

The background of the cover is a solid blue color. Overlaid on this are several large, light blue hexagons arranged in a honeycomb pattern. Some of these hexagons contain a grayscale, pixelated image of a city skyline, featuring various skyscrapers and buildings. The logo 'ABN Systems international' is positioned in the top left corner. 'ABN' is in a large, bold, white sans-serif font, while 'Systems' is in a slightly smaller, regular weight of the same font. 'international' is written in a smaller, lowercase, white sans-serif font directly beneath 'Systems'.

**ABN**Systems  
international

# **ANNUAL REPORT 2021**

**ABN Systems International S.A.**

Company listed on the SMT-AeRO market of the  
Bucharest Stock Exchange  
Symbol BVB: ABN

# ISSUER INFORMATION

## Information about this financial report

Type of report	Annual Report for 2021
Financial year	01.01.2021 – 31.12.2021

## Issuer information

Name	ABN SYSTEMS INTERNATIONAL S.A.
Fiscal Code	14988404
Registration number in the Trade Register	J40/11024/2002
Registered office	Str. Marinariilor, Nr.31, Ground floor+Et.1, Sector 1, Bucharest

## Information about securities

Subscribed and paid-up capital	1,912,943.40 lei
The market on which the securities are traded	SMT AeRO Premium
Key features of the securities issued by the company	19,129,434 ordinary shares with a nominal value of RON 0.1
Symbol	ABN

## Contact details

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### Disclaimer:

The financial statements at 31 December 2021, presented in the following pages, are audited. The financial figures presented in the descriptive part of the report, expressed in RON, are rounded up to the nearest whole number and may lead to slight differences in settlement.

# SUMMARY

Pag.

Introduction	4
Who we are	6
Brief History	8
Important milestones achieved in 2021	9
Market, Perspectives and Strategies	11
Main suppliers	15
Risk management and environmental impact	16
Securities market issued by ABN	17
Dividend Policy	17
Mergers, acquisitions and/or disposals of assets	19
Shareholding and management of the company	20
Corporate Governance Principles	22
Disputes	25
Transactions with affiliate parties	25
Main results of activity evaluation	26
Analysis of financial statements	28
Statement of the Chairman of the Board of Directors	34





## INTRODUCTION

The main objective of this report is to provide our investors and other interested parties with the relevant information about the results and evolution of ABN SYSTEMS INTERNATIONAL S.A. (hereinafter referred to as “Company” or “ABN”) in 2021, our strategy for sustainable development in the next period and to share our perspectives on why we believe that ABN is a viable long-term proposal.

Thus, in addition to presenting the financial statements, the document aims to validate that:

- The identified development opportunities are viable as a result of researching market conditions and trends;
- The company is able to generate the forecasted revenues;
- The management team and the staff employed have the necessary experience, structure and tools to execute the business plan within the approved income and expenditure budget;
- There is a correct capital structure that allows for operational optimization and profitable growth of the business.

The strategies and initiatives designed to achieve these objectives, as well as the performance indicators used to measure evolution, are described in this document.

*"In 2021 we managed, as in each of the past years, to deliver organic growth over 15%, to develop the company and to make the difference between us and the competitors in the markets in which we are operating. We continue to invest in our own brand, Tellur, because we see a great potential for development in the segments covered by the Tellur portfolio with the advance of 5G technologies, the accelerated adoption of IoT and Smart devices, while changing the consumption habits of customers", said George Barbu, CEO and Chairman of the Board of Directors of ABN SYTEMS INTERNATIONAL S.A. "*

*"Efficiency and profitability, based on sustainable growth. These objectives are the priorities of ABN Systems International S.A. and have allowed us for 20 years to offer our customers quality products and services at affordable prices" considers Bogdan Nedelea, one of the founders of the Company and Member of the Board of Directors.*

Bogdan Dorobanțu, the third member of the Board of Directors invites us that "In this report, let's look back at the performance of 2021. Also, let's look to the future and see how we have positioned our company for success in an ever-changing and rapidly changing world. We encourage you, as an interested party, to share your views on this report and on our strategic roadmap for value. Holding ourselves accountable for what we say and do is a key factor to ensure that ABN continues to create value for at least the next 20 years."

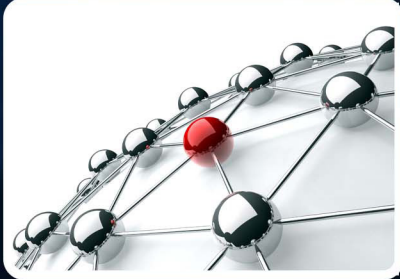




## WHO WE ARE

ABN Systems International S.A. supports in the age of technology the universal access to products that contribute to the increase of living and security standards. From this point of view, the strategic awareness of the company's efforts is directed towards the development of new channels for accessing the market, the consolidation and continuous improvement of the existing ones, based on the latest marketing methods, an experienced management, a young and dynamic team, but also on the integration of the company's systems and processes with those of the top suppliers in the industry.

## The essence of our way of working: We take care of business



Development by  
differentiation



The latest technol-  
ogies through an  
extensive network of  
partners



Universal access to  
products that con-  
tribute to raising the  
standard of life and  
security

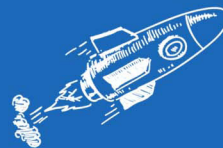


## Company culture



### Vision

To become the number 1 supplier in Romania for consulting solutions and services, both in the field of professional telecommunications systems and in the field of IT&C. It is a bold target, but not impossible to achieve and with each project or solution implemented we are taking steps in this direction.



### Mission

Partnership with customers and suppliers, in order to meet the IT&C needs through the expertise and products offered by ABN Systems International, to allow the optimization of the resources of the client organizations, to improve the efficiency of their processes, in order to obtain a higher added value.



### Values

A unique set of values, values that we appreciate from the perspective of those who are with the company every day as customers, suppliers and employees:

- Professionalism
- Passion
- Responsibility
- Promptitude
- Integrity
- Privacy



# BRIEF HISTORY

**2002**

ABN Systems International S.R.L. is established.

**2003**

Through its partnership with Plantronics, ABN becomes the only provider of professional call center telecommunications equipment and solutions for Romania

**2015**

Tellur's own brand is launched, a large part of the products being manufactured in Iasi in accordance with ISO 9001 and 14001 quality standards.

**2016**

Industrialization of operational processes by introducing SAP B1 and xTrackWMS.

**2017**

Expanding the product portfolio to over 25,000 items  
Tellur listing on Amazon's platform  
New partnerships with A-class brands and significant market share

**2018**

Expanding exports to more than 15 countries  
Computer structure migration to the Cloud

**2019**

Extension and modernization of the warehouse to 40,000 cubic meters in Chiajna, Ilfov  
Automation of flows through EDI with major customers and suppliers

**2020**

Expanding exports to over 25 countries, 4 continents  
Tellur sales exceed the threshold of 15,000,000 RON

**2021**

Changing the organizational structure to Joint Stock Company  
IPO launch  
Opening of the first foreign branch of ABN, in Texas, USA  
Exceeding the threshold of RON 100,000,000 for turnover



# IMPORTANT MILESTONES ACHIEVED IN 2021

Established in 2002, ABN Systems International has quickly become **one of the most important players on the distribution market in Romania**. The company is specialized in the distribution of a wide range of professional telecommunication systems, components, peripherals and IT equipment, software, GSM accessories, electronics and home appliances. The experience gained over the years in serving corporate users has allowed us to develop and offer our customers integrated mobility solutions, IT and storage infrastructure, video surveillance systems, industrial equipment and automation, Smart Home services

**The strategic initiatives** completed in recent years and those that are ongoing **have allowed ABN to become more competitive, flexible and dynamic**, to improve its level of transparency, to accelerate its decision-making capabilities, to identify new opportunities, and to react in real time to changes in market trends and consumer preferences.

