



**SAFETECH**  
INNOVATIONS

# H1 2025 FINANCIAL REPORT



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

BVB: SAFE

[investors@safetech.ro](mailto:investors@safetech.ro)  
[www.safetech.ro](http://www.safetech.ro)

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**Disclaimer:** The financial figures presented in the descriptive part of the report, expressed in millions of lei, are rounded to the nearest whole number and may lead to small differences in regularization.

# ISSUER INFORMATION

## INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Half-year report – H1 2025
For financial period	01.01.2025 – 30.06.2025
Report publishing date	25.08.2025
According to	Annex 14 of ASF Regulation 5/2018

## ISSUER INFORMATION

Name	SAFETECH INNOVATIONS S.A.
Fiscal code	28239696
Trade registry number	J2011003550405
Registered office	12-14 Frunzei Street, District 2, Bucharest

## INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	32,543,530.6 lei
Market on which the securities are traded	Bucharest Stock Exchange, Main Segment, Standard Category
Total number of shares	162,717,653 shares
Symbol	SAFE

## CONTACT DETAILS FOR INVESTORS

Phone number	+40 754 908 742
E-mail	investors@safetech.ro
Website	www.safetech.ro

The interim financial results as of June 30<sup>th</sup>, 2025, presented on the following pages **are not audited**.

# H1 2025 Results Conference Call

## 25.08.2025 | 12:00 PM



**Join the H1 2025 results conference call with Safetech Innovations management to discuss the performance in the first six months of 2025 as well as the prospects for the remainder of the year. The teleconference will be hosted by Victor Gânsac (CEO) and Zuzanna Kurek (IR Manager).**

**The teleconference will be held in Romanian language and will take place at 12:00 PM, Bucharest time (11:00 AM CEST | 10:00 AM UK). Register [HERE](#) to receive your ZOOM login details.**

## MESSAGE FROM THE CEO

Dear shareholders,

The first half of 2025 confirmed Safetech Innovations' ability to adapt its strategy to the dynamics of the cybersecurity market and to maintain profitability, despite an economic and political context marked by uncertainties. During this period, we continued to strengthen the cybersecurity services segment - a field with higher margins and steady demand - both by expanding collaborations with existing partners and by attracting new clients.

At the individual level, we recorded a turnover of 18.5 million lei and a net result of 6 million lei, the latter being in line with last year's level. We gained new clients on the Romanian market and strengthened relationships with existing ones, while maintaining a solid level of recurring revenues.



In the first six months of the year, cybersecurity services contributed 49% to total turnover, while the implementation of cybersecurity solutions accounted for 51%. The net profit margin increased to 33% in the first half of 2025 (compared to 27% in H1 2024), marking an improvement of approximately 6 percentage points, mainly driven by the higher share of cybersecurity services, which have superior profitability. The net profit margin remains the key indicator we monitor and which has continued to improve year after year since the company's listing in 2021. This trend confirms the stability of our business model and our ability to convert revenue growth into profitability.

In the first half of the year, Safetech Innovations signed a contract for cybersecurity incident response services, announced at the beginning of February, with a total value of 2.5 million lei. In addition, at the end of February and the beginning of March, the company concluded two new significant contracts: one, worth approximately 4.3 million lei, for the provision of technical assistance services, and another, part of a research and development project carried out within the Romanian Artificial Intelligence Hub (HRIA), with a value of around 6.5 million lei, of which 4.8 million lei represents non-reimbursable funds.

During this period, we are also in the final stage of procedures for signing a significant framework contract, under which Safetech Innovations will participate, as a subcontractor, in an international consortium that will provide advanced cybersecurity services at the European Union level. The project covers both operational support as well as consultancy and the development of capabilities in the field of cybersecurity. We will provide further details to the market upon the signing of the contract.

At the consolidated level, turnover reached 19.2 million lei, while net profit increased by 31% to 5.6 million lei. This positive evolution was mainly driven by revenue growth and cost optimization within Safetech UK. The second quarter continued with the acquisition of new clients in the UK and the US, generating revenues that covered costs and created a foundation for future growth through strong local references. Currently, US clients are served by the UK subsidiary. The subsidiary closed the second quarter of 2025 with a profit, in line with budget planning, which makes us confident that we will recover the loss from the first quarter and meet the objectives of the proposed budget.

Also, in June 2025, Safetech was accepted into the State of Maryland's soft landing program, and in the coming months will benefit from support from state authorities and the U.S. Department of Commerce for attracting new local clients. It is the only Romanian company ever admitted into this program and one of only two selected annually. In Saudi Arabia, we have completed the necessary administrative steps and are in the process of identifying clients and opportunities.

Regarding the shareholder remuneration policy, the Board of Directors intends to convene a General Meeting to approve the initiation of a share buyback program for 12,717,653 shares, for their cancellation, as well as the distribution of a dividend of 0.01 lei per share from last year's profit. Compared to the initial proposal, which included only the distribution of dividends, we have decided to allocate a substantial amount to a buyback program, which will generate superior long-term benefits by supporting the value of the shares and improving market liquidity.

The results from the first half of the year, the way we have managed to combine profitability with investments, and the steps taken at the level of our international subsidiaries make us confident that we will achieve the objectives set at the beginning of this year.

We thank you for your trust and support, and we assure you that we will continue to work with the same determination to strengthen Safetech Innovations' position as a trusted partner in the field of cybersecurity, both in Romania and on international markets.

Next, I invite you to read in the following pages more details about Safetech's performance in the first six months of 2025, another good semester for our company. In case of any questions related to our activity since the beginning of the year, whether it is about the business or the company's activity on the capital market, please do not hesitate to contact us at [investors@safetech.ro](mailto:investors@safetech.ro).

**Victor Gânsac**  
CEO

# KEY INDICATORS H1 2025 (INDIVIDUAL)



## REVENUE

RON 26.7 MILLION

**-12%** vs. H1 2024



## TURNOVER

RON 18.5 MILLION

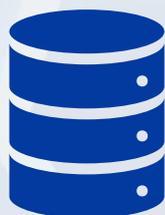
**-19%** vs. H1 2024



## GROSS RESULT

RON 7.1 MILLION

**-2%** vs. H1 2024



## NET RESULT

RON 6 MILLION

**-2%** vs. H1 2024



The key indicators are presented at an individual level.

# KEY INDICATORS H1 2025 (CONSOLIDATED)



## REVENUE

RON 27.4 MILLION

**-11%** vs. H1 2024



## TURNOVER

RON 19.2 MILLION

**-17%** vs. H1 2024



## GROSS RESULT

RON 6.6 MILLION

**+24%** vs. H1 2024



## NET RESULT

RON 5.6 MILLION

**+31%** vs. H1 2024



The key indicators are presented at a 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 cyber security 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 had 76 full-time employees as of 30.06.2025, an increase of 11% compared to the same period last year (68 employees).

### DIRECTORS AND EXECUTIVE TEAM

The company is managed by a Board of Directors, consisting of three members elected with a mandate valid until 30.04.2026. The Board of Directors was elected by the Ordinary General Meeting of Shareholders held on 17.04.2024. At the time of preparing this report, the Board of Directors of Safetech Innovations consists of the following members:

- **Victor Gansac** – President of the Board of Directors
- **Alexandru Mihailciuc** – Independent and non-executive member
- **Mircea Varga** – Independent and non-executive member

The executive team consists of:

- **Victor Gansac** – CEO
- **Paul Rusu** – CFO

### SAFE SHARES ON THE BUCHAREST STOCK EXCHANGE

Safetech Innovations (SAFE) shares were admitted to trading on the SMT segment of the Bucharest Stock Exchange on 29.01.2021 and on 06.02.2023 the Company's shares started to be

traded on the regulated market managed by Bucharest Stock Exchange. On 30.06.2025, the company's shareholding structure was as follows:

Shareholder	Shares	%
Victor Gânsac	46,936,814	28.8455%
Paul Rusu	46,901,136	28.8236%
Free float	68,879,703	42.3309%
<b>TOTAL</b>	<b>162,717,653</b>	<b>100%</b>

# KEY EVENTS IN Q2 2025 AND AFTER CLOSING OF THE REPORTING PERIOD

## OGMS&EGMS DATED 24.04.2025

On **April 24<sup>th</sup>, 2025**, the Ordinary and Extraordinary General Meetings of the Company's Shareholders took place. The legal and statutory quorum for the meeting was constituted at the first call.

The key points approved during the two meetings were:

- (i) Approval of the financial statements for the year 2024 and the allocation of the profit recorded in that year;
- (ii) Discharge of the Board of Directors for the financial year ended December 31<sup>st</sup>, 2024;
- (iii) Update of the NACE codes in accordance with the Rev. 3 classification;
- (iv) Delegation to the Board of Directors of the authority to:
  - modify the secondary object of activity,
  - change the Company's registered office;
  - establish secondary offices without legal personality.
- (v) Approval of the Revenue and Expenditure Budget for the year 2025.

More information [HERE](#)

# ANALYSIS OF THE FINANCIAL RESULTS

## INDIVIDUAL P&L ANALYSIS

In the first six months of 2025, the turnover amounted to 18.5 million lei, a 19% decrease compared to the same period last year, as a result of the higher share of cybersecurity services in the Company's turnover, these generating revenues with a higher margin compared to cybersecurity solutions. In the first six months of the year, cybersecurity services contributed 49% to the total turnover, and implementation of cybersecurity solutions contributed 51%.

Other operating revenues increased by 96% in H1 2025, up to 743 thousand lei, the significant share of these revenues representing subsidies for investments transferred into revenues and corresponding to the depreciation recorded for own solutions.

Revenues from the production of fixed assets increased by 6% in the first six months of the year, reaching 7.5 million lei, representing investments in intangible assets – the development of cybersecurity solutions – financed from both European funds and the company's own resources.

In terms of expenses, in H1 2025, the highest contribution was made by employee benefits expenses, which increased by 22% compared to the same period last year and reached 8.3 million lei. As of June 30, 2025, the Company had 76 employees, compared to 68 employees as of June 30, 2024. The second significant cost is represented by raw materials and consumables expenses, which decreased by 31% compared to H1 2024, reaching 4.8 million lei. This decrease is generated by the decrease in costs of implemented solutions.

Other operating expenses increased by 6% in the first six months of this year, up to 2.4 million lei. This category includes third-party services, royalty expenses, management premises, rents, and postal and telecommunications taxes. The increase was driven by an increase in services performed by third parties. The costs of goods amounted to 2.7 million lei, down by 54% compared to the same period of the previous year. The decrease was mainly driven by the lower share of cybersecurity solution implementation projects, which involve the purchase of equipment and licenses, in favor of an increased volume of cybersecurity services, which entail a lower level of goods-related costs.

Depreciation and amortization increased by 23% in H1 2025, up to 1.3 million lei, and represent fixed assets, such as laptops, furniture, and monitors, as well as a process automation solution acquired in 2021 as part of the EU research and development project necessary to carry out the activity to increase the competitiveness of the company. These elements generate expenses with monthly amortization by amortizing them using the straight-line method.

The category of provisions, in the amount of 167 thousand lei, represents the resumption of provisions for holidays not taken in 2024.

At the individual level, the operating result in the first six months of 2025 reached 7.3 million lei, a slight decrease of 1% compared to the same period last year.

Financial expenses increased by 16% compared to last year's period, reaching 181 thousand lei. At the same time, financial revenues decreased by 62% in H1 2025, up to 20 thousand lei. Therefore, the gross result for the first semester of 2025 was 7.1 million lei, a 2% decrease compared to the first semester of 2024. The income tax remained relatively constant compared to the same period from 2024, with a value of 1.1 million lei. Therefore, the net result for the first semester of this year was 6 million lei, a 2% decrease compared to the same period last year.

INDIVIDUAL PROFIT AND LOSS ACCOUNT STATEMENT (RON)	30.06.2025	30.06.2024	Δ %
Turnover	18,466,456	22,746,534	-19%
Operating result	7,261,728	7,330,363	-1%
Gross result	7,100,701	7,225,920	-2%

**Net result** | **6,023,001** | **6,150,583** | **-2%**

## INDIVIDUAL BALANCE SHEET ANALYSIS

As of June 30, 2025, total assets reached 85.6 million lei, a 17% increase compared to the end of 2024, driven by a 13% increase in total fixed assets, to 71.6 million lei. The increase registered at the level of fixed assets was generated by the 11% increase in intangible assets put into operation and under construction. The increase in intangible assets is directly related to the developed cybersecurity solutions. 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.

The category of current assets consists primarily of receivables, which as of June 30, 2025 reached 10 million lei, up 21% compared to December 31, 2024. Trade receivables increased in the first six months of the year, as a result of new contracts that were delivered and invoiced in H1 2025 and have not yet reached payment date. These were in majority collected by the moment of publication of this report. Cash and cash equivalents reached 2.3 million lei as of June 30, 2025, a 32% increase compared to December 31, 2024. This increase is driven by collections related to contracts invoiced in the first half of the year, mainly from cybersecurity service projects, as well as by the lower use of liquidity for the purchase of goods compared to the previous period.

As of June 30, 2025, equity reached 54.3 million lei, a 12% increase compared to December 31, 2024, due to the 45% increase in retained earnings, up to 19.5 million lei.

Non-current liabilities increased by 50% in the first six months of this year, reaching 23.9 million lei. This increase was driven by the contracting of long-term bank loans amounting to 1.5 million lei, representing a 100% growth in this item compared to the same period of the previous year, as well as by a 228% increase in lease-related liabilities. The growth in lease liabilities was due to the extension/revaluation of the company's headquarters lease agreement, which also led to an increase in the value of the related right-of-use asset. In addition, investment subsidies, which amounted to 19.6 million lei as of June 30, 2025, recorded a 30% increase compared to December 31, 2024, representing subsidies related to ongoing projects financed from non-reimbursable funds.

Current liabilities amounted to 7.5 million lei as of June 30, 2025, a 20% decrease, driven by a 27% reduction in trade and related payables (which include domestic and foreign equipment suppliers), down to 4.5 million lei. Short-term lease liabilities decreased by 33% in the first six months of the year, reaching 269 thousand lei, while other current liabilities stood at 2.2 million lei, a 4% decrease compared to December 31, 2024.

The provisions were extinguished in the first six months of 2025, the variation in provisions being generated by their reiteration in income, representing the equivalent value of holidays not taken in 2024.

INDIVIDUAL BALANCE SHEET (RON)	30.06.2025	31.12.2024	Δ %
Fixed assets	71,577,956	63,142,688	13%
Current assets	14,050,123	10,309,113	36%
<b>Total assets</b>	<b>85,628,079</b>	<b>73,451,801</b>	<b>17%</b>
Equity	54,290,950	48,267,951	12%
Non-current liabilities	23,885,663	15,891,493	50%
Current liabilities	7,451,466	9,292,357	-20%
<b>Total equity and liabilities</b>	<b>85,628,079</b>	<b>73,451,801</b>	<b>17%</b>

## CONSOLIDATED P&L ANALYSIS

The consolidated results for H1 2025 include the financial performance of Safetech Innovations S.A., Safetech Innovations Global Services Limited ("Safetech UK"), an entity operating in the United Kingdom in which Safetech Innovations S.A. holds a 67% stake, and Safetech Innovations LLC ("Safetech KSA"), an entity operating in the Kingdom of Saudi Arabia in which Safetech Innovations S.A. holds a 100% stake.

