

PRELIMINARY FINANCIAL RESULTS 2023

Softbinator Technologies S.A., company
listed on MTS-AeRO market of the
Bucharest Stock Exchange.

BVB: CODE

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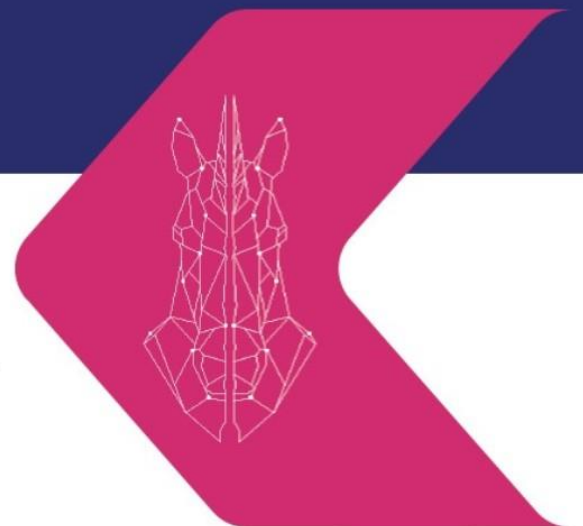


Table of contents

MESSAGE FROM THE CEO	4
ABOUT SOFTBINATOR TECHNOLOGIES	7
KEY EVENTS IN 2023	11
ANALYSYS OF THE FINANCIAL RESULTS	14
<i>CONSOLIDATED P&L ANALYSIS (according to IFRS)</i>	14
<i>CONSOLIDATED BALANCE SHEET ANALYSIS (according to IFRS)</i>	15
<i>INDIVIDUAL P&L ANALYSIS (according to IFRS)</i>	15
<i>INDIVIDUAL BALANCE SHEET ANALYSIS (according to IFRS)</i>	16
<i>ANALYSIS OF INDIVIDUAL P&L (according to RAS)</i>	17
<i>INDIVIDUAL BALANCE SHEET (according to RAS)</i>	18
CONSOLIDATED PROFIT AND LOSS ACCOUNT (IFRS)	19
CONSOLIDATED BALANCE SHEET (IFRS)	20
INDIVIDUAL PROFIT AND LOSS ACCOUNT (IFRS)	22
INDIVIDUAL BALANCE SHEET (IFRS)	23
INDIVIDUAL CASH FLOW (IFRS)	25
INDIVIDUAL PROFIT AND LOSS ACCOUNT (RAS)	26
INDIVIDUAL BALANCE SHEET (RAS)	27
DECLARATION OF THE MANAGEMENT	28

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

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Preliminary financial results 2023
For financial period	01.01.2023 – 31.12.2023
The date of publishing	26.02.2024

ISSUER INFORMATION

Name	Softbinator Technologies SA
Fiscal Code	RO 38043696
Trade Registry number	J40/13638/2017
Registered office	Str. Costache Negri 1-5, floor 4 District 5, Bucharest

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	RON 2,104,084.2
The market on which securities are traded	SMT- AeRO Premium
Total number of shares	21,040,842
Symbol	CODE

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The preliminary individual and consolidated financial statements as of December 31, 2023, presented on the following pages, are **unaudited**.

MESSAGE FROM THE CEO

Dear shareholders,

In the following lines, I will provide you with an overview of Softbinator Technologies' preliminary financial results and future prospects.

Beyond the numbers

Based on an entrepreneurial experience of over 12 years, we set out with a dream: to connect the extremely talented people of Romania and Eastern Europe with the most exciting markets and innovative products from around the world. This road has undoubtedly been full of challenges and obstacles. In the first place, it took us some years to build the right employer position for such a journey. We have built partnerships with top Universities, we have a Softbinator laboratory within the Faculty of Mathematics and Informatics, University of Bucharest, which we developed from scratch and which we continue to directly support, and every year we have built a name in the top engineering community - our NGO has organized and supported over 170 meetups for technical people - "*by developers for developers*" being the formula that brought tens of in-person participants to each edition.



If in the first years we focused on building expertise, starting from 2020, we entered a new, more accelerated stage of development - we brought private strategic investors, began to attract the first renowned clients and hone skills to be prepared to enter two of the most innovative markets – the USA and Israel. At the end of 2021, the listing on the AeRO market followed and immediately after, we defined and built organically and through M&As, transactions the necessary capabilities for building end-to-end solutions: from Product Management and Product Design, to Product Development and even Product Marketing. With all this energy and preparation behind, after an extremely good 2021, followed 2022, the first year since the listing - a great year - doubled figures, increased profitability and an office in Silicon Valley.

Highlights

Talking a lot about the phenomenal talent in Romania, which is not willing to leave the country, but deserves to work on top projects, I received the same answer in Silicon Valley several times: "*You talk like the founder of Epam talked when the sale started here in the 2000s*" or "*Your message sounds like Martin Migoya 's from Globant*". This aspect gave us courage that we were positioning ourselves correctly. Epam is a good example because it is the largest and most relevant listed software services company in America that started from Eastern Europe. Likewise, Globant, also listed on the NYSE, is the most relevant in South America.

The direct interaction with the US market gave us an important lesson: building a brand abroad takes time and is a process about " *commitment and consistency*". In this sense, the constant presence there for over two years is beginning to generate results.

2023 - A difficult year for the IT industry

The US and later also Europe went through a phenomenon of drastically reducing the appetite for development, realizing that some projects are not feasible, that the number of staff employed in excess of what was needed in the market during the pandemic period had to be adjusted. VCs bet less on start-up initiatives and took less risk overall. At the same time, IT IPOs have stagnated, and large companies have massively optimized their R&D costs.

We explained in the letter of our last report why all of these events impact us and what we are doing to be resilient and continue to grow: restructuring, effective cost control, a due strict client due diligence and targeting clients with a high degree of solvency and software experience. The impact on activity was also felt as a result of some investments in marketing and sales, which are reflected in the P&L, but also **with two important decisions: a write-off of the SMS internal product, in which approximately RON 1.8 million were invested**, but which is no longer in the strategic grid, as well as provisioning in the total amount of approximately RON 2.2 million of late payments from customers who do not show a predictable short- and medium-term payment strategy (high dependence on a future investment, very low cash-flow etc.). Added to this is the negative effect of exchange rate fluctuations, namely the decrease or non-renewal of contracts with certain clients.

