored and processed in digital HR platforms, including sensitive payroll or performance data.

These solutions do not inherently involve products that are "inherently harmful" nor consumer segments such as children, but potential negative impacts arise around privacy and data protection.

Nature of material negative impacts

- **Widespread/systemic:** Potential systematic data privacy incidents if solutions are deployed across large enterprises in multiple locations (e.g., an enterprise-wide data breach).
- **Individual incidents:** Product misuse or defective modules could lead to isolated end-user harm.

Description of activities that result in positive impacts

AROBS' robust data protection architecture, user-friendly interfaces, and quick support can protect personal data, enhance driver safety, and reduce risk in mobility contexts.

Material risks & opportunities

- **Opportunity:** Strengthening leadership in secure data management and compliance solutions to build trust and differentiate offerings.

- **Risk:** Potential lawsuits or regulatory fines could affect financial performance and brand if consumer harm occurs.

Understanding vulnerable consumers/end-users

AROBS primarily operates in a B2B framework; thus, direct end-user relationships vary by project. However, the Company monitors local regulations, GDPR requirements, and client feedback to ensure it identifies special categories of data (e.g., sensitive HR information, location data) that could pose higher risks for vulnerable users. Internally, AROBS has a data protection officer and a compliance team.

Our end-users

- **Specific groups**:
  - *Fleet management drivers* – subject to location-tracking, usage data.
  - *Employees in HR modules* – storing personal/confidential HR data.
- **General consumer base**:
  - *Any individuals using or impacted by AROBS' solutions.*

Material risks like **Misuse of Consumer Data** or **Non-Compliance with Privacy Laws** may affect all end-users, while **Product Misuse or Design Flaws** primarily affects driver safety or enterprise productivity. AROBS' strategy addresses both universal data protection requirements (e.g., encryption protocols for all users) and group-specific measures (driver safety analytics, role-based access for HR staff).

Policies related to consumers and end-users (ESRS S4-1)

AROBS maintains written policies to safeguard consumer/end-user rights, data, and well-being. These policies apply across the Company's business lines (including software development, fleet management, and HR solutions) to ensure:

1. **Respect for data privacy and protection**:
   - *GDPR Data Protection Policy* defines requirements for lawful data collection, processing, storage, and retention. It emphasizes consent management, security controls, and breach notifications for consumer/end-user data.
   - Contractual clauses (Data Processing Agreements) are in place to ensure suppliers and partners follow the same data protection standards.
2. **Information security and confidentiality**:
   - *Top Management Security Policy* sets out responsibilities for safeguarding information assets, including encryption, secure system configurations, and incident management, protecting end-users from potential misuse of sensitive information.
3. **Human rights, fair treatment, and non-discrimination**:
   - *Business Ethics requirements from The Code of Conduct* require non-discriminatory practices in product design and marketing, prohibiting deceptive advertising, and mandate fair dealing.

   - *Sustainability Requirements toward Suppliers* will be created to extend similar obligations to third parties, ensuring that consumer/end-user rights are upheld throughout the value chain.

4. **Safety and quality of products and services**:
   - Internal and security audits are conducted to verify product functionality and security. No product functionality and security breaches have been signaled.

These policies incorporate commitments under the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles, and OECD Guidelines for Multinational Enterprises. AROBS tracks any reported non-compliance incidents in its downstream value chain (no such reports registered in 2024).

Processes to monitor compliance

AROBS regularly trains staff on GDPR compliance, data handling, business ethics, and remediation of consumer-related incidents (cybersecurity measures, data breaches, software flaws). Any privacy-related complaint triggers internal reviews led by the Data Protection Officer and follow-up with the affected consumers/end-users (no privacy-related complaints registered for 2024).

Remedy and engagement with consumers/end-users

Feedback channels (support lines, ticketing systems, satisfaction surveys) are in place for consumers/end-users to raise concerns on data privacy, product usability, or service quality. These complaints are handled by each business division to enable timely remediation.

Processes for engaging with consumers and end-users about impacts (ESRS S4-2)

AROBS' consumer/end-user engagement generally fits into its broader stakeholder consultation practices, as outlined in its materiality assessments and data protection policies. While many of AROBS' clients are enterprises (B2B), the Company recognizes that end-users (e.g., drivers and fleet managers using fleet solutions, employees using HR modules) can still experience material impacts, such as data privacy or software usability.

Engagement format and whom AROBS engages

AROBS typically gathers feedback from affected consumer groups via customer support channels (helpdesks, ticketing systems), user experience (UX) reviews, or input from partner companies who represent or employ end-users.

It engages mostly *indirectly* through "credible proxies," such as enterprise clients that oversee end-user deployment in large-scale rollouts.

Stage, type, and frequency of engagement

- **Project initiation / Onboarding**: At product kickoff or rollout, AROBS discusses potential risks (privacy, security) with client representatives, who relay relevant end-user requirements.
- **Post-deployment**: End-user satisfaction is monitored through support tickets, incident reports, or feedback forms.
- **Continuous improvement**: Input from end-users is channeled to product managers or QA teams to inform patches, updates, and feature enhancements.

Responsible functions and senior oversight

Operational responsibility for consumer/end-user engagement typically rests with the **Customer Support** (ticketing systems) and **Project/Product Management** (UX reviews) teams.

The most senior role ensuring that consumer/end-user perspectives feed into decision-making is the **Software Services Executive Director** or **Division Directors** (for B2B projects) or the **Head of Product/ Chief Technical Oficers** (for in-house solutions), who escalates significant issues to top management if needed.

Effectiveness and outcomes

AROBS monitors key metrics—time to resolve user-reported incidents, user satisfaction rates, rate of repeated data privacy incidents—to evaluate whether engagement yields improved outcomes.

Processes to remediate negative impacts and channels for raising concerns (ESRS S4-3)

AROBS has formal mechanisms to address grievances that consumers/end-users (or, in relevant cases, employees) encounter, whether related to data misuse, product or service flaws, or broader human rights concerns (see Grievance Mechanism ROI excerpts, Human Rights Policy, and Compliance policy).

Remedy design and effectiveness

If an impact is identified as materially negative and attributable to AROBS, the Company either applies internal corrective measures or cooperates with external third parties to enable fair resolution.

AROBS assesses remedial effectiveness through direct follow-up and feedback from affected users, ensuring the solution adequately addresses the original harm.

Specific channels for raising concerns

- **Dedicated support channels**
    - *Product/Service Helpdesks*: End-users (e.g., employees of client companies, drivers using fleet tools) typically raise concerns via our ticketing and customers service systems.
    - *Company Website Contact*: If a consumer or end-user cannot use the standard helpdesk route, they may contact AROBS through the website's contact form or email addresses.
- **Grievance committee**

  While primarily designed for employees, the Committee for Receiving and Resolving Harassment or Other Grievances (as described in the AROBS Internal Organization Regulations) can incorporate external user grievances, if applicable. For instance, an end-user claiming personal data mishandling may be referred to the Data Protection Officer or a relevant manager. These channels operate under confidentiality commitments, and no retaliation is permitted against those raising issues.

Support or requirements for channels via business relationships

Under AROBS' business contracts and *Human Rights Policy*, the Company expects suppliers and contractors to maintain their own complaint-resolution paths (including data protection incidents or user feedback).

Tracking, monitoring, and ensuring effectiveness

- **Compliance and Reporting**

  The *Compliance policy* outlines how AROBS documents and reviews legal/regulatory obligations, including follow-up on user complaints if they trigger compliance or contractual concerns. Complaints are logged in a register (physical or electronic), with relevant details (timing, nature, resolution, etc.).

- **Stakeholder Feedback**

  Effectiveness is gauged through follow-up communications, for instance verifying if the user's concern was resolved, or if repeated complaints signal suboptimal remediation. In serious or repeated cases, the matter escalates to senior management or a specialized committee for root-cause analysis and long-term solutions.