In 2021 we represent over **200 international brands**, with a **portfolio of over 30,000 products** sold through a strong distribution network of **more than 1,000 partner stores** across the country. We are exporting products in over **30 countries on 4 continents**, their share reaching a level of approximately 54% in 2021 of **the turnover**, which was **at the record level of 108.73 million RON**.

Even in the particularly difficult context for the business environment, both in Romania and internationally, with multiple challenges generated by the COVID-19 pandemic, ABN managed to develop its business by registering **on 31.12.2021, a record gross profit of RON 11,355 million, respectively a net profit of EUR 9,585 million. RON**.

In addition to the significant presence we have in Romania, we have expanded and will further expand the distribution network outside Romania, being actively now in countries such as Albania, Austria, Bulgaria, Cyprus, Croatia, Czech Republic, Greece, Macedonia, Slovenia, Moldova, Israel, Hungary, Latvia, Lithuania, Estonia, Czech Republic, South Africa, UK, Poland, EUAE, without taking into account the presence on all Amazon platforms in Europe and Great Britain. **Also in 2021 we opened the branch in Texas and started exporting to the US.**



**Own brand, Tellur, continues its development** in recent years, reaching in 2021 a total **of sales of RON 19.78mil**, a slight increase compared to

the previous period, a trend estimated to increase in the next period with the new external partnerships, and as a result of the exposure generated by **the marketing, promotions and Social Responsibility (CSR) campaigns for the Tellur brand** carried out during the year.

Additional details regarding the activity and strategic objectives of ABN can be found in the Public Offer Prospectus for the Admission of Shares to Trading on the Multilateral Trading System Operated by the Bucharest Stock Exchange, Section 2, item 2.2.1, pages 24-44, prospectus approved by the Financial Supervisory Authority by decision no. 1537 from 09.12.2021.

The document can be downloaded from the address: <https://bvb.ro/info/Raportari/ABN/ABN-Prospect%20oferta.pdf>

# MARKET, PERSPECTIVES AND STRATEGIES

The market for IT&C accessories strongly depends on the devices for which they are created. On the other hand, the market of devices depends on the regulatory environment (e.g.: licenses for mobile phones, access regulations, etc.), special agreements enjoyed by device manufacturers to move their production plants to certain areas due to more favorable working conditions or tax exemptions, all of which benefit the local distributors (if they manage shorter supply chains).

The distribution business is a volume activity that is directly eroded by:

- manufacturers that open multiple channels for a region and do not offer exclusivity,
- direct competition of manufacturers with their own channels (participation in offers and auctions, subsidization of products through international volume agreements);
- unpredictable consumer behaviour.

Therefore, in order to be successful, it is imperative to find the right balance between keeping a new portfolio, improving (or at least keeping) margins, optimizing stocks and expanding the supplier's credit as much as possible.

The market of distribution of computers, mobile phones and accessories has several features that strongly influence a company with activity in this segment:

- companies operating in this field have **volume businesses**, characterized by **low profit margins** (online stores operate with a margin of 2-3%);
- the field of activity is very dynamic - **the life cycle of products is short** due to the rapid advance of technology; stocks can be considered obsolete in 6-9 months with the advent of new models of phones or devices;
- **fierce competition in this field of activity** - large retailers are constantly lowering prices, most of the time asking suppliers for various discounts, financing and marketing fees, special packaging, returns, etc.;
- **sales channels are undermined by direct and non-exclusive sales** of A-class brands such as Samsung or Apple that sell directly to mobile operators;



- **consumer trends are changing rapidly** - the portfolio of accessories for mobile phones (protective covers) needs refresh every few months for prints, colors, materials, etc.;
- **unpredictable events** – e.g. the sale of Samsung Note 7 stopped after several cases of battery explosion;
- **production is 99% localized in China**, which implies purchase costs in USD, advance payments and long delivery times;
- actual sales take place in EUR or in local currency with a significant impact **on exchange rates**.

In addition, standardization, globalization, Internet expansion and today's considerably reduced entry barriers put additional pressure on companies operating in the field, and the mix of products to be maintained is relatively large, because the business with IT&C accessories should be designed to:

- satisfies the requirements of users owning products older than at least 1-2 years;
- offer the latest products from A-class devices manufacturers (Apple, Samsung, Huawei, Dell, etc.);
- be prepared for the products to be launched in the next 3 to 12 months by the existing players or even by the newcomers.

However, the global market for mobile phone accessories, PC accessories and Smart Home is expanding and considered as very attractive for distribution companies, a category to which ABN belongs. The current valuation of the mobile phone accessories market amounts to **USD 82 bn in 2021** and is expected to reach **USD 152.03 bn by 2029**, with an annual growth rate of 6.3% in the forecast period 2021-2029. Similarly, the size of the computer accessories market is expected to reach a value of **4.28 bn USD, at an annual growth rate of 5.87%, between 2021 and 2025**. Last but not least, the third market segment in which ABN is active, Smart Home, is expected to register an **annual growth rate (CAGR 2021-2025) of 15.64%**, resulting in an expected market volume of **182 billion. USD by 2025**, and the average income per smart home installed to amount to \$387.47.

Taking into account the above mentioned aspects, the short and medium term growth opportunities that derive from them, in accordance with the vision of the ABN management focused on meeting the client's needs from the quality-performance-cost perspective, **we will continue to implement the strategic directions that were the basis of the financial performance of the company during 2021:**

- consolidation of the B2B segment,
- the approach of new distribution channels, mainly for export,
- launching new products under own brand and developing on related sectors,
- strengthening the position on the market, the competitive advantage of the logistics system or accelerating online commerce.

In order to consolidate the B2B segment, we launched in 2021 a new B2B platform through which the selected resellers and customers have the possibility to check the stocks in real time, to place orders directly, without the intervention of the ABN sales agents, to track the status of the deliveries and to download the related documents automatically. The flexibility offered by the IT platforms used by ABN, the Business Intelligence reporting module and the EDI integrations with the main customers and suppliers, since 2017, contribute to the automation and optimization of business flows, reduced processing times and impact of human errors in sales management, but also to improving the process of tracking invoices and collection.

We have expanded the portfolio of distributed products, adding new brands in 2021 (e.g. Netac, Esperanza, Nacon, Norton, Senheiser, Adler) and strengthened our partnerships with existing suppliers by enlarging the distribution area at pan-European level (e.g. Plantronics).

The launch of ABN own brand Tellur, the experience gained in the 20 years of activity and the volume of growing orders successfully completed, have contributed to a plus of image and notoriety on the local market and, essentially, to the expansion of exports, the brand thus experiencing a healthy growth and a dynamic rarely seen in the distribution market of accessories for mobile phones and PC, fueled mainly by the ability to innovate and diversify, along with consumer requirements.

In parallel with the portfolio expansion with Tellur products from the Smart Home range, the Tellur marketing and promotion campaigns have allowed us in 2021 to add Portugal, India, Sweden, Latvia, Canada, Egypt and the USA to the list of countries where we are present. Among the online stores outside Romania that buy Tellur products through ABN partners can be mentioned:

- Desire (MD): <http://www.desire.md/ro/search/default.aspx?s=tellur>
- Maximum (MD): <https://maximum.md/ro/search?query=tellur>
- Ozone (BG): <https://www.ozone.bg/instantsearchplus/result/?q=tellur>
- Mimovrste (SL): <https://www.mimovrste.com/znamke/tellur?quRe-dir=1&s=tellur>
- Sygnet: [https://sygnet.co.il/?post\\_type=product&s=tellur](https://sygnet.co.il/?post_type=product&s=tellur)
- Desertcart: <https://latvia.desertcart.com/search/tellur>
- 220.lv: <https://220.lv/lv/brands/t/tellur>
- y4PC: <https://www.y4pc.co.il/12-19-news/tellur-products-in-israel.html>
- Ivory: <https://www.ivory.co.il/catalog.php?act=cat&q=tellur>
- Papper (CZ): <https://www.papper.cz/vyhledavani?controller=-search&s=tellur>
- Electron Albania: <https://electronalbania.com/tellur/>
- Promotel: <https://promotel.mk/?s=tellur>
- alza: <https://www.alza.sk/tellur/v20005.htm>
- Desertcart: <https://www.desertcart.com.cy/brands/tellur>
- alzashop: <https://www.alzashop.com/search.htm?exps=tellur>

Additional details regarding the market in which we operate, the selling activities and the ABN growth strategies can be found in the Public Offering Prospectus for the Admission of Shares to Trading on the Multilateral Trading System Operated by the Bucharest Stock Exchange, Section 2, item 2.2.1, pages 24-57, prospectus approved by the Financial Supervisory Authority by decision no. 1537 from 09.12.2021.