Therefore, Softbinator closed on a consolidated level (IFRS) with similar revenues as in 2022 – RON 32 million, but with a loss of RON 1.2 million at the entire group business level, to which is added the provision for delayed paying customers and the write-off of the internal product - SMS, **resulting in a total loss of RON 5.2 million**. It is important to note that **RON 1.8 million related to the product for which we stopped the development, does not affect the cash position**.

At the end of, 2023, we have a very good cash position compared to mid-year (approximately RON 4.2 million at the end of 2023 vs. RON 0.9 million in mid-2023). Also on a positive note, **debt ratios (IFRS, at consolidated level) are decreasing**, with long-term debt at consolidated level decreasing by 35% in 2023 and current liabilities decreasing by 27%.

The operating margin maintained at an average level exceeding expectations and another important element to mention is that, today, the Softbinator Group has an operational, recruitment and administration team capable of supporting significant increases in business volume, with relatively similar costs. These aspects demonstrate that by increasing sales we can reduce the effect of fixed expenses in relation to profitability. In other words, any new increase in revenue will translate mainly into increased profitability.

We have considered and signaled since the half-yearly reporting (H1 2023) that all these measures are necessary for transparency, correct reflection of losses and a restructuring and optimization of costs. We have thus laid the foundations for a predictable development in the coming years, in order to focus on growth and have the future oriented towards profitability. **Despite being a very difficult year, I dare to bring up profitability because this has been a constant of the company in 6 of the 7 years since its establishment**.

2024 - Opportunities

The result of efforts in the US was one with less positive results in 2023, although in the long term it represents a sustainable effort. We've seen confidence in mid-sized and small tech companies plummet in the stock market, but at the end of the year things have mostly returned to all-time highs and budgets are relevant again, with appetite for innovation and technology investment returning, but in a prudent and sustainable way. This is a moment we do not want to miss, so we have planned an intensified economic mission. The main objective is to build a sales and customer team success primarily on the West Coast (especially Silicon Valley) as well as on the East Coast (New York and Florida). By the end of this year, we aim to bring to the client portfolio two or three well-known names through which we will be able to scale our activity in addition to the already existing clients. The medium-term strategy is to have in the portfolio clients with high upsell potential.

We are excited about how things are looking today, the fact that we are starting to make a name for ourselves in the US and that the results of over two years of targeted economic missions in the most effervescent, but also the largest market are visible. We continue to build a global company and are proud that today over 90% of our revenue comes from the US and Israel. The tough but necessary steps in 2023 clearly create a competitive advantage for us, which we are optimistic we will see come to fruition. We already have big names in the IT industry in our company portfolio and we target those stable companies that do not have operations in Romania, but would like to rely on the talent here, for innovation at the highest level. We want to continue to show that we bring added value to customers and that we know how to build ***tech for humanity!***

The following pages of this report provide more details about our activity in 2023. In case of any questions, be it about the business of our group or the activity of Softbinator Technologies in the capital market, please do not hesitate to contact us at investors@softbinator.com

Daniel ILINCA

CEO

ABOUT SOFTBINATOR TECHNOLOGIES

BRIEF HISTORY

Softbinator Technologies S.A. is a Romanian company with accelerated growth in recent years (doubling of figures between 2017-2020), which provides software development services using cutting-edge technologies with a strong focus on Blockchain, Artificial Intelligence and DevOps. The company's services and products are used globally, both by startups, SMEs, unicorns, and Fortune 500 clients with whom complex teams are built, following the Agile methodology. The organization's profile is geared towards product development, which is valued for its ability to deliver results quickly.



Softbinator Technologies builds Agile teams (Scrum or Kanban) for its clients, constantly measuring and improving its performance. Fundamentally, the company focuses on the 3 principles of Scrum (the most popular Agile framework): inspection, transparency and adaptability, and builds solutions for various industries using software engineering best practices, leading (cutting edge) technologies and the newest tools. In recent years, the company has turned its attention to blockchain (both the cryptocurrency area, but especially blockchain as a solution to improve trust in systems and applications outside the monetary sphere) and artificial intelligence (artificial vision - computer vision and machine learning).

The company was originally founded in the legal form of a limited liability company on 28.07.2017 under the name Cornerstone Holdings. In January 2020, the company was renamed Softbinator Technologies SRL, and on 24.08.2020 (date of admission of the operation to the Trade Register) it was transformed into a joint-stock company (S.A.).

Prior to the listing, following a private placement, which began on September 28, a total of 100,000 shares, i.e. 10% of the company's share capital, were offered to investors at a final price of RON 60 per share.

Softbinator Technologies (CODE) shares were admitted to trading on the MTS segment of the Bucharest Stock Exchange on 17.12.2021.

DESCRIPTION OF THE COMPANY'S ACTIVITY

Softbinator Technologies S.A. is a software development company, specialized in the design, development and market launch of innovative products with clients in the USA (San Francisco,

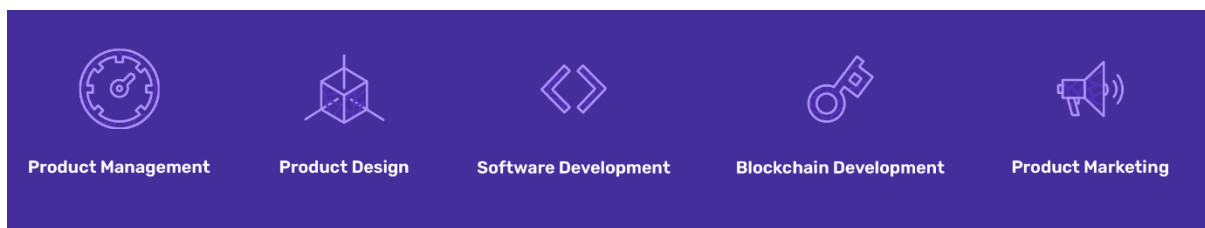
Silicon Valley, New York, Nashville, Washington DC, Miami, Los Angeles), Europe (UK, Germany, Romania), the Middle East (Israel, the United Arab Emirates). Currently, Softbinator Technologies has approximately 100 employees and collaborators who carry out their activities both in the offices in Bucharest and Timișoara, as well as in Cluj, Brașov, Constanța, Iași.

