



SAFETECH
INNOVATIONS

2023
PRELIMINARY
FINANCIAL
RESULTS



Safetech Innovations S.A., company listed on the Main Segment of the Bucharest Stock Exchange, Standard Category

BVB: **SAFE**

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ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Report type	2023 Preliminary Financial Results
For financial period	01.01.2023 – 31.12.2023
Report publishing date	27.02.2024

ISSUER INFORMATION

Name	Safetech Innovations SA
Fiscal Code	28239696
Trade registry number	J40/3550/2011
Registered office	12-14 Frunzei street, District 2, Bucharest

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up capital	13,300,000 lei
Market on which the securities are traded	Bucharest Stock Exchange, Main Segment, Standard Category
Total number of shares	66,500,000 shares
Symbol	SAFE

CONTACT DETAILS FOR INVESTORS

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The individual and consolidated preliminary financial statements presented in the below pages are prepared in accordance with the International Financial Reporting Standards, adopted by the European Union ("IFRS"). The preliminary financial statements as of December 31, 2023 **are not audited.**

MESSAGE FROM THE CEO

Dear shareholders,

2023 was a year characterized by ups and downs. A year and a few weeks ago, on February 6, 2023, SAFE shares debuted on the Main Market of the Bucharest Stock Exchange, a significant moment for the development of our company. A few months later, in August 2023, **Morgan Stanley Capital International (MSCI)** announced the inclusion of SAFE shares in the MSCI Frontier Markets Small Cap index and in the MSCI Romania Small Cap index.

The inclusion of the company's shares in these indices represents another important moment for Safetech Innovations and reflects **our rise on the international stage**. MSCI Frontier Markets Small Cap index represents a benchmark for the shares of companies with small capitalization from frontier markets, while the MSCI Romania Small Cap index represents a benchmark for the shares of small capitalization companies from Romania.

Regarding our activity, in 2023, we were involved in multiple cybersecurity projects, registering requests for both our services and cybersecurity solutions. As we announced through current reports, in 2023, we signed three significant contracts with an approximate value of more than 4 million euros. However, the year could have been better.

The first half of 2023 gave us confidence that we would have a year at least as good as 2022. But, starting from the second part of last year, things took an **unexpected turn**, with several reasons for concern, which have led to a decrease in requests for cybersecurity services and solutions or stagnation in the development of projects. Among these reasons, we list the discussions held throughout the past year at the legislative level regarding fiscal changes, as well as the ordinance regarding the reduction of expenses by public institutions. These elements had a direct and indirect impact on our revenues.

Also, starting with the second part of the year, talks regarding a potential recession intensified, and later the conflict in Israel broke out. All these aspects created **uncertainty in the market** and impacted the activity of companies and their budgets. Their decision to invest in cybersecurity has been prolonged and we have observed in the second part of last year a linear decision among customers and potential customers to postpone to 2024 the implementation of cybersecurity measures.

As a result of this delay, our individual and consolidated financial results were not what we and you, Safetech shareholders, were aiming for. Considering these aspects, in 2023, **on an individual level**, the company's turnover amounted to **RON 31.1 million**, a decrease of 11% compared to 2022. During the year, cybersecurity services contributed 31% to the total turnover, and the implementation of cybersecurity solutions contributed 69%.

In 2023, **we gained 14 new customers** from the Romanian market. Therefore, we ended 2023 with a **net profit at the individual level of RON 9.7 million**, a decrease of 5% compared to the previous year.

At the consolidated level, where the results of the UK entity (Safetech UK) are included, considering that this entity did not record sales in 2023, the turnover is similar to that recorded at the individual level, and the **net profit amounted to RON 3.8 million**, a decrease of 37% compared to 2022.



Considering that **the activity in the UK was not at the level we intended**, following an assessment carried out at the end of 2023, which aimed to identify the means of accelerating the company's development on the UK market, **Safetech UK has adopted a new strategy**, of focusing on a **larger volume of contracts** with lower value. At the same time, following the evaluation, we reorganized the respective entity, **reducing expenses by 40%**. We predict that the effects will be seen starting from Q2 2024.

In line with the UK contracting strategy from the beginning of 2024, **Safetech UK has already signed the first contracts and has further awarded contracts in the pipeline, totaling approximately £150k**. The focus on attracting lower value contracts supports a more dynamic response to market opportunities and facilitates a steady revenue stream, avoiding the long negotiation and project initiation periods observed in case of larger contracts. We will continue to implement this strategy throughout this year and will inform you of any significant updates relating to Safetech UK. **Regarding USA**, the branch was established in 2023 and the activity will be operationalized once the UK entity will be self-financed through its own contracts.

