



SIMTEL
EMPOWERING A GREEN FUTURE

ANNUAL REPORT

2022

SIMTEL TEAM S.A., COMPANY LISTED ON MTS-AERO MARKET

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

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Director's Report for 2022
According to	Annex 15 to the ASF Regulation 5/2018
For financial period	01.01.2022 – 31.12.2022
Report publishing date	24.03.2023

ISSUER INFORMATION

Issuer's name	Simtel Team S.A.
Fiscal Code	RO 26414626
Trade Register number	J40/564/2010
Registered office	Bucharest, District 6, 319L Splaiul Independentei, Bruxelles Office Building B

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up capital	RON 1,572,326
The market on which securities are traded	SMT-AeRO Premium
Total number of shares	7,861,630 shares
Symbol	SMTL

CONTACT DETAILS FOR INVESTORS

Phone number	+40 31 860 21 01
E-mail	investors@simtel.ro
Website	www.simtel.ro

The financial statements as of December 31, 2022, presented on the following pages, are individual and **audited**, as well as consolidated **unaudited**.

2022 KEY FINANCIAL RESULTS

All indicators are presented at an individual level, based on audited individual financial statements.



RON 137 million
Turnover
+134% vs. 2021



RON 13.3 million
Gross result
+89% vs. 2021



RON 11.6 million
Net result
+88% vs. 2021



Turnover contribution
Green energy: **77%**
Telecom: **21%**
Other: **2%**



Installed power: **45 MWp**



70 new clients

MESSAGE FROM THE FOUNDERS

Dear shareholders,

2022 has been a historic year for the entire Simtel Team and us, being by far the best year since the company's establishment, both financially and in terms of the projects in which we have been involved.

We are pleased to have exceeded the estimated revenues and expenses budget for 2022, recording operating revenues, at an individual level, 34% higher than the budgeted operating revenues, reaching RON 137.1 million and a net profit, at the individual level, of RON 11.6 million, a 10% increase compared to the net profit target for 2022. Compared to 2021, a 134% increase was recorded at the revenue level, and an appreciation of 88% was registered in terms of net profit.

Last year, we built photovoltaic power plants with an installed power of approximately 45 MWp. The client portfolio expanded with 70 new clients, including CTPark, Automobile Bavaria, Avicola Focșani, Proleasing Motors, Grunman Energy (part of the Paval Holding group), as well as other companies from various sectors – tourism, agriculture, factories, logistic spaces. As a result, the renewable energy business line contributed RON 105.5 million to the total turnover for 2022 at the individual level, exceeding the estimated revenues for 2022 at the individual level for all business lines of RON 103.7 million.

At the end of last year, we decided to open a subsidiary in the Republic of Moldova due to our international expansion strategy and the growing requests from Simtel clients, who are also present in this market. We are delighted to have taken this step, representing the first stage in our company's international expansion. In the following period, we intend to consolidate the Team at the local level, mainly consisting of experienced subcontractors according to Simtel standards. Regarding projects, we already have orders placed and in execution for approximately 2 MWp, and we estimate another 2 MWp in the first half of this year. From our estimates, the demand for renewable energy solutions in the Republic of Moldova will be on an upward trend in the following years, and companies with proven experience in building photovoltaic power plants, such as Simtel, will be the first option for such projects.

In 2022, the telecommunications business line contributed 21% to the total turnover and generated approximately RON 28.8 million in revenues, compared to RON 18.2 million in 2021. The projects in the field of telecommunications focused on constructing base stations for mobile telecom. In 2022, Simtel exceeded the borders of Romania by installing such stations in Germany as part of a contract with a local integrator.

Also, together with GenCell Energy, a leading supplier of hydrogen and ammonia-based electricity solutions, we marked our entry as an integrator of solutions based on hydrogen energy production technology by successfully implementing a power supply of a mobile telecommunications site in Romania operated by Vodafone, a unique project in Romania, which produces energy from hydrogen by cracking liquid ammonia.



ANT Power, the company we invested in at the end of 2021, had intense activity over the past year, with forecast projects for power production in photovoltaic parks being on an upward trend. In addition, the company is also involved in projects where it performs production forecasting for wind farms with an extremely high degree of accuracy.

Advanced Robotics, a company with a robot R&D profile, whose name has been changed to Agora Robotics, and in which Sintel holds a 51% stake starting from 2022, estimates that the R&D process will lead to the creation of the first prototype of a robot that can clean autonomously industrial or retail spaces by the end of May 2023. The start of series production is planned for the first quarter of 2024.

The excellent results recorded in 2022 would not have been possible without your support, investors in SMTL shares. At the end of June last year, you again supported us by participating in the share capital increase operation, which ended successfully in a period characterized by pessimism regarding the capital markets, including the one in Romania. The total amount raised was RON 12.8 million, capital that we directed to develop the company's business lines. The success of this operation is also reflected in the financial results recorded by the Sintel Team for 2022. We thank you for the trust you have placed in our Team and development plans, and we promise you that we remain dedicated to our manifesto of contributing to Romania's energy independence in the long term by supporting companies in making energy consumption more efficient, through the development of photovoltaic power plants.

Likewise, in telecommunications, we aim to support people to communicate better by developing and building telecommunications networks for mobile telecom operators. Regarding the automation of industrial equipment, we intend to increase our involvement in this sector. In addition to the mentioned activities, in the near future, we aim to build networks of charging stations for electric cars and develop a functional application in such a direction.

Regarding the 2023 revenues and expenses budget, we aim for an individual turnover of RON 279 million, EBITDA of RON 29.8 million and a net profit of RON 24.2 million.

We invite you to read the following pages to find out more details about the performance of Sintel Team in 2022. In case of any questions related to our activity, whether it is about the business or the activity of the company in the capital market, please do not hesitate to contact us at investors@sintel.ro.

Iulian Nedea

Sergiu Bazarciuc

Radu Vilău

ABOUT SIMTEL TEAM

BRIEF HISTORY

Simtel Team S.A. ("Company" or "Simtel") is a Romanian engineering and technology company, founded in 2010 by Iulian Nedeia, Sergiu Bazarciuc and Radu Vilău, previously running another successful business together for 10 years.

In 2011, the Company signs the first important contract, which consists in the construction and installation of equipment for the CDMA project, developed by Romtelecom in the 450MHz frequency. The company installed 850 sites in one year and set a record for Romania. In the same year, the Company becomes a contractor for Huawei.

The expansion of the Company's activity takes place in 2013 through the opening of a new business line: renewable energy. In this sense, the Company develops photovoltaic panel projects up to the stage of construction authorization, on two plots totaling approximately 5 hectares.

In 2015, following a successful partnership concluded with ABB in 2014, the Company takes over maintenance projects for photovoltaic parks, being the only Service Partner of ABB in Romania. In the same year, the Company starts implementing 4G projects for Vodafone, Telekom, Orange, RCS-RDS in over 1,500 sites.

2019 is the year of accelerated growth for Simtel, which has signed a contract with Mega Image and built over 18 photovoltaic power plants. The Company also participates with Nidec Ansaldo in the verification and commissioning of the equipment on a ship installing optical fiber between Japan and South Korea.

The company builds electric car charging stations for REWE - Penny Market. Also in the same period, the collaboration with Dedeman for the installation of photovoltaic power plants in 15 stores begins. In this project Simtel has a competitor among power distributors and it is building another 15 power plants. After the 30 plants built, Dedeman decides to continue working only with Simtel. The company signs with Telekom Romania for the construction of the RoNet network that addresses the areas that do not have GSM coverage.

In 2020, the company signs a contract with Altex for the construction of photovoltaic power plants and builds the first photovoltaic project in Germany.

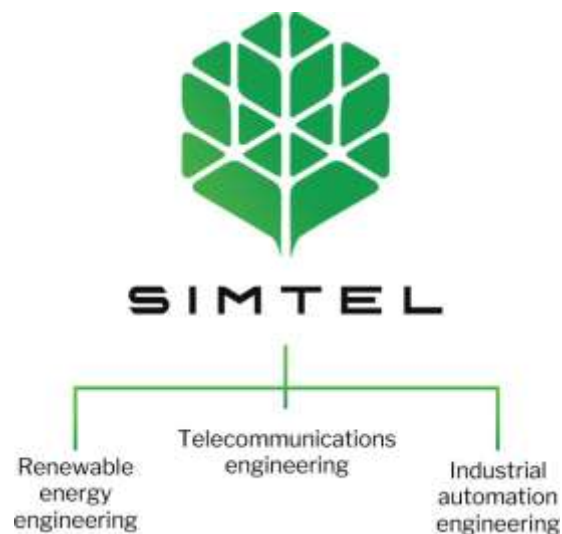
2021 represents the moment when the founders of Simtel Team take the decision to list the company on the Bucharest Stock Exchange to enter a new stage of development by raising capital to expand the business. In the same year, Simtel signed contracts with other important retailers, namely IKEA Romania, for which it successfully built the first photovoltaic power plant that the company owns in Romania, on the Pallady store, after a tender won, ahead of large energy distributors operating in Romania, two plants for Kaufland but also the resigning of a contract for the next three years with Penny Market (REWE Romania) and the signing of a contract with Fan Courier for the construction of a 2.2 MWp photovoltaic plant.

Starting from December 2021 and until the date of this report, March 2023, the Company has made investments in 3 companies, 2 of which operate in the same industry as Simtel. In 2021, Simtel took over the majority stake in ANT Power Energy, a provider of forecasting services for photovoltaic and wind power plants, and in 2023, it made an investment in Custom Soft Solutions (CSS) start-up, a company that develops a Virtual Power Plant (VPP) platform for monitoring and controlling energy consumption and

production systems. Following these transactions, Simtel has the capabilities to manage a customer's entire energy ecosystem. Also, starting with 2022, the Company owns the majority stake in Agora Robotics, the only Romanian research-development and production company for autonomous robots. Following this investment, the Company took the step towards advanced technology and research.

DESCRIPTION OF THE ISSUER'S ACTIVITY

Simtel Team S.A. is a Romanian engineering and technology company, established in 2010, with headquarters in Bucharest and work points in Bacău, Timișoara, Cluj. In 2022, the Simtel established a separate company in Chisinau, Republic of Moldova, Simtel Solar Moldova, with an EPC profile in renewable energy. Simtel Team is active in the fields of renewable energy, telecommunications, and industrial automation with an R&D component in industrial robots and energy efficiency. For each of these business lines, the company delivers projects both in Romania and abroad. The main services provided by Simtel, oriented by business line, are: construction and maintenance for photovoltaic power plants, integration services for mobile telecommunications operators, and automation of industrial processes through automation, electric drives and robots. The company is a leader in Romania in the construction of photovoltaic power plants.



Simtel generally operates in accordance with EPC model - Engineering, Procurement & Construction business model, based on which the contractor delivers a complete facility to the customer, at a guaranteed price and on a guaranteed date. The collaboration with the client is a mixed one, depending on the negotiated commercial terms: either Simtel finances the project in full during the construction period, and will generate revenue at the moment of its commissioning, or the customers pay certain parts of the project value as they are implemented (e.g., when obtaining the construction permit, delivery of materials, completion of construction, commissioning).

