



To: *the Bucharest Stock Exchange*
the Romanian Financial Supervisory Authority

CURRENT REPORT 37/2023

Pursuant to Law no. 24/2017 on issuers of financial instruments and market operations and to the Romanian Financial Supervisory Authority Regulation no. 5/2018 on issuers and operations with securities, as subsequently amended and supplemented and the provisions of Article 99 of the Bucharest Stock Exchange Code, Title II, Issuers and Financial Instruments.

Date of report	14.11.2023
Name of the Company	Safetech Innovations S.A.
Registered Office	12-14 Frunzei Street, District 2, Bucharest
Phone	+40 754 908 742
Email	investors@safetech.ro
Registration nr. with Trade Registry	J40/3550/2011
Fiscal Code	28239696
Subscribed and paid share capital	13,300,000 lei
Total number of shares	66,500,000
Symbol	SAFE
Market where securities are traded	Bucharest Stock Exchange, Main Segment, Standard Category

Important events to be reported: Information document regarding the free assignment of shares to employees and members of management bodies

The management of Safetech Innovations (hereinafter referred to as the “**Company**”) informs investors about the free assignment of 433,703 shares to employees and members of the management bodies within the Company and the publication of the Information Document drawn up in accordance with art. 1 paragraph (4) lit. i) from Regulation no. 1129/2017 regarding the prospectus that must be published in the case of a public offer of securities or the admission of securities to trading on a regulated market, and repealing Directive 2003/71/EC.

The information document is attached to this current report.

Victor GANSAC

CEO

SAFETECH INNOVATIONS S.A.



**INFORMATION DOCUMENT REGARDING THE ALLOCATION OF FREE SHARES TO THE
EMPLOYEES AND MEMBERS OF THE MANAGEMENT BODIES OF SAFETECH
INNOVATIONS SA**

INFORMATION DOCUMENT ACCORDING TO ART. 1 PAR. (4) LETTER I) FROM REGULATION NO. 1129/2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71/EC

SAFETECH INNOVATIONS S.A.

Headquarters: 12-14 Frunzei Street, floors 1-2, District 2 , postal code 021533, Bucharest, Romania
Solde Identification Code: RO 28239696 • Trade Registry Registration Number: J40/3550/2011
www.safetech.ro



I. INFORMATION ON THE NUMBER AND NATURE OF SECURITIES

SAFETECH INNOVATIONS SA (hereinafter referred to as the “**Company**”), with registered office in 12-14 Frunzei Street, 1-2 floors, District 2, postal code 021533, Bucharest, Romania, registered at the Trade Registry Office under no. J40/3550/2011, having Sole Identification Code RO 28239696, assigns, free of charge, a number of 433,703 registered, ordinary, dematerialized shares issued by the Company, with a nominal value of 0.2 lei each, to employees and members of the management bodies of the Company.

II. REASONS FOR THE ALLOCATION OF SHARES

1. By adopting EGMS Decision dated 21.07.2022, the Company's shareholders decided to adopt a Stock Option Plan type program, in order to reward and retain employees and members of the Company's management bodies ("**SOP Program**"), a program that takes place between 2022-2024. The founding shareholders of the Company were not included in the SOP Program.

The decision to establish the group of potentially eligible employees, the rules for determining the people who will be able to benefit from this plan, the term in which the option can be exercised, the procedure of the SOP Program, the eligibility conditions and the number of participation titles granted, as well as possible limitations belonged to the Board of Directors of the Company on the date of granting the options.

By adopting this plan, the Company confirms its intention to co-interest the employees, in the good running of the company, by offering them the possibility of becoming shareholders within the Company. This approach is a natural step in building a culture open to communication and innovation within SAFETECH, with community spirit, which encourages professional and personal growth, creates a space for involvement and, at the same time, partnership.

At the same time, the implementation of the SOP Program represents a differentiating element in the technology labor market, where recruiting highly qualified personnel is an increasing challenge. Participation in the company's performances represents an element that the Company's management considers defining for SAFETECH's differentiation in the market. In this way, the Company can attract personnel with vast expertise, of various seniorities, the quality of human resources and the expertise of the team being a vital element in the company's field of activity, especially in a complex field, such as that of cyber security.

Also, the Company decided to implement the SOP Program, due to the fiscal benefits that such a program presents. Thus, according to the definition mentioned in the Fiscal Code (Law 227/2015) "*stock option plan*" represents: "*a program initiated within a legal entity, under which it is granted to its employees, administrators and/or directors or of its affiliated legal entities, provided in point 26 letters c) and d), the right to purchase at a preferential*

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price or to receive free of charge a determined number of participation titles, defined according to point 40, issued by the respective entity. "

According to point 40 of the Fiscal Code "*participation title*" is defined as "*any share in collective company, a limited partnership, a joint-stock company, a limited liability company, a limited joint stock partnership or in another legal person or in an open investment fund*".

Also, in order to qualify a program as a "*stock option plan*", the respective program must include a minimum period of one year between the moment of granting the right and the moment of its exercise (purchase of participation titles).

It is important to note that the advantages granted in the form of options within a "*Stock Option Plan*" are not considered taxable income, at the time of granting the option, nor at the time of exercise of the option by the beneficiary, according to the provisions of art. 76 para. 4 letter r) from the Fiscal Code, being also exempted from the payment of social insurance contributions, in accordance with the provisions of art. 142 Fiscal Code.