The organizational structure of ABN can be found in the Public Offer Prospectus for the Admission of Shares to Trading on the Multilateral Trading System Operated by the Bucharest Stock Exchange, Section 2, item 2. 3, pages 50-53, prospectus approved by the Financial Supervisory Authority by decision no. 1537 of 09.12.2021.

The document can be downloaded from the address:  
<https://bvb.ro/info/Raportari/ABN/ABN-Prospect%20oferta.pdf>



# MAIN SUPPLIERS

For ABN's business model sourcing can be either a risk and vulnerability or a key competitive advantage. The constant concern of the ABN management is to turn these obstacles into strengths.

Some of the products marketed by ABN, and we are referring here to own brand, are produced and assembled in China. The supply chain involves Chinese manufacturing plants and distributors of mobile equipment, smart home and smart portable technologies, including the most important players of the Chinese mobile phone market, manufacturers for the top brands in the field. This aspect highlights the essential role of each of the supply stages, namely, of the activities of (1) selection of suppliers, of (2) negotiating all contractual provisions, of (3) ensuring the execution of the contract in compliance with the clauses on quality, costs, scrap and, very importantly, deadlines, of (4) identifying optimal logistics and transport solutions, respectively of (5) ensuring the continuity of contractual relations with suppliers.

In order to minimize the risks related to the operations in China, the use of a local agent was empowered:

- to identify the most advantageous production means;
- to mediate access to the latest and most attractive technologies at competitive prices;
- to ensure a good position in negotiations with Chinese partners.

It should be noted that the derived advantages of this strategic decision, the flexibility and the high capacity to react promptly to spontaneous changes in the external environment, respectively the ability to capitalize on short-term opportunities, such as limited offers or very advantageous stock liquidations, otherwise impossible to contract.

With the development of the **Tellur range, which accounted for 17% of purchases in 2021**, ABN management was focused on reducing dependence on a limited number of suppliers and achieving a balance between domestic or European Union and Asian procurement.

**Plantronics, Energy Systems, Jabra, Panasonic, Nike, SBOX, Apple and Samsung contribute with 67% of total purchases**, while the remaining **16% of purchases are distributed among ABN's other suppliers**.

# RISK MANAGEMENT AND ENVIRONMENTAL IMPACT

## Environmental Protection

On 31.12.2021 the Company meets the operating conditions stipulated by the current legislation on environmental protection, holding in this respect an environmental permit.

The Company is affiliated with the Environ Association for the collection and recycling of waste electrical and electronic equipment (WEEE), the Recolamp Association for the collection and recycling of waste from used lighting equipment, while ensuring through independent contracts the recycling of other categories of products (e.g. cardboard, batteries, etc.)

## Risk management

The principle of efficient and proactive risk management represents for ABN a component as important as achieving strategic objectives or identifying and capitalizing on development opportunities. The company's management carefully monitors the logistics, operational process and the internal financing mechanisms, as well as the external environment, potentially generating risks upstream (supplier market), downstream (customer market) or systemic, in order to (1) identify in a timely manner the potential risks, (2) to assess their probability and impact and (3) to prepare appropriate responses through forward-looking solutions (prevention or mitigation) and mitigation of the effects of materialized risks (instruments ex-post).

The management of ABN is constantly engaged with minimizing the risks, especially in the commercial area, therefore, in 2021, through the contractual relations concluded with the lending institutions, there was a direct control of those over the company's claims, most of them being factorized (large contracts are factorized by factoring contracts with banking institutions such as BRD – Groupe Societe Generale or ING Bank NV Amsterdam, with regress or by reverse factoring), while the contracts or partners whose invoices are not included in factoring contracts, were included in the insurance policy that the company has concluded with Compagnie Francaise D'Assurance pour le Commerce Exterieur S.A. Bois-Colombes Bucharest Branch – Insurer, Coface Romania Insurance Service S.R.L. – Information Services Provider and Debt Collection Agency.

Additional details regarding the identified risks and their management can be found in the Public Offer Prospectus for the Admission of Shares to Trading on the Multilateral Trading System Operated by the Bucharest Stock Exchange, Section 3, pages 59-64, prospectus approved by the Financial Supervisory Authority by decision no. 1537 from 09.12.2021.

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# MARKET FOR SECURITIES ISSUED BY ABN

During the reporting period, at the end of December 2021, ABN launched an Initial Public Offering (IPO) for the sale of 7,734,000 new ordinary, nominative shares, in dematerialized form, with a nominal value of 0.1 RON per share, at a price between 5.18 RON and 5.69 RON, within the share capital increase, approved by AGEA Decision no. 1 of 21.10.2021, published in the Monitorul Oficial of Romania, Part IV, no. 4511 from 03.11.2021, and the admission to trading by BVB of all ABN shares within the Multilateral Trading System operated by the Bucharest Stock Exchange. The period of the IPO was 15.12.2021 – 04.01.2022, to be concluded in the next financial year.

## DIVIDENDS POLICY

The company recognizes the rights of shareholders to be remunerated in the form of dividends, as a form of participation in the net profits accumulated from the operations, as well as an expression of the remuneration of the capital invested in the company.

In substantiating the proposal for the distribution of the net profit achieved during a financial year, the Board of Directors envisages a balanced distribution of net profit between the share due to the shareholders in the form of dividends and the part held at the disposal of the Company for further investments, in accordance with the principles of prudential management, in order to ensure the sustainable development of the company, in the medium and long term. At the same time, the proposal of the Board of Directors regarding the distribution of dividends takes into account the capitalization of the company and its financial situation.

Through the dividends policy proposed by the company's management and supported by the shareholders through the AGA, the company takes into account the principle of a balanced distribution of the net result, in such a way as to meet both the expectations of the shareholders and the development needs of the company.

The dividends are distributed from the net distributable annual profit based on the audited individual annual financial statements, after their approval by the Ordinary General Meeting of the Issuer („OGMS”) and after the approval of the dividend proposal by the OGMS. Shareholders receive dividends in proportion to their participation in the paid-up share capital of ABN and there is no right of priority or preference over the distribution of EPS in favor of any shareholder.



The dividends distribution policy that the ABN Board of Directors envisages in formulating the proposal to shareholders is, according to the provisions of the credit agreement signed with ING Bank, to limit the amount of dividends paid annually in order to maintain a capital structure and the degree of indebtedness in certain parameters, in compliance with any other provisions regarding the distribution of dividends included in the financing contracts to which ABN is a party and subject to the applicable law and the necessary approvals, any restrictions provided by the legal or tax regulations in Romania, as well as the available financing resources.

