



2022

Preliminary financial results

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Disclaimer: The financial figures presented in the descriptive part of the report that are expressed in million lei are rounded off to the nearest integer and may result in small reconciliation differences.

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

The report type	Preliminary financial results 2022
Report publishing date	28.02.2023
For financial period	01.01.2022 – 31.12.2022

ISSUER INFORMATION

Name	AROBS Transilvania Software S.A.
Fiscal Code	RO 11291045
Trade registry number	J12/1845/1998
Registered office	11 Donath St., bl. M4, building 2, 3 rd floor, ap. 28, Cluj-Napoca, Cluj, Romania

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	91,139,498,80 lei
Market on which the securities are traded	SMT-AeRO Premium
Total number of shares	911,394,988
Symbol	AROBS

CONTACT DETAILS FOR INVESTORS

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The consolidated and individual preliminary financial statements as of December 31, 2022 presented on the following pages are **not audited**.

FINANCIAL RESULTS IN 2022 AT A CONSOLIDATED LEVEL



300,9 million lei

TURNOVER

+58% vs. 2021



66,7 million lei EBITDA

EBITDA MARGIN

+22% vs. 2021



53,9 million lei

GROSS RESULT

+3% vs. 2021



46,3 million lei NET RESULT

NET RESULT MARGIN

+15% vs. 2021



Preliminary PER
Group – 20.99
Individual – 21.94



Preliminary P/BV
Group – 4.25
Individual – 4.19



Preliminary EPS
Group – 0.05
Individual – 0.05



Rule of 40*
80% in 2022

** The Rule of 40 is a principle that states that a software company's combined revenue growth rate and profit margin should equal or exceed 40%. Companies that register a threshold above 40% are generating profit at a sustainable pace.*

MESSAGE FROM THE CEO

Dear shareholders,

AROBS is celebrating 25 years since its establishment, a significant moment for us, considering that although we have gone through multiple challenges and economic crises, we are still a 100% Romanian entrepreneurial business that, in the long term, aims to become the most important international player of the IT industry, with innovative services and products, a potential unicorn in the following years.

At 25, AROBS is a mature organization with presence in over 10 cities in Romania and 9 abroad. In terms of business years, AROBS has the experience, fought a few battles, and learned a few lessons, but never stopped. Our culture keeps us young and agile; our experience keeps us strong and resilient.

Today, AROBS is a group of companies comprising over 1000 colleagues involved in innovative projects that define our future. But **#WeWontStop** here. We will continue to develop technological solutions and products for the most complex industries globally.

Returning to 2022, in terms of financial results, we ended the year with a turnover of 300.9 million lei, a 58% increase compared to 2021, EBITDA of 66.7 million lei, a 22% increase, and a net profit of 46.3 million lei, a 15% net profit margin. Software services contributed 80% to the turnover, and products 20%. The significant increase in turnover at the level of 2022 is due to the contracting of new clients both in the software services and the software products areas, as well as the integration of the newly acquired companies into our group. A significant contribution to this achievement was the synergy with the activity of the most recent acquisitions. However, two of them do not have the results fully reflected at the level of 2022 – AROBS Engineering since July and Nordlogic Group since August.

Last year was particularly intense for us at the project level and in our mission to diversify our activity and enter new market segments organically and through M&A transactions, objectives assumed at the announcement of the private placement and at the listing on the AeRO market in 2021. In 2022, we completed three transactions, namely the full acquisition of the companies Enea Software Services Romania (currently AROBS Engineering), which was also the largest transaction in the history of our company, with a final value of 17.6 million euros, the Nordlogic Group, with a presence in Romania and the USA and the Soft GPS Center. This acquisition consolidates our leading position in the fleet management market. These transactions provide us with several opportunities, from enlarging our team and diversifying our technical skills to increasing our areas of expertise, client portfolio, and the geographic footprint we cover with our services.

In December, we announced the full takeover of the entities from the Republic of Moldova, AROBS Software SRL and AROBS TrackGPS SRL (TrackGPS by AROBS Moldova). The company's shareholders approved the two transactions during the General Shareholders' Meeting on December 22, 2022. In February this year, we completed the two transactions, the integration of the entities from the Republic of Moldova into the AROBS Group representing a natural step in the consolidation and development of our activities. We brought our colleagues from the Republic of Moldova in AROBS Group.

In addition, in February this year, we took another step towards consolidating our expertise in the aerospace industry within the group by acquiring SYDERAL Polska, a company in Poland that complements the new



business line within the group brought by our colleagues from AROBS Engineering – development of embedded systems and software for the aerospace sector.

We continue developing new specializations in high demand in the global software services market through organic acquisitions and continuously diversifying knowledge transfer internally within the AROBS teams to cover a broader range of projects.

In terms of research and innovation, at AROBS, we constantly seek to improve our exposure to diverse projects in line with market demands and develop our existing product portfolio. For example, AROBS E-toll Solutions is a service complementary to fleet management, launched last September, through which transport companies have the opportunity to pay their road tolls in Europe.

Another major project of last year, addressing this time our colleagues, was implementing the first stage of the Stock Option Plan program (SOP) at the level of group companies. Since listing AROBS, one of the company's strategic directions has been to focus on employee motivation and retention by adopting several measures, including a Stock Option Plan program (SOP). This approach is a natural step in perfecting within AROBS a culture open to communication, innovation, and entrepreneurship, with community spirit, which encourages professional and personal growth, creates a space for involvement, and, at the same time, partnership. The participation of our colleagues in the performance of the company is an element that distinguishes AROBS in the market and can attract talents with extensive expertise in the field, which can contribute to the growth of the business line of software services for the global market, and in the development of software products for the domestic market and not only.