Concerning UAE, the local entity's activity in 2023 focused on **market prospecting and discussions with potential customers**. As I have mentioned repeatedly, this market is extremely different from Romania and Great Britain, because the focus here is only on large projects. Therefore, they require long periods of time for the construction and contracting part. We are currently confirming the signing of a collaborative partnership with **Black Diamond Military Equipment, part of the investment group Abu Dhabi Capital Group**. The objective of this partnership is to identify and capitalize on cybersecurity opportunities in this market.

Regarding Safetech's international presence, we are glad that in December 2023, during the EGMS, you supported us in our endeavor to establish a company in the Kingdom of Saudi Arabia. The reason why we aim to penetrate this market with our services and solutions is related to the long-term policy of this country, **Vision 2030**. This requires a rapid and large-scale digital transformation, including from the point of view of cybersecurity. Thus, the potential of the cybersecurity market in Saudi Arabia will be US\$ 5.6 billion in 2024 and it is expected to reach US\$ 10 billion in the year 2026.

In **Saudi Arabia**, we have already signed a collaborative partnership with **Al-Yam International Trading Company**, the objective being to identify and capitalize on cybersecurity opportunities in this market. Regarding the establishment of the local entity, we are in the final stages of the necessary procedures to operate and obtain business licenses. We expect that in March 2024, this entity will be established and thus, can start signing contracts for the provision of cybersecurity services and solutions at the local level.

Even if the financial results for 2023 were not in line with our expectations, looking ahead, **we anticipate that things will look better in 2024**. Cybersecurity challenges are becoming more complex and the need for cybersecurity services and solutions is intensifying. The beginning of this year demonstrated this to us, when the Romanian Parliament suffered a cyberattack, as did several public hospitals in Romania. Romanian legislation needs to be constantly updated in this area, to keep up with new threats. We are prepared to be on the front line to respond to the needs of entities from all economic sectors.

For this reason, we present to you the proposal of **2024 Income and Expenditure Budget**. In short, at the consolidated level, we aim for total revenues of **RON 64.8 million** and a net profit of **RON 13.1 million**.

Earlier this year we signed recurring cybersecurity incident response and monitoring contracts with **four new clients**. We estimate that **in Q1 2024 we will record an increase in individual net profit by more than 100%** compared to the same period in 2023.

Additionally, we would like to mention that 2024 has started very well and we have signed **three projects with European funds, totaling RON 4 million**, through our involvement in various multinational consortia at European level. We also **won a project with European funds at the national level, worth RON 6.2 million** and we will sign the contract in the following period. We

intend to apply for other such projects as well, depending on the funding lines available both at national and European level.

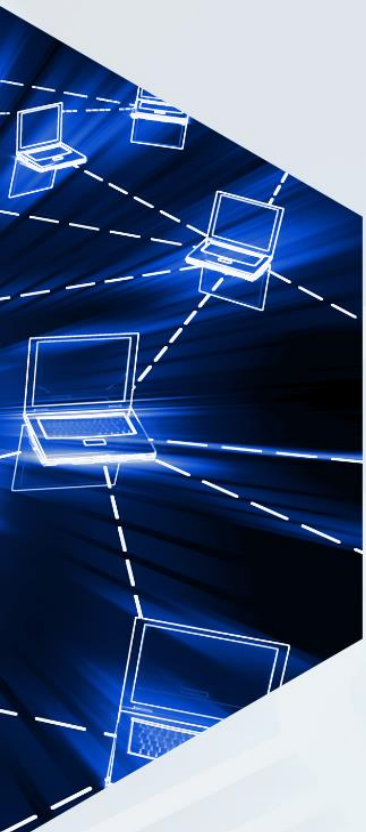
More details on the 2024 Revenue and Expenditure Budget are available below in the "2024 Outlook" chapter.

I invite you to read in the following pages more details about Safetech's performance in 2023. In case of any questions related to our activity, whether it is about the business or the company's activity on the capital market, please do not hesitate to contact us contact investors@safetech.ro.

Victor Gansac

Chairman of the Board of Directors and CEO

2023 KEY INDICATORS (INDIVIDUAL)



REVENUES

RON 32.7 MILLION

-7% vs. 2022



TURNOVER

RON 31.1 MILLION

-11% vs. 2022



GROSS RESULT

RON 11 MILLION

-5% vs. 2022



NET RESULT

RON 9.7 MILLION

-5% vs. 2022



2023 KEY INDICATORS (CONSOLIDATED)



REVENUES

RON 32.8 MILLION

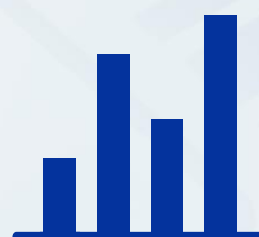
+2% vs. 2022



TURNOVER

RON 31.1 MILLION

-2% vs. 2022



GROSS RESULT

RON 5.1 MILLION

-31% vs. 2022



NET RESULT

RON 3.8 MILLION

-37% vs. 2022



The key indicators are presented at **consolidated level**.