In order to establish dividends, in accordance with the policy adopted by ABN, the Board of Directors shall take into account the following:

- Reduction of volatility both in terms of the distribution rate from the net distributable profit obtained at the individual level of ABN and in terms of the absolute amount of the earnings per share, from one period to another;
- Establishing a distribution rate of dividends from the net distributable profit obtained at individual level by ABN in order to offer a dividend yield comparable to that of other companies listed on the Bucharest Stock Exchange, in the same or similar sector of activity;
- ABN's investment needs and opportunities;
- The immediate liquidity of ABN available for the payment of dividends;
- ABN's indebtedness;
- The value of non-monetary elements that led to the reporting of net profit.

In addition to distributing dividends in cash, the company plans, if the performance recorded annually allows it, to distribute dividends in the form of free shares. The company is considering the possibility of capitalizing the profit in the form of free shares, but also the possibility of capital increases with contribution from shareholders, depending on the capital needs of the company in order to support its growth and development.

Also, ABN plans to implement a „Stock Option Plan (SOP)” program through which to reward its key employees and management, for motivating and retaining the staff, but also for the meeting the objectives and compliance with the principle of long-term performance of the company. According to dividends policy, ABN can also offer dividends in the form of shares of the same class as those that give entitlement to dividends.

**During the financial year 2021** (at that time ABN was organized as S.R.L.) , **dividends amounting to RON 10,772,455** were distributed to shareholders from the results of the previous years. This did not affect ABN's cash flows, as the distribution was made in the form of „giving into payment” for the assets transferred.

## **MERGERS, ACQUISITIONS AND/OR AS-SET DISPOSALS DURING THE ANALYSIS PERIOD**

No merger, division or acquisitions in the name of the company took place during the financial year 2021.

During the financial year related to 2021 (the Company being organized as S.R.L. at that time) proceeded to the transfer of assets from „Property, plant and equipment” in accordance with the recommendations of the audit report for the annual financial statements of 2020.

Also during 2021 (the company being organized as S.R.L. at that time) the ABN stake in Magic Kids Arena S.R.L. was divested.

On 14.10.2021 ABN changed its form of organization from a Limited Liability Company to a Joint Stock Company, following the AGA Decision no.1 of 06.10.2021

The details of the amendments presented in this section can be found in the Public Offer Prospectus for Admission of Shares to Trading on the Multilateral Trading System Operated by the Bucharest Stock Exchange, section 5, item 5.3.1, on pages 78-79, prospectus approved by the Financial Supervisory Authority by decision no. 1537 from 09.12.2021.

The document can be downloaded from the address:  
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# SHAREHOLDER AND MANAGEMENT OF THE COMPANY

At 31.12.2021 the share capital of ABN was RON 1,807,000, fully paid up, constituted by cash contribution, divided into a number of 18,070,000 ordinary, nominative, dematerialized shares, with a nominal value of RON 0.1 per share.

The consolidated structure of the holders of shares ABN Systems International S.A. as of 31.12.2021 is:

- Nedelea Bogdan Remus, founding shareholder — owns 8,132,000 shares, representing 45% of the share capital of ABN (representing a 45% stake in the company's profit or losses and 45% of the voting rights),
- Barbu Adișor George, founding shareholder — owns 8,132,000 shares, representing 45% of the share capital of ABN (representing a participation of 45% in the company's profit or losses and 45% of the voting rights),
- Nedelea Ilie, founding shareholder — owns 1,806,000 shares, representing 10% of the share capital of ABN (representing a 10% stake in the company's profit or losses and 10% of the voting rights).

The founding shareholders held together at the end of the financial year 2021 a number of 18,070,000 ordinary shares, representing 100% of the company's share capital, jointly exercising control over ABN.

Following the Initial Public Offering carried out starting with the second part of December 2021 and concluded at the beginning of January 2022, a number of 1,059,434 new shares were issued, and the Company's shares were listed on the multilateral trading system AeRO of the Bucharest Stock Exchange under the symbol „ABN”. Thus, on 17.01.2022 the consolidated structure of the shareholders of shares of ABN Systems International S.A. It was:

- Nedelea Bogdan Remus, founding shareholder - holds 8,132,000 shares, representing 42.5104% of ABN's share capital (representing a share of 42.5104% in the company's profit or loss and 42.5104% of voting rights),
- Barbu Adișor George, founding shareholder - holds 8,132,000 shares, representing 42.5104% of ABN's share capital (representing a share of 42.5104% in the company's profit or loss and 42.5104% of voting rights),
- Nedelea Ilie, founding shareholder — holds 1,806,000 shares, representing 9.4409% of ABN's share capital (representing a 9.4409% shareholding in the company's profit or loss and 9.4409% of voting rights),
- Other natural and legal shareholders - hold 1,059,434 shares, representing 5.5382% of ABN's share capital (representing a share of 5.5382% in the company's profits or losses and 5.5382% of voting rights)



The company ABN Systems International S.A. is organized in the form of a Corporation, more recently JSC, managed in a unitary system. It is headed by a Board of Directors consisting of 3 (three) members appointed by secret vote by the OGMS, with a mandate of 2 (two) years, which is subordinated to the General Meeting of Shareholders and which delegates the powers of executive management to the directors of the company, one of whom is appointed as Managing Director.

The company is not aware of the existence of disputes or administrative proceedings against the members of the Board of Directors or the executive management, in connection with their activity within the company or concerning the ability of that person to perform his duties within the company.

During the previous financial year, no evaluation of the Board of Directors under the direction of its Chairman took place.

During the financial year 2021, the Board of Directors met in a number of 6 meetings, to analyze and discuss issues of major importance for the company, fulfilling with diligence all the necessary acts for the achievement of the company's object of activity and the responsibilities, assumed by contract.

During the financial year 2021, the management of the Company was ensured by the Board of Directors (CA) consisting of:

- Mr. Barbu Adișor George, as Managing Director and Chairman of the Board of Directors, having a mandate of 2 years, until 06.10.2023
- Mr. Nedelea Bogdan Remus, as a member of the Board of Directors, having a mandate of 2 years, until 06.10.2023
- Mr. Dorobanțu Mircea Bogdan, as a member of the Board of Directors, having a mandate of 2 years, until 06.10.2023

The members of the executive management have powers and responsibilities according to their job description. All persons who are part of the executive management of ABN are employed under contract, for an indefinite period.

Persons who are part of the executive management or board of directors of the company have not been involved in disputes or administrative proceedings in connection with their activity within ABN and have no agreement, understanding or family connection with another person with decision-making duties in the company.

# CORPORATE GOVERNANCE PRINCIPLES

In preparation of listing on the BVB SMT-AeRO, at the level of the company were implemented the relevant principles of Corporate Governance contained in the issued guide in order to support the companies listing on the AeRO market, namely „Corporate Governance Principles for AeRO - BVB's stock market“.

Cod	Provisions to be complied with	Fully Compliant	Partially Compliant / Not Compliant	Reasons for Non Compliance
<b>SECTION A — RESPONSIBILITIES OF THE MANAGEMENT BOARD (THE BOARD)</b>				
A1.	The Company must have a Board Internal Regulation (Governance Regulation) that includes the terms of reference / responsibilities of the Board and the key management functions of the Company. The administration of the conflict of interest at Council level should be provided for in this Regulation. The regulation will define a clear policy on the delegation of powers, which will include a formal list of issues reserved for the Council decision and a clear separation of responsibilities between the Council and the executive management.	√		
A2.	Any other professional commitments of the members of the Board, including the position of executive or non-executive member of the Board in other companies (excluding subsidiaries of the Company) and non-profit institutions, will be brought to the attention of the Board before the appointment and during the period	√		
A3.	Each member of the Board must submit to the Council information on any relationship/relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation relates to any kind of relationship/relationship that may affect the member's position on matters decided by the Council.	√		
A4.	The annual report will inform whether an evaluation of the Council has taken place under the direction of the President. The annual report must also contain the number of Council meetings.	√		
<b>SECTION B — INTERNAL CONTROL /AUDIT</b>				
B1.	The Board shall adopt a policy to ensure that <b>any transaction of the Company with any of the companies with which it has close relations</b> (related/ related parties), the amount of which is equal to or greater than 5% of the Company's net assets (according to the most recent financial report) <b>is approved by the Board.</b>	√		