In terms of renewable energy, Simtel developed two new business lines in 2021 and two more in 2022:



Using the EPC model, Sintel engineers design and deliver turnkey solutions, design, project management, financing, procurement, warehousing, customer relationship, operator integration and outsource as much of the installation and construction as possible (labor). On the other hand, the Company retains internally the knowledge that involves the commissioning of equipment, settings or software dedicated to upgrade.

The company specializes in turnkey projects: obtaining permits, designing, building/installing and commissioning equipment. Sintel also offers warranty and post-warranty maintenance.



In the last four years, Sintel Team has designed and commissioned numerous photovoltaic power plants for customers in various industries. The photovoltaic parks operated by Sintel add up to over 200 installed MWp and produce 260,000 MWh annually, corresponding to the consumption of 73,000 homes in a year, reducing greenhouse gas emissions by 156,000 tons per year, thus helping to protect environment and having a positive impact on the health and quality of life of communities, especially in densely populated urban areas.

CERTIFICATIONS

The Company's services are provided in compliance with the principles and rules of Health and Safety, as well as the rules of environmental protection.

The company has quality certification: ISO 9001, ISO 14001, OHSAS 18001:



Simtel also holds ANRE certification for the design and execution of low and medium voltage electrical installations, as well as certifications from ABB and SMA, the largest inverter manufacturers:



Based on the partnership concluded in 2014, Simtel is the only Service Partner authorized by ABB/Fimer for the south-eastern region of Romania for inverters (transforms direct current into alternating current produced in the factory in Italy).

EXPERIENCE

Simtel has carried out projects for the installation of photovoltaic panels for some of the largest companies in the retail industry in Romania, such as Mega Image, Kaufland, Penny Market and Dedeman, as well as companies from other sectors, such as the agri-food sector, factories, logistic spaces. Examples of projects that Simtel Team has successfully implemented

- Installation of over 1,300 photovoltaic panels for Kaufland Romania. The panels installed on the roofs of two stores located in Bucharest and Focșani have a capacity of 490.5 KWp and support the environment by reducing carbon dioxide emissions by over 760 tons per year;
- Construction of a photovoltaic plant for Penny Market, in Videle, Teleorman County, in 2017;
- Construction between 2018-2021 of photovoltaic parks on 30 Dedeman stores, 18 Mega Image stores;

- Implementation of 50 renewable energy projects for Penny Market between 2018-2021;
- Construction of a network of 6 charging stations for electric cars on the Bucharest - Constanța motorway for Penny Market (2019) and 35 for Dedeman (2021);
- Construction of solar charging stations for electric scooters, one of the company's projects being the Charles de Gaulle roundabout station in Bucharest together with the electric scooter operator Flow;
- Construction of a photovoltaic installation on 11 buildings of CTP Invest, a company active in the logistics and industrial sector;
- Construction of photovoltaic power plants in 18 locations belonging to the Carmistin Group, one of the largest players on the agri-food market in Romania. The plants have an installed power of 4.5 MWp, approximately 10,500 photovoltaic panels (2022-2023);
- Construction of 22 photovoltaic plants for a food retailer as part of a framework agreement valid until 2027;
- The construction of 3 photovoltaic power plants, consisting of approximately 3,000 photovoltaic panels, for River Development, the developer of the Sema Parc project (2022-2023);
- Construction of photovoltaic power plants for Grunman Energy, a company that is part of Pavăl Holding, with a total installed power of 23.6 MW (2022-2023).

In terms of telecommunications engineering, Simtel has delivered projects such as:

- The first integrator of 5G technology in Romania for Vodafone test sites;
- Upgrade of the Romanian radio frequency spectrum monitoring system for ANCOM;
- Installation, commissioning, testing, telecommunications equipment for over 5,000 sites for Vodafone, Telekom, Orange, RCS-RDS.

Regarding the business line regarding engineering in industrial automation, among others, the Company was involved in the following projects:

- Commissioning of frequency converters and PLC settings for Nidec Ansaldo on a ship installing optical fiber between Japan and South Korea;
- Checks, settings and commissioning of equipment serving the Istanbul Turkey funicular (suspended metro);
- Supervision of electrical installations, configuration and commissioning of the hydraulic unit, ABB drivers, AC Power (VSD), PLC automation for Siderimpes, Steel Factory, Matamoros, Mexico in February 2014;
- Commissioning of frequency converters and PLC settings for Nidec Ansaldo, in the Netherlands at a warehouse storing hydrogen obtained by electrolysis using photovoltaic energy (2020).

COMPLETE PORTFOLIO OF SERVICES AND SOLUTIONS

Telecommunications engineering

The telecommunications business line was the one with which the company's founders started their business in 2005. At the time of writing this financial report, March 2022, the company is involved in Germany in a project to build a 5G network for a local operator. In over 16 years of activity on the Romanian market, Simtel has built telecommunications sites with 2G, 3G, 4G and 5G technologies for all GSM mobile operators in Romania: Vodafone, Orange, Telekom, RCS-RDS. The Company's engineers hold various certifications and have participated in training courses provided by major equipment manufacturers such as Ericsson, ZTE, Huawei or Nokia.

Over the years, Simtel has specialized as a turnkey solution provider, ensuring easy project management, as the client works with a single partner. As technology has changed in recent years, the company has adapted. Thus, when a technology already installed by Simtel was outdated, the company designed and installed a new, state-of-the-art one. Also, for various other constructions, the Company took care of the authorization or reconsolidation process.

From 2005 to 2021, the company's engineers built or installed all types of existing equipment during this time period (2G, 3G, 4G, 5G, microwaves) on at least 5,000 telecom sites of the 20,000 mobile phone stations in Romania. In the last 10 years, the Company has performed between 400 and 1,500 works annually. Through a contract concluded with Telekom Romania, the Company's team is involved in the RoNet project, for the extension of the telecommunications network in the areas not covered by GSM signal, "white areas".

The company delivered projects in Hungary (2016) being contracted by Huawei Hungary but also in Finland, where it was contracted by Huawei Finland (2020). Currently, the company is closely considering the possibility of expanding its business internationally and plans to expand its activity in the Nordic countries in the next 5 years.

For this line of business, the share of total turnover has varied over the years, depending on the degree of implementation of the technologies. Therefore, between 2005-2008, when Simtel was a contractor for Cosmote, the most intense activity for 2G projects and data links took place in 2006. Between 2009 and 2013, Simtel focused on the implementation of 3G projects and links data, with an intensified activity between 2008 and 2010. Between 2014-2019, for the implementation of 4G projects and data links, the busiest period was recorded between 2014 and 2016. Simtel estimates that the activity on the development of 5G technology will be at a high level between 2022-2025.

Telecommunications services provided by Simtel:

- installation, commissioning, testing of telecommunications equipment in mobile networks;
- data transport;
- data center;
- civil buildings;
- internal GSM coverage;
- indoor Wi-Fi coverage;
- Wi-Fi equipment

Renewable energy engineering - photovoltaic power plants

The company is a pioneer in Romania in the field of solar energy. In 2012, the founders already anticipated the rise that green energy will gain over time and the company began delivering projects in the renewable energy industry, design, supply of materials and equipment, construction and maintenance of photovoltaic plants.

Between 2015 and 2017, very little was built in Romania, almost not at all in terms of photovoltaic parks. Most of the companies had an intense activity between 2011-2014, a period characterized by the support scheme with green certificates, and then they reshaped themselves. All this time, Simtel has remained connected to technology and projects and has continued to grow. In 2013, the company signed with ABB/Power One a maintenance contract for the inverters supplied by the Italian factory in the photovoltaic parks built in Romania. Thus, it has become a leader in the maintenance of photovoltaic power plants in Romania, maintaining over 300MWp of photovoltaic panels, which cover a total area of over 600 hectares of land.

However, the situation of new projects in Romania changed at the end of 2017, when the Company built a photovoltaic plant for Penny Market in Videle, Teleorman County. From that moment on, the company developed rapidly. Between 2018-2021, Simtel developed photovoltaic parks on the roofs of 30 Dedeman stores, 18 Mega Image stores and implemented over 50 other renewable energy projects for Penny Market. During this period, the Company was responsible for the construction of approximately half of the newly built photovoltaic plants in Romania, both in number and installed power, currently having over 150 projects of built photovoltaic power plants and over 300 photovoltaic projects built for mobile phone operators.

In addition to the construction of rooftop photovoltaic plants in the renewable energy sector, the Company maintains the equipment needed for a photovoltaic park, especially for inverters produced by Fimer/ABB, being considered the best and largest Service Partner in Europe. The company has all the necessary resources and performs on-demand maintenance anywhere in Europe or in the world, having so far projects in France, Germany, Chile, Bulgaria, UK, Sweden or Ukraine.

Currently, the Company performs total maintenance in photovoltaic parks in Romania, which have an installed capacity of over 150 MWp. From the perspective of this volume, the company is by far the leader of the maintenance and maintenance market in Romania. The company is also the sole distributor of Fimer, which owns the Power One plant, owned by ABB until 2020 for CEF inverters.

There are situations where Simtel only provides maintenance services for inverters. FimerABB has the equipment installed in 1/5 of the photovoltaic parks in Romania, respectively about 300MWp from 1500MWp, and for this manufacturer and for this equipment, Simtel is the only authorized service in Romania and thus serves all this panel capacity installed on approximately 600 hectares of land.

The beneficiaries of the photovoltaic parks built by the Company were mainly retailers Rewe - Penny Market, Dedeman, Mega Image, Cometex (Altex), IKEA Romania, Kaufland but the company also had projects delivered in Germany. Over the years, the demand for such services has been particularly attractive to retailers - because by installing their own photovoltaic panels on roofs, stores can cover up to 75% of all energy they use during the summer and on average in the summer/winter between 30 and 40% of the total energy used. The solution is not only viable for stores, but also for factories, logistics parks and even corporations that want to reduce their energy costs and become environmentally friendly.

Over time, the Company has expanded its involvement and is working with those companies already in the design and construction phase of new stores to ensure that the structure of the buildings is able to maintain the weight of the solar panels.

Growing demand from retailers has been an opportunity for Simtel to innovate, with the company developing its own inverter management solutions (the most important electronic equipment in a photovoltaic fleet that converts direct current into alternating current) remotely, without need to travel to the location. At the same time, Simtel was the first company in Romania to develop a system to limit the introduction of energy into the network and the first company to bring production information inside on-screen stores, where data is viewed by customers - such screens are present in a significant number of Penny Market, Dedeman, Mega Image or Altex stores.

In addition, the company deals with the design of solutions and the construction of charging stations for electric cars, having built probably the most efficient network of charging stations for electric cars in Romania. The customer is the retailer Penny Market, and the network consists of 12 ABB stations of 53 KW on DC (direct current) that charges 80% of the car battery in 15-30 minutes. Of the 12 stations, 6 form a well-thought-out network that covers the road to the sea, on the Bucharest-Constanța highway.

Moreover, the company has also built solar charging stations for electric scooters, one of the company's projects being the Charles de Gaulle roundabout station in Bucharest made together with the electric scooter operator Flow.

Specific services provided by Simtel in the field of renewable energy:

- construction and maintenance of photovoltaic parks;
- energy storage solutions;
- preventive and corrective maintenance;
- consultancy and implementation in the field of energy efficiency;
- construction and maintenance of charging stations for electric cars.