In H1 2025, the Company recorded consolidated turnover of 19.2 million lei, down 17% compared to the same period in 2024. In the first half of 2025, the UK entity generated revenues of approximately 747 thousand lei. In H1 2025, Safetech UK gained 5 new clients, mainly for its cybersecurity services.

With regard to the consolidated results, the positive evolution of operating profit compared to the same period of the previous year was supported, in addition to the individual performance described above, by the reduction of Safetech UK's operating costs by approximately 1 million lei (-45%) compared to H1 2024, mainly driven by lower personnel expenses within the UK subsidiary. As a result, the operating loss of the UK subsidiary decreased significantly, to around 350 thousand lei, compared to 1.7 million lei in H1 2024, positively impacting the consolidated operating result, which recorded a 21% increase compared to the same period of the previous year.

Also, in H1 2025, Safetech KSA recorded total expenses of approximately 110 thousand lei, representing costs for the renewal of its operating license, as well as expenses for accounting and legal consultancy services.

As a result of the developments described above, the consolidated gross result for H1 2025 was 6.6 million lei, an increase of 24% compared to the same period of the previous year. Accordingly, the net result for H1 2025 was 5.6 million lei, a 31% increase compared to the same period of the previous year.

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT STATEMENT (RON)</b>	<b>30.06.2025</b>	<b>30.06.2024</b>	<b>Δ %</b>
Turnover	19,213,613	23,228,672	-17%
Operating result	6,802,217	5,603,093	21%
Gross result	6,629,150	5,326,010	24%
<b>Net result</b>	<b>5,551,450</b>	<b>4,250,673</b>	<b>31%</b>

### CONSOLIDATED BALANCE SHEET ANALYSIS

At the consolidated level, as of June 30, 2025, fixed assets amounted to 68.1 million lei, an increase of 15% compared to December 31, 2024, while current assets reached 13.3 million lei, up 25%, largely as a result of the individual developments described above. Long-term liabilities amounted to 23.9 million lei, a 50% increase, while current liabilities decreased by 12% compared to the end of 2024, standing at 16.7 million lei. Shareholders' equity reached 40.8 million lei, a 16% increase compared to the end of 2024.

<b>BALANCE SHEET (LEI)</b>	<b>30.06.2025</b>	<b>31.12.2024</b>	<b>Δ %</b>
Fixed assets	68,143,477	59,439,444	15%
Current assets	13,276,745	10,586,208	25%
<b>Total assets</b>	<b>81,420,222</b>	<b>70,025,652</b>	<b>16%</b>
Equity	40,818,714	35,186,931	16%
Non-current liabilities	23,889,605	15,932,225	50%
Current liabilities	16,711,603	18,906,497	-12%
<b>Total equity and liabilities</b>	<b>81,420,222</b>	<b>70,025,652</b>	<b>16%</b>

## **TRANSACTIONS WITH AFFILIATED PARTIES**

In the first semester of 2025, no intra-group transactions were carried out between the entities Safetech Innovations S.A. (Romania), Safetech Innovations Global Services Limited (Safetech UK), Safetech Innovations US, Inc. (Safetech US), Safetech Cybersecurity Limited Cyber Risk Management Services L.L.C. (Safetech UAE) and Safetech Innovations LLC (Safetech Saudi Arabia).

## INDIVIDUAL PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	30.06.2025	30.06.2024	Δ %
<b>Turnover</b>	<b>18,466,456</b>	<b>22,746,534</b>	<b>-19%</b>
Other operating income	742,677	378,988	96%
Income from the production of fixed assets	7,452,691	7,045,995	6%
Raw materials and consumables used	(4,809,716)	(6,988,867)	-31%
Merchandise	(2,681,916)	(5,797,959)	-54%
Employee benefits expenses	(8,266,469)	(6,779,881)	22%
Depreciation, amortization	(1,322,749)	(1,074,046)	23%
Marketing and advertising expenses	(32,679)	(101,411)	-68%
Rental expenses	(10,698)	(21,257)	-50%
Provisions	166,586	220,200	-24%
Other expenses	(2,442,455)	(2,297,933)	6%
<b>Operating result</b>	<b>7,261,728</b>	<b>7,330,363</b>	<b>-1%</b>
Financial income	19,578	50,940	-62%
Financial expenses	(180,605)	(155,383)	16%
<b>Gross result</b>	<b>7,100,701</b>	<b>7,225,920</b>	<b>-2%</b>
Income tax	(1,077,700)	(1,075,337)	0%
<b>Net result</b>	<b>6,023,001</b>	<b>6,150,583</b>	<b>-2%</b>

# INDIVIDUAL BALANCE SHEET

BALANCE SHEET INDICATORS (LEI)	30.06.2024	31.12.2024	Δ %
<b>Non - current assets</b>			
Property, plant and equipment	560,597	585,440	-4%
Right of use assets	2,878,816	1,101,180	161%
Intangible assets	63,330,628	56,839,118	11%
Investments in related companies	4,103,981	4,103,981	0%
Other non - current assets	659,089	441,470	49%
Deferred tax assets	44,845	71,499	-37%
<b>Total non-current assets</b>	<b>71,577,956</b>	<b>63,142,688</b>	<b>13%</b>
<b>Current assets</b>			
Inventories	202,176	276,982	-27%
Trade and other receivables	9,972,193	8,244,562	21%
Other current assets – loans	1,545,796	22,113	6890%
Cash and cash equivalents	2,329,958	1,765,456	32%
<b>Total current assets</b>	<b>14,050,123</b>	<b>10,309,113</b>	<b>36%</b>
<b>Total assets</b>	<b>85,628,079</b>	<b>73,451,801</b>	<b>17%</b>
<b>Equity and liabilities</b>			
Subscribed and paid-up capital	32,543,531	32,543,531	0%
Treasury shares	(191,714)	(191,711)	0%
Share premium	-	-	-
Legal and other reserves	2,437,610	2,437,610	0%
Retained Earnings / (Losses)	19,501,523	13,478,521	45%
<b>Total equity</b>	<b>54,290,950</b>	<b>48,267,951</b>	<b>12%</b>
<b>Non-current liabilities</b>			
Investment subsidies	19,558,597	15,029,290	30%
Bank loans	1,500,000	-	100%
Liabilities related to leasing contracts	2,827,066	862,203	228%
<b>Total non-current liabilities</b>	<b>23,885,663</b>	<b>15,891,493</b>	<b>50%</b>
<b>Current liabilities</b>			
Trade and other payables	4,495,096	6,188,500	-27%
Corporate tax liabilities	486,518	246,036	98%
Liabilities related to leasing contracts	268,931	398,871	-33%
Other current liabilities	2,200,921	2,292,364	-4%
Provisions	-	166,586	-100%
<b>Total current liabilities</b>	<b>7,451,466</b>	<b>9,292,357</b>	<b>-20%</b>
<b>Total liabilities</b>	<b>31,337,129</b>	<b>25,183,850</b>	<b>24%</b>
<b>Total equity and liabilities</b>	<b>85,628,079</b>	<b>73,451,801</b>	<b>17%</b>

## INDIVIDUAL CASH FLOW

	30.06.2025	30.06.2024
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>7,100,701</b>	<b>7,225,920</b>
Depreciation and amortization	1,145,742	262,828
Depreciation related to RUA	177,007	811,218
Income from capitalization	(7,452,691)	(7,045,995)
Movements in provisions	(166,586)	(220,200)
Interest revenues	(102)	(436)
Interest expenses	120,870	58,842
<b>Operating profit before working capital changes</b>	<b>924,941</b>	<b>1,092,177</b>
Change in inventories	74,806	218,435
Change in trade and other receivable	(1,727,631)	(2,218,601)
Change in trade and other payable	(1,691,962)	1,446,656
Change in deferred income tax	26,654	-
<b>Cash generated from/ (used in) operations</b>	<b>(2,393,192)</b>	<b>538,667</b>
Interest paid	(120,870)	(58,842)
Income tax paid	(810,564)	(523,099)
<b>Net cash from/ (used in) operating activities</b>	<b>(3,324,626)</b>	<b>(43,274)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of non-current assets	(217,619)	(81,972)
Purchases of intangibles	(115,471)	(1,429,213)
Purchase of property, plant and equipment	(44,246)	(119,277)
Interest received	102	436
<b>Net cash used in investing activities</b>	<b>(377,234)</b>	<b>(1,630,027)</b>
<b>Cash flows from financing activities</b>		
Buy-back shares	-	(186,971)
Loans granted	(1,523,683)	-
Subsidies	4,529,307	(334,612)
Bank loans	1,500,000	-
Payments of lease liabilities	(239,262)	(237,093)
<b>Net cash from/ (used in) in financing activities</b>	<b>4,266,362</b>	<b>(758,676)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>1,765,456</b>	<b>3,485,989</b>
<b>Cash and cash equivalents at 31 December</b>	<b>2,329,958</b>	<b>1,054,012</b>

## KEY FINANCIAL RATIOS (INDIVIDUAL)

The main financial indicators are presented at the individual level.

### Current ratio as of 30.06.2025

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{14,050,123}{7,451,466} = 1.89$$

### Debt to equity ratio as of 30.06.2025

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{1,500,000}{54,290,950} \times 100 = 2.76\%$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{1,500,000}{55,790,950} \times 100 = 2.69\%$$

*Borrowed capital = Credits over 1 year*

*Employed capital = Borrowed capital + Equity*

### Fixed assets turnover as of 30.06.2025

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{18,466,456}{71,577,956} = 0.26$$

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	30.06.2025	30.06.2024	Δ %
Revenue from the sale of goods	10,131,189	16,171,639	-37%
Provision of services	9,082,424	7,057,033	29%
<b>Turnover</b>	<b>19,213,613</b>	<b>23,228,672</b>	<b>-17%</b>
Other operating revenues	742,677	379,832	96%
Income from the production of fixed assets	7,452,691	7,045,995	6%
Raw materials and consumables	(4,809,716)	(6,988,867)	-31%
Merchandise	(2,770,051)	(5,797,959)	-52%
Personnel expenses	(8,785,470)	(8,251,760)	6%
Depreciation and amortization	(1,409,645)	(1,123,100)	26%
Rental	(14,224)	(92,440)	-85%
Marketing and advertising expenses	(38,069)	(137,337)	-72%
Provisions	166,586	220,200	-24%
Other operating expenses	(2,946,175)	(2,880,143)	2%
<b>Operating result</b>	<b>6,802,217</b>	<b>5,603,093</b>	<b>21%</b>
Financial income	18,364	51,284	-64%
Financial expenses	(191,430)	(328,367)	-42%
<b>Gross result</b>	<b>6,629,150</b>	<b>5,326,010</b>	<b>24%</b>
Income tax	(1,077,700)	(1,075,337)	0%
<b>Net result</b>	<b>5,551,450</b>	<b>4,250,673</b>	<b>31%</b>
<b>Attributable to:</b>			
Equity holders of the parent company	5,674,832	5,093,169	11%
Non-controlling interests	(123,382)	(842,496)	-85%

## CONSOLIDATED BALANCE SHEET

BALANCE SHEET INDICATORS (RON)	30.06.2025	31.12.2024	Δ %
<b>Fixed assets</b>			
Tangible assets	632,255	665,960	-5%
Right of use assets	2,987,338	1,285,062	132%
Intangible assets	63,337,370	56,847,493	11%
Financial investments	482,580	127,960	277%
Other non-current assets	659,089	441,470	49%
Deferred income tax	44,845	71,499	-37%
<b>Total fixed assets</b>	<b>68,143,477</b>	<b>59,439,444</b>	<b>15%</b>
<b>Current assets</b>			
Inventories	202,176	276,982	-27%
Trade receivables and other receivables	10,451,068	8,333,201	25%
Other current financial assets	238,110	66,526	258%
Cash and cash equivalents	2,385,391	1,909,499	25%
<b>Total current assets</b>	<b>13,276,745</b>	<b>10,586,208</b>	<b>25%</b>
<b>Total assets</b>	<b>81,420,222</b>	<b>70,025,652</b>	<b>16%</b>
<b>Equity and liabilities</b>			
Subscribed and paid-up capital	32,543,531	32,543,531	0%
Treasury shares	-191,711	(191,711)	0%
Legal and other reserves	2,437,610	2,437,610	0%
Retained Earnings / (Losses)	10,710,607	5,032,885	113%
Translation differences	(277,315)	(322,740)	-14%
Non-controlling interests	(4,404,005)	(4,312,645)	2%
<b>Total equity</b>	<b>40,818,714</b>	<b>35,186,931</b>	<b>16%</b>
<b>Non-current liabilities</b>			
Subsidies for investments	19,558,597	15,029,290	30%
Advance income	4,242	-	100%
Liabilities related to leasing contracts	2,827,066	902,935	213%
<b>Total non-current liabilities</b>	<b>23,889,605</b>	<b>15,932,225</b>	<b>50%</b>
<b>Current liabilities</b>			
Trade and other payables	4,564,517	6,244,290	-27%
Corporate tax liabilities	486,518	246,036	98%
Short-term borrowings	8,834,308	8,970,234	-2%
Liabilities related to leasing contracts	387,750	553,917	-30%
Other current liabilities	2,438,510	2,725,434	-11%
Provisions	-	166,586	-100%
<b>Total current liabilities</b>	<b>16,711,603</b>	<b>18,906,497</b>	<b>-12%</b>
<b>Total liabilities</b>	<b>40,601,508</b>	<b>34,838,722</b>	<b>17%</b>
<b>Total equity and liabilities</b>	<b>81,420,222</b>	<b>70,025,652</b>	<b>16%</b>

## CONSOLIDATED CASH FLOW

	30.06.2025	30.06.2024
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>6,629,150</b>	<b>5,326,010</b>
Depreciation and amortization	1,157,277	890,639
Depreciation related to RUA	252,368	232,461
Income from capitalizations	(7,452,691)	(7,045,995)
Movements in provisions	(166,586)	(220,200)
Translation difference	(9,333)	-
Interest revenues	(102)	(436)
Interest expenses	127,385	65,522
<b>Operating profit before working capital changes</b>	<b>537,468</b>	<b>752,999</b>
Change in inventories	74,806	218,435
Change in trade and other receivable	(2,117,867)	(2,216,394)
Change in trade and other payable	(1,997,838)	1,343,387
Change in deferred income tax	26,654	-
<b>Cash generated from/ (used in) operations</b>	<b>(3,476,777)</b>	<b>(1,407,571)</b>
Interest paid	(127,385)	(64,522)
Income tax paid	(810,564)	(523,099)
<b>Net cash from/ (used in) operating activities</b>	<b>(4,414,726)</b>	<b>(1,995,192)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of non-current assets	(217,619)	( 81,972)
Purchases of intangibles	(115,471)	(1,429,213)
Purchase of property, plant and equipment	(44,246)	(119,277)
Investment payments – company acquisition	(482,580)	-
Interest received	102	436
<b>Net cash used in investing activities</b>	<b>(859,814)</b>	<b>(1,630,027)</b>
<b>Cash flows from financing activities</b>		
Treasury shares	-	(186,971)
Subsidies	4,529,307	(334,612)
Bank loans	1,500,000	
Movements in loans and borrowings	35,658	1,082,999
Payments of lease liabilities	(314,534)	(271,840)
<b>Net cash from/ (used in) in financing activities</b>	<b>5,750,432</b>	<b>289,576</b>
Net increase in cash and cash equivalents	475,892	(3,335,643)
<b>Cash and cash equivalents at 1 January</b>	<b>1,909,499</b>	<b>4,492,337</b>
<b>Cash and cash equivalents at 31 December</b>	<b>2,385,391</b>	<b>1,156,694</b>

## KEY FINANCIAL RATIOS (CONSOLIDATED)

The main financial indicators are presented at the consolidated level.

