

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'.

ABNSystems
international

ANNUAL REPORT 2022

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 2022
Financial year	01.01.2022 – 31.12.2022

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	4.399.769,90 lei
The market on which the securities are traded	SMT AeRO Premium
Key features of the securities issued by the company	43.997.699 ordinary shares with a nominal value of RON 0.1
Symbol	ABN

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Disclaimer:

The financial statements at 31 December 2022, 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

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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 2022, 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.

"We are satisfied with the performance achieved in 2022, given that we managed to increase the turnover by 7.2% to the value of 116,507,945 RON and to develop our network of external partners, with all the challenges generated by a record inflation of 16.4% in December 2022, by an annual rate of increase in consumer prices of 13.8% according to the INS and, in general, by the uncertain macroeconomic situation worldwide." recently declared George Barbu, CEO and President of the Board of Directors of ABN SYTEMS INTERNATIONAL S.A. "

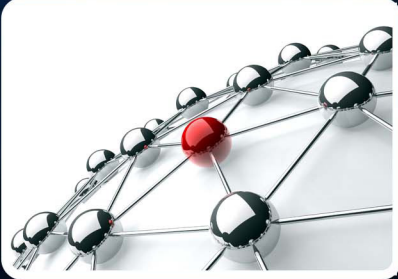


WHO WE ARE



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

2002

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

2003

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

2007

Expanding distribution among retail chains

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

2022

- Completion of the certification process and start of exports to India
- Launch of the Tellur Green range of products

Brief History

IMPORTANT MILESTONES ACHIEVED IN 2022

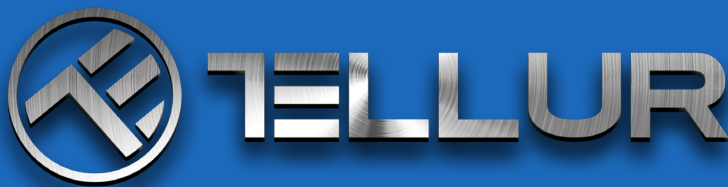
Established in 2002, ABN Systems International has quickly become **one of the most important players on the distribution market in Romania**. The company is specialized in the distribution of a wide range of professional telecommunication systems, components, peripherals and IT equipment, software, 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 2022 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 2022 of **the turnover**, which was **at the record level of 116.50 million RON**.

Even in the particularly difficult context for the business environment both in Romania and at the international level, with multiple challenges generated by the international macroeconomic context, ABN managed to develop its business, registering on **31-Dec-2022, a gross profit of 9,047 million RON, respectively a net profit of 7,753 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, AE, Canada, Mexic without taking into account the presence on all Amazon platforms in Europe and Great Britain. **After opening the Texas branch in 2022 and starting exports to the USA, in 2022 we completed the certification process necessary to enter the Indian market and started exports to this country with significant business potential**



The Tellur brand continues its development in recent years, reaching a total of **22.11 million RON in sales in 2022, a 27% increase** compared to 2021. **Also**

in 2022, we launched the Tellur Green range made from recyclable materials and even organic fibers, a range that combines the eco-friendly factor with affordable prices and superior quality.

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 2022:**

- 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. Poly).

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.

We introduced the **Tellur Green** range within our own brand, a range made from recyclable materials and synthetic fibers, fueled mainly by the ability to innovate, diversify and reduce costs, in tandem with consumer requirements.

In parallel with the portfolio expansion with Tellur products from the Smart Home and Green 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
- 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>

Also in 2022, we entered the marketplace platforms of MediaMarkt (Germany), Allegro (Poland), FNAC (Spain), Walmart (USA), Ebay (USA), and CDiscount (Franța) with Tellur products.

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 2022**, 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.

Poly, ABN's main external supplier, **still has the largest share of all acquisitions in 2022, with the percentage at the same level** compared to previous year. **Energy Systems, Jabra, Panasonic, Nike, SBOX, Apple and Samsung contribute another 25% of total purchases**, while the remaining **16% of purchases are distributed among ABN's other suppliers**.