Industrial automation engineering

Implementation of industrial automation solutions for Romanian companies such as Alro Slatina, Bekaert Slatina, Takata Sibiu, Dacia Pitești but also commissioning, testing, commissioning services anywhere in the world for Nidec SPA. In the field of industrial automation (electric motors, converters, PLCs), the Company has had and continues to have projects in countries such as Brazil, Mexico, USA, South Korea, Turkey, the Netherlands, Sweden, Norway, Egypt.

Since 2014, the Company is the official partner of ABB Romania for the distribution of robots, motors, converters, PLCs. Starting with 2020, Simtel has signed a contract with ABB Romania for the maintenance of industrial robots, and from 2019, the company is certified by ABB for the commissioning and maintenance of charging stations for electric cars.

Specific services provided by the Company in industrial automation:

- industrial lines (electrical panels, motors, converters, PLCs);
- electric drives;
- robotics;
- process control and instrumentation;
- reduction of energy consumption (efficiency);
- distribution of electrical products;
- special projects and products.

Rental

Renting a 500 sq m commercial space to the Mega Image retailer located in Bucharest, Sector 6, bought in 2018. This is a secondary line of business for Simtel. The company does not envisage the further development of this activity.

RESEARCH AND OWN PRODUCTS

In 2022, the Company acquired 51% of the shares of Agora Robotics (formerly Advanced Robotics SRL), the only Romanian research-development and production company for autonomous robots, which develops an ecosystem of complementary modular solutions for automating logistics processes and facility management. By the end of this year, Agora Robotics will release an autonomous industrial cleaning robot.

Also, in 2023, Simtel made an investment in Custom Soft Solutions (CSS) start-up, together with ANT Power, a company in which Simtel holds a 51% stake. CSS develops a Virtual Power Plant (VPP) platform for monitoring and controlling energy consumption and production systems. Following the investment, Simtel owns 29% of the start-up, and ANT Power 20%. Following this acquisition, the Company completes its service package by providing an integrated system for managing a customer's entire energy ecosystem.

IMPACT ON THE ENVIRONMENT

The professional activity of the Simtel Team has a significant positive impact on the environment. One of the two main lines of activity of Simtel Team is the design in the field of renewable energy. Simtel supports companies in their efforts to protect the environment by providing solar systems that obtain clean and pure energy from the sun. Installing solar panels on the roofs of company offices, shopping malls or homes helps to combat greenhouse gas emissions and reduce the collective dependence on fossil fuels through which energy is conventionally obtained. There is no litigation and no litigations are expected to arise, related to the protection of the environment

COMPETITION

As for the market share for each of the company's business lines, it is difficult to provide and estimation, due to the fact that there is no official data regarding the market size of green energy engineering and telecommunications – Simtel's two main business lines. However, based on internal evaluations, Simtel is the leader in Romania in the design, purchase, construction and maintenance of photovoltaic power plants, building over 17 MWp out of the 40 MWp built in the period 2018-2020. In 2021, Simtel built 15 MWp out of approximately 50 MWp built and in 2022 it built 45 MW, out of approximately 150 built in Romania for the B2B segment.

In the Romanian market of industrial automation there are many integrators specialized in different activities such as robots, PLCs, converters. These integrators are companies with a turnover between 1 million euros and up to billions of euros, such as Siemens, ABB or Nidec. Therefore, in the market there is an excellent niche to exploit for projects between 100,000 euros and 1 million euros, where large companies are reluctant to get involved, this being the market that Simtel is considering.

Regarding the key competitors, the detailed information presented by the Simtel Team in the June 2021 listing memorandum, available [HERE](#), remain applicable.

DIFFERENTIATION FROM THE COMPETITION

Similar to the division of its activity into the business lines described above, the factors that differentiate the Company from its competitors fall into 3 categories:

Telecommunications engineering

Simtel differs from its competitors due the fact that:

- ✓ The company has a strong team of people with experience and expertise in any of the relevant fields in this sector: design, acquisition and authorization of sites of interest, civil engineering installations, radio installation and activation, the ability to offer turnkey solutions for any of communications challenges;
- ✓ Diversity - due to the Company's fields of activity, it can provide turnkey solutions in the field of energy, saving and optimization for telecommunications operators. In this sense, we have developed a project that includes over 300 locations;
- ✓ Flexibility - the infrastructure allows the Company to intervene quickly regardless of the situation;
- ✓ Development of long-term collaborations, whether they are clients or subcontractors.

Renewable energy engineering - photovoltaic power plants

Simtel differs from its competitors in that:

- ✓ is the only partner in Romania for Fimer (it took over the Power One factory from ABB in 2020) both for maintenance and for the distribution of inverters;
- ✓ is a leader in construction and maintenance in Romania for the last 3 years; the services are provided throughout Romania but also in other countries;
- ✓ uses new technologies, customized solutions, establishing a large part of the market directions;
- ✓ its employees are engineers ready to offer solutions at any time in all 4 types of activities necessary for implementation: electrical, civil engineering, communications and automation;
- ✓ performs turnkey projects: solutions, design, authorization, procurement, implementation, testing, commissioning with the energy distribution operator

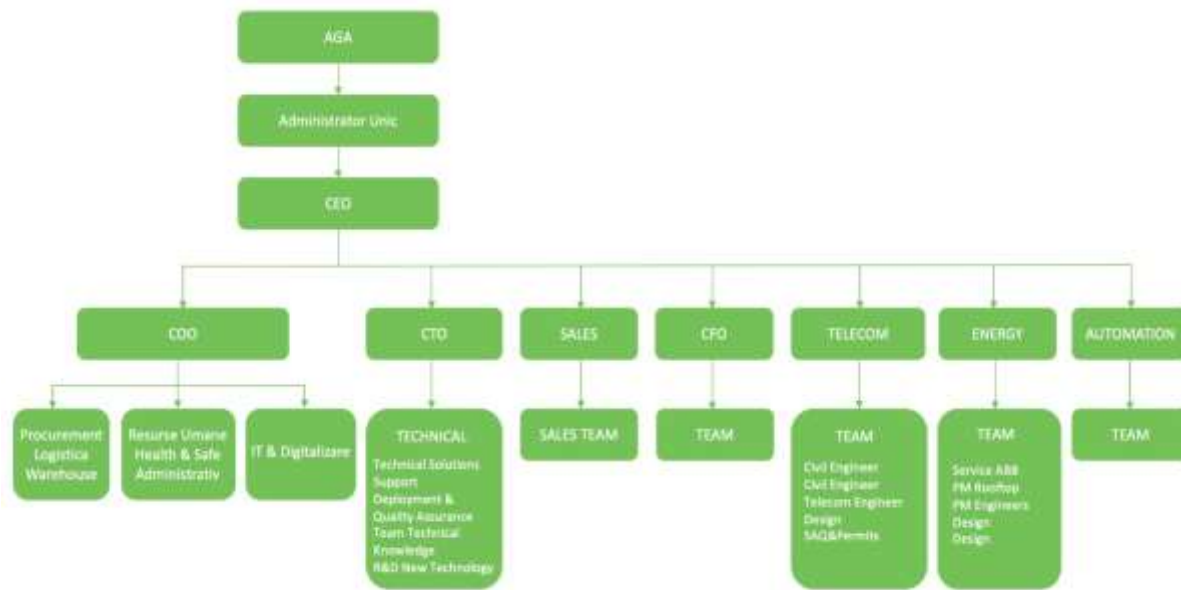
Industrial automation engineering

- ✓ Simtel 's most important differentiator in the field of industrial automation is represented by the national and international experience of the industrial automation team which has the necessary capacity to provide unique and customized solutions. The partnership with ABB also contributes to identifying customers and providing solutions at competitive prices.

EMPLOYEES

At the end of 2022, Simtel had an average number of 87 employees, compared to 46 at the end of 2021. As a company specialized in engineering, it is important to note that about 50% of employees have technical studies, namely engineers, and about 75% of employees have higher education, while 25% of employees have secondary education, but they are well trained technicians. The company's employees are not organized in a union. They constantly participate in specialized courses offered by the company for their personal and professional development.

Organizational chart of Simtel Team SA is presented below:



DIRECTORS AND EXECUTIVE TEAM

The company is managed by a Sole Director, Iulian Nedea, for a 4 years term, starting with 01.03.2023. The Executive Management is provided by the three founders, Iulian Nedea, Sergiu Bazarciuc and Radu Vilău

Iulian Nedea, Sole Director and CEO (General Manager)/co- founder

Iulian Nedea, Co -Founder and General Manager (CEO), graduated from the Faculty of Electronics, Telecommunications and Information Technology at the Polytechnic University of Bucharest, with a degree in Electronic Engineering and Telecommunications. Iulian founded Simtel Center SRL, together with Sergiu Bazarciuc and Radu Vilău, immediately after graduating in 2000, and was General Manager until 2005 when they sold the business, a mobile phone service that had over 6,000 individual customers but also companies in the 5 years of activity: Media Com 95 (60 stores in Romania), DHL, Orange, Pepsi. After the sale of Simtel Center, Iulian was general manager at Eurocom Center, a company that worked in the field of telecommunications, also founded by the three founders, a position he held until April 2010. Starting with 2010, Iulian is General Manager. (CEO) of Simtel Team SA, being responsible for the management of the company, strategy, vision and fulfillment of the objectives set by the organization in the long, short and medium term.

Ownership percentage: Iulian Nedea holds 23.5221% of the share capital of Simtel Team SA

Remuneration: In 2022, the amount of remuneration paid and benefits in kind granted by the Issuer to the sole director Iulian Nedea represent:

- Gross monthly remuneration in the amount of RON 26,500, which remained constant during the year as a result of the fact that there was no other GMS approving remuneration, even though the construction facilities were modified. Thus, the net worth decreased starting from August 2022.
- Other benefits: Car.

Additional information, according to legal regulations:

- Iulian is currently an active partner in companies/associations: Simtel Team SA, Eurocom Center SRL
- For the past 5 years, Iulian has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which Iulian is a member of the board of directors or supervisor.
- Iulian has no professional activity that competes with that of the issuer and is not part of any agreement, arrangements or family ties with a third party due to which he would have been appointed director.

Sergiu Bazarciuc, COO (Director of Operations)/co- founder

Sergiu Bazarciuc, co-founder and Director of Operations (COO), graduated from the Faculty of Electronics, Telecommunications and Information Technology at the Polytechnic University of Bucharest, with a degree in Electronic Engineering and Telecommunications. Sergiu started his professional career in 2000, within Simtel Center SRL where he held the position of Telecommunications Engineer - Project Manager. Starting with 2010, Sergiu holds the position of Chief Operating Officer (COO) of Simtel Team SA, being responsible for coordinating, organizing, guiding and controlling the current activity of the company.

Ownership percentage: Sergiu Bazarciuc holds 23.2951% of the share capital of Simtel Team SA

Remuneration: In 2022, the amount of remuneration paid and benefits in kind granted by the Issuer to Sergiu Bazarciuc represent:

- Gross monthly remuneration in the amount of RON 26,500 in the first 7 months of the year and RON 32,373 starting from August 2022. The net value has not changed due to the fact that the construction sector facilities were modified.
- Other benefits: Car.