The first stage of the SOP program started in November 2021, when share options were allocated, for which, in November 2022, the right to convert into shares was partially exercised. The company granted the first batch of shares based on criteria such as seniority of more than one year in the company and exceptional results in the current activity. Also, in September 2022, we started SOP 2.0, where the company offered options for bonus shares to key people from AROBS, but also from other companies in the group: AROBS Engineering, UCMS, SASFleet Tracking, Berg Computers, etc. In 2023, we are preparing for the SOP 3.0 stage, which comes as an organic stage in the partnership relationship between our colleagues and AROBS. The implementation of this stage will consider the available financial resources and their impact on the company's performance. In parallel, as of June 2022, AROBS continued to buy back shares from the market to supplement the package owned by the company.

Regarding our activity on the capital market, AROBS is currently the largest technology company listed on the Bucharest Stock Exchange, with a market capitalization reaching 1 billion lei. In 2022, AROBS shares were the most traded financial instruments on the AeRO market. Transactions with a value of 103 million lei were recorded, meaning that the more than 4,000 AROBS shareholders traded, on average, shares with a value of 0.4 million lei daily. In addition to the capital market achievements, 2022 was an excellent year for us in terms of awards received. Among them, we mention the naming of AROBS as "Best Managed Company 2022" by Deloitte Romania in November 2022 and receiving the award for "Supplier of the year 2021 in the Engineering Services category" from Continental in July 2022. Recently, at the **BVB Awards event** organized by the **Bucharest Stock Exchange**, **AROBS Transilvania Software** was the **winner of the "Most traded share on the AeRO market in 2022"** category. **AROBS shares are in the top 20 most traded on the Bucharest Stock Exchange.**

Considering all the aspects presented above, we are confident that this year we will continue to be as active and involved in diversified projects and M&A transactions to attract entrepreneurial IT companies that can bring added value to our group. At the same time, we aim to consolidate our activity in the North America and Europe markets by increasing the number of clients and consolidating the partnerships with existing clients. Globally, requests for services and software products continue to be on an upward trend, even though there is pressure on the fees and a potential stagnating demand. Companies and organizations continue to need to digitalize their processes, and AROBS is extremely well positioned in the market.

In the software products sector specifically addressed to the Romanian market, such as fleet management, business optimization, digital payments, HR solutions, or the implementation of digitalization projects in the public sector, the market is also growing, but at a moderate pace amid the challenges and the economic and social context. In terms of fleet management, we are continuing our acquisition campaign of certain

companies in Romania and Eastern Europe, to consolidate our position in this market and expand in other markets with the TrackGPS solution, which is at the 4.0 version.

We invite you to go through the following pages of the preliminary report, where more details are presented regarding the performance of the AROBS Group in 2022. In case of any questions related to our business activity or the capital market, please get in touch with us at ir@arobs.com.

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ABOUT AROBS TRANSILVANIA SOFTWARE

AROBS Transilvania Software SA is an IT company founded in 1998, and currently the technology company with the highest market capitalization and the highest liquidity on the Bucharest Stock Exchange. The company's activity is focused on developing customized software with high expertise software services: software engineering for automotive, aerospace, medical, maritime and not only, but also software development in IoT, travel and hospitality, clinical trials, enterprise solutions and FinTech.

AROBS designs solutions and software products - for which AROBS owns the intellectual property – for fleet management and GPS monitoring, business optimization (SFA, WMS, CRM, contactless mobile payments and others), human resources and payroll management, channel management for the hotel industry and many more.

From the very beginning, AROBS Transilvania Software has relied on excellent specialists and well-adjusted but flexible processes to consistently deliver customized software, products and software applications of the highest quality, the company retaining ownership.

The excellence of the services and the dedication shown by the company's specialists have helped establish strong, long-term partnerships with over 10,000 companies from Romania and CEE and hundreds of international companies.

Since 2003, AROBS Transilvania Software has been designing its solutions and products, the most important of which are:

- **TrackGPS** – car fleet management and monitoring solution
- **Optimall** – sales force automation solution;
- **RateWizz** – channel manager for the hotel industry
- **Digital textbooks solution**
- **MonePOS** – Contactless and paperless payment solution

AROBS has 25 years of experience in developing custom software solutions for clients in 14 countries in Europe, Asia and America.

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

Since December 2021, new offices have been added to the AROBS map in Romania, through the acquisition of Berg Computers with offices in Timisoara, Oradea and Lugoj.

Also, in June 2022, the AROBS Group consolidated its Software Services division by integrating approximately 160 employees by acquiring company Enea Services Romania from the Swedish company Enea Software AB. By taking over Enea (officially registered as AROBS Development & Engineering), AROBS has new offices in Bucharest, Craiova, Iasi and Florida (USA).



Through the acquisition of the Nordlogic group in July 2022, AROBS has new locations in Cluj-Napoca, Oradea and Seattle, USA.