### Current ratio as of 30.06.2025

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{13,276,745}{16,711,603} = 0.79$$

### Debt to equity ratio as of 30.06.2025

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{0}{40,818,714} \times 100 = 0\%$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{0}{40,818,714} \times 100 = 0\%$$

*Borrowed capital = Credits over 1 year*

*Employed capital = Borrowed capital + Equity*

### Fixed assets turnover as of 30.06.2025

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{19,213,613}{68,143,477} = 0.28$$

## OUTLOOK FOR 2025

On **April 24<sup>th</sup>, 2025**, the Company's shareholders approved, during the Ordinary General Meeting, the Income and Expense Budget for the year 2025, in the form presented below:

<b>2025 REVENUE AND EXPENDITURE BUDGET (RON)</b>	<b>CONSOLIDATED BUDGET</b>	<b>RO BUDGET</b>	<b>UK BUDGET</b>	<b>SAUDI ARABIA BUDGET</b>
<b>Total revenue</b>	<b>62,160,000</b>	<b>59,500,000</b>	<b>2,160,000</b>	<b>500,000</b>
Turnover	48,010,000	45,350,000	2,160,000	500,000
Income from intangible assets	13,000,000	13,000,000	-	-
Other operating revenues	1,050,000	1,050,000	-	-
Financial income	100,000	100,000	-	-
<b>Total expenses of which:</b>	<b>45,810,000</b>	<b>43,200,000</b>	<b>2,160,000</b>	<b>450,000</b>
Gross salary expenses	16,100,000	15,000,000	1,100,000	-
Material expenses	24,882,000	23,750,000	732,000	400,000
Financial expenses	340,000	250,000	40,000	50,000
Amortization	4,488,000	4,200,000	288,000	-
<b>Gross profit</b>	<b>16,350,000</b>	<b>16,300,000</b>	<b>0</b>	<b>50,000</b>
Tax	2,282,000	2,282,200	-	-
<b>Net income</b>	<b>14,068,000</b>	<b>14,018,00</b>	<b>0</b>	<b>50,000</b>
<b>EBITDA</b>	<b>20,838,000</b>	<b>20,500,000</b>	<b>288,000</b>	<b>50,000</b>
<i>Personnel average number</i>	<i>75</i>	<i>73</i>	<i>2</i>	

Considering the results recorded by the company in the first half of the year, the management is maintaining the budget for 2025, as presented above.

## KEY RISKS FOR H2 2025

### The risk related to scaling the business

The Issuer has recorded growth and increased demand for its products and services in recent years. As a result, the number of employees has increased significantly in recent years, and the Issuer expects it to continue this trend in the next year. For example, from the end of the first semester of 2024 to the end of the first semester of 2025, the number of employees increased by 8. In addition, as the Company developed, the number of end clients also increased significantly, and the Issuer managed more and more product and service systems implementations. The growth and expansion of the business, its products, services, and the level of support it provides to clients place significant pressure on the management, operational and financial resources. To effectively manage any future growth, the Issuer must continue to improve and expand its financial and information technology infrastructure, improve and expand its operational and systems infrastructure as well as operational control and administrative, and its capacity to manage assets, capital, and processes effectively, all of which may be more difficult to achieve as the Issuer's employees continue to work remotely.

### Operating results may vary significantly from period to period and may be unpredictable

The Issuer's operating results may vary significantly from period to period and may be unpredictable, which could cause the market price of the Shares to decline. Although operating results, particularly revenues, gross margins, operating margins, and operating expenses, have shown increases in the prior period, they may vary as a result of several factors, many of which are beyond the control of the Issuer and may be difficult to predict, including:

- the Issuer's ability to attract and retain new end clients or to sell additional products and/or services to existing end clients;
- budget cycles, seasonal purchasing patterns, and purchasing practices of end clients, including the likelihood of a slowdown in technology spending due to the global economic slowdown;
- changes in the requirements of end clients, distributors or resellers, or market needs;
- price competition;
- the timing and success of the introduction of new products and services by the Issuer or its competitors or any other change in the competitive landscape of the industry in which the Issuer operates, including consolidation among its competitors or end clients and strategic changes, partnerships concluded by to and between the Issuer's competitors;
- the Issuer's ability to successfully and continuously expand its business nationally and internationally, particularly given the current global economic slowdown;
- changes in the growth rate of the cybersecurity industry;
- the Issuer's inability to complete or effectively integrate any acquisitions it may undertake;
- the increase in expenses or unforeseen liabilities and any impact on the operational results of the Issuer as a result of any acquisitions it makes;
- the ability of the Issuer to increase the scope and productivity of the distribution channel;
- decisions by potential end clients to purchase cybersecurity solutions from larger, internationally recognized security vendors or their primary network equipment vendors;

- the risk of insolvency or credit difficulties faced by end clients, which could increase due to the global economic situation, adversely affecting their ability to purchase or pay promptly or not at all for the Issuer's products and services, or the difficulties that the Issuer's key suppliers are facing, including its sole suppliers, which could disrupt the Issuer's supply chain;
- any disruption in the distribution channel or termination of the relationships that the Issuer has with important distribution partners, including due to the consolidation among distributors and resellers of cybersecurity solutions;
- the Issuer's inability to honor end client orders due to supply chain delays or events affecting the Issuer's suppliers and partners or their suppliers, which may be adversely affected by the effects of the global economic situation;
- the cost and results of potential litigation, which could have a significant adverse effect on the Issuer's business;
- seasonality or cyclical fluctuations of the market in which the Issuer operates;
- political, economic, and social instability caused by the military conflict initiated by the Russian Federation in Ukraine, the continuation of hostilities in the Middle East, terrorist activities, any disruptions caused by a pandemic or general health crisis that may occur and any disruption on what these events could cause in the global industrial economy; and
- the general macroeconomic conditions, both nationally and in the foreign markets where the Issuer is present, which could have an impact on some or all regions in which the Issuer operates, including the expected slowdown in global economic growth, the increased risk of inflation and the potential for global recession;

Any of the above factors or the cumulative effect of some of the above factors may result in significant fluctuations in the Issuer's financial and other operating results. This unpredictability could result in the Issuer's failure to meet its expectations regarding revenues, margins, or other operating results.

**A network or data security incident may allow unauthorized access to the Issuer's network or data, harm its reputation, create additional liability issues, and adversely impact financial results**

Companies are subjected to a wide variety of attacks on their networks constantly, with increasing frequency. In addition to traditional attacks led by "hackers," malicious code (such as viruses and worms), phishing attempts, theft, or employee misuse, sophisticated actors engage in intrusions and attacks (including advanced persistent attacks) that increase risks to the Issuer's internal networks and client-facing environments, as well as the information they store and process.

The incidence of cybersecurity breaches has increased. Despite significant efforts to create security barriers to such threats, it is practically impossible for the Issuer to mitigate these risks entirely. The Issuer and third-party service providers may face security threats and attacks from various sources. The Issuer's data, corporate systems, third-party systems, and security measures may be breached due to actions of third parties, employee error, malicious act, a combination of these factors, or otherwise, and, as a result, an unauthorized party may gain access to the Issuer's data.

In addition, as an established provider of security solutions, the Issuer may be a more attractive target for such attacks. A breach in the security of the Issuer's data or an attack against the availability of its services or its service providers could affect the Issuer's networks or secure product networks and create interruptions or slowdowns in the systems and the exploitation of

security vulnerabilities of the Issuer's products, as well as information stored on its networks or those of its service providers. This data could be accessed, publicly disclosed, altered, lost, or stolen, which could cause financial harm.

Although the Issuer has not yet suffered significant damage as a result of unauthorized access by a third party to its internal network, any actual or perceived breach of the security of the Issuer's systems or networks could result in damage to its reputation, negative publicity, loss of partners, clients, and sales, loss of competitive advantages over its competitors, increased costs of remediating any problems and incident response, regulatory investigations and law enforcement actions, costly litigation, and other liabilities.

### **Seasonality may cause fluctuations in the Issuer's revenue**

The Issuer believes that important seasonal factors may cause the fourth fiscal quarter to record higher revenues than the fiscal year's first period. The Company believes that this seasonality results from several factors, including but not limited to the following:

- final clients whose fiscal year ends on December 31 and who choose to spend the remaining unused portions of their available budgets until the end of the fiscal year;
- seasonal reductions in commercial activity in July and August in the United States, Europe, and certain other regions, which could result in a negative impact on the Issuer's revenues; and
- the final client's budget planning at the beginning of the calendar year, which may lead to a delay in spending in the first part of the year, negatively impacting the Issuer's revenue in the first part of the fiscal year.

As the Issuer continues to develop, seasonal or cyclical variations in its operations may become more pronounced, and the Issuer's business, operating results, and financial position may be adversely affected.

### **Changes in tax laws or interpretations, as well as unfavorable decisions by tax authorities, may have a material adverse effect on the Issuer's results of operations and cash flows**

Tax laws and regulations in Romania may be subject to change, and there may be changes in the interpretation and application of tax legislation. These changes in tax legislation and/or the interpretation and application of tax law may be rapidly adopted/applied by the authorities, challenging to anticipate. Therefore, the Issuer may not be prepared for these changes. As a result, it is possible that the Issuer may face increases in due taxes in the event of changes in tax rates or if tax laws or regulations are amended by the relevant authorities in a manner that disadvantages the Issuer, which may have a material adverse effect on the cash flows, business, prospects, results of operations and financial condition for any affected reporting period.

Currently, there is a risk that the Issuer will face the elimination of the tax exemption from income tax for employees in the IT field (as a result of some steps at the government level to eliminate the exemptions granted to certain industries), and even increases in the taxes due in in the event of changes in tax rates or in the event that tax laws or regulations are amended or reinterpreted by the relevant authorities in a manner that disadvantages the Issuer, which could have a material adverse effect on its cash flows, business, prospects, of the results of operations and financial position for any affected reporting period.

### **The upward trend of the inflation rate may produce significant negative consequences on the Issuer's financial performance**

The unpredictability of the inflation rate can have adverse effects on the Issuer's activity by increasing the difficulty of the Issuer's estimation of the total costs related to the activities carried out by it and the creation of a potential mismatch between the prices charged by the Issuer concerning its clients and the Issuer's costs, with a significant adverse effect. An essential difference between the expected inflation rate in a certain period and the value actually recorded in that period can significantly negatively influence the way the Issuer's resources are allocated, thus influencing its activity, financial availability, prospects, and profitability.

Moreover, an unpredictable increase in the inflation rate can bring imbalances at the macroeconomic level, characterized by the increase in interest rates, the decrease in the standard of living, and, in general, the slowdown of the development of the economy in Romania, imbalances that can contribute to the decline in demand in the cybersecurity field.

# DECLARATION OF THE MANAGEMENT

Bucharest, August 25<sup>th</sup>, 2025

I confirm to the best of my knowledge that the unaudited individual and consolidated financial results for the six-month period ended June 30<sup>th</sup>, 2025, give a true and fair view of Safetech Innovations' assets, liabilities, financial position and profit and loss, as required by the applicable accounting standards, and that the Director's Report gives a true and fair view of important events during the first six months of 2025 and their impact on the company's financial statements.

**Victor Gansac**

Chairman of the Board of Directors

Safetech Innovations S.A.



**SAFETECH INNOVATION SA**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**for a period of 6 months ending on June 30, 2025**

**In accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards**

**Date: 22.08.2025**

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**SAFETECH INNOVATIONS S.A.****STATEMENT OF PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE RESULT****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

		<b>June 30, 2025</b>	<b>June 30, 2024</b>
	<b>Note</b>	<b>RON</b>	<b>RON</b>
<b>Turnover</b>	<b>5.1</b>	<b>18.466.456</b>	<b>22.746.534</b>
Other operating income	6.1	742.677	378.988
Changes in inventories of finished goods and work in progress	10	7.452.691	7.045.995
Raw materials and consumables used	5.2	(4.809.716)	(6.988.867)
Merchandise	5.2	(2.681.916)	(5.797.959)
Employee benefits expenses	6.5	(8.266.469)	(6.779.881)
Depreciation, amortisation	9	(1.322.749)	(1.074.046)
Marketing and advertising expenses		(32.679)	(101.411)
Rental expenses		(10.698)	(21.257)
Provisions		166.586	220.200
Other expenses	6.2	(2.442.455)	(2.297.933)
<b>Operating profit</b>		<b>7.261.728</b>	<b>7.330.363</b>
Financial Income	6.4	19.578	50.940
Financial Expenses	6.3	(180.605)	(155.383)
<b>Profit/(Loss) before tax</b>		<b>7.100.701</b>	<b>7.225.920</b>
Cheltuiala cu impozitul pe profit	7	(1.077.700)	(1.075.337)
<b>Profit/(Loss) after tax</b>		<b>6.023.001</b>	<b>6.150.583</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Number of shares</b>		<b>162.717.653</b>	<b>68.082.700</b>
<b>Basic and diluted net earnings per share</b>		<b>0.037</b>	<b>0,090</b>

Validated by the Board of Directors on 22.08.2025.

**SAFETECH INNOVATIONS S.A.**
**STATEMENT OF FINANCIAL POSITION**

For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Note	June 30, 2025	December 31, 2024
<b>Fixed assets</b>			
Property, plant and equipment	9	560.597	585.440
Right of use assets	9	2.878.816	1.101.180
Intangible assets	10	63.330.628	56.839.118
Investments in related companies	11	4.103.981	4.103.981
Other non - current assets		659.089	441.470
Deferred tax assets		44.845	71.499
<b>Total non-current assets</b>		<b>71.577.956</b>	<b>63.142.688</b>
<b>Current assets</b>			
Inventories	12	202.176	276.982
Trade and other receivables	13	9.972.193	8.244.562
Other current assets – loans		1.545.796	22.113
Cash and cash equivalents	14	2.329.958	1.765.456
<b>Total current assets</b>		<b>14.050.123</b>	<b>10.309.113</b>
<b>Total assets</b>		<b>85.628.079</b>	<b>73.451.801</b>
<b>Equity and liabilities</b>			
Issued share Capital		32.543.531	32.543.531
Own actions		(191.714)	(191.711)
Share premium at nominal value		-	-
Legal and other reserves		2.437.610	2.437.610
Retained earnings / (Accumulated Losses)		19.501.523	13.478.521
<b>Total equity</b>	14	<b>54.290.950</b>	<b>48.267.951</b>
<b>Long-term debts</b>			
Subsidies	10	19.558.597	15.029.290
Long-term loans		1.500.000	-
Long term lease liabilities		2.827.066	862.203
<b>Total Non - Current Liabilities</b>		<b>23.885.663</b>	<b>15.891.493</b>
<b>Current liabilities</b>			
Trade accounts payable	17	4.495.096	6.188.500
Income taxes payable		486.518	246.036
Current term lease liability		268.931	398.871
Other current liabilities	17	2.200.921	2.292.364
Short-term provisions		-	166.586
<b>Total current liabilities</b>		<b>7.451.466</b>	<b>9.292.357</b>
<b>Total liabilities</b>		<b>31.337.129</b>	<b>25.183.850</b>
<b>Total equity and liabilities</b>		<b>85.628.079</b>	<b>73.451.801</b>

Validated by the Board of Directors on 22.08.2025.