Additional information, according to legal regulations:

- Currently Segiu is actively associated in companies/associations: Simtel Team SA, Eurocom Center SRL
- For the past 5 years, Sergiu has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which Sergiu should be a member of the board of directors or supervisor.
- Sergiu does not have a professional activity that competes with that of the issuer and is not part of any agreement, arrangements or family ties with a third party due to which he would have been appointed director.

Radu Vilău, CTO (Technical Director) / co- founder

Radu Vilău, co- founder and Technical Director (CTO), graduated from the Faculty of Electronics, Telecommunications and Information Technology at the Polytechnic University of Bucharest, with a degree in Electronic Engineering and Telecommunications. Radu started his professional career in 1997, within Euronet SRL where he held the position of Technician. In 2000, together with Iulian and Sergiu, they founded SC Simtel Center SRL where he had the role of Telecommunications Engineer and Project Manager. Starting with 2010, Radu holds the position of Technical Director (CTO) of Simtel Team, being responsible for organizing the activity of the technical department and developing technological modernization programs.

Ownership percentage: Radu Vilău holds 23.2697% of the share capital of Simtel Team SA

Remuneration: In 2022, the amount of remuneration paid and benefits in kind granted by the Issuer to Radu Vilău represent:

- Gross monthly remuneration in the amount of RON 26,500 in the first 7 months of the year and RON 32,373 starting from August 2022. The net value has not changed due to the fact that the construction sector facilities were modified.
- Other benefits: Car.

Additional information, according to legal regulations:

- Currently Radu is actively associated in companies/associations: Simtel Team SA, Plesoiu Solar SRL, Eurocom Center SRL, Ravilate SRL.
- For the last 5 years, Radu has not been banned by a court from serving as a member of the board of directors or supervising a company.
- In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which Radu is a member of the board of directors or supervisor.
- Radu does not have a professional activity that competes with that of the issuer and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed director

SMTL SHARES ON THE BUCHAREST STOCK EXCHANGE

The shares of Simtel Team (SMTL) were admitted to trading on the MTS segment of the Bucharest Stock Exchange on 01.07.2021.

Prior to listing on the Stock Exchange, in the private placement, closed on May 27, 2021, a total of 1,055,000 shares, respectively 15% of the company's share capital, were sold to investors at a price of RON 13 per share. 154 individual and professional investors participated in the placement. The offer was closed in advance on the first day, amid a 3.15-fold oversubscription, with investors placing orders totaling RON 43.15 million. Following the conclusion of the private placement for SMTL shares, Paval Holding SRL acquired a total of 352,750 shares already existing in the Simtel Team from the three founders - Iulian Nedea, Sergiu Bazarciuc and Radu Vilău, at a price equal to that of the private placement.

From 01.01.2022 - 31.12.2022- the last trading day on the Bucharest Stock Exchange, investors traded 678,619 SMTL shares, totaling RON 16.7 million. At 31.12.2022, the shareholding structure of the company was as follows:

Shareholder	Number of shares	Percentage
Iulian Nedea	1,849,222	23.5221%
Sergiu Eugen Bazarciuc	1,831,375	23.2951%
Radu Laurențiu Vilău	1,829,375	23.2697%
Natural Persons	1,649,154	20.9773 %
Legal Persons	702,504	8.9359 %
TOTAL	7,861,630	100%

In 2022, no operations were carried out by Simtel Team SA to acquire its own shares. None of the affiliates or subsidiaries of Simtel Team SA owns any shares issued by Simtel Team SA. The issuer has not issued any bonds or other debt securities.

DIVIDEND POLICY

The sole director of the company sets out the following relevant principles regarding the dividend policy:

- The issuer 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 operation as well as as an expression of the remuneration of the capital invested in the company.
- Being a growth company with a high development potential, the Issuer's management aims to achieve a balance between rewarding shareholders and maintaining access to the capital needed for development. Therefore, the company proposes to reward its shareholders by granting shares free of charge, following the capitalization of a part of the net profits accumulated by the company. In this way, the capital will be kept by the company and invested in activities and expenses that aim to increase the value of the business, while investors will be rewarded for their contribution with free shares.
- Depending on the investment needs of a certain year as well as the financial results generated by the Issuer, the Sole Director reserves the right to propose to the shareholders the distribution of cash dividends.
- The proposal regarding the distribution of dividends, in the form of free or cash shares, including the distribution rate, will be made by the Sole Director of the Issuer by issuing financial statements to this effect to investors.

The decision on approving the distribution of dividends belongs to the General Meeting of Shareholders, adopted in accordance with the law.

Any changes to the company's dividend policy will be communicated to investors in a timely manner. This policy will be reviewed by the Issuer's Sole Director whenever relevant additional information regarding the distribution of dividends occurs. This policy is available on the official website of the company, investors section: <https://www.simtel.ro/investitori>.



In the last 3 years the company has given dividends to its associates. Details of how the profit was distributed are shown below:

- **2020:** no dividends were awarded;
- **2021:** cash dividends were granted in the amount of RON 2.2 million (from the result for 2017, 2018 and 2019). From this amount that was distributed to the three shareholders of that period, the amount of RON 1.2 million returned to the Company through their participation in the share capital increase carried out in April 2021.
- **2022:** no dividends were awarded.

KEY EVENTS IN 2022

Acquisition of ANT ENERGY SRL

With the approval of the Extraordinary General Meeting of Shareholders from **December 28, 2021**, as of 2022, Simtel Team owns the majority stake, 51%, of ANT Energy SRL. ANTPower Energy is a Romanian entrepreneurial company that mainly provides forecasting services for photovoltaic power plants. The forecast is made with a program developed internally

by the company, this being one of the best in the market, with a prediction rate of energy produced the next day, very close to the real one.

The company also provides customer representation services in the energy markets, the latter being producers of photovoltaic and wind energy and energy suppliers. The company's business portfolio includes over 120 power plants and six energy suppliers.

ANT Power services are complementary to what Simtel Team offers in the market, and this transaction represents a strategic move in the new context of renewables. The purpose of the transaction was to transform Simtel Team into the first and only company in the field of renewable energy that aims at the energy independence of Romanian companies that offer complete services to its customers, namely sizing and construction of photovoltaic power plants, design, procurement, commissioning, maintenance and, with this takeover, the prediction of energy production and its sale and of green certificates where appropriate.

The main objective of this partnership is that in the next five years ANT Power Energy will be in the top three companies in Romania that perform representation services on the energy markets on behalf of clients. The company is also considering a potential listing on BVB over the next three years. For Simtel, the partnership with ANT Power Energy means expanding the range of services offered to customers and multiplying the sources of income. It means expanding the range of services offered to customers and multiplying the sources of income.

PURCHASE OF IMMOVABLE ASSETS FOR THE DEVELOPMENT OF A PHOTOVOLTAIC PARK IN BRĂILA COUNTY

In **January 2022**, Simtel informed investors about the conclusion of a contract for the acquisition of plots of land with a cumulative area of 114,717sqm and self-demolished constructions, located in Ianca, Brăila County, for a total price of EUR 103,993.80 (plus VAT from SCPEET TERMOELECTRICA SA (in bankruptcy)). The transaction had been previously approved by EGMS Decision no. 7/28.12.2021, for the purpose of developing a photovoltaic park, with a total installed capacity of approximately 8-10 MWp.

After the development of the project, respectively obtaining all the building permits, the market value of the Ready to Build project will be approximately EUR 500,000, and after turnkey construction, the estimated value of the project will be around EUR 6 million.

CONCLUSION OF A CONTRACT WITH CTP INVEST BUCHAREST SRL FOR THE DESIGN AND CONSTRUCTION OF A PHOTOVOLTAIC INSTALLATION

On **March 14, 2022** Simtel announced the conclusion of a framework contract with CTPIInvest Bucharest SRL for the provision of all design services and the execution of works, including but not limited to engineering, design, procurement of equipment and materials, but also the execution of works of construction - assembly for the turnkey implementation of a photovoltaic installation. The photovoltaic installation will be designed and built on 11 buildings located in CTPark Bucharest West, on A1 motorway at the 23rd km, based on each purchase order which will be placed by CTP under the framework agreement. The installed power of the photovoltaic plant will be of maximum 11 MWp.

OGMS AND EGMS DATED APRIL 08, 2022

On **March 7, 2022** the Sole Director of the Company convened the Ordinary and Extraordinary General Meeting of Shareholders for April 8, 2022.

The key points voted on during the meetings were the following:

- (i) Approval of the establishment or acquisition of a project company (SPV) of which the Company will own 50%, in order to develop a project for energy storage and operation for commercial purposes. The project would involve the development of a storage capacity of 6MWp, based on Li-Ion technology, worth approximately EUR 3 million;
- (ii) Approval of the acquisition of 51% of the share capital of Advanced Robotics SRL. The purchase price including an operational robotic platform and copyright for all its algorithms and software components (with applications in the medical, logistics, retail and other industries) is a maximum of EUR 1 million;
- (iii) Approval for the future of the Company's admission to trading on the regulated market administered by the Bucharest Stock Exchange, by transferring from the AeRO alternative trading system of the Bucharest Stock Exchange;
- (iv) Approval of the issuance in the period 2022-2025 of one or more issues of registered bonds, in dematerialized and non-convertible form, guaranteed or unsecured, as the case may be, with or without discount, with a total value of up to RON 50,000,000 or the equivalent in EUR, with a fixed or variable interest rate of up to 9%, as the case may be and with a maturity not exceeding five (5) years and the performance of one or more tenders relating to bonds.

Decisions are available [HERE](#).

SHARE CAPITAL INCREASE

On **May 16, 2022** the prospectus regarding the share capital increase with the amount of 705,500 new registered and dematerialized shares was published, the operation being approved by the EGMS Decision no. 1 / 28.12.2021. The prospectus is available [HERE](#).

On **June 27, 2022**, the Company announced the completion of Stage 1 of the share capital increase, during which 686,267 shares were subscribed, representing 97% of the total issue. Stage 2 was closed early on June 29, 2022. Considering the high interest from investors, they received shares "pro rata" with the allocation index of 0.2753589990.

On **October 24, 2022**, the Company informed the shareholders about Decision no. 21/24.10.2022 of the Sole Administrator of the Company, regarding the increase of the share capital, in order to convert several receivables resulting from the acquisition of ANT Power Energy S.R.L. and Advanced Robotics S.R.L. Both purchases and payment

methods have already been approved during the Extraordinary General Meetings of Shareholders from 28.12.2021 and 08.04.2022.

On **November 3, 2022**, the Company informed the market about the registration, on 03.11.2022, of the share capital increase with the Romanian Trade Registry (ONRC). The share capital increase was carried out in accordance with the Decision of the Sole Director no. 21/24.10.2022. Following the registration with the ONRC, the new subscribed and paid-up share capital of the Company is of RON 1,572,326, divided into 7,861,630 common shares with a nominal value of RON 0.2 each. The Company continues the process of registration of the operation with the Financial Supervisory Authority, followed by issuance of the CIIF for the newly issued shares and concluded with the registration of such shares with the Central Depository and allocation thereof to the entitled shareholders.