AROBS holds numerous certifications, among which we mention:

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

The AROBS Group consists of AROBS Transilvania Software SA (the "Company" or "AROBS" or "Parent Company") and its subsidiaries):

	Company	AROBS stake
1	AROBS DEVELOPMENT & ENGINEERING SRL (ENEA)	100%
2	AROBS ETOLL SOLUTIONS SRL	100%
3	AROBS SOFTWARE SOLUTIONS GMBH	60%
4	AROBS SYSTEMS SRL	100%
5	ATS ENGINEERING LLC	100%
6	BERG COMPUTERS SRL	100%
7	CABRIO INVEST BV	90%
8	GPS SOFTWARE CENTER SRL	100%
9	COSO BY AROBS BV	90%
10	COSO BY AROBS BVBA	90%
11	COSO TEAM UK LTD	90%
12	NORDLOGIC SOFTWARE	100%
13	NORDLOGIC USA	100%
14	PT AROBS SOLUTIONS INDONESIA	70%
15	SAS FLEET TRACKING SRL (SAS GROUP)	100%
16	SILVER BULLET SRL	100%
17	SOFTMANAGER SRL	70%
18	UCMS GROUP ROMANIA SRL	97.67%

In the long term, the strategy of the AROBS Group is built on four major pillars:

- Concentric diversification based on research and innovation – by improving the existing product portfolio, adding new functionalities and modules, as well as testing products on the Romanian market before launching them on regional markets and beyond.
- Development of new areas of expertise – by developing new specializations in high demand in the global software services market, simultaneously with the continuous transfer of in-house knowledge to future generations of programmers and hardware specialists.
- Acquisitions through integration of existing players operating in the same industry, which can enable synergies and are easy to integrate, and through expansion in Europe, North America and South East Asia.
- Stimulating and retaining employees – by constantly supporting the professional and personal growth of colleagues and turning them into partners in the success of AROBS.

KEY EVENTS IN Q4 2022 AND AFTER THE CLOSING OF THE REPORTING PERIOD

FINAL PRICE FOR THE ACQUISITION OF AROBS DEVELOPMENT & ENGINEERING SRL

On **October 3, 2022**, the company informed the market about the final price of the purchase contract of AROBS Development & Engineering SRL (formerly Enea Services Romania); the final cost of the transaction was set at 17,633,059 euros.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON 22.12.2022

On **December 22, 2022**, the Extraordinary General Meeting of the Company's Shareholders took place. Among the essential points approved during the meeting was the purchase by the company of the parts representing either the entire share capital or the majority stake of the Î.M. companies. AROBS SOFTWARE SRL and AROBS TRACKGPS SRL. The transactions were completed in February 2023.

ACQUISITION OF THE GPS SOFT CENTER SRL

On **January 18, 2023**, the company informed the market about the complete acquisition of Centrul de Soft GPS SRL, specializing in fleet management solutions. The company's client portfolio comprises over 1,000 companies with approximately 9,000 monitored vehicles.

ACQUISITION OF SYDERAL POLSKA

On **February 2, 2023**, the company informed the market about the acquisition of the majority stake, 94%, in SYDERAL Polska, a company in Gdansk, Poland, specializing in the development of products and technologies for quantum and optical communication, storage, and processing data as well as control of mechanisms and instruments via satellite. SYDERAL Polska was established in 2016, and its team of 28 specialists provides software and hardware solutions for customers in the aerospace sector. The company implements projects for the European Space Agency (ESA) and, at the same time, is involved in research and development projects funded through the National Center for Research and Development (NCBiR) in Poland. By taking over SYDERAL Polska, AROBS enters a new market in Poland and strengthens its business expertise in embedded systems for the aerospace industry.

APPOINTMENT OF A NEW CHIEF FINANCIAL OFFICER

On **February 8, 2023**, the company announced to the market the appointment of Mr. Bogdan Ciungradi as the Company's Financial Director. Mr. Ciungradi's mandate is granted for an indefinite period. As CFO of the Company, Bogdan Ciungradi will coordinate the financial department activity and streamline operations to stimulate financial performance at the group level. At the same time, he will be involved in the process regarding the transfer of AROBS shares on the Main Market of the Bucharest Stock Exchange, an objective that the company aims to achieve this year.

THE EVOLUTION OF THE AROBS GROUP IN 2022

SOFTWARE SERVICES (AROBS Transilvania Software SA)

The Software Services division recorded an approximately 47% increase in revenue in 2022. The division focused on increasing its presence in the global service delivery market, especially by adding new clients in areas such as automotive, technology for the travel industry, and pharmaceuticals.

Following market opportunities and new demands from existing clients, it has registered an increase in the cybersecurity specialization and consolidation in the Life Science industry and started partnerships in verticals and new specializations: FinTech, CleanTech, and Insurance.

Also, during this period, the Software Services division started an extensive process of integration and transfer of processes for the newly acquired companies: Berg Computers, the former Enea Software Services Romania (currently AROBS Development & Engineering), and the Nordlogic Group. In parallel, it has also made significant investments in attracting talent and employee development programs to broaden the palette of technological and business skills.

One of the significant moments for the Software Services Division of AROBS was the award received from the global concern Continental - Best Engineering Services Supplier for 2021-2022, in a competition with 1500 other companies. For the past eight years, through the partnership with Continental, AROBS specialists have been involved in developing the vehicles and mobility of the future. This award marked a significant milestone for our collaboration.

In 2022, the software services business line continued to be the strongest in AROBS, with international clients and hundreds of specialists with high expertise in software and embedded engineering for the automotive, aerospace, medical, and maritime industries, as well as software development for medical-clinical trials, travel tech, IoT, Fintech, and enterprise solutions.

SOFTWARE PRODUCTS (AROBS Transilvania Software SA)

TRACKGPS – fleet management and monitoring solution (AROBS Transilvania Software SA)

TrackGPS, the fleet management and monitoring solution, positively evolved in turnover and number of clients in 2022. With 10% more clients using TrackGPS compared to 2021. The TrackGPS division focused on improving the fleet management platform, increasing adoption, and completing the migration of customers to the new platform. Investments in 4G and 5G-based solutions were continued, with new video telematics solutions for monitoring consumption, improving driver behavior, and monitoring electric vehicles.