ABOUT SAFETECH INNOVATIONS

Safetech Innovations S.A. ("Safetech") is a company with a unique profile on the Romanian market, characterized by its ability to deliver a full range of cybersecurity solutions and services. Safetech offers a *one-stop shop* capable of supporting organizations of any size to achieve and maintain the desired level of cyber resilience. Throughout its history, the company has specialized in integrating complex cybersecurity projects and securing critical infrastructures.

Safetech's mission is to provide its customers with the means and capabilities necessary to achieve and maintain their cybersecurity objectives. To fulfill its mission, the company uses products with state-of-the-art technology, with which it delivers to customers, from its security operations center, a comprehensive set of solutions and services. Safetech brings together human and artificial intelligence within its portfolio of comprehensive cybersecurity services, internationally accredited and developed based on proven methodologies in the field.

Safetech is consistently recognized, both locally and internationally, for its well-trained and certified staff, innovative research programs, and unique expertise and experience in solving the most complex cybersecurity problems. The main areas of expertise of the company are:

- Outsourcing the operations of monitoring and responding to cybersecurity incidents,
- Delivery and implementation of technical means and solutions for addressing cybersecurity risks,
- Implementation of organizational and technical controls to address information security risks and maintain the compliance with applicable security regulations,
- Securing critical IT and OT infrastructures (information technology and operational technologies),
- Training in cybersecurity,
- Security testing and auditing,
- Information security and risk management.

Safetech Innovations has a leading position on the Romanian market in the segment of cybersecurity services provided by domestic companies.

The company had 56 full-time employees as of December 31, 2023, compared to 50 full-time employees as of December 31, 2022.

KEY EVENTS IN 2023 AND AFTER THE CLOSING OF THE REPORTING PERIOD

LISTING ON THE MAIN SEGMENT OF THE BVB

On **February 6, 2023**, SAFE shares debuted on the Main Segment of the Bucharest Stock Exchange.

ESTABLISHMENT OF A SUBSIDIARY IN THE UNITED STATES OF AMERICA

On April 20, 2023, Safetech Innovations announced to investors about the establishment of a subsidiary in the United States of America (USA). The new entity, Safetech Innovations US, Inc., is headquartered at 12110 Sunset Hills Road, Suite 600, Reston, VA 20190. The Company owns 67% of the share capital of the newly established subsidiary. The opening of the US branch represents the third international location where the Company is present, following the opening of offices in the UK and the United Arab Emirates during 2022.

EGMS AND OGMS FROM 24.04.2023

On **March 22, 2023**, Safetech's Board of Directors convened the Extraordinary and Ordinary General Meetings of the Company's Shareholders for April 24, 2023. The legal and statutory quorum was constituted at first convocation.

The key points approved during the two meetings were:

- (i) The distribution of 1,995,000 lei, from the net profit related to the financial year 2022, for the distribution of dividends to the Company's shareholders;
- (ii) Approval of the Revenue and Expense Budget;

APPOINTMENT OF A CHIEF OPERATING DIRECTOR (COO)

On **May 2, 2023**, Safetech Innovations informed the shareholders about the appointment of Mr. Ionut Georgescu as Chief Operating Officer (COO) of the Company. Mr. Georgescu's mandate began on May 2, 2023, the contract being signed for an undetermined period of time.

Mr. Georgescu is an executive with over 21 years of experience in the IT and information security industry. Before joining the Safetech Innovations team, Ionut Georgescu was Senior Manager, Advanced Security Analysis at Dell Secureworks, where he coordinated multiple multinational teams delivering security services for top international companies.

As COO of the company, Ionut Georgescu will play an essential role in Safetech Innovations' global strategy. His main objective will be to position the company as a top provider of cybersecurity services and solutions in Romania, the United Kingdom, the United States, and the United Arab Emirates, countries where Safetech Innovations has subsidiaries

CONCLUSION OF A SIGNIFICANT CONTRACT

On **May 11, 2023**, the Company informed the interested parties about the conclusion of a significant contract, in the amount of EUR 790,000 (without VAT), which aims to provide CERT/CSIRT (Information Security Incident Response Center services), the contract being concluded for a period of 3 years starting from the date of its conclusion.

ENTERING INTO A PARTNERSHIP WITH PHRIENDLY PHISHING

On **June 12, 2023**, the Company informed shareholders of the conclusion of a partnership with Phriendly Phishing, a global company specializing in the provision of cybersecurity training and phishing simulation solutions. Following this partnership, the Company became a distributor in Europe and Great Britain of the solutions provided by Phriendly Phishing.