The Softbinator concept has been taking shape since 2011. The company wants to demonstrate that Romanian programmers are one of the most important forces of digital transformation. Softbinator's motto is: "We build tech for humanity".

Softbinator Technologies provides services for clients in various fields, such as education, lifestyle/medical and health, electronic payments, electronic commerce and marketplaces, online gaming, digital banking (including crypto), Internet of Things (IoT) or automotive, with a strong focus on leading technologies such as: Blockchain, Artificial Intelligence and DevOps.

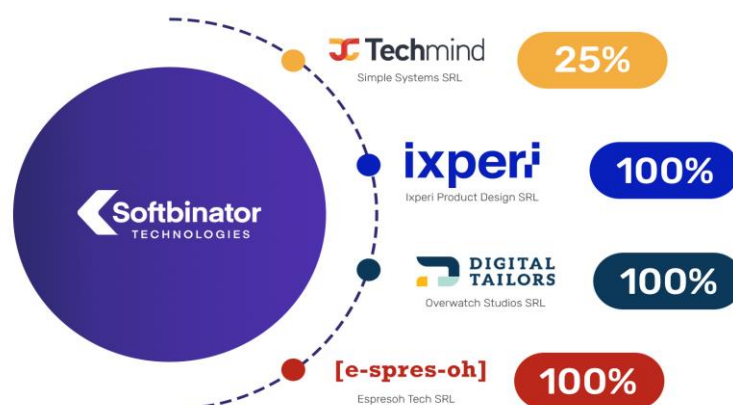
Beyond the business activity, the Company supports and collaborates with the Softbinator Foundation, a non-profit organization through which it built and maintained the "Talks by Softbinator" community, which for almost 10 years has strengthened the company's employer brand. Through the community, the longest-running series of meetings/conferences for programmers in Romania has been organized: over 150 editions with over 300 local and international experts.

COMPLETE PORTFOLIO OF PRODUCTS AND SOLUTIONS



SOFTBINATOR GROUP

As of December 31, 2023, the organizational structure of Softbinator Technologies is as follows:



WISEUP (Wise Tech Unit SRL)

WiseUp was founded in 2016, initially as a product consulting agency, and went through several iterations, until it reached a stable and scalable business model at the end of 2019, when the expansion to the North American markets also began. According to a merger project approved on June 2, 2023, WISEUP merged with OVERWATCH STUDIOS SRL, being absorbed by the latter.

IXPERI (Ixperi Product Design SRL)

Ixperi is a Digital Product Design studio established in March 2021. It differentiates itself from other classic agencies through its unique way of working and the structure of teams, of the product squad type, a system found in elite teams in large companies such as Spotify, Meta, or Google.

Ixperi builds on a rock-solid foundation, being founded by Radu Vucea, a name in Romanian digital design with over 17 years of experience in creating B2B and B2C products. Another major differentiator of Ixperi in the market is the bet on a solid research department, something very rare in design studios, but also a solid partnership with a Product Design school, which facilitates the attraction of talent.

Since the beginning, clients have quickly recognized the value that Ixperi offers in the way it works and the expertise it brings, thus working with clients in various industries, from Fintech to Health & Fitness, Beauty & Wellness, Hospitality, social media, and Crypto, managing to expand in multiple geographic areas, from the US to Europe and Asia.

[E-SPRES-OH] (Espresso Tech SRL)

[e-spres-oh] is a software company from Timisoara that is specialized in developing innovative end-to-end projects. With over a decade in business, [e-spres-oh] delivers complex software products and services to customers worldwide.

[e-spres-oh] is a mature company with management with a solid background in Business Analysis, Product Ownership, and Software Development. The team comprises more than 20 programmers, UX/UI designers, Project Managers, employees, and permanent collaborators, with experience developing software applications using state-of-the-art technologies. Relying on scalability, flexibility, cross-functionality, and autonomy, [e-spres-oh] teams can deliver the entire spectrum of software services needed to develop a successful product through an Agile methodology perfected over the years.

[e-spres-oh] has in its portfolio clients in fields such as Marketing, Legal, Property Maintenance, Real Estate, Fintech, and (Family) Safety, and in the past has worked with clients in fields such as Education, Transport (Aviation & Car Rentals) and City Management.

[e-spres-oh]'s primary clients are from the United States, with a smaller European share.

DIGITAL TAILORS (Overwatch Studios SRL)

Digital Tailors is a product marketing company for startups and technology companies. The agency works only with products in the IT&C industry. It offers complete product marketing services, from the design and conception stage of the product to validation, market testing, positioning, and launch strategy.

A team of 10 people supports the agency's activity and a suite of collaborators, offering integrated marketing services, including content marketing, social media marketing,

performance marketing, design & graphics, project management, consulting, and product workshops marketing.

The agency's portfolio includes B2B and B2C clients from business verticals such as developer tools, business apps, blockchain, educational apps, and entertainment apps. The agency's portfolio includes clients from Romania, Germany, and the USA, all products addressing the global market.

KEY EVENTS IN 2023

SIGNIFICANT CONTRACTS

On **January 10, 2023**, Softbinator announced that it exceeded the threshold of 10% of the total income related to the last annual financial statements, regarding 2 framework agreements.

One of the agreements was concluded with a unicorn-based client in New York, USA, which owns one of the largest video editing platforms for content creators worldwide, with a total contract value of RON 1,707,740 in 2022 (without VAT), according to the invoices issued by the Company. The total value of the agreement cannot be determined because the contract is signed for an indefinite period.

The second contract was concluded with a client from the USA, a medical transport company for patients (non-emergency) with private ambulances, from the state of Nevada, the total value of the contract at the level of 2022 being RON 1,715,638 (without VAT), according to the invoices issued by the Company. The total value of the contract cannot be determined because the contract is signed for an indefinite period.

SIGNIFICANT CONTRACT

On **January 17, 2023**, Softbinator announced the conclusion of a significant contract with Espresoh Tech S.R.L., an affiliated company, fully owned by the Company, the total value of the contract being RON 2,170,756.31 (including VAT) in 2022, according to the invoices issued by the Company. The total value of the contract cannot be determined because the contract is signed for an indefinite period. The subject of the contract is software development, Espresoh Tech S.R.L. acting as a subcontractor of the Company in several contracts concluded by the latter, the amount provided above representing the value of those services re-invoiced by Espresoh Tech S.R.L..