Awareness and trust in grievance structures

AROBS works to ensure end-users know about helpdesks and relevant contact points via onboarding documents or instructions from corporate clients. For *retaliation* concerns, AROBS has internal guidelines (including Code of Conduct and ROI harassment policy) that explicitly protect individuals raising complaints in good faith.

Taking action on material impacts, managing risks/opportunities, and effectiveness (ESRS S4-4)

A. Overview of actions and resources

AROBS maintains action plans, resource allocations, and formal processes to address material impacts, risks, and opportunities related to consumers and/or end-users. These primarily cover:

1. **Data Protection and Privacy**: Ensuring compliance with GDPR and internal data policies to prevent or mitigate misuse of consumer data.
2. **Product/Service Integrity**: Designing software (e.g., fleet management, HR solutions) with robust QA processes and user-friendly features.
3. **Remediation and Grievance**: Deploying effective grievance mechanisms to provide timely recourse for negative impacts.
4. **Positive Impacts**: Encouraging innovations that potentially benefit end-users (e.g., accessible interfaces, secure data management).

B. Actions addressing material negative impacts

1. **Preventive and mitigative measures**
   - *Data Security Controls*: Encryption, role-based access, and specialized training minimize data privacy breaches.
   - *Product QA Reviews*: All new releases go through usability/security tests to mitigate flaws that could harm end-users.
2. **Providing or enabling remedy**

- If a material privacy breach or software defect occurs, AROBS coordinates with affected users, issues patches, notifies relevant authorities where required, and provides direct support through helpdesks. Where needed, refunds or product/service adjustments are offered.

3. **Initiatives for positive impact**
   - As part of ongoing product development, AROBS invests in features like enhanced data anonymization or simpler UIs.
4. **Tracking effectiveness**
   - End-user feedback is collected via ticketing tools, satisfaction surveys, or periodic client check-ins.

C. Determining appropriate actions

- **Identifying needs**: Dedicated teams review user reports, incident data, or risk analyses to decide on the scope of changes or remedies.
- **Own practices & collaborative action:** Internally, AROBS may adjust marketing or data-analytics practices if these pose potential risk to end-user privacy or well-being. Externally, if cross-industry collaboration is needed, AROBS participates in relevant associations or working groups.
- **Ensuring effective remedy processes**: Grievances are logged in a register, assigned to relevant teams, and followed up by a central coordinator for each division and a representative of the Juridical team.

D. Approaches to material risks and opportunities

1. **Risk mitigation**
   - *Data Privacy Risks*: Staff receive ongoing GDPR training, penetration testing is conducted, and compliance audits are performed.
   - *Reputational Risks*: Clear disclaimers, transparent marketing, and timely resolution of negative consumer feedback are employed to protect brand trust. Effectiveness is tracked through: (a) zero or minimal regulatory infractions, and (b) positive user feedback trends.
2. **Opportunities pursuit**
   - AROBS seeks growth in new software markets (IoT solutions, advanced automotive telematics) by emphasizing secure design, user-friendly interfaces, and robust data protection. Potential expansions are informed by positive consumer surveys and market analysis.

E. Avoiding material negative impacts through own practices

- **Marketing and sales**: Marketing materials and campaigns follow internal ethics guidelines. If a tension arises (e.g., push for user data collection vs. privacy concerns), the Data Protection Officer and top management weigh risks and proceed with a minimal data philosophy.
- **Data use**: Defaulting to anonymization or marketing aggregated usage insights where feasible. Should a conflict emerge between data-driven business goals and user privacy, senior management is consulted before finalizing decisions.

F. Severe human rights issues or incidents

To date, no severe consumer/end-user human rights incidents have been reported. Any future issues would be escalated through the Grievance Committee process, with immediate actions taken.

G. Resource allocation

AROBS dedicates budget to specialized staff (QA engineers, Data Privacy teams), invests in compliance tools (ticketing, monitoring systems), and provides continuous training in order to maintain our 0 incidents baseline. These resources form part of the integrated approach to managing and preventing negative impacts on end-users.

Targets for managing material impacts, risks, and opportunities (ESRS S4-5)

At present, AROBS has not set specific, measurable outcome-oriented targets aimed at managing consumer/end-user impacts, nor for mitigating risks or capitalizing on opportunities in this area.

Future Plans

AROBS is evaluating whether to institute formal indicators and timeline-based targets in the near future to track ongoing improvements in data privacy, software reliability, and user satisfaction.

Currently, the Company focuses on qualitative measures and real-time resolution of issues reported through ticketing and helpdesk channels. This practical approach suits the predominantly B2B model, where many consumer/end-user interactions come indirectly via enterprise clients.

Tracking effectiveness without formal targets

Despite not having measurable, outcome-oriented targets, AROBS does track the effectiveness of its policies and actions:

Processes to track effectiveness

- **Helpdesk & Ticketing systems**: Collect real-time feedback on software performance, user experience, and data/privacy concerns.
- **Incident reviews**: Cross-functional teams (e.g., Data Protection Officer, Technical leads) conduct root-cause analysis whenever user reports emerge.
- **Compliance & Audit**: Internal compliance checks and informal user satisfaction checks with enterprise clients provide insights into areas for improvement.

Ambition level & indicators

- *Qualitative Indicators*: User sentiment from support tickets; internally documented improvement actions (e.g., software patch rollouts, training sessions).
- *Base Period*: Current performance is typically compared qualitatively to the previous year’s volume and type of issues.

Governance and Corporate Culture

G1 Business conduct

Roles and responsibilities of administrative, management and supervisory bodies (G1.GOV-1)

AROBS Top Management and Shareholding Structure

The current AROBS shareholding (as of February25, 2025) is as follows:

- **OPREAN VOICU** – 47.2700%
- **Other shareholders** – Individuals: 16.4170% and Legal Entities: 26.3129%.
- **Cabrio Investment** – 10,0001%

On **September 29, 2023**, the Ordinary General Meeting of Shareholders of AROBS Transilvania Software appointed the following individuals as members of the Company's Board for a term valid until **September 29, 2027**:

- **Voicu Oprean**
- **Mihaela-Stela Cleja**
- **Aurelian-Călin Deaconu**
- **Ioan-Alin Nistor**
- **Răzvan-Dimitrie Gârbacea**

Furthermore, **Voicu Oprean** has been appointed Chairman of the Board for the same term, valid until **September 29, 2027**.

The members of the Board of Directors are:

- **OPREAN VOICU** – Executive Member of the Board
- **CLEJA MIHAELA STELA** – Non-Executive Member of the Board
- **GÂRBACEA RĂZVAN-DIMITRIE** – Independent Non-Executive Member of the Board
- **DEACONU AURELIAN-CĂLIN** – Executive Member of the Board
- **NISTOR IOAN-ALIN** – Independent Non-Executive Member of the Board

40% of the Board members are independent.

The AROBS Board has established an Audit Committee and a Nomination and Remuneration Committee. The members of these committees have been appointed for a four-year term, from **September 29, 2023**, until **September 29, 2027**.

Audit Committee Members:

- **Ioan Alin Nistor** – Chairman
- **Răzvan-Dimitrie Gârbacea** – Member
- **Mihaela-Stela Cleja** – Member

Nomination and Remuneration Committee Members:

- **Voicu Oprean** – Chairman
- **Ioan Alin Nistor** – Member
- **Răzvan-Dimitrie Gârbacea** – Member
- **Mihaela-Stela Cleja** – Member

Management Committee

- **Aurelian Deaconu—**Since 2011, he has been the Executive Director of the Software Services Division within AROBS Transilvania Software and a member of the AROBS board.
- **Ovidiu Bojan** joined AROBS in 2011, and since 2015, he has been the Executive Director responsible for the Fleet Management division—*TrackGPS*, the AROBS group's flagship solution for managing and monitoring vehicle fleets.
- **Ovidiu Teodorescu -** Since 2022, he has been Director of the Optimall Division and CEO of UCMS Group Romania, which delivers national-level human resources management and payroll solutions.
- **Marius Bene—**Since 2018, Marius Bene has been the General Manager of S.A.S Group, CoSo by AROBS in the Netherlands and Belgium, and Future WorkForce Group (since 2023), part of AROBS Group.
- **Andreea Marcu** has been the Head of Marketing and Communications since 2018 and has coordinated the sustainability reporting since 2023.
- **Adrian Hădărean -** Adrian Hădărean coordinates the IT support functions across the Group, managing local IT services within a hybrid cloud infrastructure. He also designs and implements the hybrid cloud infrastructure for the Fleet Management business line.