B2.	<b>The internal audit</b> must be carried out by a separate division in terms of organizational structure (Internal Audit Department) within the Company or by contracting the services provided by an independent entity (audit firm). The internal audit department or audit firm will report directly to the Director-General and, where appropriate, Council.		√	Internal audit is carried out by the financial and accounting department of ABN
<b>SECTION C – BUILDING VALUE THROUGH INVESTOR RELATIONS</b>				
C1.	The company must organize an <b>Investor Relations Service</b> made known to the general public through the responsible person. In addition to the information required by the legal provisions, the Company must include <b>on its website</b> a section dedicated to Investor Relations, in Romanian and English, which presents all relevant information of interest to investors, including:	√		
C1.1	<b>The main regulations</b> of the Company, in particular the <b>Articles of Incorporation</b> and the internal regulations of the statutory bodies.		√	Being implemented
C1.2	CVs of members of statutory bodies.		√	Being implemented
C1.3	Annual Reports and regular reports.		√	Being implemented
C1.4	Information on general meetings of shareholders: agenda and related materials; decisions of general meetings.		√	Being implemented
C1.5	Information about corporate events such as the payment of dividends or other events that result in obtaining or limitations on a shareholder's rights, including the deadlines and principles of such operations.		√	Being implemented
C1.6	Other <b>information of an extraordinary nature</b> that should be made public: cancellation / modification / initiation of cooperation with an Authorized Consultant; signing/renewing/terminating an agreement with a Market Marker.		√	Being implemented
C2.	The company must adopt an <b>EPS policy</b> as a set of directions/principles related to the distribution of net profit. The EPS policy must be published on the Company's website.		√	Being implemented (EPS policy on the ABN website)

C3.	Society must adopt a <b>policy on forecasts, indicating whether they</b> will be provided or not. Forecasts are quantified conclusions of studies aimed at determining the total impact of a <b>list of factors</b> related to a future period ( <b>assumptions</b> ). The policy must specify <b>the frequency, the period envisaged and the content of the forecast</b> . If published, forecasts will be <b>part of annual , half-yearly or quarterly reports</b> . The forecast policy will be <b>published on the Company's website</b> .		√	Being implemented
C4.	The company must fix the <b>date and place of a general meeting</b> in such a way as to allow the participation of as many shareholders as possible.	√		
C5.	Financial reports must include information in both Romanian and English on the main factors influencing changes in sales, operating profit , net profit or any other relevant indicator.		√	The company is preparing issuance Of the Annual Reports In English
C6.	The company must hold at least <b>one</b> meeting/ <b>conference call</b> with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the Company's website at the time of the respective meeting / conference call.	√		

Other aspects related to corporate governance are shown in the corporate governance regulation of the company, which will be published on its website.



## LITIGATIONS

ABN's management estimates that there are no ongoing litigations that have a significant effect on the company's results or financial position. For these reasons, the company did not make provision for risks and charges.

## TRANSACTIONS WITH AFFILIATED PARTS

The details of the ABN transactions with the affiliated parties can be found in the Public Offer Prospectus for the Admission of Shares to Trading on the Multilateral Trading System Operated by the Bucharest Stock Exchange, Section 6.3.1, on page 81 and Section 6.4, on pages 81-82, prospectus approved by the Financial Supervisory Authority by decision no. 1537 from 09.12.2021.

The document can be downloaded from the address:  
<https://bvb.ro/info/Raportari/ABN/ABN-Prospect%20oferta.pdf>

# EVALUATION OF THE ACTIVITY (MAIN RESULTS)

## Elements of general assessment

The economic and financial operations and transactions carried out by ABN were recorded on the basis of justifying documents and highlighted in accounting registers, according to the legal provisions in force, and the results obtained on 31.12.2021, audited are presented below:

INDICATOR	AMOUNTS (RON)	CHANGE 2021/2020
NET TURNOVER	108,726,401	+16,18%
EXPORT TURNOVER	58,674,475	+72,57%
COGS	83,361,690	+16,58%
PERSONNEL EXPENDITURES	4,801,058	+ 7,17%
GROSS PROFIT	11,355,096	+97,23%
NET PROFIT	9,585,290	+67,80%

### NET TURNOVER

At the end of the reporting period of 2021, the company's net turnover registers an increase of 16.18% compared to the same period of the previous year. The variation in turnover incorporates the favorable effects of strengthening the position on the market, the competitive advantage of the logistics system, the growth of exports, the acceleration of online commerce determined both by the natural course of consumption behavior oriented more and more towards digital, the COVID-19 pandemic context, but also the consolidation of the B2B segment and the expansions of the distribution channels.

### EXPORT

Previous experience in managing compliance processes with local regulations, the careful selection of the product portfolio and the growing notoriety of the ABN and Tellur brands, have also contributed in 2021 to the development of mainly foreign sales channels, adding Canada, Egypt, India, Portugal and the USA to the list of countries where we are present. The efforts undertaken in this direction are found in the growing turnover, in which the share of exports has become 54%. Compared to the previous financial year, exports registered a substantial increase of 72.57%.



## COGS

Simultaneously with the increase in sales, the ABN management pursued the optimization of the operational structure, the operating expenses increasing significantly slower than the operating income. The difference in pace led to the improvement of the operating margin for 2021 by approximately 41%, compared to the level recorded in the previous financial year, in the international economic context marked by BREXIT and the impact of the COVID-19 pandemic, especially in the production and transport areas. The increase in COGS (+16.58%) was mainly determined by the acceleration of the diversification of the Tellur offer by launching new Smart product ranges, increasing their share in exports and developing on related sectors in line with the policy on ensuring the necessary distribution stocks.

## PROFITABILITY

The investments carried out by the ABN management during the past years in order to consolidate and expand ABN's position in the IT&C distribution market, to increase the turnover, to expand and diversify the customer base and the portfolio of marketed products, to streamline the current operations and assets of the company led at the end of the financial year 2021 at a significant increase in gross profit of 97.23% compared to the previous financial year, up to the amount of RON 11,355,095. The net profit in 2021 in the amount of RON 9,585,291 also registered a substantial increase compared to 2020, the increase being of approximately 67.8%.

## STAFF COSTS

Personnel expenses are increased by 7.2% compared to the previous financial year, representing 4.29% of the total operating expenses, down from the level of 5.13% recorded in the previous year, this in the context of maintaining the organizational chart of 70 employees at the level of the entire company.

## OTHER OPERATING CHARGES

Given the increase in international transport costs and the disposal of assets detailed in chapter 4.2, the total operating expenses register an increase of approximately 119.98% compared to the previous year, their influence in the company's profitability being, however, neglectable as a result of the optimization and cost control policies implemented by the ABN management during the financial year.

# ANALYSIS OF FINANCIAL SITUATIONS

The consolidation of the position on the market, the competitive advantage of the own brand and of the logistics system, the acceleration of the online trade determined by the natural change of the consumers' behavior (oriented more and more towards digital), as well as by the pandemic context, consolidation of the B2B segment and the approach of new distribution channels, mainly export, are imprinted in the variation of the performance indicators of the society, in the 2021 reporting period.

The annual financial results for the financial year 2021 were audited by PREMIUM AUDIT CONSULTING S.R.L., an independent audit company, registered in the Public Register of Financial Auditors with the number 1260/07.09.2015.