GENERAL MEETING OF SHAREHOLDERS FROM APRIL 19, 2023

On **April 19, 2023**, the Ordinary and Extraordinary General Meetings of Shareholders of Softbinator Technologies took place. For both assemblies, the legal and statutory quorum was constituted at the first call.

During the GMS, the shareholders voted in favor of approving: the 2022 Annual Report and the individual and consolidated financial statements, the distribution of the net profit for the year 2022, the 2023 Revenue and Expense Budget, the Remuneration Report of the members of the Board of Directors.

Also, the Company's shareholders approved the amendment of the Company's articles of incorporation, in order to align it with the latest legislative changes, as well as with the status of a listed company.

MERGER WISEUP – DIGITAL TAILORS

According to a merger project approved on **June 2, 2023**, WISEUP merged with the OVERWATCH STUDIOS SRL, being absorbed by the latter.

As a result of the merger, DIGITAL TAILORS took over the entire patrimony of WISEUP, which, following the completion of the merger by absorption operation, ceased to exist, dissolving without liquidation.

DECISION OF THE BOARD OF ADMINISTRATION ON INCREASE THE SHARE CAPITAL

On **August 4, 2023**, the Board of Directors adopted Decision no. 3/04.08.2023 regarding the increase of the Company's share capital, with the amount of RON 25,352.1, through the issuance of 253.521 new shares, by conversion of certain, liquid and payable receivables resulting from the M&A contracts concluded by the Company.

REGISTRATION OF THE SHARE CAPITAL INCREASE WITH THE TRADE REGISTRY

On **August 18, 2023**, the Company informed all interested parties regarding the fact that the increase of the Company's share capital, approved through BoD Decision no. 3/04.08.2023, was registered with the Bucharest Trade Register, in the following period the Company taking all the steps necessary in order to register the share capital increase at the relevant institutions, namely the Financial Supervisory Authority and the Central Depository.

APPOINTMENT OF THE CHAIRMAN AND CEO

On **August 23, 2023**, the Board of Directors of the Company decided to appoint the Company DCI MANAGEMENT & INVESTMENTS SRL, represented by DANIEL ILINCA, as Chairman of the Board of Directors, for a term valid until the expiration of the mandate as a member of the Board of Directors, respectively until 16.04.2025. In addition, the Board of Directors decided to extend the mandate of Mr. Daniel Ilinca, as CEO of the Company.

ENTIRE ACQUISITION OF IXPRI PRODUCT DESIGN S.R.L.

On **September 25, 2023**, the Company informed investors about the acquisition of 25% of the share capital of IXPRI PRODUCT DESIGN S.R.L., following the acquisition the Company being the sole shareholder of IXPRI.

ACCEPTANCE OF THE MANDATE OF SOLE DIRECTOR FOR GROUP ENTITIES

On **September 25, 2023**, the Company informed the market about the acceptance of the sole director mandate of SOFTBINATOR TECHNOLOGIES S.A. for ESPRESOH TECH S.R.L. and OVERWATCH STUDIOS S.R.L..

GENERAL MEETING OF SHAREHOLDERS ON SEPTEMBER 27, 2023

On **September 27, 2023**, the Ordinary and Extraordinary General Meetings of the Company's shareholders took place, during which the following points on the agenda were approved: the use of part of the profit related to the year 2022 in order to grant free shares to the Company's shareholders, the approval of a new remuneration policy, increasing the share capital by the amount of up to RON 1,052,042.1, by issuing up to 10,520,421, by granting free shares to existing shareholders, approving a Stock Option Plan and extending the Board of Directors' authority to increase the share capital, including by lifting the preemption right.

ISSUANCE BY FSA OF THE CERTIFICATE OF REGISTRATION OF FINANCIAL INSTRUMENTS

On **October 18, 2023**, the Company informed the investors about receiving the CIIF from FSA certifying the registration of the operation to increase the share capital with 253,521 new shares that were issued according to the Decision of the Board of Directors no. 3 of 04.08.2023.

CHANGE OF THE CFO OF THE COMPANY

On **October 26, 2023**, the Company's investors were informed about the change of Mr. Vlad Deliu from the position of CFO of the Company, starting on November 1, 2023, the position to being filled by Mr. Emil Razvan Hărățău.

INCREASE OF THE SHARE CAPITAL WITH BONUS SHARES

On **November 8, 2023**, the Company informed the investors about the Decision of the Board of Directors confirming the final increase of the share capital, i.e. RON 1,052,042.1 and the issuance of free shares to shareholders, in the proportion of 1 free share per 1 share held on registration date. The share capital increase was registered at the Trade Registry on November 16, 2023, and the CIIF related to the share capital increase with free shares was issued by the ASF on **November 21, 2023**. The shares were paid to the shareholders on the date established by EGMS Decision no. 4 of 27.09.2023, respectively on 14.12.2023.

ANALYSYS OF THE FINANCIAL RESULTS

Currently, Softbinator Technologies S.A. does not meet the criteria that would require the reporting of consolidated financial statements to the Ministry of Finance, as provided in the Romanian Accounting Standards, approved by Order of the Minister of Finance no. 1802/2014.

However, the Company's management decided to voluntarily prepare consolidated financial statements, according to International Financial Reporting Standards, in order to ensure the possibility of evaluating the Company at group level, with individual financial statements still being reported in accordance with the Romanian Accounting Standards.

CONSOLIDATED P&L ANALYSIS (according to IFRS)

At the consolidated level, the turnover of the Group remained approximately constant in 2023, compared to 2022, standing at approximately RON 32.2 million, a 1% decrease. Other revenues decreased by 23%, to RON 619 thousand, representing revenues from the development of Softbinator Magic Stack (SMS) internal product, the decrease being propelled by stopping the development of SMS.