Business Group Managers – Software Services Division

- **Silvan Morariu** is the Head of Automotive within the Software Services Division and has been with AROBS since 1998, being part of the Company since its early days.
- **Vlad Ghinescu** joined AROBS in 2006 as a Software Developer. He served as Project Manager from 2012 to 2016 and has been leading Automotive projects as a Business Group Manager since 2017.
- **Cristian Balc** joined AROBS in 2015 as a Software System Test Manager. He served as a Project Manager from 2018 to 2024 and has been leading Automotive projects as a Business Group Manager since 2024.
- **Claudiu Mailat—With** AROBS since 2011, Claudiu Mailat has held successive positions as a Software Developer, Team Leader, and Project Manager. Since 2017, he has been the Business Group Manager for the Travel and Hospitality Technology specialization within the Software Services Division.
- **Camelia Cristureanu** joined AROBS in 2001 as a programmer and has built her professional career within the Group. She has held successive positions as Project Manager (2005–2014) and Head of Project Management (until 2017). Since 2017, she has coordinated the Enterprise Solutions specialization and, more recently, Fintech as Business Group Manager within the Software Services Division.
- **Horațiu Pop** joined AROBS in 2007 as a Team Leader and was promoted to Project Manager in the same year. Since 2017, he has served as the Business Group Manager for the IoT and Life Sciences specializations within the Software Services Division.

AROBS management actively champions sustainability by participating in specialized courses on Board Governance, Sustainability, Environment, and leading initiatives that drive our commitment to a better and greener future – involvement in social and environmental causes, in educational projects.

Processes to identify and assess material business conduct-related impacts, risks and opportunities (G1 IRO-1)

Approach and Methodology

AROBS applies double materiality principles to assess business conduct risks, impacts, and opportunities, aligning with ESRS G1 standards. This structured process integrates stakeholder input, regulatory frameworks, and industry best practices to ensure ethical and transparent operations.

Identification and Assessment

- Data Sources: Internal reports, stakeholder feedback, legal requirements, and research studies.
- Stakeholder Engagement: Employees, clients, business partners, investors, and regulators provide input via questionnaires and structured feedback.
- Materiality Criteria:
  - Sector & Regulatory Context: Evaluates relevance to IT and software services.
  - Transaction Risks: Assesses supplier relations, procurement policies, and financial transparency.

Key Business Conduct Risks and Prioritization

- Whistleblower Protection: Evaluates reporting channels and retaliation prevention.
- Supplier Payment Practices: Focuses on fair payments, particularly to SMEs.
- Anti-Corruption & Compliance: Reviews policy enforcement and training programs.

Integration into Risk Management

Business conduct risks are continuously monitored, with due diligence aligned to OECD Guidelines and UN Principles on Business and Human Rights. The Board of Directors ensures these risks are embedded into corporate governance and strategic planning, reinforcing ethical business practices.

Business conduct policies and corporate culture (G1-1)

Business conduct policies and promoting corporate culture are essential for building trust, fostering ethical behaviour, and driving sustainable growth. AROBS' commitment to innovation, open communication, and employee empowerment demonstrates a strong understanding of this connection.

Our internal Code of Ethics and Conduct and our Anti-Harassment Guide describes the culture of trust, loyalty, and integrity that we promote, along with our ethical values.

In addition, our Compliance Policy and the Policy covering human rights and working conditions cover ethical aspects that apply to our suppliers and business partners.

In addition to those mentioned above, we have several policies in place to follow legal requirements and corporate governance recommendations: Internal Regulation, the Anti-Corruption Code of Conduct, Regulation of the Board of Directors, Regulation of The Audit Committee, Regulation of The Nomination And Remuneration Committee, the Risk Management Policy, Policy on Processing of Personal Data, Policy for Artificial Intelligence Acceptable Use, Investor Relations Policy, Whistleblower Policy, Guidelines on preventing and combating sexual harassment and moral harassment in the workplace.

Corporate Culture at AROBS: Establishment, Development, Promotion, and Evaluation

Our corporate culture is rooted in our mission and values. These core principles are the foundation upon which all our activities are built. We believe in innovation, collaboration, customer focus, and employee empowerment. These values are embedded in our policies, procedures, and decision-making processes.

Developing a Thriving Culture

At AROBS Transilvania Software, our culture strongly emphasizes the success of our employees and clients, innovation, and accountability. We constantly ensure our employees feel safe, valued, and truly part of the team.

To foster a healthy organizational culture, we concentrate on the following aspects:

- Creating an environment built on trust;
- Taking good care of our employees;
- Promoting autonomy;
- Stimulating continuous learning and innovation.

We also aim to encourage initiatives that empower our employees to actively contribute to the Company's development.

The organizational culture at AROBS Transilvania Software is founded on these core values:

- Innovation and Creativity
- Communication and Team Spirit
- Respect and Loyalty
- Effectiveness, Efficiency, and Performance
- Flexibility and Commitment
- Social Responsibility

Implementing a strong organizational culture is closely tied to the Company's leadership. At AROBS, our management is composed of passionate and empathetic leaders who actively contribute to the well-being of their teams.

Among the initiatives that promote employee well-being are:

- **Internal Talent Scholarship:** An in-house program dedicated to developing and discovering talent through courses to enhance leadership skills.
- **Generational and Cultural Diversity:** Actively promoting diversity within our teams.
- **Equal Opportunity and Inclusion:** Upholding principles of diversity, non-discrimination, inclusion, and equal opportunity in the workplace.

- **Team Building Events:** Organizing team-building activities for all company groups to recognize and celebrate collective success and foster better collaboration among colleagues.
- **Special Inclusive Events:** Creating events tailored for specific internal groups based on shared interests and cultural similarities, as well as more significant events designed to build relationships among the diverse segments of the AROBS community.
- **Pulse System:** Implementing a "Pulse" system to measure employee satisfaction.
- **Internal Mobility Policy:** Encouraging employees to transition between projects and departments as part of their personal development.
- **Professional Retraining:** Facilitating career transitions—for instance, converting testers into business analysts or low-code/no-code developers—by providing opportunities for role changes or training in different departments, with a strong focus on personal growth.

First and foremost, it is essential to note that AROBS promotes a culture of innovation by:

- **Fostering an Internal Culture:** Centered on open communication, engagement, innovation, intrapreneurship, and flexibility.
- **Incremental Innovation Strategy:** Focusing on developing new services aligned with global market trends for our software services division and creating new modules and functionalities for our software products.
- **Continuous Innovation:** Ensuring our solutions remain agile and adaptable through analysing market needs.
- **Launching Proprietary Research Projects:** Initiating our research projects—primarily in the aerospace and automotive sectors, independently or in partnership with universities in Romania and Poland—to develop innovative solutions.
- **Specialized Team Expertise:** Developing teams that excel not only in technical skills but also in business acumen. This dual specialization underpins our business model, which leverages deep business expertise in highly competitive areas such as Automotive, Embedded (Medical, Aerospace, Maritime), Travel Tech, IoT, Life Sciences, Enterprise Solutions, Fintech, Retail Automation, Intelligent Automation, and more.
- **Structured Innovation Processes:** Implementing organizational processes that nurture the development of new ideas through continuous learning and knowledge sharing.
- **Encouraging Risk-Taking and Experimentation:** Motivating employees to explore innovative ideas and take on complex projects with full support—knowing they can fail and learn from those experiences.
- **Close Client Collaboration:** Working closely with clients to understand their needs enables our specialists to propose innovative solutions for overcoming various challenges. (We even implement "Voice of Customer" initiatives at the project level.)