RISK MANAGEMENT AND ENVIRONMENTAL IMPACT

Environmental Protection

On 31.12.2022 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 2022, 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.

The document can be downloaded from the address:

<https://bvb.ro/info/Raportari/ABN/ABN-Prospect%20oferta.pdf>

MARKET FOR SECURITIES ISSUED BY ABN

During the reporting period, as a result of the Decision of the Extraordinary General Meeting of Shareholders (EGMS) of 27.04.2022, ABN issued a number of 24,868,265 new ordinary, registered shares, in dematerialized form, with a nominal value of 0.1 lei /share by incorporating the amount of 2,486,826.50 lei, without subscription and without contribution, from the net distributable profit achieved in 2021 upon the increase of the Company's share capital.

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 exercise related to the year 2022, dividends in the amount of **2,003,971.31 RON** were distributed to the shareholders, **from the results of the year 2021**, by Decision no. 1 of 27.04.2022 of the Ordinary General Meeting of the Company's Shareholders (OGMS), **a gross dividend/share of 0.105 lei being fixed.**

MERGERS, ACQUISITIONS AND/OR ASSET DISPOSALS DURING THE ANALYSIS PERIOD

No merger, division, or acquisitions in the name of the company took place during the financial year 2022.

No transfer of assets from "Property, plant and equipment" in the name of the company took place during the financial year 2022.

SHAREHOLDER AND MANAGEMENT OF THE COMPANY

The share capital of the company is 4,399,769.90 RON, fully annual, constituted by cash contribution and by issuing new shares from the distributable profit realized in 2021, divided into 43,997,699 ordinary, registered, dematerialized shares, with a nominal value of 0.1 RON/share.

The consolidated structure of the shareholders of ABN Systems International S.A. on 31.12.2022 is:

Shareholders	Number of shares	Percentage
BARBU ADISOR-GEORGE	18,709,045	42.5228 %
NEDELEA BOGDAN REMUS	18,707,951	42.5203 %
Individual shareholders	6,481,875	14.7323 %
Institutional shareholders	98,828	0.2246 %
TOTAL	43,997,699	100 %

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 2022, the Board of Directors met in a number of 10 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 2022, the management of the Company was ensured by the Board of Directors (CA) consisting of:

- Mr. Barbu Adișor George, as CEO 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.

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
SECTION A — RESPONSIBILITIES OF THE MANAGEMENT BOARD (THE BOARD)				
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.	√		
SECTION B — INTERNAL CONTROL /AUDIT				
B1.	The Board shall adopt a policy to ensure that any transaction of the Company with any of the companies with which it has close relations (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) is approved by the Board.	√		

B2.	The internal audit 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
SECTION C – BUILDING VALUE THROUGH INVESTOR RELATIONS				
C1.	The company must organize an Investor Relations Service made known to the general public through the responsible person. In addition to the information required by the legal provisions, the Company must include on its website a section dedicated to Investor Relations, in Romanian and English, which presents all relevant information of interest to investors, including:	√		
C1.1	The main regulations of the Company, in particular the Articles of Incorporation 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 information of an extraordinary nature 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 EPS policy 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 policy on forecasts, indicating whether they will be provided or not. Forecasts are quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (assumptions). The policy must specify the frequency, the period envisaged and the content of the forecast . If published, forecasts will be part of annual , half-yearly or quarterly reports . The forecast policy will be published on the Company's website .	√		
C4.	The company must fix the date and place of a general meeting 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.	√		
C6.	The company must hold at least one meeting/ conference call 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

Definition of the Related Party and the transaction with the related party in accordance with SIC 24 ("IAS 24")

Related party – A related party is a person or an entity that is affiliated to the entity that prepares its financial statements, the „reporting entity” (according to IAS 24, Presentation of information regarding related parties).

a) A person or a close member of the person's family is affiliated to a reporting entity if the respective person:

- (i) has control or joint control of the reporting entity;
- (ii) has a significant influence on the reporting entity; or
- (iii) is part of the key personnel in the management of the reporting entity or in the management of a parent company of the reporting entity.

b) An entity is affiliated to a reporting entity if it meets any of the following conditions:

(i) The entity and the reporting entity are part of the same group (which means that each parent company, subsidiary or member subsidiary is affiliated with the other entities).