Regarding expenses, the biggest contribution to this category was the wages and benefits of the employees, which increased by 42%, up to RON 18.1 million. The increase is determined by the following factors: the effect of consolidation, business restructuring costs at Group level, increasing the salary level. In addition, there is a temporary effect generated by the change in the tax code, which increased the level of taxation applicable to employees in the IT sector, effective from November last year. In this context, for the months of November and December 2023, the Group decided to continue paying employees the same net amounts as throughout 2023, the change being reflected only from January 2024.

The total number of employees at consolidated level decreased, with the group having 79 employees at the end of 2023, compared to 114 at the end of 2022. Third-party services, registering a decrease of 10% due to the reduction of costs with third-party service providers. Depreciation and impairment registered a 229% increase, resulting in RON 3.3 million, being influenced by the depreciation of the Softbinator Magic Stack (SMS) product. The costs of raw materials and consumables decreased by 10%, up to RON 233 thousand, while other operating expenses increased by 273% up to RON 3.3 million.

The increase in costs due to consolidation, restructuring, provisions for uncertain clients, impairment of SMS product, but also additional costs with offices and employee salaries resulted in a decrease in operating result by 198%, to RON -4.6 million. The financial result registered a significant increase of 52%, reaching RON -837 thousand, due to higher interest expenses and as a result of the reclassification of rental contracts. Consequently, the Group ended the period with a gross loss of RON 5.5 million, compared to a gross profit of RON 4.2 million recorded in 2022. The final result was a net loss of RON 5.2 million, compared to a net profit of RON 3.8 million in 2022.

CONSOLIDATED PROFIT AND LOSS ACCOUNT ACCORDING TO IFRS (RON)	2023	2022	Δ%
Turnover	32,224,643	32,493,660	-1%
Other revenues	619,410	804,098	-23%
Expenses	(37,451,918)	(28,578,740)	31%
Operating profit/(loss)	(4,607,865)	4,719,018	-
EBITDA	(1,020,786)	5,810,751	-
Financial result	(837,040)	(549,810)	52%

Gross result/(loss)	(5,477,170)	4,228,174	-
Net result/(loss)	(5,208,165)	3,797,181	-

CONSOLIDATED BALANCE SHEET ANALYSIS (according to IFRS)

Fixed assets decreased by 16% compared to the beginning of the year, reaching RON 13.1 million. The main contribution to this decrease was registered at the level of other intangible assets, which decreased by 99.5%, up to RON 8 thousand, the main cause being represented by the depreciation of the SMS product. Following a group-level analysis, we considered that the internal SMS product does not meet the minimum conditions of economic viability and, thus, decided to reduce the intangible assets related to this product to zero. The impairment was due to the realization, following the analysis of an internal committee, that SMS will not generate the revenues that were expected. For this reason, management decided to reflect its fair value at zero. Therefore, the Group generated a non-cash loss estimated at RON 1.8 million, as already announced in the Company's report for H1 2023.

Tangible fixed assets decreased by 38%, to RON 571 thousand, mainly due to the sale of a vehicle in H1 2023.

As for current assets, the position decreased by 38%, up to RON 7.6 million. The decrease was determined mainly by a 28% decrease in the cash position, which was RON 4.3 million at December 31, 2023, but also a decrease of trade receivables, from RON 5 million to RON 1.6 million.

Regarding the equity position, it decreased by 20%, to RON 10.8 million, in the context of the decrease in the result of the financial year. The liabilities decreased by 31%, up to RON 10 million. Long-term liabilities decreased by 35%, to RON 4.6 million, while short-term liabilities also decreased by 27%, to RON 5.3 million.

CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS (RON)	31.12.2023	31.12.2022	Δ%
Total fixed assets	13,141,965	15,575,973	-16%
Total current assets	7,608,537	12,326,376	-38%
Total assets	20,750,502	27,902,349	-26%
Equity	10,766,330	13,428,091	-20%
Non-current liabilities	4,648,083	7,188,280	-35%
Current liabilities	5,336,089	7,285,979	-27%
Total liabilities	9,984,172	14,474,259	-31%
Total equity and liabilities	20,750,502	27,902,349	-26%

INDIVIDUAL P&L ANALYSIS (according to IFRS)

On an individual level, the turnover of Softbinator Technologies decreased by 6% in 2023 compared to 2022, to RON 19.5 million. The decrease is mainly due to the market context in the IT industry. Other revenues decreased by 17%, to RON 665 thousand, representing mainly revenues from the development of the internal product - SMS.

In terms of expenses, the biggest contribution to this category was bought by employee wages and benefits, which increased by 18% to RON 10.2 million, driven by higher salaries level. The total number of employees at individual level decreased, with the group having 49 employees at the end of 2023, compared to 61 at the end of 2022. Third-party services registered a value of RON 8.3 million, a decrease of 7% compared to 2022 due to cost efficiency with contractors. Amortization and depreciation registered an increase of 283%, up

to approximately RON 3 million, an increase that reflects the one-off impairment, recorded in H2 2023, regarding the Softbinator Magic Stack product. The remaining, and stable, part of this position reflects the IFRS16 adjustment of office rent. The costs of raw materials and consumables decreased by 34%, up to RON 147 thousand, while other operating expenses increased by 19%, to RON 674 thousand.

Cost dynamics across all categories led to a 72% drop in EBITDA from RON 3.1 million to RON 873 thousand in 2023, while operating result fell 191% from RON 2.3 million to RON -2.1 million last year. In 2023, Softbinator received dividends in the amount of RON 50 thousand, down 94% compared to the previous year. Thus, the financial result, also influenced by the devaluation of the exchange rate, went from a positive result of RON 425 thousand in 2022 to a financial loss of RON 626 thousand in 2023. Consequently, the Company ended 2023 with a gross loss of RON 2.7 million and a net loss of RON 2.4 million, compared to a gross profit of RON 2.8 million and a net profit of RON 2.5 million, recorded in 2022.