In 2022, TrackGPS consolidated the partnership with Orange Business Services. This is a significant partnership for promoting TrackGPS solutions, through the operator's portfolio of services and products, as a SaaS model.

During this period, a customer appetite for data solutions and shared knowledge was noticed, as well as for solution as a service. Also, clients are becoming increasingly interested in interfacing the fleet management solution with other systems, such as ERPs, Transport Exchanges, and HR management solutions (provided by UCMS by AROBS), but also in consumption monitoring solutions, amid the energy crisis.

OPTIMALL – sales force automation solution (AROBS Transilvania Software SA)

For the Optimall division, 2022 meant an increase in the client portfolio by approximately 10%. Optimall SFA has the most significant traction on the Romanian market among the promoted solutions. We can note a consolidation of the distribution industry in several sub-fields of activity. Requests from Optimall's customers focused on digitizing and improving their companies' internal processes through various automation. Thus, multiple customizations of the SFA application were made in line with their requests and needs. As in the case of SFA, at the level of the Logistic application, the company has registered an increase in client requests, both for the implementation of new projects and for various customizations of the application.

RATEWIZZ – channel manager for the hotel industry (AROBS Transilvania Software SA)

RateWizz, a solution dedicated to the hotel industry, generated increasing revenue in 2022, a positive development compared to previous years. In 2022, the acute need for digitalization of sales in the hotel sector and the realization of pending partnerships generated increased requests for this solution. Regarding solution functionality, new booking channels will be added to the RateWizz portfolio during 2023.

Although global costs are constantly rising, 2023 looks promising for hotel technology. Among travelers, there is a preference for short-term rental of rooms in accommodation units, which pushes hoteliers to turn to IT systems to help them manage new bookings as correctly as possible.

DIGITAL TEXTBOOKS SOLUTION (AROBS Transilvania Software SA)

In 2022, AROBS delivered over 280,000 digital textbooks, the total number corresponding to the reprint orders of the Ministry of Education. AROBS participated in the organized auctions, increasing the number of textbooks in its portfolio. The AROBS solution for digitalizing school textbooks involves the continuous development of educational software products and contributes to the performance of the Romanian education system.

MONEPOS – contactless and paperless payment solution (AROBS Transilvania Software SA)

MonePOS division continued consolidating its position in the taxi service market across the country, running several campaigns aimed at small entrepreneurs to digitize payments in the mobility and service industries. MonePOS ensured the interface of its contactless and paperless digital payment solution with several systems for HORECA, bakery, retail, etc.

Softmanager – CRM+

In 2022, Softmanager registered an approximately 8% increase in the number of clients. New modules and functionalities, such as Warehouse management and integrations with EFactura, WinMentor, and Saga, have been implemented. During the year, the company created a new product, SoftManager Sport.

UCMS by AROBS

In 2022, UCMS by AROBS continued its turnover growth rate of 23%, mainly due to new partnerships but also to existing clients. New clients belong to retail, Production, Automotive, and IT industries, strengthening UCMS's position in these market segments. In 2022, the most requested module was True Electronic Signature which allows the electronic signature with qualified or advanced digital signatures of all documents generated in the employer-employee relationship. Another module is True Delegations and Accounts, which digitally manages all the operations regarding managing delegations and accounts in companies.

SAS FLEET TRACKING SRL – renamed, formerly SAS Grup

SAS Fleet Tracking (formerly SAS Grup), a company specialized in fleet management, recorded a positive evolution in 2022 compared to 2021, with turnover increasing by 20%. During this period, there was a consolidation of the enterprise client segment and the SME segment. Increased customer interest in cost efficiency, routing, and predictive maintenance modules has also been noted, considering the current economic climate. In addition, the Data Visualization module registered an upward trend, being used for more effective and faster management decisions.

AROBS E- toll Solutions

The newly established company in 2022 offers a complementary solution to fleet management, through which international transport companies - goods (capacity over 3.5 tons) and coaches - can pay road tolls in Europe through an integrated system.

COSO NETHERLANDS & BELGIUM

COSO Netherlands & Belgium are the companies active in business automation and RPA processes on the UiPath platform. In 2022, they saw a doubling of the number of customers, mainly active in industries such as logistics and financial services. In the logistics industry, there is an increased interest in cost efficiency under the pressure of supply chain disruptions and, implicitly, a reduction in environmental impact. In the financial services segment, there is an interest in compliance for the flexibility of processes, especially regarding the ESG (Environment, Social, Governance) part. For ESG reports, companies use the concept of ESG Dashboarding, which involves collecting and visualizing data (data collection and visualization). An essential moment was the announcement of the partnership with Soroco in November 2022, the market leader in task mining, a revolutionary technology that ensures intelligent automation at a higher level.

BERG COMPUTERS

Berg Software, a software development company, saw a consolidation in the markets in which it operated in 2022, with a 13% increase in the number of clients and continued the multi-level integration within the group. A significant increase in demand for cyber security solutions, especially anti-ransomware protection, has been noted. There has also been increased demand for Low-Code platform applications, customized solutions for B2B collaboration, and the biomedical field. In 2023, BERG will continue consolidating on the DACH market – Germany, Austria, and Switzerland – focusing on biomedical, retail automation, and cybersecurity.

AROBS DEVELOPMENT & ENGINEERING (AROBS ENGINEERING)

The company registered a positive evolution in the industries it focuses on - medical, aerospace, and automotive - due to an increased demand for software development and validation services from existing customers and the start of new partnerships.

Since joining the AROBS Group, our colleagues have focused on increasing the number of complex projects in the medical, aerospace, and automotive fields, with high-added value. They have abandoned the classic IT Outsourcing projects, where only brains and human resources are sought.