(ii) An entity is an associated entity or an association in participation of the other entity (or an associated entity or an association in participation of an entity that is a member of a group of which the other entity is also a part).

(iii) Both entities are partnerships of the same third party.

(iv) One entity is an association with the participation of a third party and the other entity is an entity associated with the third party.

(v) The entity is a post-employment benefits plan for the benefit of the employees of the reporting entity or of an entity affiliated with the reporting entity. If the reporting entity itself is such a plan, the employers who finance the plan are also affiliated with the reporting entity.

(vi) The entity is controlled or jointly controlled by a person defined in point a);

(vii) A person identified in point a)(i) has a significant influence on the entity or is part of the key personnel in the management of the entity (or in the management of a parent company of the entity).

(viii) The entity, or any member of a group of which it is a part, provides the reporting entity or the parent company of the reporting entity with services related to the key personnel in the management of the respective entity.

A reporting entity is exempt from the presentation requirements of IAS 24, point 18, relating to related party transactions and due balances, including commitments with:

- a) with a state that has control, joint control or significant influence over the entity protractors; and
- b) with another entity that is a related party because the same state has control, joint control or significant influence over both the reporting entity and the other entity.

A transaction with a related party represents a transfer of resources, services or obligations between one entity reporting entity and a related party, regardless of whether a price is invoiced or not (IAS 24.9)

Transactions with related parties are carried out according to terms equivalent to those resulting from transactions carried out under objective conditions.

The “Transactions with affiliated parties” table shows the total value of transactions with affiliated parties in the relevant period, as well as the balances of debts and receivables existing between the parties at the reporting date. No reporting threshold was used, all being included transactions.

The transactions are summarized according to the nature of the expenses/incomes realized between the parties and are based on fiscal documents (invoices, receipts), according to the signed contractual agreements.

During the financial year ended on December 31, 2022, the Company carried out transactions with the following related parties:

Company	Nature of the relationship	Registration Country	Nature of the transactions
Happy Electronics Sales SRL	Entity with key members of joint management	România	Goods and services, VAT group
ABN Systems International LLC	Wholly owned entity	USA	Goods and services

Tabel “Transactions with affiliated parties”

*Amounts in RON, nominal values

Trade debts and other debts				
			Beneficiary	
Seller/ Creditor	Nature of the relationship	Transactions	ABN Systems International LLC	Happy Electronics Sales SRL
ABN Systems International S.A.	Shareholder/Affiliated party	Sale of goods	95,739.74	2,138,370.65
ABN Systems International S.A.	Shareholder/Affiliated party	Loans	65,511.10	-

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 31.12.2022, audited are presented below:

INDICATOR	AMOUNTS (RON)	CHANGE 2022/2021
NET TURNOVER	116,507,945	+7,16%
EXPORT TURNOVER	62,347,977	+6,26%
COGS	87,439,615	+4.89%
PERSONNEL EXPENDITURES	5,252,674	+ 9,41%
GROSS PROFIT	9,047,526	-20,32%
NET PROFIT	7,753,018	-19.22%

NET TURNOVER

At the end of the reporting period of 2022, the company's net turnover registers an increase of 7.16% 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 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 2022 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 53%. Compared to the previous financial year, exports registered a substantial increase of 6.26%..

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 2022 by approximately 14.6%, 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 expenditure on goods (+4.89%) was mainly determined by the increase in prices at suppliers, the increase in financing costs, the acceleration of the diversification of Tellur's offer by inaugurating new ranges of Green products, the increase in their share in exports and the development of related sectors in accordance with the policy regarding the provision of necessary inventory.