INDIVIDUAL PROFIT AND LOSS ACCOUNT ACCORDING TO IFRS (RON)	2023	2022	Δ%
Turnover	19,542,714	20,705,977	-6%
Other revenue	664,563	802,714	-17%
Expenses	(22,319,744)	(19,181,489)	16%
Operating profit/(loss).	(2,112,467)	2,327,202	-
EBITDA	873,325	3,106,770	-72%
Dividend revenue	50,000	790,694	-94%
Financial result	(625,993)	424,793	-
Gross result/(loss)	(2,738,460)	2,751,995	-
Net result/(loss)	(2,433,498)	2,525,710	-

INDIVIDUAL BALANCE SHEET ANALYSIS (according to IFRS)

Fixed assets decreased by 9% since the beginning of the year, reaching RON 14.7 million. The main difference was registered at the level of intangible assets, which decreased by 99%, up to approximately RON 8 thousand, due to the depreciation of the SMS product, as described above. As for current assets, they decreased by 28%, up to RON 6.3 million. The decrease was determined by a 17% reduction in the cash position, which was RON 3.1 million at the end of 2023 together with a decrease of 72% trade receivables, up to RON 973 thousand.

Equity remained at a comparable level, increasing by 1% since the beginning of the year, in the context of the increase in the share capital and the increase in the reported result by 40% to RON 8.2 million at the end of 2023. The liabilities decreased from RON 12.8 million to RON 8.8 million. Long-term liabilities decreased by 31%, to RON 4.6 million, given the decrease in leasing positions and other liabilities, the level of long-term loans remaining constant, while short-term liabilities decreased by 31 %, up to RON 4.2 million, determined by covering of short-term bank liabilities, decrease of trade and other payables by 46%, up to RON 719 thousand at the end of 2023.

BALANCE SHEET ACCORDING TO IFRS (RON)	31.12.2023	31.12.2022	Δ%
Total fixed assets	14,713,112	16,117,675	-9%
Total current assets	6,313,080	8,761,472	-28%
Total assets	21,026,192	24,879,146	-15%

Equity	12,189,614	12,076,710	1%
Non-current	4,630,773	6,663,837	-31%
Current liabilities	4,205,805	6,138,599	-31%
Total liabilities	8,836,578	12,802,435	-31%
Total equity and liabilities	21,026,192	24,879,145	-15%

ANALYSIS OF INDIVIDUAL P&L (according to RAS)

In 2023, at the individual level, operating income decreased by 6%, reaching RON 20.2 million. This is mainly due to the decrease in net turnover corresponding to the predominant activity actually carried out, namely custom software development, which was RON 19.5 million in 2023. The decrease was driven by lower revenues from existing customers due to the unfavorable IT context. In 2023, over 90%, of the turnover, was generated by company's customers that came from the US.

Revenues from the production of intangible assets decreased by 23%, up to RON 596 thousand. As for other operating income, they increased by 233%, up to RON 102 thousand, value representing the sale of a car and of other fixed assets non-essential for carrying out the activity.

Operating expenses grew by 20%, up to RON 22.3 million. The main category of expenses is represented by expenses with employees, which increased by 20% based increase in salaries level.

The second largest share of expenses is represented by third parties. Their decrease by 7% compared to 2022, up to RON 7.6 million, is caused both by the decrease in expenses with outsourced development services and sales efforts, and by the **decision of the members of the Board of Directors, considering the difficult context, to suspend their remuneration during 2023.**

Expenses with rents, utilities and maintenance increased by 204%, up to RON 1.7 million, being determined by the increase in the cost of rent related to office space, considering that in 2022 the Company did not pay any rent for the new office, thanks to the negotiated terms.

Depreciation and value adjustments expenses decreased by 27%, reaching RON 310 thousand. The category of other operating expenses registered an increase of 352%, reaching RON 2.4 million, this being primarily determined by the unique depreciation of the SMS product, as announced in the H1 2023 report and as it was already mentioned above. The total value of the depreciation, having a non-cash impact on the company's net profit, was RON 1.8 million.

The financial result of the period was RON -167 thousand, compared to RON 692 thousand in 2022.

Thus, both the gross and net result for 2023 is a loss of RON 2.3 million, compared to the results of 2022, namely a gross profit of RON 3.6 million and a net profit of RON 3.3 million.

INDIVIDUAL PROFIT AND LOSS ACCOUNT (RON)	2023	2022	Δ%
Operating revenue	20,187,404	21,510,353	-6%
Operating expenses	22,355,814	18,568,580	20%
Operating result	(2,168,410)	2,941,773	-
EBITDA	(1,858,689)	2,516,206	-
Financial result	(167,300)	692,379	-

Gross result	(2,335,710)	3,634,152	-1
Net result	(2,335,710)	3,271,171	-

INDIVIDUAL BALANCE SHEET (according to RAS)

Fixed assets decreased by 17% since the beginning of the year, from RON 14.6 million to RON 12.2 million. This evolution was determined, mainly by the 99% decrease in intangible assets, due to the depreciation of the SMS product, in the amount of RON 1.8 million.

Current assets decreased by 35% in 2023, reaching RON 5.2 million. The main position in this category is represented by the cash and cash equivalents position, which decreased by 17%, reaching RON 3.1 million at the end of 2023, this decrease being the result of restructuring efforts and the increase in employee costs. The receivables position decreased by 52%, up to RON 2.1 million, as a result of receiving payments from customers.

Liabilities decreased by 48%, from RON 10.1 to 5.3 million, as a result of the 55% decrease in long-term liabilities, from RON 4.6 million to RON 2.1 million. This decrease reflects the decrease in liabilities to the shareholders of the acquired companies. Provisions have doubled, reaching RON 0.5 million, and include the provision for unused holidays, as well as the provision for half-yearly and annual bonuses for employees.

Equity remained constant, growing by 2% to RON 13 million due to the increase in subscribed and paid-in capital positions and issue premiums, counterbalanced by a loss for the financial year of RON 2.3 million (-171%) and profit distribution.