## Statement of the Profit and Loss account

	31.12.2021 RON Audited	31.12.2020 RON Audited	Percentage change 2021/2020
Total operating income	<b>123.777.788</b>	<b>93.773.917</b>	32,00%
Net turnover	108.726.401	93,579,297	16.19%
Real Estate investments income	5.167.500		
Other revenues	9.883.887	194,62	
Total operating expenses	<b>111.787.229</b>	<b>87,333,078</b>	28,00%
Material and utility expenses	918.612	675.344	36,02%
COGS	83.361.690	71.503.809	16,58%
Staff costs	4.801.058	4.479.848	7,17%
Adjustments to fixed assets	566.942	475.356	19,27%
Other operating charges	22.138.927	10.198.721	117,08%
<b>Operating result</b>	<b>11.990.559</b>	<b>6,440,839</b>	<b>86,16%</b>
Financial income	296.466	219.932	34,80%
Financial charges	931.930	903.591	3.14%
<b>Financial result</b>	<b>(635,464)</b>	<b>(683,659)</b>	<b>(7.05%)</b>
Total revenue	124.074.254	93,993,849	32.00%
Total expenditure	112.719.159	88,236,669	27.75%
<b>Gross result</b>	<b>11.355.095</b>	<b>5,757,180</b>	<b>97.23%</b>
Corporate income tax	1.769.805	44,713	
<b>Net result</b>	<b>9.585.290</b>	<b>5,712,467</b>	<b>67.80%</b>



In a particularly difficult context for the business environment and the entire Romanian society, with multiple challenges for which the ABN business proved extremely prepared to respond, the continuous diversification of the product portfolio, the approach of new distribution channels, mainly for export, the consolidation of the notoriety and presence of the Tellur brand on the target market contributed to the accelerated positive evolution of the turnover, the sales volume in 2021 reaching RON 108.7 million. RON, up 16.19% from 2020. Taking into account the specifics of the sales that involves the commercialization of imported products, the most significant contribution to the fluctuation of the turnover was represented by the variation of the revenues obtained from the sale of goods. Other operating income, up from 2020, includes income from the disposal of assets and income from compensation, fines and penalties.

During the reporting period, the Tellur brand was evaluated in accordance with the auditor's recommendations, the revenues resulting from this action in 2021 being recorded under the heading „Real estate investments income” presented in the table „Statement of Profit and Loss account”.

The acceleration of portfolio diversification through the launching of new product ranges and the development of exports in line with the current policy on ensuring the need for inventories is reflected in the dynamic evolution and structure of operational expenses. The oscillation of operating expenses (+28.00%) was lower than that of increasing operating income (+32.00%), leading to a positive operating result of RON 11.99 million, almost double compared to the same period of the previous year, and an increase in gross operating margin by approximately 3% compared to 2020.

The main category of operational expenditure is represented by COGS. In the share of 74.57% of the total operating expenses as at 31.12.2021, these expenses increased by 16.58%, at a rate compared to that of the revenues from the sale of goods (+16.19%).

The second most important class of expenses in the Company's total expenditures, namely „Other operating expenses”, increased by 117.08% compared to the reference period, being influenced by the disposal of assets registered also on the revenue side, its share in operating expenses increasing in 2021 to 19.80% but to 11.67% in 2020. This event was exceptional in order to implement the recommendations of the audit report for the previous financial year, the ABN management estimating in the future the return of this category of expenses around 11%-12%.

Advertising and advertising expenses, by their nature classified as 'expenditure on external benefits', although down by 5.55%, remain an important subcategory of expenditure (3.80% of other operating expenses).

These are followed by other expenditures on services provided by third parties (2.58% of other operating expenses) and transport expenses (2.09%), which increase at also lower rates than revenue growth.

Personnel expenditures are increased by 7.17%, a variation that reflects the orientation of personnel recruitment and retention policies towards ensuring the necessary human resources, both in terms of quantity and quality.

The increase in expenditures on value adjustments related to current assets is the direct consequence of supplementing the level of inventories, under the policy of management of ensuring the need for working capital for a longer period. Thus, it is ensured the optimization of transport costs and the avoidance of busy periods with a favorable impact on the prices of new products and projects.

Financial revenues increase by 34.80% in 2021 compared to 2020, consisting mainly of favorable exchange rate differences. Financial expenses are generated by expenditures on unfavourable exchange rate differences, plus interest charges and bank charges.

The ABN executive management maintained approximately the same level of financial expenses (increase of only 3.14% compared to 2020) given the extension of the multi-currency credit line ING Bank by almost 50%, of the contract for the insurance of commercial receivables COFACE, which, in combination with an increase in the degree of collection of commercial receivables in 2021 compared to 2020, caused a decrease of about 7.05% in financial loss,

The positive operating result, adjusted with the loss from the financial activity, generates, at the end of the financial year of 2021, a gross profit of RON 11,355 million, a record profit recorded by ABN, double size compared to the profit of 2020.

# Analysis of the financial position

<b>Balance Sheet indicators</b>			
	31.12.2021 RON Audited	31.12.2020 RON audited	Percentage change 2021/2020
<b>Current assets</b>	<b>12,725,143</b>	<b>10,181,102</b>	<b>24.99%</b>
Inventories	11,283,899	139,763	
Accounts Receivables	1,417,369	9,906,164	(85.69%)
Cash and cash equivalents	23,875	135,175	(82.34%)
<b>Fixed assets</b>	<b>79,665,042</b>	<b>64,046,370</b>	<b>24.39%</b>
Intangible assets	32,159,786	29,545,247	8.85%
Property, plant and equipment	33,690,798	34,096,460	(1.19%)
Financial fixed assets	13,814,458	404,663	
<b>TOTAL Assets</b>	<b>92,390,185</b>	<b>74,227,472</b>	<b>24.47%</b>
Accounts Payable	17,233,231	20,342,727	31.64%
Short-term debt	33,493,102	19,744,247	
Long-term debts	-	-	
Accruals and advances	6,155,000		
Other Liabilities	13,013,856	8,444,179	
<b>TOTAL Current Liabilities</b>	<b>70,041,274</b>	<b>48,531,153</b>	<b>44.32%</b>
Stockholder's Equity	1,807,000	1,807,000	0.00%
Revaluation reserves	1,252,564	1,012,223	23.74%
Reserves	3,052,238	3,052,238	
Retained earnings carried forward	6,651,819	14,112,391	(52.87%)
Result of the period	9,585,290	5,712,467	67.80%
<b>TOTAL Stockholders' Equity</b>	<b>22,348,911</b>	<b>25,696,319</b>	<b>(13.03%)</b>

At the end of the reporting period of the financial year 2021, current assets – the category with the highest share in the total asset – register an increase of 24.39% compared to the end of 2020.

The increase in the value of current assets is mainly determined by the increase of inventories, as well as the increase in liquidity to approximately RON 13.81 million at the end of the reporting period.

Increase in the value of inventories by RON 2.61 million, respectively by 8.85% compared to the beginning the year 2021, is the consequence of the acceleration of sales in the reporting period. The significant increase in the volume of supply is in line with the management's strategy on preserving the logistical advantage in the context of the pandemic, marked by significant gaps in the supply process of the companies. Consequently, at the end of the reporting period, the share of inventories in current assets was 40.36% and 34.80% in total assets, with 5.7 percentage points (p.p.) and 4.99 p.p. more than at the end of the 2020 year.

Compared to 31.12.2020, the value of accounts receivables at 31.12.2021 decreased by 1.19%, respectively by RON 405,662, mainly by decreasing commercial receivables reflecting the improvement of the rotational speed of receivables from the trading activity, as a result of collection efforts, the intensification of online commerce and the approach of new distribution channels.

High volume of cash and cash equivalents in the reporting period 2021 compared to

the year 2020 reflects the concern of the management for accelerating the smoothness of cash flows and short cash cycles, the increase of sales, but also of the extension of the ING Bank N.V. Amsterdam - Bucharest Branch credit line to RON 29,000,000, thus proving once again the confidence of the credit institutions in the creditworthiness and solvency of ABN.