For 2023, the company aims to continue strengthening the markets it excels in – the USA and the UK- by attracting new clients in the areas of expertise and participating in innovative projects alongside strategic partners and the European Space Agency.

NORDLOGIC Group

Nordlogic Group had a significant increase in revenues by expanding the collaboration and volume of some contracts with existing customers (from the USA and UK) and by starting new projects with customers from the USA, UK, Germany, and Sweden.



FINANCIAL ANALYSIS – CONSOLIDATED AND INDIVIDUAL LEVEL

At the end of December 2021, BERG Computers SRL was acquired. The consolidated financial statements as of 31.12.2021 include the Berg company's financial position (assets and liabilities) and the goodwill resulting from the acquisition. This subsidiary's financial performance (income and expenses) is reflected within the group, starting from January 2022.

AROBS acquired, at the end of June 2022, the company AROBS Development & Engineering (Enea Services Romania). This subsidiary's financial performance (income and expenses) is reflected within the group as of July 2022.

AROBS acquired, at the end of July 2022, the Nordlogic group. The companies' financial performance (income and expenses) within the group are reflected as of August 2022.

At the end of December 2022, AROBS acquired Centrul de Soft GPS, known on the market under the CDS brand. The consolidated financial statements as of 31.12.2022 include the company Centrul de Soft GPS's financial position (assets and liabilities) and the goodwill resulting from the acquisition. This subsidiary's financial performance (income and expenses) will be reflected within the group as of January 2023.

CONSOLIDATED AND INDIVIDUAL P&L ANALYSIS

Profit and Loss Account Indicators

Profit and Loss account indicators (RON)	31.12.2021 AROBS Group	31.12.2022 AROBS Group*	Variation %	31.12.2021 AROBS Individual	31.12.2022 AROBS Individual*	Variation %	Share of the parent company in the AROBS Group 2022*
Turnover	190,066,243	300,857,521	58%	169,336,118	228,523,932	35%	76%
Operating revenue	193,842,193	307,427,906	59%	172,053,933	232,405,061	35%	76%
Operating result	49,071,858	53,422,629	9%	45,820,643	49,300,897	8%	92%
EBITDA	54,509,761	66,652,156	22%	47,741,672	52,741,727	10%	79%
EBITDA margin	28%	22%	-6%	28%	23%	-5%	
Financial result	3,358,158	440,288	-87%	3,367,186	1,127,658	-67%	256%
Gross result	52,430,016	53,862,917	3%	49,187,829	50,428,555	3%	94%
Net result	45,732,918	46,294,411	1%	43,199,268	44,278,853	2%	96%
Net result margin	24%	15%	-9%	26%	19%	-7%	

*Not audited

The consolidated results include, in part, the performances recorded by the new companies acquired by AROBS and the subsidiaries established during the financial year that ended on 31.12.2022.

In 2022, the AROBS Group, at the consolidated level, registered a net turnover of 300.9 million lei, a 58% increase compared to 2021. This increase was determined by contracting new software service clients and growing existing teams.

Increasing the number of clients in software products by incorporating functionality demanded by the market was a second important source of growth that contributed to the increase in the turnover.

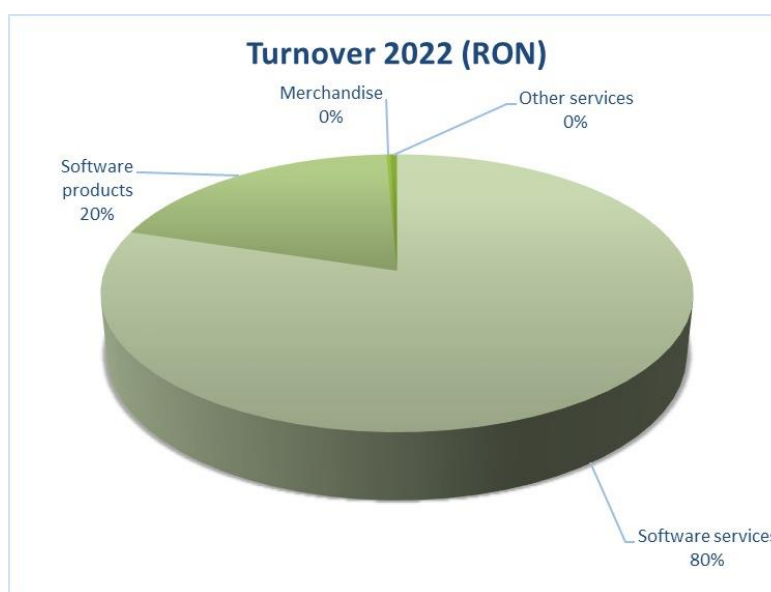
Globally, requests for services and software products continue to be on an upward trend as companies and organizations need to digitalize their processes. The software development industry constantly requires access to excellent resources in increasing numbers to perform in a competitive market. In software products, such as fleet management, business optimization, digital payments, HR solutions, and implementing digitalization projects in the public sector, the market is also growing due to recent years' challenges and the economic-social context.

Also, a favorable contribution to the increase in turnover was made by the expansion of collaboration with existing clients, as well as the increase during the year in the hourly rates applied to services and the increase in the price of products. At the same time, a significant factor determining the increase in turnover is the contribution of the new companies acquired during the year. AROBS Development & Engineering contributed to the turnover with 13.4 million lei, ATS Engineering LLC with 14.5 million lei, Berg Computers with 16 million lei, and the Nordlogic Group contributed to increasing the turnover with 7 million lei.

At the beginning of 2022, the goods distribution activity from the Products segment of AROBS was transferred to an entity outside the Group because it did not represent one of the strategic development directions of AROBS.