Promoting Our Values

We promote our corporate culture through internal and external communication. Our website, social media platforms, internal newsletters, and platform showcase our values and highlight examples of how they are lived out within the organization. We also actively participate in industry events and conferences.

Evaluating Our Progress

We regularly evaluate the effectiveness of our corporate culture initiatives using employee surveys, feedback sessions, and performance reviews. We use this data to identify areas for improvement and make necessary adjustments to our programs and practices.

Our Business Ethics Policies are:

- ✓ Code of Ethics and Conduct,
- ✓ Compliance policy,
- ✓ Policy on Working Conditions and Human Rights,
- ✓ Regulation of the Board of Directors,
- ✓ Regulation of The Audit Committee,
- ✓ Regulation of The Nomination And Remuneration Committee,
- ✓ the Risk Management Policy,
- ✓ Policy on Processing of Personal Data,
- ✓ Artificial Intelligence Acceptable Use,
- ✓ Investor Relations Policy,
- ✓ Whistleblower Policy,
- ✓ Guidelines on preventing and combating sexual harassment and moral harassment in the workplace.

1. **Code of Ethics and Conduct**

The Code applies to all employees of the Company, regardless of their position within the Company. Employees are expected to behave themselves reasonably, comply with the legal provisions, act with honesty and integrity, treat people fairly, respect diversity, take responsibility, and communicate openly and transparently. The Board is accountable for the implementation of the Policy. The Code of Ethics and Conduit is an internal policy. Therefore, it applies only to the company workforce.

2. Compliance policy

The compliance policy outlines the process of identifying and evaluating compliance with requirements from government entities, applicable local as well as European regulations of the Company, and the field of activity, as well as other requirements adopted by the Company (regulatory agency requirements, etc.), including those of stakeholders.

The provisions of this Policy apply to all organization personnel responsible for identifying and evaluating compliance obligations.

3. Policy on Working Conditions and Human Rights

The Policy on Working Conditions and Human Rights completes and is completed by other AROBS internal policies and rules on areas that are important to human rights, including safety, labour rights, diversity, equity, inclusion and privacy: the Code of Ethics and Conduct, the Occupational Health and Safety Policy, the Policy on Processing of Personal Data, the Guidelines on Preventing and Combating Gender-based Harassment and Workplace Bullying, the Environmental Policy, the Internal Human Resources Procedures, Internal Regulations.

This Policy applies to all employees, shareholders, directors, divisions, and companies from the Group. It also applies to our suppliers, business partners, subcontractors, and AROBS consultants to a reasonable, relevant extent. We expect and require all our business partners to understand and support these commitments.

All AROBS employees must comply with these Policies. Violations may result in disciplinary action, including termination of the employment agreement. Suppose a supplier, subcontractor, or business partner fails to comply with or violates these commitments. In that case, AROBS will take appropriate action, which may ultimately result in the termination of a business relationship. We expect the Parties to participate in the discussion of alleged violations, actively and in good faith investigate potential breaches, and implement corrective action as appropriate.

Mechanisms for identifying, reporting and investigating concerns about unlawful behaviour or behaviour in contradiction of the Code of conduct or similar internal rules

The Whistleblowing procedure establishes the framework through which AROBS receives, manages, and investigates reports from individuals—hereinafter generically referred to as public interest whistleblowers ("whistleblowers" or "reporters" within this procedure)—regarding facts, acts or situations that have attracted the attention of the Company's employees, its clients, or suppliers, and which may constitute irregularities, omissions, offences, or other violations of the law.

Through this procedure, AROBS ensures that appropriate reporting channels and processes are in place to report suspected violations that fall within the scope of the EU Whistleblower Protection Directive (Directive (EU) 2019/1937) and Romania's Law no. 361/2022.

This alert procedure aims to strengthen transparency by encouraging legitimate and substantive alerts regarding illegal acts or serious offences brought to the attention of AROBS employees, clients, or suppliers. It also enables the disclosure of incidents that give rise to suspicions of serious breaches of AROBS's procedures and policies, including fraud, corruption, coercion, or other irregularities or violations. Doing so ensures an environment of trust and security for AROBS employees, partners, and collaborators.

This procedure may be supplemented by the Disciplinary Misconduct Section in Chapter 8 of the Internal Organizational Regulations.

Establishment of internal whistleblower reporting channels

Individuals reporting violations of the law that have occurred or are likely to occur within AROBS have the following reporting methods available:

- **Internal Channels:** Telephone, Email, Mail/Courier.
- **External Channels:** The National Integrity Agency and other public entities; see Chapter IV of Law no. 361/2022 for more details.
- **Public Disclosure:** By Chapter V of Law no. 361/2022.

The Company organizes training during onboarding and yearly seminars on business ethics. The policies are published on the internal platform and disseminated to all employees through internal newsletters. Measures to protect against retaliation to own workers who are whistleblowers by applicable law transposing Directive (EU) 2019/1937

AROBS ensures that individuals for whom an alert has been reported are protected against any potential negative impact—if the investigation does not substantiate any violation and no measures are taken against them.

Suppose the investigation confirms a violation and measures are taken against the individual(s) concerning whom an alert was submitted. In that case, additional protection is provided to shield these individuals from any potential adverse effects that go beyond the measures implemented by AROBS.

Please note that judicial or legal procedures may request the whistleblower's identity in the context of the subsequent investigation of the case, in which event AROBS is obliged to disclose such information by the law.

Functions within undertaking that are most at risk regarding corruption and bribery

1. Procurement and Supply

- **Reasons for Exposure:** Involves direct negotiations with suppliers and subcontractors, where selection decisions can be influenced by bribery or personal benefits.
- **Specific Risk:** Acceptance of gifts, commissions, or other benefits in exchange for awarding contracts.

2. Sales and Business Development

- **Reasons for Exposure:** Close relationships with clients and the need to secure large contracts can lead to bribery risks to ensure sales or win contracts.
- **Specific Risk:** Illegal payments to clients or intermediaries intended to influence their decisions.

3. Project Management

- **Reasons for Exposure:** Managing large budgets and subcontractors creates opportunities for irregularities.
- **Specific Risk:** Approval of fictitious or inflated payments to third parties.

4. Government Relations and Regulatory Compliance

- **Reasons for Exposure:** Interaction with authorities to obtain licenses, certifications, or other approvals.
- **Specific Risk:** Payments or favours to expedite processes or secure decisions.

5. Human Resources

- **Reasons for Exposure:** Recruitment, the awarding of bonuses, or promotions may be influenced by unethical practices.
- **Specific Risk:** Favouritism in exchange for personal benefits.

6. IT Department

- **Reasons for Exposure:** Selecting suppliers for software and hardware involves managing significant contracts.
- **Specific Risk:** Acceptance of bribes for procuring underperforming or overpriced IT solutions.

7. Top Management

- **Reasons for Exposure:** High-level strategic decisions like mergers and acquisitions are vulnerable to unethical external influences.
- **Specific Risk:** Acceptance of third-party commissions or benefits in exchange for favourable decisions.

Management of relationships with suppliers (G1-2)

Oversight and Responsibility: The Business Group Managers (BGM) and the directors oversee supplier relationships and monitor compliance with contractual obligations, with the support of the Procurement, IT Support, Juridical team and the Financial department. This oversight ensures consistent communication and accountability throughout the supply chain.

AROBS implements a Management of Suppliers – Compliance policy. Its purpose is to define the purchasing process, starting from the offer, the order, and the contract until the receipt of the assets and services. The Policy also includes aspects related to the Company's external suppliers, such as selection criteria and evaluation methods. The focus relies upon suppliers that have access to AROBS GROUP assets.

Monitoring Process: Regular internal and external meetings are conducted to monitor supplier relationships. These meetings facilitate open communication, address potential issues, and foster collaborative problem-solving. This ongoing engagement strengthens relationships and promotes shared sustainability goals.