CONCLUSION OF A SIGNIFICANT CONTRACT

On **June 12, 2023**, the Company informed the interested parties about the conclusion of a significant contract, in the amount of EUR 2,358,000 (without VAT), which aims to provide cybersecurity services, the contract being concluded for a period of 3 years starting from the date of its conclusion.

DIVIDEND PAYMENT FOR THE YEAR 2022

On **July 10, 2023**, the Company paid the dividend for year 2022 to the Company's shareholders registered in the Shareholders' Register held by Depozitarul Central S.A. on the registration date June 23, 2023. The gross distributed dividend was 0.03 lei/share, the total value of dividends paid being 1,995,000 lei.

CONCLUSION OF A PARTNERSHIP WITH THE NATIONAL DIRECTORATE OF CYBER SECURITY IN ROMANIA

On **July 26, 2023**, the Company informed investors about the conclusion of a partnership with the National Cyber Security Directorate, which involves collaboration in various areas, such as: adopting and supporting each other in adopting appropriate measures to prevent the recurrence of similar cybersecurity incidents, research and development activities of common security technologies, the organization of joint training activities both for the own staff of the two entities and for other organizations with responsibilities in the same field of competence, as well as the development of recommendations, guidelines and best practices in the field of critical communications and IT infrastructures.

EGMS RESOLUTIONS DATED 06.09.2023

On **September 6, 2023**, the Extraordinary General Meeting of Shareholders of the Company approved the distribution of the remaining shares in the Company's treasury, following the exercise and/or allocation of the rights to option of eligible people who have been or will be included in the Stock Option Plan reward program, as a performance bonus for people who work within the Company (employees, collaborators, directors, members of the Company's management bodies, etc.).

CYBER RUNWAY PROGRAM SELECTION

On **September 29, 2023**, the Company informed investors regarding the inclusion of its UK subsidiary, SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED ("Safetech UK"), in the prestigious Grow and Scale streams developed by Cyber Runway, the UK's largest cybersecurity accelerator. Within Cyber Runway, Safetech UK joins the Scale program, which focuses on scaling up startups locally and globally. Under the program, Safetech UK will receive support and mentoring in product development and engineering, investment and financing, and business development.

CONCLUSION OF A SIGNIFICANT CONTRACT

On **November 1, 2023**, the Company informed the market about the conclusion of a significant framework agreement, which value exceeds 10% of the total revenue of the last annual financial statements, for the provision of monthly and annual services to ensure cyber protection and computer infrastructure resilience. The contract has a total value of RON 4,045,844.26 (VAT excluded) and was concluded for a period of 48 months, starting with October 31, 2023.

DISTRIBUTION OF SHARES UNDER THE SOP

On **November 14, 2023**, the Company informed the shareholders about the free assignment of 433,703 shares to employees and members of the Company's management bodies. The shares were assigned as a result of the shareholders' approval during the EGMS on July 21, 2022 of the Stock Option Plan program.

EGMS RESOLUTIONS DATED 21.12.2023

On **December 21, 2023**, the Extraordinary General Meeting of the Company's Shareholders approved the establishment by the Company of a new entity in the Kingdom of Saudi Arabia, as well as the introduction of a new article in the Company's articles of incorporation, so that it can carry out research projects -development-innovation (CDI) and technological transfer.

CONCLUSION OF A SIGNIFICANT CONTRACT

On **February 13, 2024**, the Company informed the market about the signing of a significant contract whose value exceeds 10% of the total revenues related to the last annual financial statements, with the object of providing software products to ensure application-level protection mechanisms and the purchase of access services to Threat Intelligence sources, to secure the infrastructure, centrally managed software solution for application-level protection. The contract has a total value of 3,563,280 lei (without VAT) and was concluded for a period of 30 days from the date of conclusion of the contract.

ANALYSIS OF THE FINANCIAL RESULTS

INDIVIDUAL P&L ANALYSIS

In 2023, the Company's turnover amounted to RON 31.1 million, an 11% decrease compared to 2022. During the year, cybersecurity services contributed 31% to the total turnover, and the implementation of cybersecurity solutions contributed 69%. In 2023, Safetech Innovations gained 14 new customers from the Romanian market.

Other operating revenues increased by 361% in 2023, up to RON 1.6 million, the major share of these revenues representing subsidies for investments transferred into revenues and corresponding to the depreciation recorded for own solutions (non-reimbursable European funds project, completed in 2019).