**SAFETECH INNOVATIONS S.A.**

**STATEMENT OF CHANGES IN EQUITY**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

	Share Capital	Share premium	Own Shares	Other elements of equity	Reserves	Retained earnings	Total
<b>Balance as of January 1, 2025</b>	<b>32.543.531</b>	-	<b>(191.711)</b>	-	<b>2.437.610</b>	<b>13.478.521</b>	<b>48.267.951</b>
Net profit	-	-	-	-	-	6.023.001	<b>6.023.001</b>
Increase in share capital	-	-	-	-	-	-	-
Establishment of legal reserve	-	-	-	-	-	-	-
Increase in share premium	-	-	-	-	-	-	-
The increase from the purchase of own shares	-	-	3	-	-	(3)	-
Allocation to dividends	-	-	-	-	-	-	-
Depreciation reserve from revaluation	-	-	-	-	-	-	-
Deferred tax reserve revaluation	-	-	-	-	-	-	-
<b>Final balance June 30, 2025</b>	<b>32.543.531</b>	-	<b>(191.714)</b>	-	<b>2.437.610</b>	<b>19.501.523</b>	<b>54.290.950</b>

SAFETECH INNOVATIONS S.A.

STATEMENT OF CHANGES IN EQUITY

For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Notes	Share capital	Share premium	Own Shares	Other elements of equity	Reserves	Retained earnings	Total
<b>Balance as of January 1, 2024</b>		<b>13.300.000</b>	<b>2.865.991</b>	-	-	<b>1.670.846</b>	<b>17.105.564</b>	<b>34.942.401</b>
Net profit for the year						-	13.517.263	<b>13.517.263</b>
Increase in share capital	14	19.243.531	(2.865.991)	-	-	-	(16.377.540)	-
Establishment of legal reserve		-	-	-	-	766.764	(766.764)	-
Increase in share premium		-	-	-	-	-	-	-
The increase from the purchase of own shares		-	-	(191.711)	-	-	-	(191.711)
Allocation to dividends		-	-	-	-	-	-	-
Depreciation reserve from revaluation		-	-	-	-	-	-	-
Deferred tax reserve revaluation		-	-	-	-	-	-	-
<b>Balance as of December 31, 2024</b>		<b>32.543.531</b>	<b>-</b>	<b>(191.711)</b>	<b>-</b>	<b>2.437.610</b>	<b>13.478.521</b>	<b>48.267.951</b>

**SAFETECH INNOVATIONS S.A.**
**CASH FLOW STATEMENT**

For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

		June 30, 2025	June 30, 2024
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>7.100.701</b>	<b>7.225.920</b>
Depreciation and amortisation		1.145.742	262.828
Depreciation related to RUA		177.007	811.218
Income from capitalizations		(7.452.691)	(7.045.995)
Movements in provisions		(166.586)	(220.200)
Interest revenues	6.4	(102)	(436)
Interest expenses	6.3	120.870	58.842
<b>Operating profit before working capital changes</b>		<b>924.941</b>	<b>1.092.177</b>
Change in inventories	12	74.806	218.435
Change in trade and other receivable	13	(1.727.631)	(2.218.601)
Change in trade and other payable	17	(1.691.962)	1.446.656
Change in deferred income tax	7	26.654	-
<b>Cash generated from/ (used in) operations</b>		<b>(2.393.192)</b>	<b>538.667</b>
Interest paid		(120.870)	(58.842)
Income tax paid		(810.564)	(523.099)
<b>Net cash from/ (used in) operating activities</b>		<b>(3,324,626)</b>	<b>(43,274)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-current assets		(217.619)	(81.972)
Purchases of intangibles	10	(115,471)	(1,429,213)
Purchase of property, plant and equipment	9	(44,246)	(119,277)
Interest received		102	436
Payments for investments in affiliated entities		-	-
<b>Net cash used in investing activities</b>		<b>(377,234)</b>	<b>(1,630,027)</b>
<b>Cash flows from financing activities</b>			
Redeemed shares		-	(186.971)
Loans granted		(1.523.683)	-
Subsidies		4.529.307	(334.612)
Bank loans		1.500.000	-
Payments of lease liabilities		(239.262)	(237.093)
<b>Net cash from/ (used in) in financing activities</b>		<b>4.266.362</b>	<b>(758.676)</b>
Net increase in cash and cash equivalents		564.502	(2.431.977)
<b>Cash at the beginning of the period January 1, 2025/ January 1, 2024</b>		<b>1.765.456</b>	<b>3.485.989</b>
<b>Cash at the end of the period June 30, 2025/ June 30, 2024</b>		<b>2.329.958</b>	<b>1.054.012</b>

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

#### **1. COMPANY INFORMATION**

The headquarters of Safetech Innovation S.A. is located in Funzei Street, no. 12-14, floor 1 - 2, District 2, Bucharest.

The main activity of the Company is the sale of cyber security solutions and services (main CAEN code 6203). Throughout its history, the company has specialized in the integration of complex cyber security projects.

The company was established as a limited liability company (SRL) in 2011. On September 25, 2020, the company was transformed into a joint-stock company (SA), with a share capital of 500.000 lei, divided into 2.500.000 shares with a nominal value of 0,2 lei, owned by two shareholders and co-founders, Victor Gânsac and Paul Rusu, each with 50% of the share capital.

On October 19, 2020, the company launched and closed the private placement for its shares on the first day. A total of 625.000 shares, respectively 20% of the company's share capital, with a nominal value of 0.2 lei per share were sold to investors. Safetech Innovations (SAFE) shares were admitted to trading on the SMT segment of the Bucharest Stock Exchange on January 29, 2021.

On August 26, 2021, Safetech Innovations received the Cyber Security Auditor accreditation for operators of essential services, based on Law 362/2018 on ensuring a common high level of security of networks and IT systems from the National Center for Response to Incidents of Cyber Security (CERT-RO). CERT-RO is the national competent authority for network and information systems security. Consequently, Safetech Innovations S.A. was registered in the National Register of Cyber Security Auditors, IDASC: QC-2B1721, with a validity period between 26.08.2021 and 25.08.2024. In 2024 the certificate was extended until 25.08.2027.

In January 2022, Safetech Innovations successfully completed a capital increase operation, attracting 10.665.990,70 lei.

In 2022, the company established Safetech Innovations Global Services Limited in the United Kingdom.

On February 6, 2023, Safetech Innovations shares, stock symbol SAFE, debuted on the Main Market of the Bucharest Stock Exchange, the LEI code is 984500ED4DGA7884C439.

On February 27, 2024, the Company published the Income and Expense Budget for the fiscal year 2024. The budget was prepared by the Company's Board of Directors and was approved in the annual Ordinary General Meeting of Shareholders, which took place on April 17, 2024.

In 2024, the share capital was increased, its value as of December 31, 2024 being 32.543.531 divided into 162.717.653 ordinary shares with a value of 0,2 Ron each.

In 2024, the Company establishes the company SAFETECH INNOVATIONS LLC in the Kingdom of Saudi Arabia, fully owned and having a participation of 150.000 SAR.

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Number of employees	76	73

The composition of the Board of Directors as of June 30, 2025 is:

**Board of Directors**

Victor Gansac	President
Alexandru Mihailciuc	Member
Mircea Varga	Member

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS****2.1 Declaration of conformity**

The financial statements of the Company have been prepared in accordance with the provisions of the Order of the Minister of Finance no. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards (“OMFP no. 2844/2016”). According to OMFP no. 2844/2016, International Financial Reporting Standards are the standards adopted in accordance with the procedures of European Commission Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (IFRS).

These provisions are in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union, with the exception of the provisions of IAS 21 The effects of the variation of exchange rates regarding the functional currency, the provisions of IAS 20 Accounting for government subsidies regarding the recognition of income from green certificates , with the exception of IFRS 15 - Revenues from contracts with customers regarding the revenues from connection fees to the distribution network and with the exception of the treatment of interim distribution of dividends.

For the purpose of drawing up these financial statements, in accordance with the legislative provisions in Romania, the functional currency of the Company is considered to be the Romanian Leu (RON).

Fair value is the price that could be received to sell an asset or paid to transfer a liability in the normal course of a transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a another evaluation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability in the market that participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

of of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

The main accounting policies adopted are presented below.

## **2.2 Going concern**

The present financial statements were drawn up based on the principle of continuity of activity, which assumes that the Company will continue its activity in the foreseeable future. To assess the applicability of this assumption, management analyzes forecasts of future cash inflows.

On June 30, 2025, the Company's current assets exceed current liabilities by RON 6.598.657 (on December 31, 2024, current assets exceed current liabilities by RON 1.016.756). On the same date, the Company recorded a global result of 6.023.001 RON (June 30, 2024: 6.150.583 RON).

The management considers that the Company will be able to continue its activity in the foreseeable future and, therefore, the application of the principle of continuity of activity in the preparation of the financial statements is justified.

## **2.3 Adoption for the first time of the International Financial Reporting Standards (IFRS 1)**

The Company adopted the International Financial Reporting Standards for the first time on December 31, 2021. Therefore, the Company restated the financial position for two previous years, 2019 and 2020, previously reported in accordance with Order No. 1802 of December 29, 2014 - Part I for the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements (GAAP).

Consequently, the first financial statements of the Company included:

- three financial position statements
- three statements of profit or loss and other elements of the comprehensive result
- three cash flow statements
- three statements of changes in equity and
- related notes, including comparative information as set forth below.

## **2.4 Significant accounting policies**

The accounting policies for the preparation of the financial statements have been applied consistently by the Company.

The Company has also adopted the Presentation of Accounting Policies (Amendments to IAS 1 and Statement of IFRS Practice 2) effective January 1, 2023. Although the amendments did not result in changes to accounting policies, they affected the information regarding accounting policies presented in the financial statements. The amendments require the presentation of “material” rather than “significant” accounting policies. The amendments also provide

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

guidance on the application of materiality in the presentation of accounting policies, helping entities to provide useful, entity-specific information that users need to understand other information in the financial statements.

Management has reviewed the changes regarding the application of materiality in the presentation of significant accounting policies, and the information is consistent with the significant accounting policies of the previous reporting period.

The significant accounting policies applied by the Company in the preparation of its financial statements are described below:

**➤ Currency conversions**

The Company's financial statements are presented in RON, which is also the functional currency.

Foreign currency transactions are converted into RON using the exchange rate valid on the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are valued in RON using the exchange rate valid at the end of the financial year. Realized or unrealized gains and losses are recorded in the profit and loss account. The exchange rate was as follows:

<b>Date</b>	<b>Euro</b>	<b>USD</b>
June 30, 2024	4.9771	4.6489
December 31, 2024	4.9741	4.7768
June 30, 2025	5.0777	4.3329

Exchange rate differences, favorable or unfavorable, between the exchange rate from the date of recording the receivables or liabilities in foreign currency or the exchange rate at which they were reported in the previous financial statements and the exchange rate from the date of the end of the financial year, are recorded under financial income or expenses, as the case.

**IFRS 15 Revenue from contracts with customers**

IFRS 15 Revenue from contracts with customers establishes a five-step model for recognizing and recording revenue resulting from contracts with customers. In accordance with IFRS 15, revenue is recognized in the amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to the customer.

***Sales of goods***

In accordance with IFRS 15, revenue is recognized when a customer obtains control of the goods. The company delivers goods under contractual conditions based on internationally accepted delivery conditions. The moment when the customer obtains control of the assets is considered to be substantially the same for most of the Company's contracts under IFRS 15. The Company believes that revenue should be recognized when control of the asset is transferred to the customer, generally upon delivery of the goods.

**SAFETECH INNOVATIONS S.A.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

***Revenue recognition from distinct performance obligations***

The company analyzed its contracts with customers to determine all its performance obligations, and did not identify any new performance obligations that should be accounted for separately in accordance with IFRS 15.

The company provides monitoring, support and audit services regarding information security as its main activity. Income is valued at the expected value of the consideration received or to be received. In accordance with IFRS 15, the total consideration from service contracts is allocated to all services based on their individual selling prices. Individual sales prices are established based on the list prices at which the Company provides the respective services in separate transactions. Based on the Company's assessment, the value allocated based on the relative individual selling prices of the services and the individual selling prices of the services are largely similar. Therefore, the application of IFRS 15 does not result in significant differences regarding the timing of revenue recognition for these services.

Equipment maintenance - Included in the transaction price for the sale of equipment is an after-sales service.

This service refers to maintenance work that may be required to be performed on the equipment for a period of one to three years after sale. This period can then be extended if the customer requires additional years of maintenance services. Renewal of services after the three-year period will be for the price at which they are sold by the Company to all its customers on the date of renewal, regardless of the existence of a renewal option. Accordingly, the option to extend the renewal period does not provide any benefit to customers when they terminate the initial contract, and therefore no revenue has been deferred related to this renewal option. The maintenance service is considered to be a distinct service because it is regularly provided by the Company to other customers independently and is available to customers from other providers in the market. Therefore, a portion of the transaction price is allocated to maintenance services based on the stand-alone selling price of those services. Revenues related to maintenance services are recognized over time. The transaction price allocated to these services is recognized as a contract liability at the time of the initial sales transaction and is amortized on a straight-line basis over the service period (ie, one to three years when the services are purchased together with the underlying equipment).

The recognition and measurement requirements of IFRS 15 are also applicable to the recognition and measurement of any gains or losses resulting from the disposal of non-financial assets (such as fixed assets and intangible assets), when this disposal is not in the normal course of business. However, upon transition, the effect of these changes is not significant for the Company.

***Variable consideration***

Some contracts with customers include trade price discounts or the right of return for quality defects. Currently, the revenues obtained from these sales are recognized based on the price specified in the contract, net of revenue reductions, commercial discounts recorded under accrual accounting when a reasonable estimate of revenue adjustments can be made.

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

According to IFRS 15, it is necessary to estimate the variable consideration at the beginning of the contract. Revenues are recognized to the extent that it is probable that a significant reversal of the value of the cumulative revenues recognized will not occur. Consequently, for those contracts for which the Company is unable to make a reasonable estimate of the discounts, the income is recognized earlier than when the return period passes or when a reasonable estimate can be made. In order to estimate the variable consideration to which it would be entitled, the Company applied the expected value method. At the same time, the cases of quality complaints (rights of return) are isolated and insignificant, based on information from past periods.