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

Business line	Turnover 2021 (lei)	Turnover 2022 (lei)	Variation %
Software Services	129,845,402	240,156,643	85%
Software Products	51,762,636	58,688,593	13%
Goods distribution	8,312,892	786,766	-91%
Other services	145,312	1,225,519	743%
Total	190,066,243	300,857,521	58%



The Software Services business line registered an increase of 85% at the consolidated level in 2022 compared to the previous year.

Operating expenses evolved faster than operating revenues, reaching 254 million lei, compared to 144.8 million lei recorded in 2021. The highest expenses were generated by personnel costs, aiming to maintain market competitiveness through salary increases and stock options offered within the ESOP programs carried out during the year. Another significant contribution to the increase in expenses was the costs of contracted services from third parties and the cost of amortization of goodwill generated following the acquisition of new companies. This expense increase is consistent with the business expansion, with the surplus related to the companies acquired and established during the year and with the development of domestic products.

According to the statutory legal regulations, the accounting treatment applied to the goodwill provides for its systematic amortization between 5 and 10 years. The impact of the depreciation of the goodwill in 2022 was 7 million lei.

As a result of the above, in 2022, EBITDA recorded a value of 66.7 million lei, an increase of 22% compared to 2021. As of December 31, 2022, the operating result recorded a value of 53.4 million lei, registering an increase of 9% compared to the previous year's operating result.

The financial profit of 440 thousand lei remains positive due to the protection operations against exchange rate variations and the contracting of bank loans at a fixed interest.

The gross result recorded by the AROBS Group at the end of 2022 was 53.9 million lei, representing a 3% increase compared to the gross result recorded in 2021.

AROBS Group reached a net result for 2022 of 46.3 million lei, registering a 1% increase compared to the net result from 2021.

CONSOLIDATED AND INDIVIDUAL BALANCE SHEET ANALYSIS

BALANCE SHEET INDICATORS

Balance sheet indicators (RON)	31.12.2021 AROBS Group	31.12.2022 AROBS Group*	Variation %	31.12.2021 AROBS Individual	31.12.2022 AROBS Individual*	Variation %
Fixed assets	39,546,055	146,564,318	271%	52,531,580	178,647,561	240%
Current assets	169,114,764	208,764,264	23%	150,464,564	156,581,289	4%
Prepaid expenses	1,824,159	1,923,365	5%	1,632,277	1,455,707	-11%
Total assets	210,484,978	357,251,947	70%	204,628,421	336,684,557	65%
Current liabilities	22,258,997	60,562,009	172%	15,892,296	49,421,338	211%
Non-current liabilities	913,364	57,406,454	6185%	874,938	51,497,412	5786%
Total liabilities	23,172,361	117,968,463	409%	16,767,234	100,918,750	502%
Provisions	1,216,647	3,811,930	213%	596,879	900,975	51%
Deferred revenue	7,026,270	6,858,054	-2%	2,556,593	2,724,886	7%
Equity	179,069,700	228,613,500	28%	184,707,715	232,139,946	26%
Total equity and liabilities	210,484,978	357,251,947	70%	204,628,421	336,684,557	65%
Net assets	179,069,700	228,613,500	28%	184,707,715	232,139,947	26%

*Not audited

As of December 31, 2022, total assets reached a value of 357.3 million lei, compared to the end of 2021, determined by an increase of 107 million lei in fixed assets, which registered at the end of 2022 a total value of 146.6 million lei and a 23% increase in current assets, which registered at the end of 2022 a total value of 208.8 million lei. The increase in fixed assets is due, first of all, to the increase in the value of the goodwill following the acquisition of 100% of the shares of the company AROBS Development & Engineering SRL (Enea Services Romania) of the Nordlogic Group and the company Centrul de Soft GPS (CDS). At the same time, the increase in fixed assets is also due to the acquisition of state securities, worth 2 million lei, as well as following an investment in a new headquarters, worth 6.8 million lei, and the development of new functionalities for domestic products, worth 4.7 million lei.

Current assets increased by 23% in 2022 compared to the end of the previous year, mainly due to favorable variations in receivables. Trade receivables increased by 72% between January and December 2022, reaching a value of 68.9 million lei due to the increase in activity at the Group level through organic development and the acquisition and establishment of companies.

During 2022, the parent company made investments in shares and short-term bonds worth 349 thousand lei.

At the end of 2022, total liabilities increased by 94.8 million lei, compared to the end of 2021, reaching a total value of 117.9 million lei due to the contracting of bank loans for the refinancing of Berg Computers and AROBS Development & Engineering (Enea Services Romania), accessing a line of credit for working capital efficiency, as well as contracting a bank loan for the construction of a new headquarters. Also, the increase in the value of total liabilities was generated by the increase in trade payables and overdue amounts related to the purchase of shares in the companies that joined the AROBS Group.

The provisions increased to 3.8 million lei, as of 31.12.2022, following the creation of provisions for unused holiday leave and performance bonuses.

Equity increased by 28% in 2022. The parent company's capital was increased by issuing new shares allocable to shareholders in a 1:1 ratio, incorporating the issue premiums. For employee retention and implementing a Stock Option Plan program, the Parent Company repurchased 8.8% of the company's share capital. Also, at the end of 2022, reserves were established for reinvested profit and legal reserves, according to the legislation in force.