Compliance Evaluation: The monitoring process includes evaluating supplier compliance with all contractual responsibilities. This evaluation ensures adherence to agreed-upon terms, quality standards, and ethical practices. Regular assessments help identify and mitigate potential risks within the supply chain.

Contractual Requirements: Contractual agreements with suppliers clearly outline quality, delivery, and ethical conduct expectations. These agreements are a foundation for strong supplier relationships and provide a framework for addressing discrepancies or performance issues.

Stakeholder Engagement: Yearly engagement activities (sustainability questionnaires, etc.) with suppliers, customers, and internal teams facilitate information sharing and collaboration. This engagement lays the ground for a more substantial future alignment on sustainability goals.

Impact on Supply Chain: By fostering strong partnerships with suppliers, AROBS can minimize disruptions, improve product quality, and promote ethical sourcing practices.

Continuous Improvement: AROBS is committed to continuously improving its supplier relationship management practices. In 2025, the Company will develop an extended policy for regular evaluations and feedback mechanisms to ensure that the Company's supply chain remains sustainable and ethical.

Description of approach to prevent late payments, specifically to SMEs

AROBS employs several strategies to prevent late payments:

- **Clear Contractual Agreements:** Contracts stipulate payment terms, including due dates, accepted payment methods, and any applicable penalties for late payments. The approach ensures both parties are aware of their obligations from the outset.
- **Regular Invoicing:** Accurate and timely invoices are issued to clients and requested from partners, providing detailed information about the services rendered and the corresponding payment amount. This clarity helps prevent disputes and facilitates prompt payment.
- **Open Communication Channels:** AROBS maintains open communication channels with clients and partners to address potential issues before they escalate into late payments.

Preventive Measures for Supplier Payments

- **Streamlined Payment Processes:** Internal payment processes are streamlined to ensure efficient processing and minimize delays.
- **Early Payment Discounts:** Where feasible, AROBS negotiates early payment discounts with suppliers, incentivizing prompt payment and strengthening supplier relationships.
- **Dispute Resolution Mechanisms:** Clear procedures are in place to address any disputes regarding invoices or payments, ensuring fair and timely resolution.

Internal Controls and Monitoring

AROBS has implemented robust internal controls to monitor payment performance and identify potential issues:

- **Regular Reporting:** Management generates and reviews regular reports on payment status, providing insights into payment trends and potential areas for improvement.
- **Performance Metrics:** Key performance indicators, such as average payment time and the percentage of late payments, are being tracked.
- **Continuous Improvement:** The approach is regularly reviewed and updated to reflect best practices and address emerging challenges.

Information about AROBS's approach to relationships with suppliers

AROBS prioritizes maintaining strong and fair financial relationships with its stakeholders, including clients, suppliers, and employees.

Key Principles

- **Transparency:** Maintaining open communication with all parties regarding payment terms and schedules.
- **Accuracy:** Ensuring accurate invoicing and payment processing to minimize discrepancies.
- **Timeliness:** Adhering to agreed-upon payment deadlines and promptly addressing any potential delays.
- **Fairness:** Implementing equitable payment practices for all stakeholders.

Social and (or) environmental criteria are taken into account when selecting suppliers.

AROBS is committed to continuous improvement in its supplier relationship management practices. In 2025, the Company will develop an extended policy for regular evaluations and feedback mechanisms to ensure that the Company's supply chain remains sustainable and ethical, including in the payment practices.

Prevention and detection of corruption and bribery (G1-3)

AROBS prioritizes preventative measures to minimize the risk of corruption and bribery. These measures include:

- **Code of Ethics and Conduct:** A comprehensive Code sets clear expectations for ethical behaviour and prohibits any form of corruption or bribery.

- **Training and Awareness:** Regular training programs (at onboarding and yearly) educate employees on the Company's anti-corruption policies, relevant laws and regulations, and how to identify and report potential violations.
- **Risk Assessments:** Periodic risk assessments identify potential vulnerabilities and inform the development of targeted prevention strategies.
- **Due Diligence:** Thorough due diligence processes are conducted on third-party partners and vendors to ensure they adhere to ethical standards.
- **Internal Controls:** Strong internal controls, including segregation of duties and regular audits, help prevent and detect fraudulent activities.
- **Detection Mechanisms by Whistleblowing Channels:** Confidential whistleblowing channels allow employees and other stakeholders to report suspected violations without fear of retaliation.

AROBS Anti-Corruption and Bribery Procedures are built upon the procedures described by the Code of Ethics and Conduct and the Whistleblowing Policy.

AROBS recognizes the importance of continuous improvement in its anti-corruption and bribery efforts. The Company regularly reviews its policies and procedures, seeking feedback from employees and stakeholders. Investigators or investigating committees are separate from the chain of management involved in preventing and detecting. There were no incidents throughout 2024.

Through our established onboarding and annual anti-corruption training, we ensure 100% coverage for all at-risk functions, while also extending these sessions to members of our administrative, management, and supervisory bodies to reinforce our collective commitment to ethical conduct.

To date, there have been no convictions or fines for violations of anti-corruption or anti-bribery laws, resulting in a total amount of zero fines, penalties, or compensation for damages.

AROBS's Internal Communication Channels:

1. **The company intranet.** The intranet serves as a central repository for company policies. These policies are readily accessible to all employees, ensuring easy reference and familiarity.

2. **Targeted email communications** to reach specific employee groups allow us to tailor our messaging and ensure that relevant information reaches the appropriate audience.

3. **Onboarding and yearly training sessions and workshops** to reinforce our policy awareness and knowledge provide employees with a deeper understanding of the policies, practical guidance on their application, and a platform to raise questions and concerns.

External Communication

We publish our anti-corruption and bribery stance on our company website – the ESG reports, the Policy for workers' health and human rights, etc.- making them readily available to external stakeholders, including clients, partners, investors, and the public.

Continuous Improvement

We regularly review and update our communication strategies to remain relevant and practical. We actively solicit feedback from employees and other stakeholders to identify areas for improvement and enhance our communication efforts.

In 2025, we will also organise internal training on antibribery, and corruption; we will analyse the implementation of ISO 37001 at Group wide level.

Political influence and lobbying activities

AROBS does not implement activities and commitments to exert political influence, including lobbying activities related to material impacts, risks and opportunities.

Payment practices - general (G1-6)

Disclosure of payment practices, especially concerning late payments to small and medium enterprises (SMEs)

Preventive Measures for Payments

AROBS employs several strategies to prevent late payments:

- **Clear Contractual Agreements:** Contracts stipulate payment terms, including due dates, accepted payment methods, and any applicable penalties for late payments. The approach ensures both parties are aware of their obligations from the outset.
- **Regular Invoicing:** Accurate and timely invoices are issued to clients and requested from partners, providing detailed information about the services rendered and the corresponding payment amount. This clarity helps prevent disputes and facilitates prompt payment.
- **Open Communication Channels:** AROBS maintains open communication channels with clients and partners to address potential issues before they escalate into late payments.
- **Preventive Measures for Supplier Payments**
- **Streamlined Payment Processes:** Internal payment processes are streamlined to ensure efficient processing and minimize delays.
- **Early Payment Discounts:** Where feasible, AROBS negotiates early payment discounts with suppliers, incentivizing prompt payment and strengthening supplier relationships.
- **Dispute Resolution Mechanisms:** Clear procedures are in place to address any disputes regarding invoices or payments, ensuring fair and timely resolution.

Internal Controls and Monitoring

AROBS has implemented robust internal controls to monitor payment performance and identify potential issues:

- **Regular Reporting:** Management generates and reviews regular reports on payment status, providing insights into payment trends and potential areas for improvement.
- **Performance Metrics:** Key performance indicators, such as average payment time and the percentage of late payments, are being tracked.
- **Continuous Improvement:** The approach is regularly reviewed and updated to reflect best practices and address emerging challenges.