PROFITABILITY

International macroeconomic conditions (inflation, interest rates, prices), certification and regulatory requirements for entering new markets, investment projects carried out by ABN management over the last few years in order to consolidate and expand ABN's position in the IT&C distribution market, to increase turnover, the expansion and diversification of the customer base and the portfolio of marketed products, led at the end of the financial year 2022 to a decrease in gross profit of 20.32% compared to the previous financial year, up to the value of 9,047,526 RON. The impact on the 2022 net profit in the amount of 7,753,018 RON was a 19.12% decrease compared to 2021.

STAFF COSTS

Personnel expenses are increased by 9.41% compared to the previous financial year, representing 4.69% of the total operating expenses, light increase versus the level of 4.29% recorded in the previous year, this in the context of maintaining the organizational chart of 65 employees at the level of the entire company.

OTHER OPERATING CHARGES

Given the increase in international transport costs, rents, bank interest, utilities and in general consumer prices, the total operating expenses remain at the value of 2021 (112,068,036 in 2022 versus 111,787,229 in 2021), their influence on the Company's profitability being, however, neglectable as a result of the cost optimization and control policies implemented by the ABN management throughout 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 2022 reporting period.

The annual financial results for the financial year 2022 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			
	31.12.2022 RON Audited	31.12.2021 RON Audited	Percentage change 2022/2021
Total operating income	121,837,688	123,777,788	-1.57%
Net turnover	116,507,945	108,726,401	7.16%
Real Estate investments income	4,000,000	5,167,500	
Other revenues	1,329,743	9,883,887	
Total operating expenses	112,068,036	111,787,229	0.25%
Material and utility expenses	1,122,305	918,612	22.17%
COGS	87,439,615	83,361,690	4.89%
Staff costs	5,252,674	4,801,058	9.41%
Adjustments to fixed assets	474,380	566,942	-16.33%
Other operating charges	17,779,062	22,138,927	-19.69%
Operating result	9,769,652	11,990,559	-18.52%
Financial income	426,349	296,466	43.81%
Financial charges	1,148,475	931,930	23.24%
Financial result	(722,126)	(635,464)	13.64%
Total revenue	122,264,037	124,074,254	-1.46%
Total expenditure	113,216,511	112,719,159	0.44%
Gross result	9,047,526	11,355,095	-20.32%
Corporate income tax	1,294,508	1,769,805	
Net result	7,753,018	9,585,290	-19.12%

In a particularly volatile context for the business environment and the entire Romanian society, with multiple challenges for which the ABN business proved extremely ready to respond, the continuous diversification of the product portfolio, the approach of new distribution channels mainly for export, the consolidation of notoriety and the presence of the Tellur brand on the target market contributed to the accelerated positive evolution of turnover, with the sales volume in 2022 reaching 116.5 million RON, 7.16% higher than in 2021. Considering the specifics of the sales activity, which involves the commercialization of imported products, the most significant contribution to the turnover fluctuation was represented by the variation of the income obtained from the sale of goods. The “Other operating income” category, which in 2021 included income from the sale of assets, fixed assets and income from compensations, fines and penalties, registered a significant decrease, as expected, and caused the decrease of total income by approximately 1.46 %.

During the reporting period, the valuation of the Tellur brand was recorded proportionally to 2022 in accordance with the auditor’s recommendations, the income resulting from this action being recorded, as in 2021, under the position “Income from real estate investments/fixed assets” presented in the Profit and Loss Statement table and loss.

The acceleration of the diversification of the portfolio through the inauguration of new product ranges, such as the Tellur Green range, as well as the development of exports in accordance with the current policy regarding the provision of necessary stocks is reflected in the evolution in the dynamics and structure of operational expenses. The minimal value fluctuation of operating expenses (+0.25%) corroborated in 2022 with the rate of decrease in operating income (-1.57%), allowed obtaining a positive operating result in the amount of 9.76 million RON, but lower than the operating result of the previous year, with all the increase in gross operating margin by approximately 14.6% compared to the 2021 period.