#### ***Considerations related to the action in one's own name and as an intermediary***

In accordance with IFRS 15, the assessment is based on the criterion of whether the Company controls the specific goods before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The company concluded that it acts in its own name in most of the contractual sales relationships, because it is the main provider in all revenue contracts, it has the right to set the price and it is exposed to the risks related to stocks. In the specific case of those contractual arrangements in which the Company does not control the goods before transferring them to the final customer, it has the capacity of an intermediary.

## **IFRS 9 Financial instruments**

### ***Financial assets***

The financial assets of the Company are represented by trade receivables and other receivables, cash and cash equivalents.

Initial recognition: The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Company's business model regarding their management. With the exception of commercial receivables that do not contain a significant financing component or for which the Company has applied the practical method, the Company initially evaluates a financial asset at its fair value plus, in the case of a financial asset that is not evaluated at fair value, through profit or loss transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical cost are valued at the transaction price determined according to IFRS 15.

Subsequent evaluation: The company measures financial assets at amortized cost if the following conditions are cumulatively met:

- i) The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows and;
- ii) The contractual terms of the financial asset give rise at the specified dates to cash flows that represent exclusively payments of principal and interest from the principal amount in circulation (SPPI).

**SAFETECH INNOVATIONS S.A.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

Financial assets at amortized cost are subsequently valued based on the effective interest method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or depreciated.

Derecognition: A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- i) The rights to receive cash flows arising from the asset have expired;
- ii) The company transferred its rights to receive the cash flows arising from the asset or assumed an obligation to pay the cash flows collected in full, without significant delays, to a third party, based on a commitment with identical flows; and (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred and retained substantially all the risks and rewards of the asset, but has transferred control over the asset;
- iii) The company has transferred its rights to receive the cash flows from an asset or entered into a commitment with identical flows and has neither transferred nor retained significantly all the risks and rewards related to the asset, but neither has transferred control over the asset, the asset is recognized proportionally to the continuation of the Company's involvement in the respective asset. In this case, the Company also recognizes an associated debt.
- iv) The transferred asset and the associated debt are evaluated on a basis that reflects the rights and obligations that the Company has retained. The continuation of the involvement that takes the form of a guarantee regarding the transferred asset is evaluated at the lower value between the initial accounting value of the asset and the maximum value of the consideration that could be imposed on the Company to reimburse it.

Impairment of financial assets: The Company recognizes a provision for expected credit losses for all financial assets attached to liabilities that are not held at fair value through profit or loss. For trade receivables and contractual assets, the Company applies a simplified approach in calculating expected losses. Therefore, the Company does not track changes in credit risk, but recognizes, instead, a provision based on the expected lifetime loss data at each reporting date. The company analyzes the receivables individually and takes into account the effect of the financial guarantees received from the insurers in the calculation of expected losses from lending. For more information, see Note 12 – Trade receivables and other receivables.

***Financial debts***

Initial recognition: Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and credits or derivatives designated as hedging instruments within an effective hedge, as the case may be. The company determines the classification of its financial liabilities upon initial recognition.

Subsequent evaluation: The company evaluates financial debts according to their classification, as follows:

- i) Loans and credits: interest-bearing loans are subsequently evaluated at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit and loss account when debts are derecognized, as well as during the amortization process at the effective interest rate. The amortized cost is calculated

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

- taking into account any discount or purchase premium and any commissions and costs that are an integral part of the effective interest rate. Amortization at the effective interest rate is included in the profit and loss account at financing costs.
- ii) **Financial guarantee contracts:** The company initially recognizes financial guarantee contracts as a debt at fair value, adjusted to the costs related to the transaction that are directly attributable to the issuance of the guarantee. Subsequently, the debt is valued at the higher value of the best estimate of the expenditure necessary to settle the obligation present at the reporting date and the recognized value minus accumulated depreciation.

**Derecognition:** The company derecognizes a financial debt when the obligation related to the debt is extinguished, is canceled or expires. If a financial debt is replaced by another debt from the same creditor under substantially different conditions, or if the terms of an existing debt change substantially, this exchange or change is treated as a derecognition of the original debt and a recognition of new debts. The difference between the related accounting values is recognized in the profit and loss account.

#### ***Clearing of financial instruments***

Financial assets and financial liabilities are offset and the net value reported in the statement of financial position only if there is currently both a legal right to offset the recognized amounts and an intention to settle on a net basis or to capitalize the assets and settle the debts simultaneously.

#### ***Interest income***

The interest income generated by a financial asset is recognized when it is probable that the Company will obtain economic benefits and when that income can be reliably measured. Interest income is accumulated over time, by reference to the principal and the applicable effective interest rate, i.e. the rate that exactly updates the estimated future cash receipts over the anticipated period of the financial asset to the net book value of the asset at the date of initial recognition. Interest income is included in the profit and loss account under financial income.

#### **Tax**

##### ***Current profit tax***

Current income tax receivables and payables for the current period are valued at the amount expected to be recovered from or paid to the tax authorities. The tax rates and fiscal laws used to calculate the amounts are those adopted or to a large extent adopted at the reporting date by Romanian legislation.

The current profit tax related to the elements recognized directly in equity is recognized directly in equity, not in the profit and loss account. The management periodically evaluates the positions presented in the fiscal declarations regarding the situations in which the applicable tax regulations are subject to interpretation and constitute provisions if necessary.

### ***Deferred tax***

Deferred tax is presented applying the variable ratio method regarding the temporary differences between the tax bases of assets and liabilities and their accounting value for the purpose of financial reporting at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, unless:

- i) The deferred tax liability arises from the initial recognition of goodwill or a net asset or liability in a transaction that is not a business combination and, at the date of the transaction, affects neither accounting profit nor taxable profit or loss ;
- ii) Deferred tax assets are recognized for all deductible temporary differences, unused tax credit carryforwards and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and credit carryforwards can be utilised. unused tax credits and any unused tax losses, unless;
- iii) The deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the date of the transaction, does not affect either accounting profit or taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow recovery of the deferred tax asset.

Deferred tax assets and liabilities are valued at the tax rates expected to be applied for the period in which the asset is realized or the debt is settled, based on the tax rates (and tax regulations) that have been adopted or to a large extent adopted up to reporting date.

Deferred tax on items recognized outside profit and loss is recognized outside profit and loss. The elements regarding the deferred tax are recognized in correlation with the transaction supporting other elements of the global result or directly in the equity.

Deferred tax receivables and liabilities are offset if there is a legal right to offset current tax receivables with current profit tax liabilities and deferred taxes refer to the same taxable entity and the same fiscal authority.

### ***VAT***

Revenues, expenses and assets are recognized net of VAT, except for:

- The case in which the sales tax applicable to the purchase of assets or services is not recoverable, in this case the sales tax being recognized as part of the asset acquisition cost or as part of the expense element, as the case may be;
- Receivables and payables presented at a value including sales tax.

**SAFETECH INNOVATIONS S.A.**

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The net value of the sales tax recoverable from or paid to ANAF is included as part of receivables and payables in the statement of financial position.

**Tangible assets**

***Initial assessment***

Tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if applicable.

This cost includes the replacement cost of the respective tangible fixed asset at the time of replacement and the cost of borrowing for long-term construction projects, if the recognition criteria are met.

When significant parts of tangible assets must be replaced at certain intervals, the Company recognizes the respective parts as individual assets with a specific useful life and depreciates them accordingly. Also, when carrying out a general inspection, its cost is recognized in the accounting value of tangible assets as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the profit and loss account when incurred. The present value of the expected costs for scrapping the asset after its use is included in the cost of the respective asset if the criteria for recognizing a provision are met.

The cost of a tangible asset consists of:

- its purchase price, including customs duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs that can be directly attributed to bringing the asset to the location and condition necessary for it to function in the manner desired by management;
- the initial estimate of the costs of dismantling and moving the element and rehabilitating the location where it is located, the obligation that the entity bears when acquiring the element or as a consequence of using the element for a certain period for purposes other than those of producing stocks during that period.

***Subsequent evaluation***

Fixed assets are valued at historical cost from which amortization and possible adjustments for depreciation are deducted.

***Depreciation of fixed assets***

Depreciation is calculated using:

- the linear method for buildings and equipment that are not related to production capacity
- the accelerated method for fixed assets representing equipment that are related to the production capacity- in accordance with OG 101/2020

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***Duration of use***

The period of economic use is the period of time in which the asset is expected to be used by a company. The economic useful life for tangible assets was determined by specialized employees. Depreciation is calculated using the straight-line or accelerated method, over the entire useful life of the asset.

The average lifetimes by category of fixed assets are as follows:

	<u>Years</u>
Fixed assets for production	2-8
Transport vehicles	6

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the derecognition of an asset (calculated as the difference between the net proceeds on disposal and the accounting value of the item) is included in the profit and loss account when the asset is derecognised.

The residual values, lifetimes and depreciation methods of fixed assets are reviewed at the end of each financial year and adjusted accordingly.

➤ *Leasing*

The company evaluates whether a contract is or includes a leasing contract, at the initiation of the contract, that is, if that contract grants the right to control the use of an identified asset for a period of time in exchange for a consideration.

**The company as lessee**

The company applies a single recognition and valuation approach for all leasing contracts, except for short-term leasing contracts and leasing contracts for which the underlying asset has a low value. The company recognizes leasing liabilities for making lease payments and right-of-use assets that represent the right to use the underlying assets.

**Right-of-use assets**

The company recognizes a right-of-use asset on the date the lease contract commences (ie the date the underlying asset is available for use). Right-of-use assets are valued at cost, less any accumulated depreciation and accumulated impairment losses and adjusted for any revaluation of lease liabilities. The cost of the asset related to the right of use includes the value of the initial evaluation of the rent liability, the initial direct costs incurred and the related rent payments made on or before the start date of the development, less the incentives received under the rental contract.

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Right-of-use assets are depreciated using the shorter of the lease term and the estimated useful life of the assets, as follows:

- Buildings 8 years

The right-of-use asset is also subject to impairment in accordance with the policy for impairment of non-financial assets described below.

### **Lease liabilities**

On the date of commencement of the leasing contract, the Company recognizes the leasing debt at the updated value of the leasing payments that must be made during the duration of the leasing contract. Lease payments include fixed payments (including fixed payments in the fund) less any lease incentives to be received, variable lease payments that depend on an index or a rate and amounts expected to be paid based on residual value guarantees. Leasing payments also include the exercise price of a purchase option, if the Company has reasonable certainty that it will exercise the option, as well as the payment of the penalties for terminating the leasing contract, if the duration of the leasing contract reflects the Company's exercise of a termination options. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or context that triggers this payment occurs.

When calculating the updated value of the leasing payments, the Company uses the marginal loan rate from the start date of the leasing contract, if the implicit interest rate in the leasing contract cannot be determined immediately. After the start date, the value of the lease liabilities is increased to reflect the interest and reduced by the value of the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there is a change, a change in the lease term, a change in lease payments (for example, changes in future lease payments resulting from a change in an index or rate used for determining those payments) or a change in the valuation of a call option on the underlying asset.

#### ➤ *Intangible assets*

Separately acquired intangible assets are valued at initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expense is reflected in the profit and loss account at the time the expense is incurred.

The useful lives of intangible assets are assessed as determinable.

Intangible assets with a determined useful life are amortized over their economic life and assessed for impairment whenever there are indications of impairment of the intangible asset. The amortization period and amortization method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or in the expected rate of consumption of the future economic benefits incorporated in the assets are accounted for by changing the method or the amortization period, as the case may be, and are treated as changes in accounting estimates. The expense of amortization of

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Intangible assets with a useful life is recognized in the profit and loss account in the expense category in accordance with the function of intangible assets.

	<u>Years</u>
Computer programs	2-3
Research and development expenses	5

Gains or losses resulting from the derecognition of an intangible asset are calculated as the difference between the net disposal proceeds and the accounting value of the item and is recognized in the profit and loss account when the asset is derecognised.

*Research and development expenses*

Research costs are recognized as an expense when incurred. The expenses related to the development of an individual project are recognized as intangible assets when the Company can demonstrate:

- The technical feasibility required to complete the intangible asset so that it is available for use or sale;
- His intention to complete the intangible asset and the ability to use or sell it;
- The way in which the intangible immobilization will generate future economic benefits;
- Availability of resources to complete the immobilization;
- Its ability to reliably evaluate the expenses during the development of the immobilization.

After the initial recognition of the development expense of an asset, the cost model is applied, which provides for the accounting of assets at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation of fixed assets begins when the development is completed and the asset is available for sale/use. It is amortized over the period of the expected future benefit. Depreciation is recognized in the cost of goods sold. During the development period, the asset is tested annually for impairment.

*Patents, licenses, trademarks*

Patents, licenses, trademarks are recognized as intangible assets and evaluated according to the useful life period (definite - amortized, indefinite period - tested for impairment).

*Derecognition of intangible assets*

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses resulting from the derecognition of an intangible asset, assessed as the difference between the net proceeds from the sale and the net book value of the asset, are recognized in profit and loss when the asset is recognisable.

- Government subsidies

Government grants are not recognized until there is reasonable assurance that the Company will comply with the related conditions and that the grants will be received. Government

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subsidies are recognized in profit or loss systematically over the periods in which the Company recognizes as expenses the related costs for which the subsidies are intended to compensate. Specifically, government grants whose main condition is that the Company purchases, constructs or otherwise acquires fixed assets (including tangible and intangible fixed assets) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss for a period. Systematic and rational basis over the useful life of the related assets.

Government subsidies that are to be received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Company, without related future costs, are recognized in profit or loss in the period in which they become receivable.

➤ Inventories

The main categories of stocks are raw materials, goods and consumables.

The cost of stocks includes all purchase expenses, production costs (including all direct and indirect costs attributable to the operational activity of production) and other costs incurred in bringing the stocks to their current state and location.

Inventories are valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price under the conditions of normal operation of the business less the estimated costs of completion and selling costs.

At the end of management, stocks are valued based on the FIFO method.

The company periodically inventories the stocks to determine if they are damaged, obsolete, have slow movement or if the net realizable value has decreased, and makes the necessary adjustments.

➤ Depreciation of non-financial assets

The company evaluates at each reporting date if there are indications of impairment of an asset. If there are indications or if an annual impairment test is necessary for an asset, the Company estimates the recoverable value of that asset. The recoverable amount of an asset is the higher of the fair value of an asset (or cash-generating unit) minus the costs associated with the sale and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the book value of an asset or cash-generating unit is greater than its recoverable amount, the asset is considered impaired and its book value is reduced to its recoverable amount.

In case of internally developed software, the first step in the analysis for the depreciation is that the ROA for the year (value of the realised revenue generated) should not be less than 20% of the net asset value at the year end. If the value of the generated income is less than 20%, the method mentioned below is used. In case generated revenue exceeds 20%, then there is no need to adjust for depreciation.

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**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and asset-specific risks. When determining the fair value minus the costs associated with the sale, recent market transactions are taken into account, if any. If such transactions cannot be identified, an appropriate valuation model is used.

The loss from the depreciation of continuing activities, including the depreciation of stocks, is recognized in the profit and loss account in the expense category consistent with the function of the depreciated asset, except for a property that was previously revalued and the revaluation was accounted for in other elements of the comprehensive result. In this case, the impairment is also recognized in other elements of the overall result up to the value of any previous revaluation.