In conjunction with the provisions of art. 94 of the Fiscal Code, regarding the determination of the gain/loss from the transfer of securities, as the investment income registered by the eligible persons as a result of the subsequent sale of the shares purchased under the "*Stock Option Plan*" programs are subject to income tax, the securities granted within a Stock Option Plan program become taxable only at the time when the beneficiary decides to sell these values.

Thus, through the SOP Program, the Company wanted to ensure its investment in the professional development of key people, preventing migration to the competition and capitalizing on the expertise developed within the Company, implicitly eliminating the cost of replacing these people.

2. Distinctly from the SOP Program, through EGMS Decision dated 06.09.2023, the Company's shareholders approved the use of the remaining shares in the Company's treasury, following the exercise and/or allocation of the option rights of the eligible persons who were included/will be included in the SOP Program, as a performance bonus granted to people who work within the Company (employees, collaborators, directors, members of the Company's management bodies, etc.). The founding shareholders of the Company were not included in such a procedure.

The surplus of shares that can be found in the Company's treasury was determined by the changes in its personnel structure, the Company not being able to grant in full the total number of shares bought back from the market for the first year of the SOP Program.

Thus, by granting this surplus of shares as a performance bonus, the Company wishes to reward the people who have carried out their activity within the Company during 2023,

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while protecting the company's cash position. Therefore, although in previous years the performance bonuses were awarded in cash, in 2023 the eligible persons will receive shares of the Company.

In addition, by distributing these shares as a performance bonus, the Company's management wants to avoid a decrease of the share capital, the Company being obliged to undertake such an approach in the case of treasury shares that were bought back for distribution to employees, but which were not distributed within 12 months of acquisition.

The company will fulfill all applicable tax obligations, considering that the granting of these shares as a performance bonus cannot be included in the definition of "*stock option plan*".

III. DESCRIPTION OF THE SHARE ALLOCATION PROCEDURE

1. By adopting the EGMS Decision dated 21.07.2022, the Company's shareholders approved the distribution through the SOP Program of a maximum number of 6,650,000 shares, during the 2 years of the SOP Program, which will be offered in order to reward and retain employees and members of the Company's management bodies.

The Board of Directors was empowered to adopt any and all of the necessary measures and to fulfill all the formalities required for the approval and implementation of the SOP Program established by the EGMS Decision dated 21.07.2022, such as, but not limited to: (i) determining the criteria on the basis of which the rights to acquire shares will be granted to the beneficiaries of the plan in accordance with the terms and conditions of the SOP Program; (ii) the number of shares that will belong to each beneficiary of the Plan as the object of the rights to acquire shares (iii) the period between the date of granting the right to acquire shares and the date of its exercise, without the period being shorter than 12 months (iv) the conditions for exercising the right to acquire shares; (v) the term within which the holder of the right to acquire shares must exercise this right, (vi) the preparation and publication of information documents in accordance with the law, etc. .

Taking into account those adopted by the EGMS Decision dated 21.07.2022, the Board of Directors adopted a decision, on 04.10.2022, which established the following:

- (i) The allocation in the first year of the SOP Program (January 1, 2022 – December 31, 2022) of a total number of 600,000 rights regarding the free acquisition of shares of the Company ("Options"), corresponding to a total number of 600,000 shares;
- (ii) List of persons eligible to participate in the first year of the SOP Program;
- (iii) The procedure for exercising the rights regarding the free acquisition of shares under the SOP Program (together with the notice of accession, the answer of accession, the Agreement of Options, the notice to exercise and the answer of exercise);

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- (iv) The evaluation form for establishing the degree of fulfillment of the individual performance objectives and the financial ones, as the case may be, for granting the possibility to exercise the Options offered through the SOP Program;
- (v) Empowering the General Manager of the Company to carry out all measures to implement the SOP Program in its first year.

As a result of the Decision of the Board of Directors dated 04.10.2022, on 04.11.2022 the notices of participating in the first year of the SOP Program were sent, and in the period 04.11-09.11.2022 the Option Agreements were concluded with the eligible persons who have expressed their consent to join the SOP Program.

Between 06-10.11.2023, taking note of the passage of the 12-month period from the date of signing the Option Agreements, as well as the fulfillment of the individual and financial performance criteria, the eligible persons received the notification to exercise the Options, and during the period of 06-10.11.2023, these persons sent the responses to exercise the Options.

Following the receipt of the responses for the exercise of the Options, on 13.11.2023 the Board of Directors took note of the fulfillment of all the conditions provided for the first year of the SOP Plan and adopted a decision establishing the transfer of 291,600 shares, which the Company held in treasury following the implementation of the share buyback program, to the participants of the SOP Program, for the financial year 01.01.2022 – 31.12.2022. The list of participants in the SOP Program, who will receive shares, as well as the number of shares due, is attached to the BoD Decision dated 13.11.2023, as Annex no. 1.

2. Following the adoption of the EGMS Decision dated 06.09.2023, on 17.10.2023, the Board of Directors decided that a total number of 142,103 shares of the Company, held in the Company's treasury following the implementation of the share buyback program, shall be allocated to the employees as a performance bonus for the financial year January 1, 2023 – December 31, 2023. The subsequent transfer to employees, as well as the list of eligible persons and the number of shares due to each person was later confirmed by the BoD Decision dated 13.11.2023. The list of persons eligible to receive a performance bonus in the form of shares, as well as the number of shares due, is attached to the BoD Decision dated 13.11.2023, as Annex no. 2.

The transfer of the right of ownership over the shares from the Company to the eligible persons, will be carried out after the fulfillment of all the necessary conditions for the transfer, after the transmission of this document and the documents related to the transfer, to the Central Depository, according to the legislation in force.

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VICTOR GANSAC

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