Description of undertaking's standard payment terms

Our standard payment terms are clearly communicated to suppliers upon contract initiation. These terms are established based on industry best practices, and the specific circumstances of each agreement are considered. We strive to ensure that our payment terms are fair and reasonable for all suppliers, including SMEs. Our internal processes are designed to facilitate timely payment processing, including invoice verification and approval procedures.

We have a designated person as a treasury expert who is responsible for organizing, monitoring, and making payments by their due date.

During the reporting period, our company's **average payment term** was **27 days** from the date when the contractual or statutory payment period began. **88%** of all invoices were settled within this payment term. The remaining **12%** of payments experienced delays due to specific disputes regarding supplier deliveries, rather than systemic issues related to cash flow or payment processes.

Disclosure of contextual information regarding payment practices

Payment Organization and Responsibility

The treasury department is responsible for orchestrating payments. This process addresses the outstanding balance, respecting the agreed-upon due dates established within commercial agreements and supplier credit arrangements. This structured approach ensures timely and accurate payment processing, fostering positive supplier relationships and maintaining financial stability.

Payment Procedures and Policies

AROBS maintains established payment procedures and policies that govern all payment transactions. These procedures contain a range of controls and checks to ensure accuracy, prevent fraud, and maintain compliance with relevant regulations. A robust approval process is in place, requiring authorization from designated personnel before any payment is released. This multi-layered approach minimizes the risk of errors and safeguards company resources.

Payment Terms and Conditions

Contracts with suppliers clearly define payment terms and conditions. These terms outline the payment schedule, accepted payment methods, and any applicable discounts or penalties for late payments.

Stakeholder Engagement and Communication

AROBS actively engages with its suppliers to maintain open communication regarding payment practices. Regular communication channels are established to address any payment-related inquiries or concerns promptly.

Compliance and Regulatory Adherence

AROBS is committed to complying with all relevant regulations and legal requirements related to payment practices. The Company stays informed about any changes in legislation and adapts its procedures accordingly. This proactive approach ensures adherence to best practices and minimizes legal risks.

Continuous Improvement and Monitoring

AROBS continuously monitors and evaluates its payment practices to identify areas for improvement. Regular reviews are conducted to assess existing procedures' effectiveness and identify optimization opportunities.

AROBS standard payment terms are built upon the outstanding balance, supplier credit and agreed due dates by contract commercial agreement.

The number of legal proceedings outstanding for late payments: none.

Events and Social Involvement in 2024

Events and Social Involvement in 2024

Afforestation – open events

In 2024, our efforts involving green initiatives have continued with our seasonal afforestation in partnership with CERT Transilvania.

- The first took place in Tăuți, Florești, Cluj in April. It was also the first in collaboration with CERT Junior, the young division of CERT dedicated to children of all ages. The goal is to teach the little ones the importance of nature, passing knowledge about planting trees and caring for the new generations. We planted about 4000 seedlings with the help of over 150 volunteers.
- The second afforestation was in October, in Deleni, Cluj, using the same partnership formula with the support of CERT and CERT Junior. We planted 5000 seedlings with the help of over 200 volunteers.

Both activities were sponsored by AROBS and open to the public and the internal community.

Green projects competition – employees only

Six strong projects graced our internal competition, Fight for Your Green Cause 2024. The three best of them won sponsorships that supported the organizations in implementing the activities.

1.Creștem Împreună, Asociația Prietenii lui Filip – 1st place

Coordinated by Bogdan L., a father with an excellent project for integrating children with Down Syndrome and other disabilities into normal collectives through outdoor activities in parks and countryside spots. This should help raise acceptance among healthy children towards children with disabilities as well as create normality for everyone to blend in easily in educational units as well as in the community later on in life.

2.Relaxare și reciclare prin tradiție, Atelierul de Meșteșuguri ASDR Dezmir– 2nd place

A small community project introduced by Casiana B., our colleague, originated from Dezmir, where the project was implemented. A series of workshops gathered the community in one place to transform old clothes into colourful rugs, teaching the young members the art of weaving and recycling. Grandparents, parents and children participated in the project, animating the community and creating a hands-on educational experience for everyone.

3.Grădina Bucuriei, Căsuța Bucuriei – 3rd place

A project supported by Denisa C. brought to our attention the garden of Căsuța Bucuriei, a foster home for children aged between 7 and 17 where young girls receive support and education in living a normal life. The garden project aimed to teach the girls about cultivating vegetables and renovating and creating a relaxation space outdoors.

Sports and Health initiatives

Over the years, AROBS has supported sport in various contests, from drone competitions swimming, running, marathons, and triathlon enthusiasts to football teams and sports competitions.

- X-Man Romania – June 8, 2024 - We've again been part of the X-Man triathlon race. Our partnership aimed to encourage athletes and sports fans to exceed their limits by participating in this thrilling competition.

- Academia de Handball" UHandbalCluj2021" – we support this project by offering handball courses to Cluj County children. The project aims to encourage children to have a healthy and active life, focusing on sports, particularly handball.

Arts & Culture

Starting in 2024, the AROBS Foundation has a new focus derived from a complex societal need. Arts & Culture is our latest area of interest; thus, we aim to support and invest in cultural initiatives that promote our national heritage, equal access to Culture, contemporary initiatives, innovation, and sustainability.

- ASTRA Rock Festival – A yearly green rock festival by ASTRA Museum in Sibiu convinced us that" green" and heritage make a great team. Supporting ASTRA Museum initiatives is our way of supporting sustainability through Culture.

- #FRESH by Elite Art Gallery – national contemporary art contest, our partnership aims at promoting young and emerging Romanian artists.

- Ethnographic Museum of Transylvania – This museum is the first ethnographic museum opened in Romania, and it is our neighbour in Cluj. Hence, supporting it came naturally, whilst our common initiatives focus on restoring the national heritage houses curated by the museum and on promoting the museum.

Education

- Marea Aventură Digitală by Logiscool – a famous IT & Digital contest for children in schools, Logiscool fits perfectly into our objectives and priorities: making education, especially digital education, accessible to everybody.

List of datapoints in cross-cutting and topical standards that derive from other EU legislation (IRO-2)

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS 2 GOV-1, Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table 1 of Annex 1	-	Commission Delegated Regulation (EU) 2020/1816 (27) , Annex II	-	Material	88, 106
ESRS 2 GOV-1, Percentage of board members who are independent paragraph 21 (e)	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	106
ESRS 2 GOV-4, Statement on due diligence paragraph 30	Indicator number 10 Table 3 of Annex 1	-	-	-	Material	12
ESRS 2 SBM-1, Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table 1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II	-	Not material	14
ESRS 2 SBM-1, Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table 2 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	14
ESRS 2 SBM-1, Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table 1 of Annex 1	-	Delegated Regulation (EU) 2020/1818 (29) , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	-	Material	14
ESRS 2 SBM-1, Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	-	-	Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	-	Material	14

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS E1-1, Transition plan to reach climate neutrality by 2050 paragraph 14	-	-	-	Regulation (EU) 2021/1119, Article 2(1)	Material	48
ESRS E1-1, Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	-	Art. 449a, Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2	-	Not Material	-
ESRS E1-4, GHG emission reduction targets paragraph 34	Indicator number 4 Table 2 of Annex 1	Article 449a, Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	-	Material	48
ESRS E1-5, Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table 1 and Indicator n. 5 Table 2 of Annex 1				Material	56
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table 1 of Annex 1	-	-	-	Material	56
ESRS E1-5, Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table 1 of Annex 1	-	-	-	Not material	-

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS E1-6, Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table 1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	-	Material	58
ESRS E1-6, Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table 1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)	-	Material	58
ESRS E1-7, GHG removals and carbon credits paragraph 56	-	-	-	Regulation (EU) 2021/1119, Article 2(1)	Not material	-
ESRS E1-9, Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	-	-	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	-	Material	Phase-in
ESRS E1-9, Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.	-	-	Material	Phase-in
ESRS E1-9, Location of significant assets at material physical risk paragraph 66 (c).			-	-		Phase-in