INDIVIDUAL BALANCE SHEET ACCORDING TO RAS (RON)	31.12.2023	31.12.2022	Δ%
Fixed assets	12,191,648	14,625,127	-17%
Current assets	5,177,700	8,017,136	-35%
Total assets	18,274,316	22,913,120	-20%
Current liabilities	2,680,084	5,201,706	-48%
Non-current liabilities	2,078,267	4,624,987	-55%
Provisions	499,738	211,418	136%
Total liabilities	5,258,089	10,107,585	-48%
Equity	13,016,227	12,805,535	2%
Total equity and liabilities	18,274,316	22,913,120	-20%

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IFRS)

PROFIT AND LOSS ACCOUNT (RON)	2023	2022	Δ%
Revenue	32,224,643	32,493,660	-1%
Other revenue	619,410	804,098	-23%
Cost of materials and used consumables	(233,058)	(258,468)	-10%
Employee benefit expenses	(18,084,192)	(12,706,271)	42%
Third-party services	(12,250,238)	(13,638,221)	-10%
Depreciation and amortization	(3,587,079)	(1,091,733)	229%
Other operating expenses	(3,297,351)	(884,047)	273%
Operating profit/(loss)	(4,607,865)	4,719,018	-
EBITDA	(1,020,786)	5,810,751	-
Interest expense, net	(650,135)	(376,200)	73%
Other financial expenses/(revenue)	(186,905)	(173,610)	8%
Financial Result	(837,040)	(549,810)	52%
Share of the profit/(loss) related to equity-accounted investee, net of tax	(32,265)	58,966	-
Profit/(loss)	(5,477,170)	4,228,174	-
Income tax	269,005	(430,993)	-
Net profit/(loss)	(5,208,165)	3,797,181	-
Total comprehensive revenue	(5,208,165)	3,797,181	-
Attributable to the shareholders of the Company	(5,237,074)	3,566,558	-
Non-controlling interests	28,909	230,623	-87%

CONSOLIDATED BALANCE SHEET (IFRS)

BALANCE SHEET INDICATORS (RON)	31.12.2023	31.12.2022	Δ%
Goodwill	8,021,144	8,021,144	0%
Right of use assets	3,286,539	4,164,973	-21%
Other intangible assets	7,755	1,553,756	-100%
Tangible assets	570,663	916,726	-38%
Equity accounted investees	350,873	432,918	-19%
Other financial investments	284,443	309,574	-8%
Non-current other receivables	67,500	-	100%
Deferred tax assets	553,048	176,882	213%
Total fixed assets	13,141,965	15,575,973	-16%
Trade receivables	1,661,095	4,971,341	-67%
Other receivables	684,106	1,040,052	-34%
Current tax assets	64,313	38,607	67%
Prepayments	928,104	315,936	194%
Cash and cash equivalents	4,270,919	5,960,440	-28%
Total current assets	7,608,537	12,326,376	-38%
Total assets	20,750,502	27,902,349	-26%
Share capital	2,104,084	1,026,690	105%
Share premiums	3,556,207	1,747,331	104%
Legal reserves	205,338	205,338	0%
Other reserves	749,809	749,809	0%
Retained earnings	9,387,966	5,901,739	59%
Profit for the year	(5,237,074)	3,566,558	-247%
Equity attributed to the shareholders of the Company	10,766,330	13,197,465	-18%
Non-controlling interests	-	230,626	-100%
Total equity	10,766,330	13,428,091	-20%
Non-current liabilities	4,648,083	7,188,280	-35%
Leasing	2,648,083	3,872,190	-32%
Loans and borrowings	2,000,000	2,041,934	-2%
Other liabilities	-	1,274,156	-100%
Current liabilities	5,336,089	7,285,979	-27%
Leasing	1,314,213	1,095,137	20%
Loans and borrowings	-	1,065,030	-100%
Tax liabilities	-	97,057	-100%
Other tax liabilities VAT	4,181	225,277	-98%
Trade and other payables	841,941	808,096	4%

Contract liabilities	3,921	2,497	57%
Employee benefit liabilities	1,685,914	1,601,508	5%
Other liabilities	1,438,171	2,321,903	-38%
Deferred income	47,748	69,474	-31%
Total liabilities	9,984,172	14,474,259	-31%
Total equity and liabilities	20,750,502	27,902,349	-26%

INDIVIDUAL PROFIT AND LOSS ACCOUNT (IFRS)

PROFIT AND LOSS ACCOUNT (RON)	2023	2022	Δ%
Revenue	19,542,714	20,705,977	-6%
Other revenue	664,563	802,714	-17%
Cost of materials and used consumables	(146,744)	(222,604)	-34%
Employee benefit expenses	(10,200,578)	(8,637,350)	18%
Third-party services	(8,312,996)	(8,975,483)	-7%
Depreciation and amortization	(2,985,792)	(779,568)	283%
Other operating expenses	(673,634)	(566,484)	19%
Operating profit/(loss)	(2,112,467)	2,327,202	-
EBITDA	873,325	3,106,770	-72%
Dividend income	50,000	790,694	-94%
Interest expense, net	(567,276)	(321,316)	77%
Other financial expenses/(revenue)	(108,717)	(44,585)	144%
Financial Result	(625,993)	424,793	-
Profit/(loss)	(2,738,460)	2,751,995	-
Income tax	304,962	(226,285)	--
Net profit/(loss)	(2,433,498)	2,525,710	-

INDIVIDUAL BALANCE SHEET (IFRS)

BALANCE SHEET INDICATORS (RON)	31.12.2023	31.12.2022	Δ%
Right of use assets	3,091,787	3,408,654	-9%
Other intangible assets	7,755	1,300,326	-99%
Tangible assets	481,796	649,605	-26%
Investments in subsidiaries	9,921,537	9,921,314	0%
Investments in shareholders	400,000	400,000	0%
Other financial investments	284,443	284,443	0%
Non-current other receivables	67,500	-	100%
Deferred tax assets	458,294	153,332	199%
Total fixed assets	14,713,112	16,117,675	-9%
Trade receivables	973,325	3,506,652	-72%
Other receivables	484,720	673,821	-28%
Loans to subsidiaries	772,689	532,705	45%
Current tax assets	57,250	38,607	48%
Prepayments	904,968	270,857	234%
Cash and cash equivalents	3,120,128	3,738,830	-17%
Total current assets	6,313,080	8,761,472	-28%
Total assets	21,026,192	24,879,146	-15%
Share capital	2,104,084	1,026,690	105%
Share premiums	3,385,381	1,747,331	94%
Legal reserves	205,338	205,338	0%
Other reserves	749,809	749,809	0%
Retained earnings	8,178,500	5,821,832	40%
Result for the year	(2,433,498)	2,525,710	-196%
Total equity	12,189,614	12,076,710	1%
Non-current liabilities	4,630,773	6,663,837	-31%
Leasing	2,630,773	3,390,012	-22%
Loans and borrowings	2,000,000	1,999,669	0%
Other liabilities	-	1,274,156	-100%
Current liabilities	4,205,805	6,138,599	-31%
Leasing	1,114,158	805,391	38%
Loans and borrowings	-	753,655	-100%
Trade and other payables	719,088	1,333,795	-46%
Contract liabilities	3,831	2,407	59%
Employee benefit liabilities	987,748	923,385	7%
Other liabilities	1,380,980	2,250,492	-39%