On **December 23, 2022**, the Company informed the market about the receipt from the Financial Supervisory Authority of the Certificate of Registration of Financial Instruments. CRFI certified the registration of the share capital increase operation with 101,130 new shares that were issued according to the Decision of the Sole Director dated 24.10.2022. Following the increase, the share capital of Simtel Team S.A. is of RON 1,572,326, divided into 7,861,630 registered shares, with a nominal value of RON 0.2 per share.

The Sole Director's decision to increase the share capital envisaged the issuance of 101,130 new shares, in order to convert receivables, more precisely those resulting from the acquisition of 102 shares of ANT POWER ENERGY SRL, respectively 51 shares issued by Advanced Robotics S.R.L.

OWNERSHIP/VOTE THRESHOLD NOTICE >5%

On **August 8, 2022**, the Company informed investors about the notification received from PAVAL HOLDING S.R.L. regarding the increase of major holdings above the 5% threshold.

CONCLUSION OF A FRAMEWORK AGREEMENT

On **August 25, 2022**, the Company informed the market about the conclusion of a framework agreement with a food retailer for the development of photovoltaic plants on the roof, ground, car port or on the facade of buildings, the characteristics of each plant to be established on the basis of the orders received from the Beneficiary for each individual project. According to the framework agreement, which was concluded until 31.07.2027, the Company will provide integrated services, including engineering activities, design, purchase of equipment and materials, as well as the execution of construction, installation and maintenance works for turnkey implementation of photovoltaic plants, in the locations indicated by the Beneficiary.

DISMISSAL OF THE INSOLVENCY CLAIM FILED AGAINST THE COMPANY

On **October 21, 2022**, the Company announced to the market that the Bucharest Tribunal dismissed, in first instance, the insolvency claim filed by URBAN ANTREPRIZA CONSTRUCTII S.R.L. against the Company in file no 16327/3/2022. The insolvency claim, which was previously reported by the Company through current report no. 15 dated 21.06.2022, has been dismissed as ungrounded on 21.10.2022.

CONCLUSION OF A SIGNIFICANT CONTRACT



On **November 21, 2022**, the Company informed investors about the signing of a significant contract with Grunman Energy SRL, part of the Paval Holding group, with a total value of EUR 17.5 million. The contract was concluded for the design, obtaining of approvals and authorizations, procurement, construction and commissioning of injection photovoltaic power plants with a total installed power of 23.6 MW.

OPENING OF A SUBSIDIARY IN REPUBLIC OF MOLDOVA

On **December 7, 2022**, the Company informed the market about the opening of a subsidiary in Chisinau, Republic of Moldova, through the establishment of a local entity, called Simtel Solar, in which the Company holds 100% of the share capital. Currently, the Company's activity on the Moldovan market is focused on the construction, maintenance and operation of photovoltaic power plants for retailers, on the roofs of their stores or warehouses. Regarding the materials used, part of the system components, which correspond to the Company's standards, are purchased locally, and the rest are brought from the company's stocks in Romania.

ANALYSIS OF FINANCIAL RESULTS

INDIVIDUAL P&L ANALYSIS

In 2022, Simtel Team recorded operating revenue of RON 137.1 million, a 134% increase compared to 2021, when the company generated operating revenue of RON 58.7 million, and the net result increased from RON 6.1 million (2021) to RON 12 million in 2022, an appreciation of 96%.

Business line (% of turnover)	2021	2022
Green Energy	69%	77%
Telecom	31%	21%
Other business lines	1%	2%

The performance achieved in 2022 at the level of financial results was determined by the excellent and continuous contribution of the renewable energy business line, which generated 77% of the total turnover, an increase of the total share by 8 pp, compared to 2021. Therefore, this division, which focuses primarily on energy efficiency solutions by building, maintaining, and operating PV power plants for retailers on their rooftops or within large, field-built PV parks, contributed approximately RON 105.5 million to the turnover for 2022, compared to RON 40.4 million generated in 2021.

Telecommunications contributed 21% to the total turnover and generated revenues of approximately RON 28.8 million in 2022, compared to RON 18.2 million in 2021. The share of other business lines remained insignificant, representing 2% of the total turnover.

Expenses grew faster than revenue, reaching RON 122.5 million in 2022 (+142%), compared to RON 50.7 million in the previous year. The largest contribution was material expenses, which amounted to RON 79.7 million, a 167% increase. This category mainly comprises expenses with raw and auxiliary materials, which amounted to RON 77.2 million, a 181% increase. The increase in these expenses is related to how the company approaches the project implementation. Projects are invoiced, and material consumption is recorded as they are installed at a specific location. Under this approach, the company no longer waits for project completion to invoice and record material consumption, and an invoicing installment is matched to material consumption. As for utility expenses, they increased by 126% compared to the same period last year, reaching RON 116 thousand, while other expenses with materials decreased by 78%, up to RON 0.5 million. Other material expenses include, in principle, expenses with spare parts, with materials such as inventory items or non-inventory materials resulting from service and maintenance activity. To the costs mentioned above, RON 1.9 million are added to the cost of the materials sold directly to the beneficiaries during 2022.

The second largest contribution to costs was other operating expenses, which reached the value of RON 32 million, a 101% increase compared to 2021 due to the larger size of the business. This category mainly includes the costs of transportation, travel, insurance, rent, and subcontractors, as well as taxes and wages due as of December 31st, 2022.

Personnel expenses increased by 124%, up to RON 9.5 million, because the average number of employees increased by 89%, from 46 in 2021 to 87 in 2022. Also, legislative changes and the reduction of facilities related to the construction sector contributed to the increase in salary tax expenses. In parallel, especially in the economic context and significant inflation, wage increases were carried out for existing employees during the past year, which is part of the company's strategy to remain competitive in the market.

Depreciation and value adjustments expenses increased by 91%, reaching RON 1.2 million, due to the increase in the car fleet correlated with the increase in the number of operating personnel.

Despite all the challenges related to the steep increase in equipment and materials prices, the company managed excellent performance to record an operating result of RON 14.6 million at the individual level in 2022, an increase of 83% compared to 2021. The financial revenues increased by 787% to RON 974 thousand due to the exchange rate variations recorded in 2022, while financial expenses increased by 113%, reaching RON 2.3 million. Therefore, the financial result registered a loss of RON 1.3 million, an increase of 34.7% from the negative result of RON 950 thousand recorded in the previous year, on account of exchange rate variations and interest paid for bank financing.

This led to a gross result of RON 13.3 million, a 88% increase. The profit tax is calculated at RON 1.7 million, a 90% increase.

Therefore, Simtel Team ended 2022 with an individual net result of RON 12 million, a 96% increase compared to 2021.

PROFIT AND LOSS ACCOUNT INDICATORS - INDIVIDUAL LEVEL (RON)	31/12/2021	31/12/2022	Δ %
Operating income	58,686,078	137,057,906	134%
Operating expenses	50,700,478	122,512,490	142%
Operational result	7,985,600	14,545,416	82%
Financial result	(949,532)	(1,279,167)	-35%
Gross result	7,036,068	13,266,249	89%
Net result	6,144,448	11,569,481	88%

RESULTS VS ESTIMATES

The results registered by Simtel in 2022 are superior to those included in the 2021 income and expense budget. Individual income in 2022 was 34% higher than the forecast. At the same time, individual net profit was 6% higher compared to the 2022 target net profit.

Regarding the preliminary reporting for 2022, published by the Company in February 2022, the financial result was impacted by the provisions of Order no. 4291/2022 regulating several accounting aspects, published in the Official Gazette no. 18 of 06.01.2023, as a result of the regulation of interim dividend distributions and the recognition of income in the year of approval of the financial statements, with applicability to the dividends distributed in 2022.

As a result, dividends received during 2022 have been reclassified and will be recognized as income in 2023.

SIGNIFICANT CLIENTS

Simtel has a diverse portfolio of clients as it operates 3 different but related business lines. In the last 3 years, the company has had about 200 clients annually; in 2022 Simtel had 310 customers, in 2021 - 206 and in 2020 - 221. In recent years, the top 10 clients have varied, however, historically, Simtel has had a certain concentration of revenue from key clients. This concentration has become visible especially since 2019, when the share of revenues from green energy has increased due to the partnership with major retailers in

Romania - Dedeman and REWE (Penny Market). In 2022, the top 5 clients generated about 43% of the company's revenue.

Client	% of turnover	Business line
Client 1	15%	Energy
Client 2	13%	Energy
Client 3	5%	Energy
Client 4	5%	Energy
Client 5	5%	Telecom

MAIN OPERATIONAL INDICATORS

Telecommunications engineering

Below are the projects delivered by Simtel in 2022, divided by project type:

Project type	2019	2020	2021	2022
Authorization	50	86	38	51
Installing new sites	43	76	32	67
Reconfiguresites	87	89	73	45
Designing	65	108	120	94
Data links - microwave	41	78	85	10
Optical fiber	10 km	18 km	428 km	530 km
Other types of works (rotors, switches, civil works, electrical)	180	289	312	121

Renewable energy engineering - photovoltaic power plants

The key indicators that the Company pursues for this line of business are the number of new photovoltaic plants put into operation, maintenance (in MWp) as well as maintenance for photovoltaic projects abroad.

Project type	2019	2020	2021	2022
New photovoltaic power plants(no. of units/year)	34	56	50 (but with installed power increasing compared to 2020)	150
Total maintenance (MWp) - projects in which only Simtel doesmaintenance	77	100	150	200
Maintenance of photovoltaic projects in other countries (no. of projects/year)	11 (projects with installed capacity between 1-20 MW)	12 (projects with installed capacity between 1-20 MW)	155 (projects with installed capacity between 50kWp and 20 MW)	35

Industrial automation engineering

Project type	2019	2020	2021	2022
New projects in Romania	7	12	3	35 (part of them synergize with photovoltaic power plant projects)
Projects for Nidec in other countries	10	7	9	6

BALANCE SHEET ANALYSIS

Fixed assets increased by 50% in 2022, reaching RON 18 million. This position consists mainly of tangible assets, which increased by 26%, up to RON 12.4 million. The main tangible assets of the company are the lands in Giurgiu, Ianca, and Anina (purchases made for the development of photovoltaic projects), the commercial space purchased in 2018 and used for rent, means of transport and furniture, and office equipment. The increase derives from the expansion of the car fleet due to the increase in the number of employees. Financial fixed assets increased by 155%, up to RON 5.6 million. The increase related to this position, compared to 2021, mainly reflects the acquisition of the shares of ANT Power Energy SRL and Advanced Robotics SRL (currently Agora Robotics). Intangible assets on the balance sheet, worth RON 27 thousand as of December 31, 2022, represent licenses for various IT programs.

Current assets increased by 115% compared to the beginning of 2022, driven by a 200% increase in inventories, up to RON 64.3 million. The increase in inventory was determined by the high demand for the solutions offered by Simtel. This aspect led to an increase in the quantities of stored photovoltaic panels and other equipment and materials owned by the company to implement the contracts with clients. Considering the delays in deliveries from China and the price increases communicated by suppliers for the second half of 2022, the company has decided to change the supply method - from project supply to inventory supply. For this purpose, Simtel obtained in Q2 2022 bank financing in the amount of RON 10 million guaranteed with the purchased inventory, which was invested in photovoltaic panels. In Q3 2022, it accessed new financing of RON 15 million, capital also directed to purchasing new inventory. The procurement process considers the phases of the implementation process and the suppliers' delivery times so that the company optimizes the cash flows. Inventory procured in advance cover the immediate need and not the work that must be completed.