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	-	-	Material	Phase-in
ESRS E1-9, Degree of exposure of the portfolio to climate-related opportunities paragraph 69	-	-	Delegated Regulation (EU) 2020/1818, Annex II	-	Material	Phase-in
ESRS E2-4, Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table 1 of Annex 1 Indicator number 2 Table 2 of Annex 1 Indicator number 1 Table 2 of Annex 1 Indicator number 3 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E3-1, Water and marine resources paragraph 9	Indicator number 7 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E3-1, Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E3-1, Sustainable oceans and seas paragraph 14	Indicator number 12 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E3-4, Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table 2 of Annex 1	-	-	-	Not material	-

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS E3-4, Total water consumption in m ^{3} per net revenue on own operations paragraph 29	Indicator number 6.1 Table 2 of Annex 1	-	-	-	Not material	-
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table 1 of Annex 1	-	-	-	Not material	-
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table 2 of Annex 1	-	-	-	Not material	-
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E4-2, Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E4-2, Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E4-2, Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table 2 of Annex 1	-	-	-	Not material	-
ESRS E5-5, non-recycled waste paragraph 37 (d)	Indicator number 13 Table 2 of Annex 1	-	-	-	Material	71,72
ESRS E5-5, Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table 1 of Annex 1	-	-	-	Material	71, 72
ESRS 2- SBM3 - S1, Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 Table 3 of Annex I	-	-	-	Material	75
ESRS 2- SBM3 - S1, Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 Table 3 of Annex I	-	-	-	Material	75

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS S1-1, Human rights policy commitments paragraph 20	Indicator number 9 Table 3 and Indicator number 11 Table 1 of Annex I	-	-	-	Material	75
ESRS S1-1, Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8, paragraph 21	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	76
ESRS S1-1, processes and measures for preventing trafficking in human beings' paragraph 22	Indicator number 11 Table 3 of Annex I	-	-	-	Material	76, 77
ESRS S1-1, workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table 3 of Annex I	-	-	-	Material	91
ESRS S1-3, grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table 3 of Annex I	-	-	-	Material	79
ESRS S1-14, Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table 3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	93
ESRS S1-14, Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table 3 of Annex I	-	-	-	Material	93

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS S1-16, Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table 1 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Material	94
ESRS S1-16, Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table 3 of Annex I	-	-	-	Material	95
ESRS S1-17, Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table 3 of Annex I	-	-	-	Material	95
ESRS S1-17, Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table 1 and Indicator n. 14 Table 3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	-	Material	100
ESRS 2- SBM3 – S2, Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table 3 of Annex I	-	-	-	Not material	-
ESRS S2-1, Human rights policy commitments paragraph 17	Indicator number 9 Table 3 and Indicator n. 11 Table 1 of Annex 1	-	-	-	Not material	-
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table 3 of Annex 1	-	-	-	Not material	-
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table 1 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	-	Not material	-

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS S2-1, Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Not material	-
ESRS S2-4, Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table 3 of Annex 1	-	-	-	Not material	-
ESRS S3-1, Human rights policy commitments paragraph 16	Indicator number 9 Table 3 of Annex 1 and Indicator number 11 Table 1 of Annex 1	-	-	-	Not material	-
ESRS S3-1, non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table 1 Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	-	Not material	-
ESRS S3-4, Human rights issues and incidents paragraph 36	Indicator number 14 Table 3 of Annex 1	-	-	-	Not material	-
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table 3 and Indicator number 11 Table 1 of Annex 1	-	-	-	Material	99
ESRS S4-1, Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table 1 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	-	Material	108
ESRS S4-4, Human rights issues and incidents paragraph 35	Indicator number 14 Table 3 of Annex 1	-	-	-	Material	102

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark Regulation	EU Climate Law	Materiality	Page
ESRS G1-1, United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table 3 of Annex 1	-	-	-	Material	116
ESRS G1-1, Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table 3 of Annex 1	-	-	-	Material	116
ESRS G1-4, Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table 3 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II)	-	Material	116
ESRS G1-4, Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table 3 of Annex 1	-	-	-	Material	115

Our phase-in data points

ESRS	DR	Paragraph	Phase-in period
ESRS 2	SBM-1	40 b	Until adoption of ESRS Sectors
	SBM-1	40 c	Until adoption of ESRS Sectors
	SBM-3	48 e	1 year
E1	E1-9	66 a	3 years
	E1-9	66 a	3 years
	E1-9	66 a	3 years
	E1-9	66 a	3 years
	E1-9	66 c	1 year
	E1-9	AR 70 c i	1 year
	E1-9	66 b	3 years
	E1-9	66 d	3 years
	E1-9	66 d	3 years
	E1-9	AR 69 a	1 year
	E1-9	AR 69 b	1 year
	E1-9	AR 71 b	1 year
	E1-9	AR 71 b	1 year

ESRS	DR	Paragraph	Phase-in period
	E1-9	67 a	3 years
	E1-9	67 a	3 years
	E1-9	67 b	3 years
	E1-9	67 c	3 years
	E1-9	AR 72 a, AR 73 a	1 year
	E1-9	AR 72 b	1 year
	E1-9	AR 73 a	3 years
	E1-9	AR 73 a	3 years
	E1-9	AR 73 b	3 years
	E1-9	67 d	3 years
	E1-9	AR 74 c	3 years
	E1-9	AR 74 c	3 years
	E1-9	AR 74 d	3 years
	E1-9	AR 74 e	3 years
	E1-9	AR 74 e	3 years
	E1-9	67 e	3 years
	E1-9	67 e	3 years
	E1-9	67 e	3 years
	E1-9	67 e	3 years
	E1-9	67 e	3 years
	E1-9	67 e	3 years
	E1-9	67 e	3 years
	E1-9	AR 76	3 years
	E1-9	AR 76 b	1 year
	E1-9	AR 76 b	1 year
	E1-9	68 a	1 year
	E1-9	68 b	1 year
	E1-9	69 a	3 years
	E1-9	69 a	3 years
	E1-9	69 b	3 years
	E1-9	69 b	3 years
E5	E5-6	43 a	3 years
	E5-6	43 a	1 year

ESRS	DR	Paragraph	Phase-in period
	E5-6	43 b	1 year
	E5-6	43 c	1 year
	E5-6	AR 35	1 year
	E5-6	AR 35	1 year
S1	S1-7	55 a	1 year
	S1-7	55 a	1 year
	S1-7	55 a	1 year
	S1-7	AR 61	1 year
	S1-7	56	1 year
	S1-7	55 b	1 year
	S1-7	55 b i	1 year
	S1-7	55 b ii	1 year
	S1-7	55c	1 year
	S1-7	57	1 year
	S1-8	60 a	1 year for non-EEA countries
	S1-8	60 b	1 year for non-EEA countries
	S1-8	60 c	1 year for non-EEA countries
	S1-8	61	1 year for non-EEA countries
	S1-8	62	1 year for non-EEA countries
	S1-8	63 a	1 year for non-EEA countries
	S1-8	63 b	1 year for non-EEA countries
	S1-8	AR 70	1 year for non-EEA countries
	S1-11	74 a	1 year
	S1-11	74 b	1 year
	S1-11	74 c	1 year
	S1-11	74 d	1 year
	S1-11	74 e	1 year
	S1-11	75, 76	1 year
	S1-11	75	1 year
	S1-11	75	1 year
	S1-11	75	1 year
	S1-11	75	1 year
	S1-11	75	1 year

ESRS	DR	Paragraph	Phase-in period
	S1-12	79	1 year
	S1-12	80	1 year
	S1-12	AR 76	1 year
	S1-13	83 a	1 year
	S1-13	83 a	1 year
	S1-13	83 b	1 year
	S1-13	83 b	1 year
	S1-13	84	1 year
	S1-13	84	1 year
	S1-13	85	1 year
	S1-14	88 d	1 year
	S1-14	88 e	1 year
	S1-14	89	1 year
	S1-14	89	1 year
	S1-14	AR 94	1 year
	S1-15	93 a	1 year
	S1-15	93 b	1 year
	S1-15	93 b	1 year
	S1-15	94	1 year

Our list of disclosures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Independent Auditor's Limited Assurance Report
on the Consolidated Sustainability Reporting for the financial year 2024

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Registered office: STR.DONATH, NR.11, BLOC M4, SC. 2, ET. 3, AP. 28, CLUJ NAPOCA, ROMANIA, Unique registration code: 11291045

Limited assurance conclusion

We have performed a limited assurance engagement on the Consolidated Sustainability Reporting of AROBS TRANSILVANIA SOFTWARE SA (the "Company") and its subsidiaries (together referred to as the "Group") as of and for the financial year ended 31 December 2024, which accompanies and supplements the Consolidated Directors' Report, which was prepared in accordance with Chapter 7^1.3 of Annex I to the Order of the Minister of Public Finance no. 2844/2016 for the approval of the "Accounting Regulations in accordance with International Financial Reporting Standards", as amended ("OMFP no. 2844/2016").