In terms of expenses, in 2023, the biggest contribution was represented by employee benefits expenses, which increased by 16% compared to 2022, reaching RON 11.5 million. The Company had 62 employees at the end of 2023, up from 50 employees at the end of 2022. The increase in staff was due to the hiring of 3 new colleagues in the sales team and 9 colleagues in the technical team for monitoring and responding to cybersecurity incidents. The second major cost is the cost with merchandise, which increased by 71% compared to 2022, up to approximately RON 10 million. This increase is driven by the larger size of the business and represents the cost of the implemented solutions.

Other operating expenses decreased by 15% in 2023, up to RON 4.4 million. This category includes services performed by third parties, royalty expenses, management premises and rents, as well as postage and telecommunications charges. The decrease is also caused by not including the cost of goods in this category, while the other expenses, representing the costs with the equipment and licenses related to the project with EU funds, registered a lower level than those in 2023. The costs of raw materials and consumables also registered a decrease of 41% in 2023 compared to the previous year, up to RON 7.1 million due to registering a lower turnover compared to last year.

Depreciation and value adjustments decreased by 24% in 2023 to RON 2.4 million and represent fixed assets such as laptops, furniture, monitors, as well as a process automation solution, purchased in 2021 as part of the EU research and development project, necessary to carry out the activity in order to increase the company's competitiveness. These elements generate expenses with monthly amortization, by amortizing them using the straight-line method.

The category of provisions, worth RON 121 thousand, represent receivables from uncertain customers, whose maturity has exceeded 6 months or are facing insolvency.

The operating result at the individual level reached RON 11.1 million in 2023, a decrease of 5% compared to the previous year, mainly due to registering a lower turnover compared to last year.

Financial expenses increased by 12% compared to 2022, reaching RON 225 thousand. At the same time, financial revenues decreased by 28% in 2023, up to RON 115 thousand. Therefore, the gross result for 2023 was RON 11 million, a 5% decrease compared to the previous year. The profit tax decreased by 5%, up to RON 1.3 million in 2023, in line with the decrease in the gross result. Therefore, the net result for 2023 was RON 9.7 million, a decrease of 5% compared to the previous year.

PROFIT AND LOSS ACCOUNT INDICATORS (RON)	2023	2022	Δ %
Turnover	31,111,185	34,928,901	-11%
Operating result	11,125,305	11,671,282	-5%
Gross result	11,015,603	11,631,904	-5%
Net result	9,707,562	10,235,808	-5%

INDIVIDUAL BALANCE SHEET ANALYSIS

At the end of 2023, total assets reached RON 57.7 million, a 9% increase compared to the end of 2022, driven by a 51% increase in intangible assets, up to RON 40.6 million. Fixed assets increased by 41% in 2023, reaching RON 46.7 million, as a result of the 51% increase in intangible assets put into operation and under construction. The increase in intangible assets is directly related to the SafePIC project. In accordance with the accounting legislation in force, these expenses are recorded as intangible assets in progress and represent the stage of realization of the Company's own product.

Current assets decreased by 44%, up to RON 19.7 million. This category consists primarily of receivables, which at the end of 2023 reached RON 7.2 million, down 55% compared to 31.12.2022 as a result of the collection of part of the sums related to the contracts executed in 2022. Cash and cash equivalents reached RON 3.5 million at the end of 2023, remaining constant with the position at the end of 2022.

At the end of 2023, equity reached RON 34.9 million, a 28% increase compared to December 31, 2022, as a result of the 55% increase in retained earnings, up to RON 17.1 million.

Non-current liabilities increased in 2023 by 2%, reaching RON 14.4 million. This increase is determined by the increase in the value of subsidies for investments, which at the end of 2023, amounted to RON 13.4 million lei, an increase of 2% compared to the situation on December 31, 2022, representing subsidies related to projects from non-reimbursable funds in execution. As for the bank liabilities, it is composed only of leasing contracts, the value of which decreased by 2% at the end of the year, reaching RON 1.1 million.

Current liabilities reached RON 8.4 million at the end of the year, a decrease of 26%, determined by the 30% decrease in trade and other payables, up to RON 6.1 million. Liabilities related to short-term leasing contracts increased by 9% in 2023, reaching RON 307 thousand, while other current liabilities reached RON 1.4 million, a decrease of 21% compared to December 31, 2022. This includes wages for employees, VAT and payroll taxes and duties.

The provisions increased by 123% at the end of 2023, compared to 2022, up to the amount of RON 220 thousand, representing receivables from uncertain customers, whose maturity exceeded 6 months or which are facing insolvency.