Deferred income	-	69,474	-100%
Total liabilities	8,836,578	12,802,435	-31%
Total equity and liabilities	21,026,192	24,879,145	-15%

INDIVIDUAL CASH FLOW (IFRS)

CASH FLOW (RON)	31.12.2023	31.12.2022
Cash flows from operating activity		
Gross profit(loss) for the period	(2,738,460)	2,751,995
Adjustments for		
- Depreciation and amortization	2,985,792	779,568
- Loss/(gain) on disposal of assets	(14,408)	43,148
- Allowance for current assets	422,970	149,172
- Interest expenses, net	567,276	321,316
- Dividend income	(50,000)	(790,694)
- Employees benefits (shares granted)	220,750	-
	1,393,920	3,254,505
Changes in:		
- trade receivables and other assets	2,288,862	(1,250,007)
- trade payables and other liabilities	(462,174)	1,480,379
Cash generated from operating activities	3,220,608	3,484,877
Interest paid	(676,860)	(88,792)
Income tax paid	(18,643)	(1,374,467)
Net cash from operating activities	2,525,105	2,021,619
Cash flows from investing activities		
Acquisition and/or development of tangible and intangible assets	(695,553)	(1,315,788)
Proceeds from sale of assets	71,340	-
Acquisition of subsidiaries excluding cash received	-	(3,290,000)
Deferred payments related to acquisitions of subsidiaries, including accrued interest	(636,486)	
Loans granted to subsidiaries	(239,984)	(470,000)
Dividends received	21,235	790,694
Net cash from/(used in) investing activities	(1,479,448)	(4,285,095)
Cash flows from financing activities		
Payment of lease liabilities	(911,035)	(63,323)
Proceeds/(Repayments) of borrowings, net	(753,324)	2,000,608
Net cash from/ (used in) financing activities	(1,664,359)	1,937,285
Net increase/(decrease) in cash and cash equivalents	(618,702)	(326,191)
Cash and cash equivalents at the beginning of the period	3,738,830	4,065,021
Cash and cash equivalents at the end of the period	3,120,128	3,738,830

INDIVIDUAL PROFIT AND LOSS ACCOUNT (RAS)

PROFIT AND LOSS ACCOUNT (RON)	2022	2023	Δ%
Operating revenue, of which:	21.510.353	20.187.404	-6%
Net turnover	20.705.977	19.489.368	-6%
Revenue from the production of intangible assets	773.680	595.814	-23%
Other operating revenues	30.696	102.222	233%
Operating expenses, of which:	18.568.580	22.355.814	20%
Material expenses	166.680	95.402	-43%
Rent, utilities, maintenance expenses	558.127	1.698.678	204%
Personnel expenses	8.399.131	10.043.034	20%
Amortization and depreciation	425.567	309.721	-27%
Third-party expenses	8.145.428	7.610.385	-7%
Traveling expenses	347.230	216.811	-38%
Other operating expenses	526.417	2.381.783	352%
Operating result	2.941.773	(2.168.410)	-
EBITDA	2.516.206	(1.858.689)	-
Financial revenue	1.198.626	732.348	-39%
Financial expenses	506.247	899.648	78%
Financial result	692.379	(167.300)	-
Total revenue	22.708.979	20.919.752	-8%
Total expenses	19.074.827	23.255.462	22%
Gross result	3.634.152	(2.335.710)	-
Income tax/other taxes	362.981	-	-100%
Net result	3.271.171	(2.335.710)	-

INDIVIDUAL BALANCE SHEET (RAS)

BALANCE SHEET (RON)	31.12.2022	31.12.2023	Δ%
Fixed assets, of which:	14.625.127	12.191.648	-17%
Intangible assets	1.300.326	7.755	-99%
Tangible assets	649.605	481.796	-26%
Financial assets	12.675.196	11.702.097	-8%
Current assets, of which:	8.017.136	5.177.700	-35%
Inventories	-	2.503	100%
Receivables	4.278.306	2.055.066	-52%
Cash and cash equivalents	3.738.830	3.120.131	-17%
Pre-paid expenses	270.857	904.968	234%
TOTAL ASSETS	22.913.120	18.274.316	-20%
Liabilities, of which:	10.107.585	5.258.089	-48%
Current liabilities	5.201.706	2.680.084	-48%
Non-current liabilities	4.624.987	2.078.267	-55%
Provisions	211.418	499.738	136%
Income in advance	69.474	-	-100%
Equity, of which:	12.805.535	13.016.227	2%
Subscribed and paid-up share capital	1.026.690	2.104.084	105%
Other equity elements	-	883.000	100%
Share premium	1.747.331	3.385.381	94%
Reserves	955.147	955.147	0%
Gains related to equity instruments	5.990.000	5.990.000	0%
Profit/(loss) carried forward	-	2.034.325	100%
Profit/(loss) for the period	3.271.171	(2.335.710)	-
Distributed profit	184.804	-	-100%
TOTAL EQUITY AND LIABILITIES	22.913.120	18.274.316	-20%

DECLARATION OF THE MANAGEMENT

Bucharest, February 26, 2024

The undersigned, Daniel Ilinca, as CEO of Softbinator Technologies SA, a company headquartered in Bucharest, Costache Negri 1-5 Street, 4th Floor, District 5, unique registration code 38043696, serial number at the Trade Registry Office J40/13638/2017, I declare on my own responsibility, knowing the provisions of art. 326 of the new Criminal Code regarding the false statements, the following:

- To the best of my knowledge, the accounting reporting has been prepared in accordance with the applicable accounting standards and provides a fair and consistent image of the Company's assets, liabilities, financial position, profit and loss account;
- To the best of my knowledge, the Preliminary Report for 2023, submitted to the capital market operator - BVB - as well as to the Financial Supervisory Authority, presents correctly and completely the information about the Company.

Daniel Ilinca

CEO