Compared to the beginning of 2022, receivables increased by 24% as of December 31st, 2022, up to RON 39 million. All receivables are due. Trade receivables also increased by 21%, up to RON 36.8 million. In 2022, Simtel changed how a project is billed – newly signed projects are billed in 4 installments as the project is implemented, and therefore no longer waiting for project completion. The new invoicing model will support avoiding the seasonal nature of the business model. Still, considering that it was only introduced for new contracts, it will take some time for revenues to stabilize between quarters.

Cash and cash equivalents increased from RON 289 thousand, as of January 1, 2022, to RON 11.2 million as of December 31, 2022, due to more prudent capital management,

including maintaining a stronger cash position following the share capital increase operation, which took place in May and June 2022 and was completed in July 2022. Due to the excellent relationship with the banks and the attractive cost of financing, the company continues to finance the purchase of inventory using a mix of funding and cash, but at the same time, as mentioned above, the change in the way of invoicing also led to the improvement of cash flow.

BALANCE SHEET INDICATORS (LEI) – INDIVIDUAL LEVEL	01/01/2022	31/12/2022	Δ %
Fixed assets	12,011,314	18,007,010	50%
Current assets	53,241,757	114,411,251	115%
Prepaid expenses	2,385	140,528	5792%
Total active	65,255,456	132,558,789	103%
Current liabilities	36,740,464	71,907,113	96%
Non-current liabilities	2,434,424	7,147,308	194%
Equity	26,080,568	53,012,262	103%
Revenues registered in advance	0	492,106	
Total equity and liabilities	65,255,456	132,558,789	103%

Current liabilities increased by 96%, up to RON 71.9 million. This category is composed of debts to third-party suppliers, which increased by 120%, up to RON 41.2 million, considering the increase in supplied inventory. Payments to suppliers are not linked to the completion of projects. The company has negotiated payment terms with each of its suppliers. The second largest category is represented by current bank liabilities, which increased by 140%, up to RON 21.5 million, following the company's contracting of two financings in 2022, in the amount of RON 10 million, respectively RON 20 million, intended for the supply of inventory. Part of these loans is visible in non-current liabilities, which also increased by 194%, from RON 2.4 million to RON 7.1 million. The current financial leasing category increased by 83%, up to RON 796 thousand.

Non-current liabilities increased by 194%, up to RON 7.1 million, of which RON 5.13 million represent bank debts (+297%) and RON 2 million for financial leasing (+77%). The increase in non-current bank liabilities is also based on financing with an existing InnovFin guarantee in Q1 2022 of RON 4.5 million, which was transformed into a 5-year loan when the warranty expired, being reclassified from financing revolving in non-current liabilities. Likewise, long-term financial leases were contracted, increasing from RON 1.6 million to RON 2.8 million, to cover the need for cars for the maintenance team, which is constantly growing.

Equity increased by 103%, reaching RON 53 million. The increase is mainly determined by the share capital increase operation that ended in June 2022 and was effectively registered in July 2022. Following this operation, the Company's share capital increased by 11%, from RON 1.4 million to RON 1.6 million, and capital premiums by 113%, from RON 13.5 million to RON 28.7 million.

TANGIBLE ASSETS OF THE ISSUER

At the end of 2022, the company's main tangible assets were: the lands from Giurgiu, Ianca and Anina,, a space purchased and located in Baicoi for an investment in its own storage house, the commercial space purchased in 2018 and used for rent, means of transport,



furniture and office equipment. Due to the company's business model, Sintel has no production capacity.

In order to carry out its daily activities, Sintel also owns assets such as cars, laptops, computers, mobile phones, multifunction printers, as well as furniture. All of them are located at the company's headquarters in Splaiul Independenței 319L Bruxelles Office Building B, District 6, Bucharest. The degree of wear and tear of the property owned by the company does not raise significant issues with the conduct of business. The IT equipment owned by the company has a degree of physical wear and tear specific to office activity - small.

There are no issues regarding the ownership of the tangible assets held by the company at its headquarters in Bucharest, as the goods are wholly owned by the company, they are not rented. For some cars, the company has leases with local banks for an average of 4 years.

ELEMENTS OF PERSPECTIVE REGARDING THE ISSUER'S ACTIVITY

The main direction of business development is to intensify the activity of the green energy business line and transform the company from EPC contractor into a 'one-stop-shop' by offering the full range of services needed in the market. This includes implementing the following actions:

- **Scaling the design, installation, implementation, construction and maintenance subdivision for photovoltaic projects** by continuing the current activity and adding new services such as financing projects for a period of 5-9 years on the ESCO model - which involves offering a complete package of services to clients, including arranging project financing;
- **Development of the B2B distribution subdivision** of components and materials needed in the construction of photovoltaic energy projects. Thus, the sources of income on the Energy segment will be diversified, and through the relations that will be built with the clients of the distribution subdivision, a better representation in the territory of the EPC services offered by the Company is expected, with potential for “cross-selling” implicitly increasing the sales of the project implementation subdivision.
- **Development of photovoltaic projects on the land up to the ready-to-build stage**, with the opportunity to continue the construction of the project after the sale, as an EPC contractor. Through this line of development, the company will benefit both from the profit obtained from the sale of ready-to-build projects and by ensuring the provision of EPC services for the subsequent construction of projects. Depending on the market opportunities, there is also the option of complete development, turnkey photovoltaic projects and their subsequent sale.
- **Further development of the subdivision of electric car charging stations** with the development of this market. In this direction are considered both the growth of the team and the accumulation of knowledge, as well as the development of a platform for monitoring and operation of charging stations for electric cars that will complete the range of services for this subdivision.
- **Completing the range of services offered with photovoltaic park operating services**, energy production/consumption prediction, energy sales for customers with photovoltaic parks, etc.
- **Electricity production**, which involves the development of own photovoltaic projects (land acquisition, project development, construction, commissioning, etc.).

These development directions can be achieved both organically and through acquisitions, the Company's management having as strategy the analysis of both options and the taking of decisions punctually according to the opportunities available in the market.

In terms of renewable energy market trends, renewable energy sources, including those in photovoltaic systems, are alternatives to fossil fuels that help reduce greenhouse gas emissions, diversify energy supply and reduce dependence on volatile markets and uncertainties of fossil fuels, especially oil and gas.

EU legislation on the promotion of renewables has evolved significantly over the last 15 years. In 2009, EU leaders set a target of 20% of EU energy consumption coming from renewable energy sources by 2020. In 2018, the target is set that by 2030, 32% of EU energy consumption will come from renewable energy sources. In July 2021, given the EU's new climate ambitions, the co-legislators received a proposal to revise the target to 40% by 2030. Debates are currently taking place on the future policy framework for the post-2030 period.

Therefore, the trend at European level is to implement renewable energy production solutions, this policy significantly influencing the company's line of business dealing with the development and construction of photovoltaic systems.

In view of the above, on 14 July 2021, the Commission published a new energy legislative package entitled "Ready for 55: meeting the EU's 2030 climate goal on the road to achieving climate neutrality", as part of the European Green Pact.

The Renewable Energy Directive also proposes raising the mandatory target for the share of renewable energy in the EU's energy mix to 40% by 2030 (there is a proposal to increase this proportion to 45%) and new national targets, such as:

- a new benchmark for the use of renewable energy by 49% by 2030 for buildings;
- a new benchmark to set the annual increase in the use of renewable energy for industry at 1.1 percentage points;
- a mandatory annual increase of 1.1 percentage points in the use of renewable energy sources for heating and cooling by Member States;
- an indicative annual increase of 2.1 percentage points in the use of energy from renewable sources and residual heat and cold for district heating and cooling.

Also, the Romanian Government, through the National Recovery and Resilience Plan, undertook 6 reforms and 6 main types of investments, the total budget being 1.620 billion euros. These reforms include: reforming the electricity market by replacing coal in the energy mix and supporting a stimulating legislative and regulatory framework for private investment in renewable electricity generation and reducing the energy intensity of the economy by developing a sustainable incentive mechanism. energy efficiency in industry and increasing resilience

In addition, through Law no. 101/2020 for the amendment and completion of Law no. 372/2005 on the energy performance of buildings establishes the obligation to create an infrastructure / ensure the possibility of installing an infrastructure to allow the construction of recharging points for electric vehicles.

Also, the telecommunications and industrial automation divisions will be further developed so that they are in a favorable position to take advantage of the opportunities of the markets in which they operate. For example, for the telecommunications industry, with the allocation of 5G frequencies to mobile operators, a number of projects for the development of 5G technology in the period 2022-2025 are expected to appear.

RISKS

The most significant risks related to the activity of Simtel Team are presented below. However, the risks presented in this section do not include all those risks associated with the company's business. Overall, there may be other risk factors and uncertainties that the company is unaware of at the time of writing and which may change the issuer's actual results, financial condition, performance and future performance and may result in a decrease in the company's share price. Investors should also carry out the necessary prior checks to make their own assessment of the investment opportunity.

Risk associated with reliance on large customers - In recent years, the Issuer's top 10 customers have brought in between 80-90% of revenue to the company, indicating a high reliance on large customers. Regarding the year 2022, the trend shows a decrease of this risk, with the first 10 clients of the Issuer generated approximately 62% of its revenues. A possible change of preferences, the development of an own line competing with that of the Issuer, the contractual conditions or the requirements of these clients could affect the operational activity, as well as the results and financial position of the Issuer. Its diversified activity (telecom, renewable energy, industrial automation), market reputation and unique knowledge contribute to reducing this risk.

Supply chain risk - The company's activity, especially in renewable energy, depends largely on the partnership with suppliers of products, parts or raw materials. The company has a good relationship with these suppliers, however it cannot be ruled out that disruptions may occur in the supply chain, caused by unpredictable or unclear customer demand, disruptions in the flow of products, including raw materials, parts and finished products, social, government and economic factors, or, as has recently happened, global pandemics that can temporarily disrupt the supply of equipment needed for the Issuer to deliver projects to customers.

Risk associated with key personnel - Operating in a booming specialized industry that requires, among other things, advanced technical knowledge, the Issuer depends on recruiting and retaining management and engineers. Therefore, it is possible that in the future, the company will not be able to retain its key personnel involved in the company's activities or will not be able to attract other qualified members of the management team or key people, which would affect the market position and its future development. Thus, both the loss of management and key employees could have a material adverse effect on the Company's business, financial position and results of operations. As a way to reduce this risk, the company intends to implement SOP programs in the coming years (Stock optional Plan).

Competition risk - Changing the strategy by existing competitors or entering new ones, especially outside Romania, with significant budgets to finance aggressive growth, especially in the field of renewable energy, will intensify competition and put pressure on the activity carried out by company, having the risk of a decrease in turnover or profit.