BALANCE SHEET INDICATORS (LEI)	31.12.2023	01.01.2023	Δ %
Fixed assets	46,668,740	33,193,023	41%
Current assets	11,065,818	19,653,307	-44%
Total assets	57,734,558	52,846,330	9%
Equity	34,911,514	27,316,000	28%
Non-current	14,432,658	14,188,629	2%
Current liabilities	8,390,386	11,341,701	-26%
Total equity and liabilities	57,734,558	52,846,330	9%

CONSOLIDATED P&L ANALYSIS

The consolidated results for 2023 include the financial performance of Safetech Innovations S.A. and Safetech Innovations Global Services Limited ("Safetech UK"), an entity whose activity is carried out in Great Britain and in which Safetech Innovations S.A. holds a 67% stake.

In 2023, the Company recorded a consolidated turnover of RON 31.1 million, down 2% compared to 2022, similar to that recorded at an individual level, considering that the UK entity did not generate sales in 2023. Other operating revenues registered a significant increase of 364%, up to RON 1.6 million, representing the share of subsidies for investments transferred to income, corresponding to the depreciation recorded at an individual level. Also, rent expenses increased in 2023 by 3,282% compared to the end of 2022, reaching RON 243 thousand, the increase mainly representing the rent costs generated by the UK entity's workspace, which were not reflected in

full in the financial statements for 2022, with Safetech UK becoming operational at the end of August 2022. Costs with employee benefits increased by 44% in 2023 compared to 2022, reaching RON 15.6 million, and other operating expenses increased by 8%, up to RON 5.7 million, the increases being also generated by the reflection in the accounting of costs for a whole year, regarding Safetech UK.

Therefore, the consolidated gross result for 2023 was RON 5.1 million, a decrease of 31% compared to the previous year. Tax on profit decreased by 6% to RON 1.3 million in 2023. Therefore, the net result for 2023 was RON 3.8 million, a decrease of 37% compared to the previous year.

In relation to the results mentioned above, the management of the Company wishes to state that, following an assessment carried out at the end of 2023, which aimed to identify the means of accelerating the development of Safetech UK on the UK market, Safetech UK has adopted a new strategy, of focusing on a larger volume of lower value contracts. At the same time, following this evaluation, the management of Safetech Innovations reorganized the respective entity, reducing the expenses related to Safetech UK by 40%. The Company's management expects that the effects of this reorganization will be visible starting from Q2 2024.

In line with its UK contracting strategy since the start of 2024, Safetech UK has already signed the first contracts and has been awarded contracts that are in the process of being signed, worth around £150k and has more opportunities in the pipeline. The focus on pursuing smaller value contracts supports a more dynamic response to market opportunities and facilitates a steady revenue stream, avoiding the long negotiation and project initiation periods observed with larger contracts.

The company will continue to implement this strategy throughout this year and will inform the market of any significant updates regarding Safetech UK.

PROFIT AND LOSS ACCOUNT STATEMENT (RON)	2023	2022	Δ %
Turnover	31,126,916	31,763,519	-2%
Operating result	5,302,477	7,510,559	-29%
Gross result	5,107,729	7,425,252	-31%
Net result	3,799,688	6,029,156	-37%

CONSOLIDATED BALANCE SHEET ANALYSIS

On a consolidated level, on December 31, 2023, fixed assets amounted to RON 42.9 million, an increase of 46% compared to December 31, 2022, while current assets recorded a value of RON 12.3 million, a decrease of 37%. Current liabilities amounted to RON 16 million, an increase of 39%, and long-term liabilities remained constant compared to the end of 2022, with a value of RON 14.4 million. Equity reached RON 24.7 million, an 8% increase.

BALANCE SHEET (LEI)	31.12.2023	01.01.2023	Δ %
Fixed assets	42,875,783	29,332,870	46%
Current assets	12,273,316	19,466,018	-37%
Total assets	55,149,100	48,798,888	13%
Equity	24,719,580	22,975,975	8%
Non-current liabilities	14,432,657	14,333,459	1%
Current liabilities	15,996,862	11,489,454	39%
Total equity and liabilities	55,149,100	48,798,888	13%

INDIVIDUAL PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	Preliminary 2023	Audited 2022	Δ%
Income from the sale of goods	21,320,202	20,067,166	6%
Provision of services	9,763,856	14,858,060	-34%
Income from rents	27,127	3,675	638%
Turnover	31,111,185	34,928,901	-11%
Other operating income	1,620,907	351,374	361%
Changes in finished goods and work in progress inventories	14,159,375	12,916,742	10%
Raw materials and consumables used	(7,143,792)	(12,175,951)	-41%
Merchandise	(9,959,197)	(5,814,793)	71%
Employee benefits expenses	(11,536,210)	(9,986,134)	16%
Depreciation, amortization and Gw impairment	(2,415,067)	(3,175,335)	-24%
Marketing and advertising expenses	(234,022)	(179,361)	30%
Rental expenses	(5,871)	(3,735)	57%
Provisions	(121,322)	(70,672)	72%
Other expenses	(4,350,681)	(5,119,754)	-15%
Operating result	11,125,305	11,671,282	-5%
Financial income	114,969	160,527	-28%
Financial expenses	(224,671)	(199,905)	12%
Gross result	11,015,603	11,631,904	-5%
Income tax	(1,308,041)	(1,396,096)	-6%
Net result	9,707,562	10,235,808	-5%