As for the value of fixed assets, it increases by 24.99% on the background of its adjustment with the registration of the value of the Tellur brand for the reporting period, but also as a result of the disposal of several assets. The consolidation of the notoriety and presence of the Tellur brand on the market contributed to the positive variation of intangible assets, their share in the class of fixed assets increasing to approximately 88.67% compared to the same reporting period of 2020.

Financial fixed assets, which represent loan guarantees, maintain their insignificant position in total fixed assets (0.18%), down by 82 percentage points compared to the end of 2020.



In the reporting period, the increase in the value of both current and fixed assets (24.39% and 24.99% respectively) determines an increase in the total asset by RON 18.16 million, respectively by 24.47% compared to the financial year 2020.

Liabilities remain the main source of financing of the asset, accounting for 91.21% of the total liabilities. The increase by 31.64% of their value in relation to the financial year 2020 is fully due to the increase in debts with maturity of less than 1 year, as a result of the expansion of the ING Bank credit line, but also of the expansion of the various supplier loans to support the accelerated growth of the activity and the capitalization of the new strategic development opportunities.

The company has no long-term debts, and the most representative structural elements are, in essence, short-term bank loans (52.43%) worth RON 34.49 million, various creditors (29.64%) in the amount of RON 18.93 million Accounts Payable and Other liabilities (26.97%), totaling RON 63.88 million. Within the various creditors is included the amount of RON 1.55 million owed to the entities in the group.

The decrease in the value of equity by 13.03%, respectively by RON 3.34 million, materializes the favorable results of the company's activity in recent years and of the dividends granted in 2021, in the form of asset disposal, without affecting the company's cash flows. The position is reflected in the increase in the result of the period and a decrease in the carryover result, simultaneously with an increase in revaluation reserves, the difference totaling RON 3.34 million.

In order to continue the development process assumed by the company's management, the Extraordinary General Meeting of Shareholders of ABN Systems International S.A. approved the Initial Public Offer for the sale of shares and the listing on the SMT-AeRO platform, a process in progress on 31.12.2021.

## STATEMENT

In accordance with the provisions of art. 30 of the Accounting Law no. 82/1991

### **The annual financial statements were prepared as of 31.12.2021 for:**

Legal entity: **ABN Systems International S.A.**

County: BUCHAREST

Registered Office: Bucharest, Sector 1, Str. Marinariilor nr. 31

Fiscal code: 14988404

Trade Register: 140/11024 /2002

Form of ownership: Joint Stock Company

CAEN code: 4652

NACE Description: Wholesale of components and equipment  
electronic and telecommunications

The Chairman of the Board of Directors, Barbu Adișor George, assumes the responsibility for the preparation of the annual financial statements at 31.12.2021 and confirms that:

- a) The accounting policies used Take the preparation of the annual financial statements are in accordance with the applicable accounting regulations.
- b) The annual financial statements give a true and fair view of the financial position, financial performance and other information relating to the activity carried out.
- c) The legal entity carries out its activity in conditions of continuity.

The Chairman of the Board of Directors, Barbu Adișor George, submits for analysis and proposes for the approval of the Ordinary General Assembly of the Associates the financial statements drawn up on 31.12.2021:

- Balance sheet;
- Profit and loss account;
- Notes to the financial statements;
- The administrator's report;
- Report of the independent statutory auditor.

Chairman

Signature

Barbu Adișor George

ABN Systems International S.A.

## 2021 FINANCIAL RESULTS

for the year ended

31 December 2021

**Note:** the financial figures presented in this document are reported in accordance with the Order of the Minister of Public Finance no. 2844/2016, with subsequent amendments, which is as per the International Financial Reporting Standards (IFRS) as adopted by the European Union, except for *IAS 21 The Effects of Changes in Foreign Exchange Rates* regarding the functional currency. These exceptions do not affect the conformity with IFRS of the financial figures of the Company.

The financial figures are audited by PREMIUM AUDIT CONSULTING S.R.L., an independent audit company, registered in the Public Register of Financial Auditors with the number 1260/07.09.2015.

The functional and the presentation currency is the Romanian leu (RON). This report is prepared in RON, rounded to the nearest unit.

*This is a free translation from the original Romanian binding version*

# ABN Systems International S.A.

## Income Statement for the year 2021– audited in RON

	Note	31 December 2021	31 December 2020
<b>Total operating income</b>		<b>123.777.788</b>	<b>93.773.917</b>
Net turnover	1	108.726.401	93,579,297
Real Estate investments income	2	5.167.500	
Other revenues	6	9.883.887	194,620
<b>Total operating expenses</b>		<b>111.787.229</b>	<b>87,333,078</b>
Material and utility expenses		918.612	675.344
Cost of goods sold	3	83.361.690	71.503.809
Staff costs		4.801.058	4.479.848
Adjustments to fixed assets		566.942	475.356
General, administrative and other expenses	4	22.138.927	10.198.721
<b>Operating result (EBIT)</b>		<b>11.990.559</b>	<b>6,440,839</b>
Financial income		296.466	219.932
Financial costs		931.930	903.591
<b>Financial result</b>		<b>(635.464)</b>	<b>(683,659)</b>
Total revenue		124.074.254	93,993,849
Total expenditure		112.719.159	88,236.669
<b>Result before income tax</b>		<b>11.355.095</b>	<b>5,757,180</b>
Income tax		1.769.805	44,713
<b>Net result for the period</b>		<b>9.585.290</b>	<b>5,712,467</b>
Earnings per share (EPS)	5	0.53	-

The accompanying notes are an integral part of these statements.



# ABN Systems International S.A.

## Statement of financial position as of 31 December 2021 – audited in RON

	Note	31 December 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,417,369	9,906,164
Intangible assets	2	11,283,899	139,763
Other non-current assets		23,875	135,175
<b>Total non-current assets</b>		<b>12,725,143</b>	<b>10,181,102</b>
<b>Current assets</b>			
Inventories		32,159,786	29,545,247
Trade receivables, net		33,690,798	34,096,460
Cash and cash equivalents	7	13,814,458	404,663
<b>Total current assets</b>		<b>79,665,042</b>	<b>64,046,370</b>
<b>Total assets</b>		<b>92,390,185</b>	<b>74,227,472</b>
<b>Shareholders' Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Share capital		1,807,000	1,807,000
Revaluation reserves		1,252,564	1,012,223
Other reserves		3,052,238	3,052,238
Retained earnings	6	6,651,819	14,112,391
Result for the period		9,585,290	5,712,467
<b>Total shareholders' equity</b>		<b>22,348,911</b>	<b>25,696,319</b>
<b>Current liabilities</b>			
Bank and other loans, current loans	7	33,493,102	19,744,247
Trade and other payables		17,233,231	20,342,727
Contract liabilities		146,085	
Accruals and advances	2	6,155,000	
Other current liabilities	8	13,013,856	8,444,179
<b>Total current liabilities</b>		<b>70,041,274</b>	<b>48,531,153</b>
<b>Total liabilities</b>		<b>70,041,274</b>	<b>48,531,153</b>
<b>Total shareholders' equity and liabilities</b>		<b>92,390,185</b>	<b>74,227,472</b>

The accompanying notes are an integral part of these statements.