The main category of operating expenses is represented by expenses related to goods. With a share of 78.02% of total operating expenses on 31.12.2022, these expenses increased by only +4.89%, at a rate lower than the increase in income from the sale of goods (+7.16%).

The second class of expenses in terms of importance in the issuer’s total expenses, namely “Other operating expenses”, decreased by 19.69% compared to the reference period, its share in operational expenses also reducing in 2022 to 15, 82% from 19.8% in 2021.

Advertising and advertising expenses, by their nature included in the category of “external performance expenses”, increased by almost 94%, mainly due to the costs of certification and penetration in new export markets such as India, USA, Germany (MediaMarkt marketplace), Poland (Allegro marketplace) and remain an important subcategory of expenses (7.02% of other operating expenses).

These are followed by other expenses with services provided by third parties (in weight of 3.04% of other operating expenses) and transportation expenses (1.57%), which remain within the range estimated by ABN management despite the significant increase in supplier prices and transportation costs.

Personnel expenses increased by 9.41%, a variation that reflects the orientation of personnel recruitment and retention policies towards ensuring the necessary human resources, both quantitatively and qualitatively.

The decrease in expenses related to value adjustments related to current assets is the direct consequence of supplementing the supply level with stocks, under the management policy of ensuring the working capital requirement over a longer period in accordance with the increase in the speed of rotation. Thus, the optimization of transport costs and the avoidance of congested periods with a favorable impact on the prices of new products and projects is ensured.

Financial revenues increase by 43.81% in 2022 compared to 2021, being mainly constituted by favorable exchange rate differences. The expenses of a financial nature are generated by the expenses regarding the unfavorable exchange rate differences, to which are added the expenses with interest and bank commissions.

As a result of the significant increase in interest rates, directly influenced by the ROBOR, EURIBOR, SOFR components, the level of financial expenses registers an increase of 23.24% compared to 2021), under the conditions of maintaining the ING Bank multi-currency credit line, the debt insurance contract commercial COFACE, which, in association with an increase in the degree of collection of commercial receivables in 2022 compared to 2021, determined an increase of approximately 13% in the financial loss,

The positive operating result, adjusted with the loss from the financial activity, generates, at the end of the financial year of 2022, a gross profit of 9.05 million RON, profit lower than the profit of 2021, with comparable net margin to the one in 2021 (7.53% in 2022 versus 7.73% in 2021).

Analysis of the financial position

Balance Sheet indicators			
	31.12.2022 RON Audited	31.12.2021 RON audited	Percentage change 2022/2021
Current assets	72,554,578	79,665,042	-8.93%
Inventories	40,937,697	32,159,786	27.29%
Accounts Receivables	28,129,161	33,690,798	-16.51%
Cash and cash equivalents	3,487,720	13,814,458	-74.75%
Advance spendings	2,296,302		
Fixed assets	13,201,855	12,725,143	3.75%
Intangible assets	11,277,457	11,283,899	
Property, plant and equipment	1,900,523	1,417,369	34.09%
Financial fixed assets	23,875	23,875	0.00%
TOTAL Assets	88,052,735	92,390,185	-4.69%
Accounts Payable	23,402,127	17,233,231	35.8%
Short-term debt	20,337,185	33,493,102	
Long-term debts		-	
Accruals and advances	2,102,500	6,301,085	-66.63%
Other Liabilities	8,929,967	13,013,856	
TOTAL Liabilities	54,771,779	70,041,274	-21.80%
Stockholder's Equity	4,399,770	1,807,000	143.48%
Capital gains	5,381,925		
Revaluation reserves	0	1,252,564	-100.00%
Reserves	3,052,238	3,052,238	0.00%
Retained earnings carried forward	11,745,889	6,651,819	76.58%
Result of the period	8,701,134	9,585,290	-9.22%
TOTAL Stockholders' Equity	33,280,956	22,348,911	48.92%

At the end of the reporting period of the financial year 2022, current assets - the category with the highest weight in total assets - recorded a decrease of 8.93% compared to the end of 2021.