CONSOLIDATED PROFIT AND LOSS ACCOUNT AND AROBS INDIVIDUAL

	31.12.2021 AROBS Group	31.12.2022 AROBS Group *	Variation %	31.12.2021 AROBS Individual	31.12.2022 AROBS Individual*	Variation %
Net turnover	190,066,243	300,857,521	58%	169,336,118	228,523,932	35%
Sold production	175,439,437	292,369,089	67%	154,803,315	220,250,645	42%
Revenue from sale of goods	15,328,887	8,989,638	-41%	15,090,356	8,704,704	-42%
<i>Commercial discounts granted</i>	(702,081)	(501,206)	-29%	(557,553)	(431,417)	-2. 3%
Revenue from the cost of work in progress	56,748	1,288,543	2171%	56,748	8,688	-85%
Revenue from the production of intangible and tangible fixed assets	1,853,263	2,676,164	44%	1,420,199	1,814,038	28%
Operating subsidy revenue	42,050	1,047,252	2390%	12,046	1,044,173	8568%
Other operating revenue	1,823,889	1,558,426	-15%	1,228,822	1,014,230	-17%
OPERATING REVENUE - TOTAL	193,842,193	307,427,902	59%	172,053,933	232,405,061	35%
Cost of raw materials and consumables	1,232,284	1,698,251	38%	1,085,115	1,486,279	37%
Other material expenses	977,934	1,235,369	26%	896,746	1,006,861	12%
Other external expenses (energy and water)	1,215,866	1,011,764	-17%	1,130,834	797,035	-30%
Cost of goods	10,427,749	6,098,851	-42%	10,727,135	6,178,300	-42%
<i>Trade discounts received</i>	(81,836)	(4,864)	-94%	(79,799)	(4,390)	-94%
<i>Personnel expenses</i>	61,260,441	111,003,033	81%	53,059,043	70,985,610	34%
<i>Value adjustments in respect of tangible and intangible assets</i>	6,042,045	13,229,523	119%	2,386,605	3,440,831	44%
<i>Value adjustments in terms of current assets</i>	195,487	1,227,647	528%	(120,346)	919,511	-864%
<i>Other operating expenses</i>	63,745,663	119,361,274	87%	57,493,186	98,891,006	72%
<i>Adjustments regarding provisions</i>	(245,298)	(855,571)	249%	(345,229)	(596,879)	73%
OPERATING EXPENSES - TOTAL	144,770,335	254,005,277	75%	126,233,290	183,104,164	45%
OPERATING RESULT	49,071,858	53,422,625	9%	45,820,643	49,300,897	8%
Financial revenue	4,923,214	8,478,095	72%	4,632,367	7,541,243	63%
Financial expenses	1,565,056	8,037,807	414%	1,265,181	6,413,585	407%
FINANCIAL RESULT	3,358,158	440,288	-87%	3,367,186	1,127,658	-67%
Total revenue	198,765,407	315,905,997	59%	176,686,300	239,946,304	36%
Total expenses	146,335,391	262,043,084	79%	127,498,471	189,517,749	49%
Gross result	52,430,016	53,862,913	3%	49,187,829	50,428,555	3%
Income tax	6,697,099	7,568,506	13%	5,988,561	6,149,702	3%
NET RESULT	45,732,918	46,294,407	1%	43,199,268	44,278,853	2%
Of which related to non-controlling interests	101,056	216,595	114%			

*Not audited.

AROBS INDIVIDUAL AND CONSOLIDATED BALANCE SHEET

	31.12.2021 AROBS Group	31.12.2022 AROBS Group*	Variation %	31.12.2021 AROBS Individual	31.12.2022 AROBS Individual*	Variation%
INTANGIBLE ASSETS	30,779,078	125,889,611	309%	8,066,279	10,515,950	30%
Development expenses	2,928,601	8,184,818	179%	539,216	3,753,044	596%
Concessions, patents, licenses, trademarks, similar rights and assets and other intangible assets	10,984,463	9,821,924	-11%	7,527,063	6,762,906	-10%
Goodwill	16,866,014	107,882,869	540%	0	0	0%
TANGIBLE ASSETS	6,453,301	15,996,114	148%	4,879,066	7,136,175	46%
Land and buildings	1,001,001	937,379	-6%	997,736	929,324	-7%
Technical facilities and machines	3,879,820	4,915,824	27%	2,880,807	3,835,752	33%
Other facilities, machinery and furniture	1,075,690	2,046,676	90%	793,304	1,424,251	80%
Tangible assets under construction	496,790	7,910,008	1492%	207,219	774,789	274%
Prepayments	0	186,227	100%	0	0	0%
FINANCIAL ASSETS	2,313,676	4,678,591	102%	39,586,235	160,995,437	307%
Shares held in subsidiaries	1,050	1,050	0%	31,262,135	150,076,717	380%
Loans to group entities	0	0	100%	6,823,060	7,052,650	3%
Shares held in associated entities and jointly controlled entities	9,130	9,130	0%	9,130	9,130	0%
Other loans	2,303,496	4,668,411	103%	1,491,910	3,856,940	159%
FIXED ASSETS - TOTAL	39,546,055	146,564,318	271%	52,531,580	178,647,561	240%
INVENTORIES	5,042,725	10,807,872	114%	4,474,772	3,614,202	-19%
Raw materials and consumables	1,968,919	2,300,974	17%	1,588,330	1,727,859	9%
Work in progress	575,164	1,973,170	243%	575,164	375,429	-35%
Finished products and goods	2,378,290	6,232,971	162%	2,223,258	1,195,215	-46%
Prepayments	120,352	300,757	150%	88,020	315,699	259%
RECEIVABLES	61,859,221	96,060,406	55%	57,785,108	79,701,344	38%
Commercial receivables	40,064,494	68,971,894	72%	35,248,149	45,552,035	29%
Affiliate receivables	20,524,942	21,799,067	6%	21,499,494	32,021,177	49%
Other receivables	1,269,785	5,183,326	308%	1,037,465	2,128,132	105%
Receivables representing dividends distributed during the financial year	0	106,119	100%	0	0	0%
Other short-term investments	0	349,055	100%	0	523,375	100%
CASH AND CASH EQUIVALENT	102,212,818	101,546,931	-1%	88,204,684	72,742,368	-18%
CURRENT ASSETS - TOTAL	169,114,764	208,764,264	23%	150,464,564	156,581,289	4%
PREPAYMENTS	1,824,159	1,923,365	5%	1,632,277	1,455,707	-11%
TOTAL ASSETS	210,484,979	357,251,947	70%	204,628,421	336,684,557	65%
CURRENT LIABILITIES	22,258,997	60,562,009	172%	15,892,296	49,421,338	211%
Amounts owned to credit institutions	2,226,645	18,470,922	730%	2,226,645	18,470,920	730%
Advances received on account of orders	740,727	705,884	-5%	268,070	374,905	40%