In each reporting period, an assessment is made to determine if there are indicators that previously recognized impairment losses no longer exist or have decreased. If there is such an indication, the Company estimates the recoverable value of the asset or the treasury generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited, so that the accounting value of the asset does not exceed its recoverable value and does not exceed the accounting value that the asset would have had if it had not been previously depreciated. Such reversal is recognized in the profit and loss account unless the asset has been revalued, in which case the reversal is treated as a revaluation increase.

➤ *Cash and short-term deposits*

Cash and short-term deposits from the statement of financial position include cash at home and at banks and short-term deposits with an initial maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents are made up of cash and short-term deposits defined above, net of outstanding overdrafts.

➤ *Provisions*

*General*

Provisions are recognized when the Company has a current obligation (legal or implied) generated by a previous event, it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation and the value of the obligation can be reliably estimated. If the Company expects that a provision will be fully or partially reimbursed, for example, based on an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is almost certain. The related expense of any provision is presented in the profit and loss account, net of any reimbursement.

Provisions are reviewed at each balance sheet date and adjusted to reflect management's current best estimate in this regard. If an outflow of resources is no longer likely to settle an obligation, the provision must be canceled by resuming income.

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### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

#### *Provisions for litigation*

Litigation provisions are recognized when management estimates probable cash outflows as a result of unfavorable litigation.

##### ➤ *Pensions and other post-employment benefits*

As part of its current activity, the Company makes payments to the Romanian state on behalf of its employees for post-employment (retirement) benefits. All employees of the company are included in the pension plan of the Romanian State. The company does not operate any other pension scheme and, consequently, has no obligation regarding pensions. In addition, the Company has no obligation to provide additional benefits to former or current employees.

##### ➤ *Related parties*

The parties are considered related when one of them has the ability to significantly control/influence the other party, through ownership, contractual rights, family relationships or by other means. Related parties also include the Company's principal owners, members of management, board members and members of their families, parties with which they jointly control other companies, post-employment benefit plans for the Company's employees.

##### ➤ *Retained earnings*

The remaining accounting profit after the distribution of the 5% quota to the legal reserve, within the limit of 20% of the share capital, is taken within the carried forward result at the beginning of the financial year following the one for which the annual financial statements are drawn up, from where it is to be distributed to the other destinations legal.

The distribution of the profit is carried out accordingly in the following financial year, after the approval of the distribution in the General Meeting of Shareholders, eg: the value of the approved dividends and other reserves according to legal regulations.

### **3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS**

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported values for revenues, expenses, assets and liabilities, as well as the presented information that accompanies them, and to present the contingent liabilities at the end of the reporting period. However, the existing uncertainty related to these estimates and assumptions could result in a significant future adjustment of the accounting value of the affected asset or liability in future periods. Estimates and associated assumptions are based on historical experience and other factors that are deemed relevant. Actual results may differ from these estimates. The underlying estimates and assumptions are reviewed on an ongoing basis.

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The following are the critical judgments, other than those involving estimates (which are presented separately below), that the Company's management made in the process of applying the Company's accounting policies and which have a significant effect on the amounts recognized in the financial statements.

#### ***Judgments***

During the application of the Company's accounting policies, the management made the following considerations, which have the greatest effect on the amounts recognized in the financial statements:

- Reasoning in determining the fulfillment of enforcement obligations

In making their judgment, the directors have considered the detailed revenue recognition criteria set out in IFRS 15 and, in particular, whether the Company has transferred control of the assets to client. Following the detailed quantification of the Company's liability regarding the rectification works, and the agreed limitation on the customer's ability to request additional work or to request the replacement of goods, the directors are satisfied that control has been transferred and that the recognition of income in the current year is appropriate, together with the recognition of an appropriate warranty provision for rectification costs.

- Reasoning regarding the capitalization of expenses as an intangible asset

In accordance with IAS 38, the capitalization of expenses as intangible assets regarding research, start-up costs, pre-exploitation and pre-opening, training, advertising and promotion, moving and relocation previously recognized in GAAP as assets are de-recognized in the position opening situation financial IFRS. Following a detailed analysis of the Company's expenses regarding the recognition of intangible assets, the Company's management considered that the recognition of assets in the reported period is appropriate.

During the current year, the Company capitalised development costs of RON 14 million relating to software, on the basis that management considers these costs to be clearly associated with identifiable products which will be controlled by the Company and have a profitable benefit exceeding the cost beyond one year.

Capitalised costs related to three main software products, as presented in Note 10.

As mentioned above, in capitalising these development costs, management considered that the criteria in IAS 38, Intangible Assets (IAS 38) is met and development expenditure that does not meet the above criteria are recognised as an expense in profit or loss as these are incurred.

#### ***Estimates and assumptions***

The main assumptions regarding the future and other important causes of the uncertainty of estimates at the reporting date, which present a significant risk of causing a significant adjustment of the accounting values of assets and liabilities in the next financial year, are presented below.

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***Taxes, fees and tax provisions***

There are uncertainties regarding the interpretation of complex fiscal regulations, changes in fiscal legislation and the value and timing of future taxable profit.

All amounts owed to state authorities have been paid or ascertained at the balance sheet date. The Romanian fiscal system is undergoing a consolidation process and is in the process of being harmonized with European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation which may lead to additional taxes and penalties. If the state authorities find fiscal violations and related regulations, it may lead to: confiscation of the amounts in the case; additional tax obligations; fines and penalties (which are applied to the outstanding amount). As a result, the tax penalties resulting from the violation of the legal provisions can lead to a significant debt.

At the end of each financial year, the Company makes an estimate of the potential fiscal risks to which it may be subjected and determines the level of potential risk, using the best available estimates, and consequently, if necessary, recognizes a specific provision in the financial statements.

***Inventories***

Finished products and goods are recorded at the lower of cost and net realizable value. The management analyzes the age of the stocks, the expiration date of the products, the quality of the products and possible non-conformity issues, the products that cannot be sold later or that are rejected based on quality problems, and takes into account their implications in determining the net realizable value of the stocks old.

The net realizable value is the sale price under normal business conditions, less completion, marketing and distribution costs, considering the future evolution of sale prices.

The management analyzed the net realizable value of the finished products monthly, taking into account the selling prices of the market as well as the regulations specific to the industry in which it operates.

For the raw materials, specific analyzes are carried out taking into account the age, expiration date, possible quality problems of the elements in the balance.

All assumptions are reviewed annually.

***Provisions for litigation***

The company recognizes provisions for litigation related to the risks identified in connection with certain lawsuits pending before the courts, the outcome of which is not certain.

***Useful life for fixed assets and the depreciation method***

The company estimates the life spans for the items of tangible assets in accordance with the rate of consumption / wear and tear for the respective assets.

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

The company considers and uses the following depreciation methods:

- the linear method for buildings, fixed assets purchased in financial leasing and for equipment that are not related to production capacity
- the accelerated method for fixed assets representing equipment that are related to the production capacity

***Sales discounts for estimated returns, price reductions***

Returns, discounts, incentives and rebates related to sales are recognized as reductions in turnover, in the period in which the respective sales were recognized. These are recognized according to commercial offers with monthly, quarterly and annual gross and net value targets. Estimated unbilled discounts are subject to continuous review and appropriate adjustment based on the latest available information.

**4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF THE STANDARDS**

New IFRS accounting standards and amendments to existing standards issued but not adopted by the EU

<b>Standard</b>	<b>Title</b>	<b>Effective date</b>
Amended to IFRS 16	Lease liabilities in a sale and leaseback transaction	January 1, 2024
Amended to IAS 1	Classification of debts into short-term debts and long-term debts and long-term debts with financing indicators	January 1, 2024

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

<b>Standard</b>	<b>Title</b>	<b>Effective date</b>
Amended to IAS 7 and IFRS 7	Financing agreements in relation to suppliers (date of entry into force established by the IASB: January 1, 2024)	They have not yet been adopted by the EU
Amended to IAS 21	Lack of convertibility (effective date established by IASB: January 1, 2025)	They have not yet been adopted by the EU
IFRS 14	Deferral accounts related to regulated activities (effective date established by: January 1, 2016)	The European Commission decided not to start the approval process of this interim standard and to wait for the final standard.
Amended to IFRS 10 and IAS 28	The sale of or the contribution of assets between an investor and its associated entities or joint ventures and subsequent	The approval process was postponed for an indefinite period until the completion of

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

<b>Standard</b>	<b>Title</b>	<b>Effective date</b>
	amendments (the date of entry into force has been postponed for an indefinite period by the IASB, but early application is allowed)	the Research project on the equivalence method.

The company estimates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the financial statements of the company in the future.

**5. SALES OF GOODS AND SERVICES AND EXPENSES WITH RAW MATERIALS AND CONSUMABLES****5.1 Turnover**

The Company has only one reportable segment, which is the sale of cybersecurity products and services.

Management's objective is always to pursue profit, not revenue, and this can be achieved through a proper sales and marketing strategy, covering multiple sectors and markets. In 2025, considering the demand of the markets as well as the legislative context, the business strategy was focused on increasing the amount of money and implicitly profitability.

The Company's management monitors operational activities and resource allocation to maximize performance. Performance is evaluated based on operating profit or loss, gross profit or loss.

The company monitors sales according to their type - services and sales of goods.

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Internal sales	18.234.748	22.648.097
External sales	231.708	98.437
<b>Total turnover</b>	<b>18.466.456</b>	<b>22.746.534</b>

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

**5.2. Raw materials and consumables used**

<b>Raw materials and consumables used</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Raw materials	4.751.530	6.942.462
Fuel materials and spare parts	15.949	20.020
Merchandise	2.681.916	5.797.959
Supplies	1.618	5.517
Inventory items	37.718	14.912
Others	2.901	5.956
<b>Total</b>	<b>7.491.632</b>	<b>12.786.826</b>

The expenses with raw materials mainly refer to the expenses for the purchase of cyber security hardware and software products.

**6. OTHER INCOME / EXPENSES AND ADJUSTMENTS****6.1 Other operating revenues**

As of June 30, 2025, the Company presents the following operating income:

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Revenue from operating subsidies	725.181	250.052
Revenue from investment subsidies		84.559
Income/(expenses) from sale of assets		
Revenue from compensation/fines	4.630	
Other operating income	12.866	44.377
<b>Total other operating income</b>	<b>742.677</b>	<b>378.988</b>

**6.2 Other operating expenses**

<b>Other operating expenses</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Services	1.567.107	1.557.756
Telecommunication services	59.321	56.078
Sponsorship	100.000	125.000

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

<b>Other operating expenses</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Insurance	173.703	76.898
Utilities	69.196	89.018
Travel expenses	200.513	152.956
Training	13.595	7.473
Maintenance	14.982	13.917
Other	244.038	218.837
<b>Total</b>	<b>2.442.455</b>	<b>2.297.933</b>

Utilities mainly refer to energy and water expenses.

Service expenses include a wide variety of services: legal consulting, marketing, capital market consulting, subcontracting expenses for some programming services.

Repair services include special fleet repair services.

Other expenses include mainly bank commissions, fees, other expenses with taxes and fees.

**6.3 Financial expenses****Financial expenses**

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Interest expense	120.870	58.842
Expenses with exchange rate differences	59.735	96.541
<b>Total</b>	<b>180.605</b>	<b>155.383</b>

Interest expenses are represented by the amounts related to the rights of use of assets.

**6.4 Financial income****Financial income**

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Gains on exchange rate differences	102	436
Interest income	19.476	50.504
<b>Total</b>	<b>19.578</b>	<b>50.940</b>

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)****6.5 Employee benefit expenses****Salary expenses**

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Wages	8.060.140	6.614.824
Payroll taxes	206.329	165.057
<b>Total</b>	<b>8.266.469</b>	<b>6.779.881</b>

On 21.07.2022, through the General Meeting of Shareholders, the Company decided to approve the implementation of a reward and motivation plan for the Company's key personnel, a Stock Option Plan (SOP), which took place during the period 2022-2024, with the objective of granting rights regarding the acquisition of a certain number of shares free of charge by the Company's employees, administrators and/or directors in order to retain and motivate them. According to the Decisions of the Company's Board of Directors dated 04.10.2022 and 17.02.2023, the plan was limited to 1.600.000 shares related to the 2 years of the plan and depended on the achievement of individual objectives. For the year 2024, there were 59 employees enrolled in the SOP plan. Of these, under the SOP, 1 employee received 256.823 shares, an operation confirmed by the Decision of the Board of Directors dated 03.07.2024, and another 51 employees received 662.148 shares, an operation confirmed by the Decision of the Board of Directors dated 14.11.2024. A number of 17.201 shares available for the SOP program and which were not distributed to employees enrolled in the program on the date of granting the shares, were distributed as a benefit to 2 employees, on 14.11.2024.

**6.6 Marketing and advertising expenses and protocol**

The company recognizes as marketing and advertising expenses the expenses generated by the media promotion campaigns. During the current year, in this category are recorded mainly expenses for the promotion of the Company's products and projects.

**7. CURRENT AND DEFERRED PROFIT TAX**

<b>Income tax expense</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Current profit tax	26.654	-
Deferred tax (expense (income))	1.051.046	1.075.337
<b>Total</b>	<b>1.077.700</b>	<b>1.075.337</b>

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

The elements that generated the deferred tax on 31.06.2025, were:

Element	Balance as of 31.12.2024 (Lei)	Impact (16%) (Lei)	Balance as of 30.06.2025 (Lei)	Impact (16%) (Lei)	Position
Liability of untaken holiday	166.586	26.654	0	0	Activ
Receivables impairment	280.281	44.845	280.281	44.845	Activ

Deferred tax asset balance as of 31.12.2024: 71.499 lei

Deferred tax asset balance as of 30.06.2025: 44.845 lei

**8. EARNINGS PER SHARE**

The values of the basic result per share are calculated by dividing the net profit of the year attributable to ordinary shareholders by the weighted average number of ordinary shares in circulation during the year.

The weighted average number of ordinary shares during the period is the number of ordinary shares existing at the beginning of the period, adjusted by the number of ordinary shares repurchased or issued during the period multiplied by a time weighting factor. The weighting factor in time is the number of days in which the shares were in existence as a proportion of the total number of days in the period.

The number of shares related to the period ended on June 30, 2025 is 162.717.653.