Risk of reputation loss - This is a risk inherent in the Issuer's business, reputation being particularly important in the business environment. Reputation risk is inherent in the economic activity of the Issuer. The ability to retain and attract new customers also depends on the recognition of the Simtel brand and its reputation for the quality of services offered in the market. A negative public opinion about the Issuer could result from actual or perceived practices in the renewable energy market in general, such as

negligence during the provision of services or even from the way the Issuer operates or is perceived to operate.

Risk associated with the business development plan - The Issuer aims at a sustainable growth, as a strategic direction of business development, the management proposing to increase its turnover by developing all 3 business lines. However, it is possible that the line of development chosen by the Issuer to expand the business may not be in line with expectations and estimates, which could have a negative effect on the Issuer's financial position.

Risk associated with making forecasts - Financial forecasts start from the premise of fulfilling the business development plan. The issuer intends to periodically issue forecasts on the evolution of the main economic and financial indicators in order to provide potential investors and the capital market with a true and complete picture of the current situation and future plans envisaged by the company, as well as current reports detailing the comparative elements between the predicted data and the actual results obtained. Forecasts will be part of the annual reports, and the forecast policy is published on the company's website [HERE](#). Forecasts will be made in a prudent manner, but there is a risk of failure to meet them, therefore the data to be reported by the company may be significantly different from those forecast or estimated as a result of factors not previously anticipated, or whose negative impact could not be counteracted or anticipated.

Economic and political risk - The Issuer's activity and revenues may be affected by the general conditions of the Romanian economic environment, and a slowdown or economic recession could have negative effects on profitability and operations. Such unfavorable macroeconomic conditions could lead to an increase in the unemployment rate, a reduction in consumption and purchasing power, which could affect the demand for the products marketed by the Issuer.

Fiscal, Legislative and Regulatory Risk - The Issuer's day-to-day business and development plans may be affected by any legislative changes. This could slow down the expansion, with effects on the business plan for the coming years as well as on the Issuer's operating results.

Price risk - The company operates under the EPC (Engineering, Procurement, Construction) model, under which, in some cases, it has to guarantee the delivery price of the "turnkey" solution. Price risk affects the Issuer to the extent that prices to suppliers of components, equipment, materials and utilities increase without the Issuer being able to profitably incorporate negative changes in its final price while maintaining revenue, respectively, without being able to minimize adverse effects by cost management. The issuer addresses this risk through rigorous cost control. These measures allow for the sizing of profit margins so that, once the price risk materializes, its negative impact can be absorbed at the level of the final service price. The company manages this risk by collaborating with large and locally and internationally recognized companies. The clients with which the Issuer collaborates are companies with turnovers of approximately hundreds of millions of euros, and their risk of being unable to pay for the services is relatively low.

Liquidity risk - Liquidity risk is inherent in the company's operations and is associated with the holding of inventories, receivables or other assets and their conversion into liquidity within a reasonable time, so that the Issuer can meet its payment obligations to creditors and its suppliers. In case of non-fulfillment by the Issuer of these payment obligations or of the liquidity indicators provided in the contract, the Issuer's creditors (commercial

suppliers, banks, etc.) could initiate actions to execute the main assets of the company or even request the opening of insolvency proceedings. the company, which would significantly and negatively affect the shareholders and the activity, prospects, financial situation and results of the Issuer's operations.

The issuer constantly monitors its risk of facing a lack of funds to carry out the activity, by planning and monitoring cash flows, but as net revenues cannot be accurately predicted, there is a risk that this planning may be different from what will happen. future.

Debt risk - The issuer has contracted credit facilities, both in the short term, to finance the current activity and in the long term to finance some investments. These credit agreements can contain many requirements, including affirmative, negative, and financial terms. Failure to comply with any of these conditions may result in the activation of the clause whereby the drawn credit becomes immediately due and the Issuer may not have sufficient liquidity to meet the repayment obligations should these obligations be accelerated. The Issuer may not be able to generate a sufficient cash flow from operations and thus there is no assurance that the Issuer will have access to future loans, in sufficient amounts, to enable the payment of debts. One or more alternatives may be needed, such as reducing or delaying planned expenses and investments, selling assets, restructuring debt, raising additional capital, or refinancing debt. These alternative strategies may not be available on satisfactory terms. The ability of the Company to refinance its debt or to obtain additional financing on commercially reasonable terms will depend, inter alia, on its current financial condition, restrictions on current debt arrangements and other factors, including the state of the financial markets and markets in which the Issuer operates. If the Issuer does not generate sufficient cash flow from operations and if the aforementioned alternatives are not available, the Issuer may not have sufficient cash to enable it to meet all its financial obligations.

Interest rate risk and sources of financing - Some of these issuer financing agreements provide for a variable interest rate. Therefore, the company is exposed to the risk of increasing this rate during the term of the loan agreement, which could result in the payment of a higher interest rate and could have a material adverse effect on the Issuer's business, financial condition and results of operations. Also, in case of deterioration of the economic environment in which the Issuer operates, it may be unable to contract new financing under the conditions from which it previously benefited, which could lead to increased financing costs and adversely affect the financial situation of the Issuer.

Counterparty risk - this is the risk that a third party natural or legal person will not fulfill its obligations under a financial instrument or under a client contract, thus leading to a financial loss. The issuer is exposed to credit risk from its operating activities (mainly for external trade receivables) and from its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Litigation risk - In the course of its business, the Issuer is subject to a risk of litigation, inter alia, as a result of changes and developments in legislation. The Issuer may be affected by other contractual claims, complaints and disputes, including from its contractual counterparties, customers, competitors or regulators, as well as any negative publicity that such an event may entail.

With regard to the insolvency claim filed against the Company by URBAN ANTREPRIZA CONSTRUCTII S.R.L. ("the Claimant"), brought to the attention of the investors by means of Current Report No. 15 dated 21.06.2022, we reiterate some aspects related to the contract on the basis of which the Claimant filed the request:

- The parties concluded a contract on 09.12.2021 for the construction of a photovoltaic power plant, Claimant as Beneficiary and the Company as Supplier, with 25.05.2022 as delivery date;
- the Company carried out several services under the contract, including, but without being limited to field analysis, partial design, followed by the delivery of such solutions by the Company to Claimant;
- Claimant unilaterally terminated the contract before the end date of the contract, on 05.04.2022, although there is no question of non-performance without justification of the Company's undertaken obligations;
- By its conduct, contrary to good faith, starting with the refusal to sign the annex to the contract, essential for determining its object, and culminating in invoking certain issues and addressing requests which did not fall under the contract, for the works initially desired, Claimant prevented the full performance of the contract;
- The Company informed Claimant that, although it strongly rejects the idea of termination as well as its claims against the Company, it nevertheless agrees to the termination of the contract;
- The Company has no fixed, due or other kind of debt towards Claimant.

In October 2022, the Bucharest Tribunal dismissed, in first instance, the insolvency claim filed by URBAN ANTREPRIZA CONSTRUCTII S.R.L., and in March 2023, the appeal was also dismissed.

The same company URBAN ANTREPRIZA CONSTRUCTII S.R.L. ("the Claimant") has another dispute pending before the court, on the same contract, claiming damages of approximately RON 2.5 million. In connection with this claim, the Company considers that this dispute was filed in bad faith and there is little chance that it will succeed before the courts, given that the Claimant voluntarily withdrew from the contract one and a half months before the deadline for completion, moreover, it concealed important information that made it impossible to connect the photovoltaic power plants, declaring itself the beneficiary while acting as General Contractor. The company is financially solid. Thus, there are no risks related to a possible payment obligation, but if there were, there would be an impact on cash flow and profit of approximately RON 2.5 million, which can be managed by the Company.

Risk associated with IT systems - The efficiency of the Issuer's activity depends to some extent on the management IT systems used by it. A malfunction or breach of the Issuer's information systems could disrupt its business, could lead to the disclosure or misuse of confidential or proprietary information, damage to the company's reputation, increase its costs or could result in other losses. The materialization of any of the above deficiencies could have a negative effect on the activity, financial condition and results of the Issuer's operations.

Data protection risk - The issuer collects, stores and uses in its operations commercial or personal data relating to business partners and employees, which may be under contractual or legal protection. Although it seeks to take precautionary measures to protect customer and employee data in accordance with legal requirements regarding privacy, possible leaks, breaches or other breaches of the law may occur in the future or may have already occurred. The issuer also works with service providers and certain software companies that may also pose a risk to the company in compliance with the



relevant legislation and any data protection obligations imposed on them or assumed by them. in the relevant contracts concluded with the Issuer.

In the event of any breach of data protection law, they may result in fines, claims, prosecution of employees and directors, damage to reputation and disruption of customers, with a possible negative effect on business, prospects, results. operations and financial position of the Company.

Other risks - potential investors should consider that the risks presented above are the most significant risks that the company is aware of at the time of writing. However, the risks presented in this section do not necessarily include all those risks associated with the issuer's business, and the company cannot guarantee that it covers all relevant risks. There may be other risk factors and uncertainties that the company is unaware of at the time of writing and which may change the issuer's actual results, financial condition, performance and performance in the future and may lead to a decrease in the company's share price. Investors should also carry out the necessary prior checks in order to make their own assessment of the investment opportunity.

INDIVIDUAL PROFIT AND LOSS ACCOUNT (AUDITED)

PROFIT AND LOSS STATEMENT (LEI)	31/12/2021	31/12/2022	Δ %
Operating revenue, of which:	58,686,078	137,057,906	134%
Turnover	58,591,516	137,029,958	134%
Other operating revenue	94,562	27,948	-70%
Operating expenses, of which:	50,700,478	122,512,490	142%
Material expenses, of which:	29,887,357	79,727,688	167%
<i>Expenses with raw materials and auxiliaries</i>	27,366,629	77,653,296	184%
<i>Utilities expenses</i>	51,187	115,778	126%
<i>Other expenses</i>	2,469,541	1,958,614	-21%
Personnel expenses	4,240,623	9,415,544	122%
Depreciation and impairment expenses	628,790	1,200,981	91%
Other operating expenses	15,943,708	32,168,277	102%
Operating result	7,985,600	14,545,416	82%
Financial revenues	109,705	973,624	787%
Financial expenses	1,059,237	2,252,791	113%
Financial result	(949,532)	(1,279,167)	-35%
Total revenues	58,795,783	138,031,530	135%
Total expenses	51,759,715	124,765,281	141%
Gross result	7,036,068	13,266,249	89%
Income tax / other taxes	891,620	1,696,768	90%
Net result	6,144,448	11,569,481	88%

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

PROFIT AND LOSS STATEMENT (LEI)	2022
Operating revenue, of which:	139,863,002
Turnover	139,319,044
Other operating revenue	543,958
Operating expenses, of which:	124,111,318
Material expenses, of which:	79,774,301
<i>Expenses with raw materials and auxiliaries</i>	77,699,632
<i>Utilities expenses</i>	116,054
<i>Other expenses</i>	1,958,614
Personnel expenses	10,494,117
Depreciation and impairment expenses	1,224,377
Other operating expenses	32,618,524
Operating result	15,751,684
Financial revenues	973,662
Financial expenses	2,253,318
Financial result	-1,279,167
Total revenues	140,836,664
Total expenses	126,364,636
Gross result	14,472,028
Income tax / other taxes	1,718,530
Net result	12,753,498