Based on the procedures performed and the evidence obtained, we have not become aware of any matter that would cause us to believe that the Consolidated Sustainability Reporting as of and for the financial year ended December 31, 2024 is not prepared, in all material respects, in accordance with Chapter 7^1.3 of Annex I to OMFP no. 2844/2016, including:

- compliance with the European Sustainability Reporting Standards ("ESRS"), including that the process carried out by the Group to identify the reported information ("Process") is in accordance with the description set out in the section "Assessment of dual materiality and impacts and risks and opportunities (IRO-1)"
- compliance of the Taxonomy disclosures, detailed in the EU Taxonomy section of the "EU Taxonomy" chapter, with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852 ("Taxonomy Regulation").

Basis of Assurance Conclusion

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) *"Assurance Engagements Other than Audits or Reviews of Historical Financial Information"*. Our responsibilities under this standard are further detailed in the "Auditor's Responsibilities" section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code), and other relevant ethical requirements in Romania, including Law no. 162/2017, as amended, for our assurance engagement on the Consolidated Sustainability Reporting, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies the International Standard on Quality Management ("ISQM 1") and, accordingly, maintains a comprehensive quality management system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other Matters – Comparative Information

Our assurance engagement does not extend to information relating to prior periods. Our conclusion is not modified in this regard.

Note: This is the English translation of the Romanian version of the auditor's report. In case of any discrepancies the Romanian version will prevail.

Responsibilities for Consolidated Sustainability Reporting

The Company's Directors are responsible for designing, implementing and maintaining a process for identifying the information included in the Consolidated Sustainability Reporting, in accordance with the ESRS, and for presenting this process in the Consolidated Sustainability Reporting.

This responsibility includes:

- understanding the context in which the Group's activities and business relationships operate and developing an understanding of the affected stakeholders;
- identifying current and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect or that the Directors may expect to affect the Group's financial position, financial performance, cash flows, access to financing or cost of capital in the short, medium or long term;
- assessing the extent to which the impacts, risks and opportunities identified in relation to sustainability matters are material, by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

The Company's directors are also responsible for preparing the Consolidated Sustainability Reporting in accordance with the sustainability reporting framework required by law, including:

- compliance with the European Sustainability Reporting Standards (ESRS);
- preparing taxonomy disclosures in the Consolidated Sustainability Reporting in accordance with Article 8 of Regulation (EU) No. 852/2020 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls as are deemed necessary to enable the preparation of the Consolidated Sustainability Reporting that is free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods, as well as making assumptions and estimates regarding individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Inherent Limitations in the Preparation of the Consolidated Sustainability Reporting

The inherent limitations in the preparation of the Consolidated Sustainability Reporting are disclosed in the Consolidated Sustainability Report, as follows:

- The estimates, approximations and/or forecasts used by the Company in the preparation and presentation of the Consolidated Sustainability Reporting are subject to significant inherent uncertainty. To the extent that the Consolidated Sustainability Reporting contains qualitative, quantitative, objective, subjective, historical and forecast information presentations, it also involves a significant degree of uncertainty. Management's selection of different but accepted estimation, approximation or forecasting techniques could have resulted in reported values or presentations that are materially different;
- As described in the presentations on ESRS - E1 Climate Change, the quantification of greenhouse gas (GHG) emissions is subject to significant uncertainty inherent in the measurement due to incomplete scientific knowledge used to determine emission factors and values to combine emissions of different gases. The quantification of greenhouse gases is inevitably subject to significant uncertainty as a result of both scientific and estimation uncertainty;

- The nature of sustainability issues and the absence of consistent external standards allow for the adoption of different but acceptable measurement methodologies, which may lead to variations between entities. The measurement methodologies adopted may also affect the comparability of sustainability issues reported by different organizations and also from one year to another within the same organization, as methodologies develop.

- In determining the disclosures in the Consolidated Sustainability Reporting, the Company's Directors interpret undefined legal terms and other terms. These undefined legal terms and other terms may be interpreted differently, including with respect to the legal conformity of their interpretation, and are therefore subject to uncertainties.

Auditor's Responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Reporting is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Consolidated Sustainability Reporting as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism throughout the engagement.

The procedures in a limited assurance engagement differ in nature and timing and are more limited than those in a reasonable assurance engagement. Accordingly, the level of assurance obtained in a limited assurance engagement is significantly lower than the assurance that would have been obtained if a reasonable assurance engagement had been conducted.

Our responsibilities in relation to Sustainability Reporting, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of forming a conclusion on its effectiveness, including on the outcome of the Process;
- Designing and performing procedures to assess whether the Process is consistent with the Company's description of it.

Our other responsibilities in relation to Consolidated Sustainability Reporting include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Reporting, but without evaluating the design of specific control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures that are likely to be materially misstated, whether due to fraud or error;
- Designing and performing procedures in response to disclosures in Sustainability Reporting that are likely to be materially misstated. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence regarding the Consolidated Sustainability Reporting.

The nature, timing and extent of the procedures selected depend on professional judgment, including identifying disclosures that are likely to be materially misstated, whether due to fraud or error, in the Sustainability Reporting.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing interviews to understand the sources of information used by management (e.g., stakeholder agreements, business plans, and strategy documents); and
  - inspecting/reviewing the company's internal documentation related to its Process; and
- Evaluated whether the evidence obtained as a result of our procedures regarding the Company's Process is consistent with the description of the Process.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Reporting, the procedures performed included:

- Obtaining an understanding of the Company's reporting processes relevant to the preparation of its Consolidated Sustainability Reporting;
- Assessing whether significant information obtained through the Process to identify information required to be presented in the Consolidated Sustainability Reporting is included in the reporting;
- Assessing whether the structure and presentation of the Consolidated Sustainability Reporting complies with the European Sustainability Reporting Standards (ESRS);
- Interviewing relevant personnel and performing analytical procedures on selected disclosures in the Consolidated Sustainability Reporting;
- Performing substantive procedures on a sample basis on a selection of disclosures in the Consolidated Sustainability Reporting by comparing them with various supporting documents and other sources of information.
- Obtaining evidence about the methods used to make significant estimates and how these methods were applied;
- Obtaining an understanding of the process of identifying economic activities eligible for taxonomy and the corresponding disclosures in the Consolidated Sustainability Reporting, including reconciliations to the consolidated financial statements or other relevant financial information.

Restrictions on Use

This report is intended solely for the Company's shareholders as a whole. Our engagement was conducted to report to the Company's shareholders those matters that we are required to report in an independent limited assurance report, and for no other purpose. To the extent permitted by law, we do not accept or assume responsibility other than to the Company and its shareholders as a whole for the limited assurance engagement, for this report or for the conclusion expressed.

For and behalf of

BDO AUDITORS & ACCOUNTANTS SRL

Registered in the Public Electronic Report of financial auditors and audit firms with no. FA1003

Refer to original signed version in Romanian language

Partner's name: Cristian Iliescu

Registered in the Public Electronic Report of financial auditors and audit firms with no. AF1530

28 March 2025
Cluj-Napoca,
România

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