	<b>June 30, 2025</b>
Net profit	6.023.001
Average number of shares	162.717.653
Earnings per share	0.037

**9. TANGIBLE FIXED ASSETS AND ASSETS RELATED TO THE RIGHT OF USE****Property, plant, and equipment**

	<b>Buildings with right of use</b>	<b>Building improvements</b>	<b>Machines, machinery and Equipment</b>	<b>Furniture Office Protective equipment</b>	<b>Total</b>
<b>Gross value on January 1, 2025</b>	<b>2.587.977</b>	<b>436.930</b>	<b>3.124.961</b>	<b>542.039</b>	<b>6.673.908</b>
Additions	1.954.643	-	28.906	15.340	<b>1.998.889</b>
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Gross value on June 30, 2025</b>	<b>4.542.620</b>	<b>436.930</b>	<b>3.153.867</b>	<b>539.379</b>	<b>8.672.797</b>
<b>Amortization and depreciation on January 1, 2025</b>	<b>1.486.797</b>	<b>64.158</b>	<b>2.987.672</b>	<b>448.661</b>	<b>4.987.288</b>
Amortization in the year	177.007	692	50.725	17.671	<b>246.096</b>
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Amortization and depreciation on June 30, 2025</b>	<b>1.575.300</b>	<b>65.504</b>	<b>3.012.670</b>	<b>457.097</b>	<b>5.109.572</b>
<b>Net value on June 30, 2025</b>	<b>1.663.805</b>	<b>64.850</b>	<b>3.038.397</b>	<b>466.332</b>	<b>5.233.384</b>

**SAFETECH INNOVATIONS S.A.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

	<b>Buildings with right of use</b>	<b>Building improvements</b>	<b>Machines, machinery and Equipment</b>	<b>Furniture Office Protective equipment</b>	<b>Total</b>
<b>Gross value on January 1, 2024</b>	<b>2.350.569</b>	<b>415.595</b>	<b>2.998.185</b>	<b>499.588</b>	<b>6.263.938</b>
Additions	237.408	21.335	126.776	24.451	<b>409.970</b>
Revaluation					
Disposals					
Transfers					
<b>Gross value on December 31, 2024</b>	<b>2.587.977</b>	<b>436.930</b>	<b>3.124.961</b>	<b>542.039</b>	<b>6.673.908</b>
<b>Amortization and depreciation on January 1, 2024</b>	<b>1.096.781</b>	<b>62.774</b>	<b>2.877.016</b>	<b>418.126</b>	<b>4.454.698</b>
Amortization in the year	390.016	1.383	110.655	30.535	<b>532.589</b>
Disposals					
Transfers					
<b>Amortization and depreciation on December 31, 2024</b>	<b>1.486.797</b>	<b>64.158</b>	<b>2.987.672</b>	<b>448.661</b>	<b>4.987.288</b>
<b>Net Value December 31, 2024</b>	<b>1.101.180</b>	<b>372.772</b>	<b>137.290</b>	<b>75.378</b>	<b>1.686.620</b>

The company recognized in the category of "Assets related to the right of use": rental contracts and financial leasing contracts regarding the purchase of cars.

The company has a rental contract that includes extension and termination options. These options are negotiated by the Company's management to provide flexibility in the management of the portfolio of leased assets and to align with the Company's business needs. The management of the Company exercises significant judgment to determine whether there is reasonable certainty for the extension or termination of the contract. Leasing contracts are concluded for a fixed period of five years.

The accounting value of the rental debt and the movements recorded within this category in the period January 2025 - June 2025:

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

	Lei	Lei
<b>At January 1, 2025/ January 1, 2024</b>	<b>1.261.074</b>	<b>1.389.518</b>
Additions	1.954.643	237.408
Interest associated with the leasing debt	114.978	109.585
Lease payments	239.262	475.405
Debt revaluation	4.564	(32)
<b>As of June 30, 2025/December 31, 2024</b>	<b><u>3.095.997</u></b>	<b><u>1.261.074</u></b>

The additions during the period are represented by the conclusion of an addendum to the rental contract of the space where the company operates.

The following expenses represent the amounts recognized in profit or loss in connection with leasing contracts:

	June 30, 2025	June 30, 2024
Depreciation of right-of-use assets	88.503	288.908
Interest expense on leasing debt	114.978	102.416
<b>Total expenses recognized in the profit and loss account</b>	<b><u>203.481</u></b>	<b><u>391.325</u></b>

The following expenses represent the amounts recognized in profit or loss in connection with leasing contracts:

	June 30, 2025	December 31, 2024
Short-term lease liability	268.931	398.871
Long-term lease liability	2.827.066	862.203
<b>Total lease liability</b>	<b>3.095.997</b>	<b>1.261.074</b>

**SAFETECH INNOVATIONS S.A.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

**10. INTANGIBLE ASSETS**

	<b>Establishment expenses</b>	<b>Concessions, patents and other rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Costs on January 1, 2025</b>	<b>51.125.043</b>	<b>114.429</b>	<b>13.396.813</b>	<b>64.636.284</b>
Additions	7.452.691	-	115.471	<b>7.568.162</b>
Disposals	-	-	-	-
Transfers	-	-	-	-
<b>Costs on June 30, 2025</b>	<b>58.577.734</b>	<b>114.429</b>	<b>13.512.283</b>	<b>72.204.446</b>
<b>Amortization and depreciation on January 1, 2025</b>	-	<b>114.429</b>	<b>7.682.737</b>	<b>7.797.166</b>
Amortization in the year	-	-	-	<b>1.076.652</b>
Disposals	-	-	1.076.652	-
<b>Amortization and depreciation on June 30, 2025</b>	-	<b>114.429</b>	<b>8.759.389</b>	<b>8.873.818</b>
<b>Net book value at June 30, 2025</b>	<b>58.577.734</b>	<b>-</b>	<b>4.752.894</b>	<b>63.330.628</b>

	<b>Establishment expenses</b>	<b>Concessions, patents and other rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Costs on January 1, 2024</b>	<b>37.531.922</b>	<b>114.429</b>	<b>8.496.087</b>	<b>46.142.438</b>
Additions	16.493.121	-	1.721.535	<b>18.214.656</b>
Disposals	-	-	(44.509)	<b>(44.509)</b>
Transfers	(2.900.000)	-	2.900.000	-
<b>Costs as at 31 December, 2024</b>	<b>51.125.043</b>	<b>114.429</b>	<b>13.073.112</b>	<b>64.312.584</b>
<b>Amortization and depreciation on January 1, 2024</b>	<b>-</b>	<b>114.429</b>	<b>5.415.073</b>	<b>5.529.502</b>
Amortization in the year	-	-	1.943.964	<b>1.943.964</b>
Disposals	-	-	-	-

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

	<b>Establishment expenses</b>	<b>Concessions, patents and other rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Amortization and depreciation on December 31, 2024</b>	-	<b>114.429</b>	<b>7.359.037</b>	<b>7.473.466</b>
<b>Net book value at December 31, 2024</b>	<b>51.125.043</b>	-	<b>5.714.076</b>	<b>56.839.118</b>

Own products are included in the category of research and development expenses: currently, the company has a number of its own cyber security products under development or that it intends to develop, which will bring new added value to customers.

**iSAM** - In March 2019, Safetech launched its first cybersecurity product - iSAM, the Information Security Automation Manager. iSAM enables information security managers of companies to better manage cyber security within their organization by automating certain processes, providing real-time updates on the level of cyber protection and enabling early detection of cyber security threats. Safetech holds the National Computer Program Registry certificate for iSAM.

The certificate was issued on 22.01.2020 by the Romanian Copyright Office. The main functionalities of the application developed by Safetech include:

- inventory of business processes and IT systems;
- management of security policies and standards within the organization;
- continuous analysis and management of risks and vulnerabilities;
- event and security incident management.

The solution automates some of the activities of information security officers, but also helps organize security reports, bringing together information from various departments, thus saving time and aligning the practices used in a company. The platform also has the option to generate almost instantaneous reports on the level of IT security within the organization, as well as to provide tools for the management of security indicators and risks.

The solution is mainly aimed at large companies in the financial-banking, healthcare, transport, energy, utilities and digital infrastructure sectors, ensuring compliance with the relevant IT security provisions applicable to these industries. iSAM helps companies comply with the following regulations currently applicable in Romania:

- Law 362/2018 on ensuring a high level of security of computer networks and systems;
- Norm 4/2018 of the Financial Supervision Authority (ASF) regarding the management of operational risks;
- BNR Regulation 3/2018 regarding the monitoring of the financial market and the infrastructure of payment instruments;
- General Regulation on the Protection of Personal Data (GDPR). The valorization of the project is carried out by two methods:

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

- Capitalization in the form of either a perpetual license or a subscription (annual service on premises - annually renewable) to the company's beneficiaries.
- Valorization in the form of streamlining the activity within the Security Operations Center - STI CERT company structure, both in the daily security monitoring activities of the company's beneficiaries, as well as in the security testing and information security management services.

In the first semester of 2025, important developments were made to the iSAM solution, worth RON 403.989, mainly representing the costs of software development employees and subcontractor costs.

**ToR-SIM** (research project completed in 2020) - Capitalization in the form of either a perpetual license or subscription (annual "on premises" service) to the Integrated Software Platform for Malware Analysis of Mobile Terminals (Acronym: ToR-SIM). The software platform that integrates, in a unified way, the malware analysis procedures for most of the equipment currently on the market, in order to strengthen the security of terminals and networks, identify the operational requirements and capabilities necessary for the development and security of solutions for mobile devices and applications that ensure, through a partnership between responsible government factors, academia and industry, the increase in the efficiency of cyber protection solutions. The platform is developed at the prototype level, validated with a single beneficiary (the one established by the research project, which has accepted that the product was developed according to the project requirements). The product development at the commercial product level follows.

In the first semester of 2025, developments of the ToR-SIM solution were carried out, worth 523 thousand lei, mainly representing the costs of software development employees and the costs of subcontractors.

**SafePic** - It aims to increase the response capacity of STI-CERT to cyber security attacks and incidents, through automation and interoperability with similar structures at national and international level, but also the development organizational by carrying out a set of design actions and implementing measures to improve the components of the management system (strategy, structure, information system, decision-making system, methodological system), aimed at increasing the performance and competitiveness of the organization.

The project ran from June 2020 to July 2023, with a durability period of 3 years from completion (July 2026). The company is obliged to maintain the entire system developed within the project.

In the first semester of 2025, the project continued in accordance with the development plan for the sustainability period, with expenses amounting to 2.619 thousand lei.

**BCM** – project started at the beginning of 2023, financed from own resources, with the aim of developing a software application for business continuity management. Upon completion of the project, the resulting product will be capitalized through subscription licenses.

In the first semester of 2025, developments worth RON 347.298 thousand were carried out, mainly representing the costs of software development employees.

**IPRadar** – research and development project launched in August 2024, financed under the National Research, Development and Innovation Plan for the Period 2022 - 2027 (PNCDI IV)

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

by the Executive Unit for Financing Higher Education, Research, Development and Innovation (UEFISCDI). Contractor: National Cyber Security Directorate; Partners: Safetech Innovations S.A., Certsign SA, “Ștefan cel Mare” University of Suceava, Military Technical Academy, National University of Science and Technology Politehnica Bucharest; Total contract value: 13.000.000 lei (non-reimbursable funds) of which the budget assigned to the Company represents 7.000.000 lei (approximately 53% of the total contract value); Subject of the contract: System for scanning and mapping IP resources in Romania, with the aim of early detection of cyber threats; Contract duration: 2 years from the date of signing the contract. Upon completion of the project, the intellectual property rights will allow SAFETECH INNOVATIONS SA to capitalize on the contribution to the development of the product through subscription licenses or its use to provide its own cybersecurity services.

Between January and June 2025, research and development activities worth 3.162 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

HRIA – "Romanian Artificial Intelligence Hub", research and development project launched in March 2025, financed under the Smart Growth, Digitalization and Financial Instruments Programme 2021-2027 (PoCIDIF), financed by the European Regional Development Fund (ERDF), SMIS code: 334906. SAFETECH INNOVATIONS SA is a partner in this project.

The general objective of the project is to create and operationalize the Romanian Artificial Intelligence Hub for research, development and innovation in the field of Artificial Intelligence (AI) by developing an attractive and competitive research ecosystem that brings together the efforts of the academic and economic environment for the purpose of carrying out original cutting-edge scientific research, transferring research results to industry and society, developing new products and services, and generating a core of knowledge and development in Artificial Intelligence integrated into the European Research Area (ERA).

The project is implemented in partnership with six nationally representative universities: Technical University of Cluj-Napoca, West University of Timișoara, “Gheorghe Asachi” Technical University of Iași, Politehnica University of Timișoara, University of Bucharest, “Babeș Bolyai” University of Cluj-Napoca and 8 innovative SMEs, selected through a competitive and transparent process.

The project is implemented between March 1, 2025 and December 31, 2029. The total value of the project is 336.336.127,46 lei, the total eligible value is 335.117.109,06 lei and the non-refundable financial assistance is 324.775.349,99 lei. The total value allocated to SAFETECH INNOVATIONS SA is 6.532.861,50 lei, the eligible value is 6.468.540,54 lei and the non-refundable financial assistance is 4.828.571,63 lei.

Upon completion of the project, the intellectual property rights will allow SAFETECH INNOVATIONS SA to capitalize on the contribution in the development of the product through subscription licenses or its use to provide its own cybersecurity services.

Between March and June 2025, research and development activities worth 225 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

## **11. INVESTMENTS IN AFFILIATED ENTITIES**

As of June 30, 2025, the Company holds interests in Safetech Innovations Global Services Limited and Safetyinnovation Limited.

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

<b>Investments in affiliated entities</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Participations - Safetech Innovations Global Services Limited (UK)	3.912.041	3.912.041
SAFETECH INNOVATIONS LLC(KSA)	191.940	191.940
<b>Total investments</b>	<b>4.103.981</b>	<b>4.103.981</b>

**12. INVENTORIES**

<b>Inventories</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Raw materials	54.433	131.039
Products	55.880	54.080
Advances for stocks	-	
Supplies	91.863	91.863
<b>Total</b>	<b>202.626</b>	<b>276.982</b>

The company has no slow-moving inventory.

**13. TRADE RECEIVABLES AND OTHER RECEIVABLES / CURRENT****Trade and other receivables**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Total net trade receivables of which:</b>	<b>9.194.588</b>	<b>7.678.543</b>
Trade receivables, of which	5.481.680	5.755.653
<i>Trade receivables with affiliated companies</i>	-	-
Uncertain trade receivables	280.281	280.281
Clients invoices to be drawn up	3.465.509	1.676.933
Other receivables	247.399	245.957
<b>Minus</b>		
Allowances for expected losses on receivables	(280.281)	(280.281)
<b>Total other receivables of which:</b>	<b>977.885</b>	<b>566.019</b>
Different debtors	400.831	394.363
Prepayments	526.250	138.133
Other current assets	50.804	33.523

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

<b>Total receivables as of June 30, 2025</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60-120 days</b>	<b>120-365 days</b>	<b>Older than 1 year</b>
<b>4,622,357</b>	4.220.335	125.359	161.469	115.195	-

<b>Total receivables as of December 31, 2024</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60-120 days</b>	<b>120-365 days</b>	<b>Older than 1 year</b>
<b>5.755.653</b>	5.578.532	60.935	7.106	108.581	500

**14. CASH AND SHORT-TERM DEPOSITS**

	<u><b>June 30, 2025</b></u>	<u><b>December 31, 2024</b></u>
Cash at the bank in RON	2.327.937	1.657.836
Cash at the bank in foreign currency	2.021	107.620
<b>Total</b>	<u><b>2.329.958</b></u>	<u><b>1.765.456</b></u>

Cash in the bank bears interest at the daily interest rate when deposits are made. Short-term deposits are made for different periods of time between 1 day and 3 months, depending on the cash needs of the Company and accumulate interest at the appropriate interest rates.