INDIVIDUAL BALANCE SHEET (AUDITED)

BALANCE SHEET INDICATORS (LEI)	01/01/2022	31/12/2022	Δ %
Fixed assets, of which:	12,011,314	18,007,010	50%
Intangible assets	15,512	27,012	74%
Tangible assets	9,788,529	12,356,236	26%
Financial assets	2,207,273	5,623,762	155%
Current assets, of which:	53,241,757	114,411,251	115%
Inventories	21,467,386	64,293,631	199%
Receivables	31,485,068	39,071,352	24%
Trade receivables	30,435,804	38,918,953	28%
Receivables from affiliated entities	35,437	1,372,209	3,772%
Other assets	1,013,827	767,149	-24%
Cash and cash equivalents	289,303	11,198,667	3,771%
Prepayments	2,385	140,528	5,792%
Total assets	65,255,456	132,558,789	103%
Current liabilities, of which:	36,740,464	71,907,113	96%
Third party suppliers	18,734,493	41,207,019	120%
Liabilities to affiliates	2,829,312	2,692,645	-5%
Bank debt	8,965,795	21,484,500	140%
Debts to shareholders	1,200,000	0	-100%
Financial leasing	435,022	795,750	83%
Other current liabilities	4,575,842	5,727,199	25%
Non-current liabilities, of which:	2,434,424	7,147,308	194%
Bank debt	1,292,005	5,130,308	297%
Financial leasing	1,142,419	2,017,000	77%
Revenue in advance	0	492,106	100%
Total liabilities	39,174,888	79,546,527	103%
Equity, of which:	26,080,568	53,012,262	103%
Subscribed and paid-up share capital	1,411,000	1,572,326	11%
Share premium	13,504,000	28,704,887	113%
Legal reserves	282,200	314,465	11%
Profit or loss carried forward	5,020,920	10,883,368	117%
Profit or loss for the period	6,144,448	11,569,481	88%
Distributed profit	282,000	32,265	-89%
Total equity and liabilities	65,255,456	132,558,789	1,043%

CONSOLIDATED BALANCE SHEET (UNAUDITED)

BALANCE SHEET INDICATORS (LEI)	31/12/2022
Fixed assets, of which:	18,602,308
Intangible assets	541,811
Tangible assets	12,433,008
Financial assets	5,627,490
Current assets, of which:	115,790,446
Inventories	64,296,525
Receivables	40,247,883
Trade receivables	38,996,168
Receivables from affiliated entities	2,445,837
Other assets	792,838
Cash and cash equivalents	11,398,436
Prepayments	140,814
Total assets	134,533,567
Current liabilities, of which:	72,656,189
Third party suppliers	41,323,815
Liabilities to affiliates	3,270,776
Bank debt	21,484,500
Debts to shareholders	0
Financial leasing	795,750
Other current liabilities	5,781,348
Non-current liabilities, of which:	7,178,264
Bank debt	5,130,308
Financial leasing	2,047,956
Revenue in advance	492,106
Total liabilities	80,326,559
Equity, of which:	54,207,008
Subscribed and paid-up share capital	1,573,856
Share premium	28,704,887
Legal reserves	3,148
Profit or loss carried forward	10,892,241
Profit or loss for the period	12,753,498
Distributed profit	32,265
Total equity and liabilities	134,533,567

INDIVIDUAL CASH-FLOW

NAME OF INDICATOR	31.12.2021	31.12.2022
OPERATING ACTIVITIES		
Result before tax	7,036,068	13,266,249
Adjustments for:		
(+) Depreciation and amortization expenses for tangible and intangible assets	628,790	1,200,980
(+) Net exchange rate differences	530,652	464,222
(+) Net interest expense	418,880	814,696
(-) Profit / (+) Net loss on sale of tangible assets	0	0
Cash flow before change in working capital	8,614,390	15,746,148
Decrease / (increase) clients and other similar accounts	-8,569,301	-5,366,186
(Decrease) / increase of suppliers and other assimilated accounts	12,171,594	21,749,781
Decrease / (increase) inventories	-18,064,243	-42,826,245
Cash flow from operations	-14,461,951	-26,442,650
Interest paid	-431,536	-814,716
Profit tax paid	-776,687	-1,302,399
Net cash flow from operations	-7,055,783	-12,813,598
INVESTMENT ACTIVITY		
Financial assets acquisitions	-1,568,719	-674,194
Loans granted	0	-1,370,209
Repayments of loans granted	0	-1,200,000
Acquisitions of tangible and intangible assets	-7,034,743	-3,220,921
Collected interest	12,656	20
Net cash flow (used) in investment activities	-8,590,806	-6,465,304
FINANCIAL ACTIVITIES		
Dividends paid / received	-2,210,528	1,019,946
Withdrawals / repayments loans	2,741,044	16,316,162
Capital increase	14,914,000	12,846,731
Net cash flow used in financial activities	15,444,516	30,182,839
Net increase / (decrease) in availability money and other liquidity	-202,073	10,903,937
Cash and other cash availability at the beginning of the year	491,376	289,303
Cash and other cash availability at the end of the period	289,303	11,193,240

CORPORATE GOVERNANCE PRINCIPLES

CODE	PROVISIONS TO BE RESPECTED	COMPLIANT	NON-COMPLIANT	EXPLANATIONS
SECTION A - RESPONSIBILITIES OF THE MANAGEMENT BOARD (BOARD)				
A1.	The company should have internal Board regulations that include terms of reference regarding the Board and key management functions of the company. The administration of the conflict of interests at Board level should also be dealt with in the Board regulation			Not applicable - the company is managed by a Sole Director.
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 notified to the Board before appointment and during the mandate term.	√		The issuer fully complies with this provision.
A3.	Each member of the Board shall inform the Board of any connection with a shareholder who directly or indirectly holds shares representing not less than 5% of the total number of voting rights. This obligation shall take into account any connection which may affect the position of that Member on matters relating to decisions of the Board.			Not applicable - the company is managed by a Sole Director.

A4.	The annual report will inform whether an evaluation of the Council under the chairmanship has taken place. The annual report shall contain the number of meetings of the Board.			Not applicable - the company is managed by a Sole Director.
A5.	The procedure for cooperation with the Authorized Consultant for a period during which such cooperation is applicable shall contain at least the following:			Not applicable. The period for which the Issuer was required to work with an Authorized Consultant expired on 01.07.2022.
A.5.1.	Person for the Authorized Consultant			
A.5.2.	The frequency of meetings with the Authorized Consultant, which will be at least once a month and whenever new events or information involve the submission of current or periodic reports, so that the Authorized Consultant can be consulted;			
A.5.3.	The obligation to inform the Bucharest Stock Exchange about any malfunction that occurred during the cooperation with the Authorized Consultant, or the change of the Authorized Consultant.			

SECTION B – INTERNAL CONTROL / AUDIT

B1.	The Board will adopt a policy so that any transaction of the company with a subsidiary representing 5% or more of the company's net assets, according to the latest			The issuer has no such policy in place. In any case, Simtel did not carry out any such transactions in 2022.
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	financial reporting, is approved by the Board.			
B2.	The internal audit must be carried out by a separate organizational structure (internal audit department) within the company or through the services of an independent third party, which will report to the Board and, within the company, report directly to the General Manager.	√		Internal audit is performed by the financial-accounting department of the Issuer.

SECTION C – FAIR REWARDS AND MOTIVATION

C1.	The company will publish in the annual report a section that will include the total income of the members of the Board and the general manager and the total amount of all bonuses or any variable compensation, including the key assumptions and principles for their calculation.	√		The issuer undertakes to publish this information in the annual report.
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SECTION D – BUILDING VALUE THROUGH INVESTOR RELATIONS

D1.	In addition to the information provided in the legal provisions, the company's website will contain a section dedicated to Investor Relations, both in Romanian and in English, with all relevant information of interest to investors, including:	√		Simtel Team follows all the rules regarding the IR function, as detailed below. The company has a section dedicated to investor relations on the website www.simtel.ro .
D1.1	The main regulations of the company, in particular the articles of association and the internal regulations of the statutory bodies	√		The key rules of Simtel Team can be found on the issuer's website.
D1.2	CVs of members of statutory bodies	√		CVs and biographies of the company's

				management staff can be found on the Simtel Team website as well as in the annual reports.
D1.3	Current reports and periodic reports;	√		All current and regular Simtel Team reports are available on the issuer's website.
D1.4	Information on general meetings of shareholders: agenda and related materials; decisions of general meetings;	√		All information about the Simtel Team GMS is available on the issuer's website.
D1.5	Information about corporate events such as the payment of dividends or other events that result in the acquisition or limitation of a shareholder's rights, including deadlines and the principles of such transactions;	√		If applicable, this information will be published by the company on the Simtel Team website, as well as in a current report sent to BVB.
D1.6	Other extraordinary information that should be made public: cancellation / modification / initiation of cooperation with an Authorized Consultant; signing / renewing / terminating an agreement with a Market Maker .	√		If applicable, this information will be published by the company on the Simtel Team website, as well as in a current report sent to BVB.
D1.7	The company must have an Investor Relations function and include in the section dedicated to this function, on the company's website, the name and contact details of a person who has the ability to provide, upon request, the appropriate information.	√		Contact details for the IR department of Simtel Team can be found on the company's website, in the "Investors" section.

D2.	The company must have adopted a dividend policy of the company, as a set of directions regarding the distribution of net profit, which the company declares to comply with. The principles of the dividend policy must be published on the company's website.	√		The company's dividend policy is available on the Simtel Team website, in the "Investors" section.
D3.	The company must have a policy on forecasts and whether or not they will be provided. The forecasts are the quantified conclusions of the studies aimed at determining the total impact of a list of factors related to a future period (so-called assumptions). The policy must set out the frequency, the period under consideration and the content of the forecasts. The forecasts, if published, will be part of the annual, half-yearly or quarterly reports. The forecast policy must be published on the company's website.	√		Simtel Team's forecast policy is available on the company's website in the "Investors" section.
D4.	The company must set the date and place of a general meeting so as to allow the participation of as many shareholders as possible.	√		Simtel Team organizes and will continue to organize the GMS on weekdays, at the company's headquarters in Bucharest, as well as online, using the eVOTE platform.
D5.	The financial statements will include information in both Romanian and English on the main factors influencing	√		Simtel Team issues all information to investors, including financial reports,

	changes in sales, operating profit, net profit or any other relevant financial indicator.			bilingually, in English and Romanian.
D6.	The company will 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 that meeting / conference call.	√		Simtel Team will organize at least once a year "SMTL Investor Day" event to which all stakeholders, investors, analysts and media representatives will be invited.



DECLARATION OF THE MANAGEMENT

Bucharest, March 24, 2023

I confirm, according to the best of my knowledge, that the accounting reporting for the period between 01.01.2022 and 31.12.2022 has been prepared in accordance with the applicable accounting standards and gives a true and fair view of Sintel Team S.A.'s assets, liabilities, financial position and statement of profit and loss account and that the Directors' report gives a true and fair view of the significant events that took place in 2022 and their impact on the Company's individual financial statements.

Iulian Nedea

Sole Director Sintel Team S.A.