INDIVIDUAL BALANCE SHEET

BALANCE SHEET INDICATORS (RON)	31.12.2023 Preliminary	01.01.2023 Audited	Δ%
ASSETS			
Non - current assets			
Property, plant and equipment	555,451	566,097	-2%
Right of use assets	1,253,788	1,170,795	7%
Intangible assets	40,612,935	26,918,142	51%
Investments in related companies	3,912,041	3,912,041	-
Deferred tax assets	62,792	41,802	50%
Other non - current assets	271,733	584,146	-53%
Total non-current assets	46,668,740	33,193,023	41%
Current assets			
Inventories	400,699	94,563	324%
Trade and other receivables	7,179,130	16,013,270	-55%
Cash and cash equivalents	3,485,989	3,545,474	-2%
Total current assets	11,065,818	19,653,307	-44%
Total assets	57,734,558	52,846,330	9%
EQUITY			
Equity and liabilities			
Subscribed and paid-up capital	13,300,000	13,300,000	0%
Treasury shares	0	(1,153,990)	-100%
Share premium	2,865,991	2,865,991	0%
Legal and other reserves	1,676,084	1,120,066	50%
Retained Earnings / (Losses)	17,069,439	11,036,186	55%
Other equity	0	147,747	-100%
Total equity	34,911,514	27,316,000	28%
LIABILITIES			
Non-current liabilities			
Liabilities related to leasing contracts	1,082,451	1,100,335	-2%
Investment subsidies	13,350,207	13,088,294	2%
Total non-current liabilities	14,432,658	14,188,629	2%
Current liabilities			
Trade and other payables	6,145,283	8,727,904	-30%
Corporate tax liabilities	355,754	514,600	-31%
Liabilities related to leasing contracts	307,068	280,835	9%
Other current liabilities	1,362,081	1,719,484	-21%
Provisions	220,200	98,878	123%
Total current liabilities	8,390,386	11,341,701	-26%
Total liabilities	22,823,044	25,530,330	-11%
Total equity and liabilities	57,734,558	52,846,330	9%

CONSOLIDATED PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	Preliminary 2023	Audited 2022	Δ%
Income from the sale of goods	21,335,932	20,067,166	6%
Provision of services	9,763,856	11,692,678	-16%
Income from rents	27,127	3,675	638%
Turnover	31,126,916	31,763,519	-2%
Other operating income	1,629,438	351,374	364%
Changes in finished goods and work in progress inventories	14,159,375	12,916,742	10%
Raw materials and consumables used	(7,143,794)	(12,175,951)	-41%
Merchandise	(9,959,197)	(5,814,793)	71%
Employee benefits expenses	(15,569,939)	(10,797,996)	44%
Depreciation, amortization and Gw impairment	(2,424,900)	(3,176,371)	-24%
Marketing and advertising expenses	(451,523)	(179,361)	152%
Rental expenses	(242,788)	(7,178)	3282%
Provisions	(121,322)	(70,672)	72%
Other expenses	(5,699,790)	(5,298,754)	8%
Operating result	5,302,477	7,510,559	-29%
Financial income	170,105	160,527	6%
Financial expenses	(364,853)	(245,834)	48%
Gross result	5,107,729	7,425,252	-31%
Income tax	(1,308,041)	(1,396,096)	-6%
Net result	3,799,688	6,029,156	-37%