# ABN Systems International S.A.

## Statement of cash flows for the year 2021– audited in RON

	2021	2020
<b>Cash flow from operating activities</b>		
Result before income taxes	11,355,095	5,757,180
Adjustment for depreciation and amortization	566,942	475,356
<i>Changes in working capital:</i>		
Change in inventories	(2,614,539)	(6,668,984)
Change in trade receivables and other assets	405,662	(2,008,253)
Change in trade and other payables	(3,109,496)	1,466,581
Other cash flow gains/(losses) from operations	6,155,000	
Income tax (paid)/refunded	(1,769,805)	(44,713)
<b>Net cash generated by / (used in) operating activities</b>	<b>10,988,859</b>	<b>(1,022,833)</b>
<b>Cash flow from investing activities</b>		
Additions to property, plant and equipment	(8,488,795)	
Intangible assets	11,144,136	(543,935)
Other investing activities	(111,300)	
<b>Net cash provided by/(used in) investing activities</b>	<b>2,544,041</b>	<b>(543,935)</b>
<b>Cash flow from financing activities</b>		
Proceeds from loans	10,649,350	3,709,289
Dividends paid	(10,772,455)	(2,184,340)
<b>Net cash provided by/(used in) financing activities</b>	<b>(123,105)</b>	<b>1,524,949</b>
<b>Net change in cash and cash equivalents</b>	<b>13,409,795</b>	<b>(41,819)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>404,663</b>	<b>446,482</b>
<b>Cash and cash equivalents at end of period</b>	<b>13,814,458</b>	<b>404,663</b>

The accompanying notes are an integral part of these statements.

**Notes to the financial results**  
**- audited -**

1. ABN Systems International S.A. ended the year 2021 with a turnover of RON 108.726.401 (16.19% higher as compared to the year 2020), an EBIT of RON 11.990.559 (almost double than the previous year) and net profit of RON 9.585.290 as compared to a net profit of RON 5.712.467 recorded in 2020.

The year 2021 started and ended as a challenging one, marked by noteworthy events, which affected the business environment in which ABN Systems International S.A. operates. During 2021 the IT&C industry recorded a satisfactory level of demand, but it was affected by the semiconductor crisis that slowed down the pace of business of the device manufacturers, car makers and computer components suppliers. In addition, the unsustainable transport prices have limited the demand in other sectors, showing signs of recovery towards the end of 2021, being encouraged by the fact that the travel restrictions, due to Covid-19 were lifted and by the general market optimism during summer of 2021. Moreover, the consumer products industry recorded an increasing trend towards the end of 2021, because of the growing residential demand during several lockdown periods on the account of Covid-19.

In this particularly difficult context, ABN Systems International S.A. proved extremely prepared to respond, through the continuous diversification of the product portfolio, the approach of new distribution channels, especially for export, the consolidation of the notoriety and presence of the *Tellur* brand on the target market, as well as a management focus on inventories levels and rotation. All these contributed to the accelerated positive evolution of the turnover and profits to the highest level in ABN Systems International S.A. history.

2. During the reporting period, the *Tellur* brand was evaluated in accordance with the 2020 auditor's recommendations, and the revenues resulting from this action in 2021 are recorded for a period of 3 (three) years as RON 11.270.000 under "Intangible assets" and "Concessions, patents, licenses, trademarks and other rights and related values" accounts in accordance with the accounting principles and guidelines from the Order of the Minister of Public Finance no. 2844/2016, with subsequent amendments. The 2021 current portion is presented under the heading "Real estate investments income" with RON 5.167.500 into the Income Statement for the year 2021, while the remaining RON 6.102.500 was printed as advance under "Accruals and advances" section into the Balance Sheet 2021.

3. Considering the specifics of the ABN Systems International S.A. sales that involves the commercialization of imported products, the most significant contribution to the fluctuation of the turnover was represented by the variation of the revenues obtained from the sale of goods. Regarding the Cost of goods sold, ABN Systems International S.A. registered an increase by 16.58% in 2021 compared to the same period of the last year (2021: RON 83.361.690 versus 2020: RON 71.503.809), at a comparable rate to that of the revenues (+16.19%), as a result of increasing 2021 sales volumes and additional inventories built in Q4 2021 to avoid disruptions in the supply chain have significantly impacted the economic activity in 2021 and will also continue in 2022.

4. General, administrative, and selling expenses were 117.08% higher in 2021 compared to 2020 due disposal of assets registered also on the revenue side, its share in operating expenses increasing in 2021 to 19.80% compared to 11.67% in 2020. This event was exceptional to implement the recommendations of the audit report for the previous fiscal year, the ABN Systems International S.A. management estimating in the future the return of this category of expenses around 11%-12%. Advertising and advertising expenses, by their nature classified as 'expenditure on external benefits', although down by 5.55%, remain an important subcategory of expenditure (3.80% of other operating expenses). These are followed by other expenditures on services provided by third parties (2.58% of other operating expenses) and transport expenses (2.09%), which increase at also lower rates than revenue growth.

5. Earnings per share (EPS) is reported for the first time in 2021 as the company changed its form as Corporate from Limited Liability Company during the reported fiscal period. At 31.12.2021 the share capital of ABN Systems International S.A. was RON 1,807,000, fully paid up, constituted by cash contribution, divided into a number of 18,070,000 ordinary, nominative, dematerialized shares, with a nominal value of RON 0.1 per share. Hence the EPS calculated as Basic, by dividing the Net Income of the period, RON 9.585.290, divided by the number of shares would result into a RON 0.53 EPS.

6. Changes into the Property, plant, and equipment section of the Balance Sheet is a result of the disposal of assets recommended by the 2020 auditor's report. Transaction did not affect the cash flow of ABN Systems International S.A., being conducted as a non-cash transaction in the form of "give in payment" via the change in Retained earnings and the reduction of PPE position from RON 9.906.164 to RON 1.417.369 being registered in tandem with Other revenues (RON 9.883.887 at the end of 2021). This was a one-time, exceptional event, that will not affect in recurrent manner future fiscal periods.

7. Bank and other loans: In July 2021, ABN Systems International S.A. extended and changed its credit line structure with ING Bank N.V. Amsterdam – Sucursala Bucuresti. The yearly renewable, multi-currency RON/EUR/USD working capital credit line of RON 19.675.000 equivalent, with EUR 2.000.000 and USD 1.400.000 sub-limits, was replaced by 3 (three) distinct working capital short-term credit lines summing up to equivalent of RON 30.000.000, depending on the exchange rate used, as follows:

EUR 3.000.000, USD 1.400.000, and RON 9.100.000. The amount was not fully drawn at 31 December 2021 and the position is also reflected as increase into the available capital reported as Cash and cash equivalents. In addition, ABN Systems International S.A. renewed in 2021 its overdraft facility with BRD - Societe Generale for EUR 500.000, equivalent of EUR 300.000 of it being withdrawn in RON. Last but not least, in Oct 2020, ABN Systems International S.A. signed a RON 5.000.000 loan agreement under IMM-Invest governmental grants program as working capital, also with BRD - Societe Generale. Company started repayment of this loan in Mar 2021 with a maturity on 12 Aug 2023, and a monthly installment of RON 161.290

8. Other current liabilities: Liabilities (accruals and advances excluded) remain the main source of financing of the asset, accounting for 91.21% of the total liabilities. The increase by 31.64% of their value in relation to the financial year 2020 is fully due to the increase in debts with maturity of less than 1 year, as explained earlier in note 7, but also of the expansion of the various supplier loans to support the accelerated growth of the activity and the capitalization of the new strategic development opportunities. The company has no long-term debts, and the most representative structural elements are, in essence, short-term bank loans (52.43%) worth RON 34.49 million, various creditors (29.64%) in the amount of RON 18.93 million Accounts Payable and Other liabilities (26.97%), totaling RON 63.88 million. The other current liabilities position is increased by RON 2.980.036 in 2021 versus 2020, up to RON 13.013.856 (+35% change), main contributor being the amount of RON 1.559.641 owed to the entities in the VAT fiscal group, the amount of RON 1.636.535 corresponding to the second half of 2021 income tax related to the yearly results, and RON 1.000.000 dividends to be paid to shareholders in accordance to the decision of the General Assembly of the Shareholders number 194 from 28.09.2021.

Chief Executive Office and Chairman

Barbu Adisor George