Commercial liabilities – providers	5,693,380	15,965,901	180%	4,920,046	8,206,977	67%
Amounts owed to group entities	3,783,039	12,487,249	230%	1,178,181	13,323,364	1031%
Other liabilities, including tax and social security liabilities	9,815,206	12,932,053	32%	7,299,354	9,045,172	24%
NON-CURRENT LIABILITIES	913,364	57,406,454	6185%	874,938	51,497,412	5786%
Amounts owned to credit institutions	0	55,381,056	100%		49,494,614	100%
Other liabilities, including tax and social security liabilities	913,364	903,328	-1%	874,938	880,728	1%
TOTAL LIABILITIES	23,172,361	117,968,463	409%	16,767,234	100,918,750	502%
PROVISIONS	1,216,647	3,811,930	213%	596,879	900,975	51%
DEFERRED REVENUE	7,026,270	6,858,054	-2%	2,556,593	2,724,886	7%
Investment grants	774,396	609,034	-21%	774,396	609,034	-21%
Revenue received in advance	6,020,901	6,249,020	4%	1,782,197	2,115,852	19%
Negative goodwill	230,973	0	-100%	0%	0	0%
EQUITY	179,069,700	228,613,500	28%	184,707,715	232,139,946	26%
Subscribed and paid-up share capital	45,569,749	91,139,499	100%	45,569,749	91,139,499	100%
Other equity items	229,123	5,511,881	2306%	229,123	5,511,881	2306%
Share premium	68,754,750	23,185,001	-66%	68,754,750	23,185,001	-66%
Gains related to equity instruments	0	1.805.558	100%	0	1.805.558	100%
Reserves	3,097,859	6,699,603	116%	2,741,793	6,210,778	127%
Own shares	(4,010,000)	(7,535,897)	88%	(4,010,000)	(7,535,897)	88%
Deferred profit or loss	22,560,066	65,092,784	188%	30,944,825	71,013,258	129%
Profit or loss for the period	45,631,862	46,077,816	1%	43,199,268	44,278,853	2%
Profit distribution	(2,721,793)	(3,511,997)	-29%	(2,721,793)	3,468,985	-227%
Non-controlling interests	(41,916)	149,252	-456%	0	0	0%
TOTAL EQUITY AND LIABILITIES	210,484,979	357,251,947	70%	204,628,421	336,684,557	65%

*Not audited.

KEY FINANCIAL RATIOS

AROBS AT THE GROUP LEVEL

Current ratio as of 31.12.2022

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{210,687,629}{60,562,009} = 3.48$$

Quick ratio as of 31.12.2022

$$\frac{\text{Current assets-inventories}}{\text{Current liabilities}} = \frac{199,879,757}{60,562,009} = 3.30$$

Debt to equity ratio as of 31.12.2022

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{56,284,384}{228,613,500} \times 100 = 24.62$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{56,284,384}{284,897,884} \times 100 = 19.76$$

Borrowed capital = Loans over 1 year

Employed capital = Borrowed capital + Equity capital

Debt turnover ratio – clients (days) as of 31.12.2022

$$\frac{\text{Average client balance}}{\text{Turnover}} \times 365 = \frac{75,680,199}{300,857,521} \times 365 = 91.82$$

Fixed assets turnover as of 31.12.2022

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{300,857,521}{146,564,316} = 2.05$$

AROBS AT INDIVIDUAL LEVEL

Current ratio as of 31.12.2022

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{158,036,996}{49,421,338} = 3.20$$

Quick ratio as of 31.12.2022

$$\frac{\text{Current assets-inventories}}{\text{Current liabilities}} = \frac{154,422,794}{49,421,338} = 3.12$$

Debt to equity ratio as of 31.12.2022

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{50,375,342}{232,139,946} \times 100 = 21.70$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{50,375,342}{282,515,288} \times 100 = 17.83$$

Borrowed capital = Loans over 1 year

Employed capital = Borrowed capital + Equity capital

Debt to turnover ratio (days) as of 31.12.2022

$$\frac{\text{Average client balance}}{\text{Turnover}} \times 365 = \frac{67,160,428}{228,523,932} \times 365 = 107.27$$

Fixed assets turnover as of 31.12.2022

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{228,523,932}{178,647,562} = 1.28$$

DECLARATION OF THE MANAGEMENT

Cluj-Napoca, February 28, 2023

I confirm to the best of my knowledge that the 2022 preliminary consolidated and individual unaudited financial statements give a true and fair view of AROBS Transilvania Software S.A. assets, liabilities, financial position and revenue and expenses and that the preliminary report provides true and fair view of the important events that took place in 2022 and their impact on the company's financial statements.

Voicu Oprean

CEO