CONSOLIDATED BALANCE SHEET

BALANCE SHEET INDICATORS (RON)	31.12.2023 Preliminary	01.01.2023 Audited	Δ%
ASSETS			
Non - current assets			
Property, plant and equipment	647,803	604,927	7%
Right of use assets	1,253,788	1,170,795	7%
Intangible assets	40,639,667	26,931,201	51%
Deferred tax assets	62,792	41,802	50%
Other non - current assets	271,733	584,146	-53%
Total non-current assets	42,875,783	29,332,870	46%
Current assets			
Inventories	400,699	94,563	324%
Trade and other receivables	7,230,151	12,987,088	-44%
Cash and cash equivalents	4,492,337	6,384,367	-30%
Total current assets	12,273,316	19,466,018	-37%
Total assets	55,149,100	48,798,888	13%
EQUITY			
Equity and liabilities			
Subscribed and paid-up capital	13,300,000	13,300,000	0%
Treasury shares	0	(1,153,990)	-100%
Share premium	2,865,991	2,865,991	0%
Legal and other reserves	1,676,084	1,120,066	50%
Retained Earnings / (Losses)	9,732,196	7,242,800	34%
Other equity	0	147,747	-100%
Reserves from translation	(139,921)	(147,581)	-5%
Minority interests	(2,714,770)	(399,058)	580%
Total equity	24,719,580	22,975,975	8%
LIABILITIES			
Non-current liabilities			
Trade receivables and other payables	0	144,830	-100%
Liabilities related to leasing contracts	1,082,451	1,100,335	-2%
Investment subsidies	13,350,207	13,088,294	2%
Total non-current liabilities	14,432,657	14,333,459	1%
Current liabilities			
Trade and other payables	6,183,930	8,875,657	-30%
Corporate tax liabilities	355,754	514,600	-31%
Short-term loans	7,302,928	-	100%
Liabilities related to leasing contracts	307,068	280,835	9%
Other current liabilities	1,626,982	1,719,484	-5%
Provisions	220,200	98,878	123%
Total current liabilities	15,996,862	11,489,454	39%



Total liabilities	30,429,520	25,822,913	18%
Total equity and liabilities	55,149,100	48,798,888	13%



KEY FINANCIAL RATIOS

The key financial ratios are presented at the individual level.

Current ratio as of 31.12.2023

Current assets	11,065,818			
		= 1.32		
Current liabilities	8,390,386			

Debt to ratio as of 31.12.2023

Borrowed capital	0			
		= 0%		
Equity	34,911,514			

Borrowed capital	0			
		= 0%		
Employed capital	34,911,514			

Borrowed capital = Loans over 1 year

Employed capital = Borrowed capital + Equity

Fixed assets turnover as of 31.12.2023

Turnover	31,111,185			
		= 0.67		
Fixed assets	46,668,740			

2024 OUTLOOK

Safetech Innovations management anticipates that in 2024, amid increasingly complex cybersecurity challenges, the need for cybersecurity services and solutions will intensify.

The beginning of this year is a promising one, with Safetech Innovations Romania signing recurring contracts for monitoring and responding to cybersecurity incidents with four new clients, until the publication of this report, as well as a significant contract announced this month, through current report no. 4/2024 (available [HERE](#)), with a value of approximately RON 3.6 million.

At the same time, Safetech Innovations Romania also signed three contracts for projects with European funds, totaling RON 4 million, through the company's involvement in various multinational consortia at European level. In addition, Safetech Innovations Romania won a project with European funds at the national level, worth RON 6.2 million, a contract that will be signed in the following period. In addition, the Company aims to apply for other projects of this kind, depending on the funding lines available at both national and European level.

Although the beginning of the year is a promising one, the 2024 Income and Expenditure Budget, drawn up by the Company's management, which Safetech Innovations will propose for approval at the Annual Ordinary General Meeting of Shareholders on April 17 2024, is a prudent one, taking into account the uncertainties that still hover over the economic environment.

2024 REVENUE AND EXPENDITURE BUDGET (RON)	CONSOLIDATED BUDGET	BUDGET RO	BUDGET UK	BUDGET SAUDI ARABIA
Total revenue	64,765,000	57,130,000	5,295,000	2,340,000
Turnover	54,205,000	46,600,000	5,265,000	2,340,000
Revenue from intangible assets	8,700,000	8,700,000	-	-
Other operating revenue	400,000	400,000	-	-
Other subsidy revenues	1,400,000	1,400,000	-	-
Financial revenues	60,000	30,000	30,000	-
Total expenses, of which:	48,943,500	40,700,000	7,780,500	1,979,000
Gross salary expenses	14,529,000	12,000,000	2,106,000	423,000
Expenses with materials	29,760,500	24,300,000	4,006,500	1,454,000
Financial expenses	332,000	200,000	30,000	102,000
Depreciation	4,322,000	4,200,000	1,638,000	
Gross profit	15,821,500	16,430,000	(2,485,500)	361,000
Income tax	2,768,998	2,628,800	-	140,198
Net profit	13,052,503	13,801,200	(2,485,500)	220,803
EBITDA	20,143,500	20,630,000	(847,500)	361,000
<i>Personnel average number</i>	71	65	5	1

DECLARATION OF THE MANAGEMENT

Bucharest, February 27th, 2024

I confirm, according to the best of my knowledge, that the preliminary financial results for the 2023 financial year give a true and fair view of the assets, liabilities, financial position and profit and loss situation of Safetech Innovations SA and that the management report provides a true and fair view of the important events that took place in the 2023 financial year and their impact on the company's financial statements.

Victor Gansac

Chairman of the Board of Directors