The decrease in the value of current assets is mainly determined by the decrease in liquidity to approximately 3.48 million RON together with the addition of stocks (+27.29%) at the end of the reporting period.

The increase in the value of stocks by RON 8.77 million is the consequence of the acceleration of the activity of supplying goods during the reporting period. The significant increase in the volume of supply subscribes to the management's strategy regarding the preservation of the logistic advantage in the context of the pandemic, marked by significant gaps in the supply process of companies, increasing transport costs and fluctuations on the interbank market. Consequently, at the end of the reporting period, the share of stocks in current assets was 56.42% and 46.49% in total assets, with 10.2 percentage points (p.p.), respectively with 6.63 p.p. more than at the end of the year 2021.

Reported on 31.12.2021, the value of receivables on 31.12.2022 decreased by 16.51%, respectively by 5,561,637 RON, mainly through the reduction of trade receivables reflecting the improvement of the turnover speed of receivables from the trading activity, as a result of collection efforts, the intensification online commerce and the approach of new distribution channels.

The low volume of cash availability in the reporting period 2022 compared to the year 2021 reflects the management's concern for optimizing the supply volume by preserving the logistical advantage in the context of the pandemic, intensifying commercial activity, but also rebalancing the ING Bank N.V. credit line facility. Amsterdam- Bucharest Branch from a multi-currency total of 29,000,000 RON, to separate lines RO, EUR, USD for the improvement of financial management in the context of the exacerbated increase in bank interest, thus proving once again the confidence of credit institutions in the creditworthiness and solvency of ABN.

As for the value of fixed assets, it increases slightly by 3.75% on the basis of its adjustment with the registration of the value of the Tellur brand related to the reporting period. The purchase of technical installations, machines and equipment, necessary for the expansion of the activity, contributed to the positive variation of tangible fixed assets by approximately 34%, their weight in the class of fixed assets increasing to approximately 14.39% compared to the same reporting period of 2021.

Financial fixed assets, which represent loan guarantees, maintain their insignificant position in total fixed assets (0.18%), the same position as at the end of 2020.

In the reporting period, the increase in the value of immobilized assets at a lower rate than the decrease in current assets (+3.75% and -8.93%, respectively) causes a decrease in total assets by 4.33 million RON, respectively by 4.69% compared to the financial year 2021.

Short-term debts remain the main source of asset financing, representing 96.16% of total liabilities.

The 17.56% decrease in their value in relation to the financial year 2021 is entirely due to the decrease in debts due under 1 year, as a result of a more judicious use of the ING Bank credit line, but also the expansion of various supplier credits to support the accelerated growth of activity and the capitalization of new strategic development opportunities.

The company has no long-term debts, and the most representative structural elements are, in essence, short-term bank loans (38.61%) in the amount of 20.33 million RON, various creditors (16.95%) in the amount of 8.92 million RON and debts commercial (44.43%), totaling 52.66 million RON. The growing position of commercial debts reflects the concern of the ABN management to finance the activity mainly from supplier credit to the detriment of bank lending, which has a higher cost. The amount of 1.76 million RON owed to entities from the VAT tax group is also included in the various creditors.

The significant increase in the value of own capital by 48.92%, respectively by 10.93 million RON, materializes the favorable results of the activity carried out by the company in recent years, the attraction of additional capital from the capital market and the increase of the share capital. We believe that the transparent dividend policy and their constant, annual award to investors, along with the greater use of own capital to finance operating operations, contributes positively to the Company's success. The position was reflected in the slight decrease of the result of the period and a more important increase of the carried-over one, the difference totaling 4.29 million RON.

STATEMENT

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

The annual financial statements were prepared as of 31.12.2022 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.

President of BoD

Signature

Barbu Adișor George