**15. CAPITAL AND RESERVES**

<b>Authorized Shares/Social Parties</b>	<u><b>June 30, 2025</b></u>	<u><b>December 31, 2024</b></u>
Ordinary shares of 0,2 RON each	162.717.653	162.717.653
<b>Ordinary shares issued and paid in full</b>	<u><b>Number</b></u>	<u><b>Value</b></u>
On December 31, 2024	162.717.653	32.543.531
On June 30, 2025	162.717.653	32.543.531

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

<b>Share capital</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	32.543.531
<b>Total share capital</b>	<b>32.543.531</b>	<b>32.543.531</b>

On 18.09.2020 the Company decided on the transformation from a Limited Liability Company to a Joint Stock Company and the share capital was set at 500.000 RON and 2.500.000 shares with a nominal value of 0,2 RON.

On October 19, 2020, the General Shareholders' Meeting approved the decision to increase the Company's share capital by the maximum amount of 125.000 RON, by cash contribution, from the amount of 500.000 RON to the maximum amount of 625.000 RON, by issuing a number of 1.250.000 new shares ("New Shares"), with a nominal value of 0,2 RON / share ("Social Capital Increase") through private placement.

On April 16, 2021, the General Shareholders' Meeting approved the decision to increase the Company's share capital by a maximum amount of 2.500.000 RON, through a cash contribution, from the amount of 625.000 RON to a maximum amount of 3.125.000 RON, by issuing a number of 12.500.000 new shares ("New Shares"), with a nominal value of 0,2 RON / share ("Share Capital Increase") offered for subscription to the shareholders registered in the Company's shareholder register held by the Central Depository TO.

On July 17, Safetech received the Certificate of Registration of Financial Instruments (CIIF) from the Romanian Supervisory Authority which certifies the registration of the increase of the share capital with 12.500.000 new shares that were issued following the Resolution of the Extraordinary General Meeting of Shareholders of Safetech Innovations from 16.04.2021. After registration with the Central Depository on July 21, shareholders received free shares in their trading accounts at the rate of four (4) newly issued shares for every one (1) share held. Following the increase of the share capital, the share capital of Safetech Innovations S.A. of 3.125.000 lei is divided into 15.625.000 registered shares with a nominal value of 0,2 lei per share.

On July 22, 2021, the Extraordinary General Meeting of Shareholders took place. The legal and statutory quorum related to the meeting was constituted at the first convocation. During the AGEA, the shareholders voted in favor of increasing the Company's share capital by the amount of 200,000 RON, by issuing a maximum number of 1.000.000 new shares, each with a nominal value of 0.2 RON / share. The share capital increase was carried out in order to expand the activity of the issuer, by establishing two new companies in the United Kingdom of Great Britain and Northern Ireland and in the United States of America, entities that will be responsible for the promotion and sale of Safetech Innovations solutions and services on foreign markets.

## **SAFETECH INNOVATIONS S.A.**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

The registration date for the share capital increase was 31.08.2021, ex-date 30.08.2021, and 01.09.2021 was the date when the pre-emptive rights were loaded into the shareholders' accounts. In the same AGM, the establishment of two companies, one in Great Britain and one in the USA, partly owned by the Company, as an associate with a percentage of at least 67% of the share capital, was also approved.

In the first semester of 2022, the company registered an increase in the share capital, thus the number of shares increases to 66.500.000 shares, totaling 13.300.000 lei. The nominal value of the shares being 0,2 RON/share.

During the period August - December 2022, the Company repurchased a number of 433.703 own shares, worth 1.153.990,43 lei. For the repurchased shares, the Company signed option agreements in November 2022.

In November 2023, part of the option agreements were exercised and part were granted free of charge as a bonus to the entity's key personnel, so that on December 31, 2023, all of the Company's own shares were distributed.

On 17.04.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 316.540, from RON 13.300.000 to RON 13.616.540, through the issuance of 1.582.700 new shares with a nominal value of RON 0,2 per share, following the incorporation of RON 316.540 from the reserves related to 2022, for the benefit of all shareholders registered in the Shareholders' Register kept by the Central Depository on the registration date established by the EGMS.

The distribution of newly issued shares will be made in a proportion of 0,0238 free share per 1 share held.

The purpose of the capital increase is to issue available shares so that the Company can fulfill its obligations assumed through the free share allocation plan at the Company level ("SOP Plan"), approved by the decision of the Extraordinary General Meeting of Shareholders dated 21.07.2022, shareholders having the option:

- either to receive the free shares to which they are entitled, according to the allocation index mentioned above,
- or to receive nominal value for each of these entitled shares, in the case of this last option, the shares will be loaded by the Central Depository into the Company's treasury account.

On 18.09.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 18,926,991, from RON 13.616.540 to RON 32.543.531, through the issuance of 94.634.953 new shares with a nominal value of RON 0,2 per share.

At June 30, 2025, the shareholding structure is as follows:

**SAFETECH INNOVATIONS S.A.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

<b>Ownership structure</b>	<u>No. of shares</u>	<u>Percentage</u>
Victor Gansac	46.936.814	28,8456%
Paul Rusu	46.901.136	28,8236%
Individuals	65.011.370	<u>39,9548%</u>
Legal entities	3.868.333	2,3760%
<b>Total</b>	<b>162.717.653</b>	<b>100%</b>

**Reserves**

<b>Total other reserves included in capital components:</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Legal reserves	2.407.828	2.407.828
Other reserves (other funds)	29.782	29.782
The result of the exercise	6.023.001	13.517.263
Profit sharing	-	(766.764)
Reported result	13.478.522	728.023
<b>Total other reserves</b>	<b>21.939.133</b>	<b>15.916.131</b>

**Legal reserves**

The company establishes legal reserves in accordance with the law of commercial companies, which stipulates that 5% of the annual profit before tax be transferred to "Legal reserves" until the reserve reaches the threshold of 20% of the share capital. Legal reserves are not distributable.

**Other reserves**

Other reserves include distributions of profits related to the years prior to 2024. These reserves are available for distribution in the form of dividends.

**16. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS**

As detailed in the accounting policies, the Company applies a defined employee benefit plan. The plan requires the company to pay the social insurance contribution for employees, in the public pension fund.

As part of its current activity, the Company makes payments to the Romanian state for the benefit of its employees. All employees of the company are included in the pension plan of the Romanian State. The company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation regarding pensions. In addition, the Company has no obligation to provide additional benefits to former or current employees.

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Retirement benefits: The Collective Labor Agreement does not provide for any benefits that the Company must grant to employees upon retirement based on seniority within the Company and that could have an impact on the financial statements.

In 2022, the company approved the implementation of a plan to reward and motivate the Company's key personnel by granting free shares in the future.

**17. TRADE AND OTHER LIABILITIES (CURRENTS)**

<b>Trade and other liabilities</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Local trade debts	3.938.184	4.120.906
Foreign trade debts	525.731	2.056.616
Liabilities for purchases of fixed assets	27.633	7.431
Advances received and other liabilities	3.547	3.547
Lease liabilities	3.095.997	1.261.074
<b>Total</b>	<b>7.591.092</b>	<b>7.449.574</b>

<b>Other current liabilities</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Wages	675.283	651.365
Contributions and taxes wages	581.584	560.868
VAT	940.309	1.076.385
Dividends	3.529	3.529
Other liabilities	217	217
<b>Total</b>	<b>2.200.922</b>	<b>2.292.364</b>

Commercial debts do not bear interest and are usually settled within 30 - 90 days.  
For explanations of the Company's liquidity risk management processes, see the information below.

**18. RELATED PARTIES****18.1 Nature of transactions with affiliated entities and other related parties**

An entity is affiliated to another entity if:

- a) directly or indirectly, through one or more entities:

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- controls or is controlled by the other entity or is under the common control of the other entity (this includes parent companies, subsidiaries or member subsidiaries);
  - has an interest in the said entity, which gives him significant influence over it; or
  - has joint control over the other entity;
- b) represents an associated entity of the other entity;
- c) represents a joint venture in which the other entity is associated;
- d) represents a member of the key management staff of the unit or its parent company;
- e) represents a close member of the family of the person mentioned in letter a) or d);
- f) represents an entity that is controlled, jointly controlled or significantly influenced or for which the significant voting power in such an entity is given, directly or indirectly, by any person mentioned in letter d) or e); or
- g) the entity represents a post-employment benefit plan for the benefit of the employees of the other entity or for the employees of any entity related to such company.

**➤ Details about other affiliated parties in 2025 and 2024:**

<u>Company name</u>	<u>Nature of relationship</u>	<u>Transaction type</u>	<u>Country</u>	<u>Headquarters</u>
Safetech Intelligence SRL	Affiliated company	No transactions	Romania	Bucharest
Betamont Infrastructure G.E.L.E.	Affiliated company	No transactions	Romania	Bucharest
Safetech Innovation Global Services Limited	Affiliated company	Commercial transactions	London	United Kingdom
Safetech Innovations LLC	Affiliated company	Loan	Riyadh	KSA

**18.2 Amounts due and receivable from affiliated entities and other related parties****➤ Receivables and debts from/to affiliated entities / other related parties:**

	<u>June 30, 2025</u>	<u>December 31, 2024</u>
Loan to Safetech Innovations LLC	474.829	-
Loan to Safetech Innovations Global Services Limited	1.070.967	-

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**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

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**Compensation granted to the Company's key management personnel**

*Administrators, directors and the supervisory committee*

The company paid the following amounts to administrators, directors which include compensation, dividends and taxes:

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Costs	<u>186.000</u>	<u>186.000</u>
<b>Total</b>	<u><b>186.000</b></u>	<u><b>186.000</b></u>

On June 30, 2025, the Company had a remunerated Board of Directors, the President of the Board of Directors being part of the executive management.

On June 30, 2025, the Company had no obligation regarding the payment of pensions to former associates or members of the executive management.

At the end of the financial year, there were no guarantees or future obligations assumed by the Company on behalf of the administrators or directors.

In 2022, the company approved the implementation of a plan to reward and motivate the Company's key personnel by granting free shares in the future. Among the key personnel who will benefit from this plan are the members of the Board of Directors, with the exception of the Chairman of the Board of Directors, who is a significant shareholder.

**19. COMMITMENTS AND CONTINGENCIES**

**Commitments from financing contracts:**

In 2020, the Company concluded a financing contract through the competitiveness operational program with the title: "Centre of excellence for cyber security and resilience of critical infrastructures" (SafePIC) SMIS Code 2014+:120436, Call Code: POC/222/1/ 3/ Stimulating the demand of enterprises for innovation through CDI projects carried out by enterprises individually or in partnership with CD institutes and universities, in order to innovate processes and products in economic sectors with growth potential (MDR).

In order to advance the sustainability of the "Centre of excellence for cyber security and resilience of critical infrastructures (SafePIC)" project, the management of the company committed to consider the following measures:

- Looking at supporting ROI, Safetech Innovations has obtained expressions of interest / pre-orders from interested companies, confirming market interest in the product.
- In preparing the financial forecasts, the principle of prudence was especially taken into account - revenues being estimated in a slightly pessimistic manner;

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- The financial sustainability of the project presupposes its ability to support itself from this point of view (in the worst case assuming the relationship income = expenses). The way in which the activity after the termination of the non-reimbursable financing is conceived and thought also takes into account the obtaining of profit (Revenue-Profit = Expenses). Thus, possible slightly erroneous estimates such as oversized revenues or undersized expenses would not make the company's activity unsustainable, diminishing the estimated profit to begin with.

The company has demonstrated that the enterprise has the ability to generate income from the capitalization of the project results, as well as the ability to cover the operating and maintenance costs after the end of the non-refundable financing, resulting from the commercialization of the products/services/technology obtained from the project, at least during the sustainability period of the 36-month project.

Over the entire analyzed time horizon, the cash flow is positive.

The applicant's ability to support itself financially in the period after implementation is also supported by the financial results that the company has had from a financial point of view since the beginning of its establishment, results obtained through effective financial management. Thus, the company's turnover over the period 2011-2014 evolved from 1.288.644 lei to 9.115.976 lei, maintaining an upward trend throughout the period.

Given the overall evolution of the company, the risk that the company will not be able to meet its objectives regarding the expected return on investment is low. From the point of view of technical sustainability, the main objective is to maintain the innovative cybersecurity solution in optimal functional conditions.

The main measures (without being the only ones taken) undertaken by the company's management in this regard are the following:

- Keeping all staff in the operating team, staff selected on the basis of competence and skills criteria, details given in chapter C of the business plan; for a good performance of the operation stage, the ideal way of working is for the personnel who were involved in the implementation stage to ensure the continuity of the activity during the sustainability period.
- 4 new jobs for qualified personnel in the field of cyber security, covering any current gap in the company in terms of technical requirements;
- The training of the personnel who will subsequently ensure the maintenance of the product developed through the project, as well as the training of trainers who will ensure the training of the personnel to whom the product is directly addressed;
- Ensuring continuous training for all members of the operating team;
- Developing a manual with procedures for using the developed product;
- Carrying out the technical audit is an additional measure to ensure sustainability from a technical point of view. Considering the measures taken, it can be stated that the sustainability of the results of the project proposed for financing will be supported both administratively, technically and financially. In addition, the existence of pre-orders and letters of interest confirm the market validation of the product developed by the project.

According to both financing contracts, the Company has the obligation to submit annual Sustainability Reports, after submitting the financial statements to ANAF, for the entire

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duration of the project, starting with the first calendar year following the year in which the implementation was completed.

Sustainability reports shall contain at least the following types of data and information regarding:

- a. changes to the beneficiary's status and identification data;
- b. how and where infrastructures, equipment and assets are used;
- c. how infrastructure investment or productive investment continues to generate results.

According to the financing agreements, in the case of projects that include productive or infrastructure investments and that are not co-financed from the ESF, the sustainability period of the project is a minimum of 3 years for the beneficiaries in the SME category, respectively a minimum of 5 years for the other categories of beneficiaries upon making the final payment under this contract or the period provided for in the state aid regulations, whichever is greater. If the project includes investments in infrastructure or production, the beneficiary (unless the beneficiary is an SME) has the obligation not to relocate the production activity outside the European Union, within 10 years of making the final payment. If the contribution from the ESI funds takes the form of state aid, the 10-year period is replaced by the deadline applicable according to the rules on state aid.

The sustainability analysis of the project is carried out by the OIC based on the Sustainability Reports prepared by the beneficiary and the monitoring visits, in order to ensure the sustainability of the projects, as well as the fact that all contributions from the funds are attributed only to projects that, within 3/5 years after their conclusion, were not affected by any change in the category of those stated below, respectively:

- i. a substantial change affecting their nature, objectives or conditions of achievement and which would cause their original objectives to be undermined;
- ii. a change in the ownership of an infrastructure element that gives an unjustified advantage to an enterprise or a public body;
- iii. termination or relocation of a productive activity outside the eligible area.

**Other commitments and contingencies:**

**Tax** - All sums owed to the State for fees and taxes have been paid or recorded at the balance sheet date.

The company considers that it has paid on time and in full all the fees, taxes, penalties and penalty interest, to the extent that it is the case.

The Romanian tax authorities did not carry out checks.

In Romania, the fiscal year remains open for checks for a period of 5 years.

**Transfer price** - In accordance with the relevant tax legislation, the tax assessment of a transaction made with related parties is based on the concept of the market price related to that transaction. Based on this concept, transfer prices must be adjusted to reflect market prices that would have been established between entities that do not have an affiliation relationship and that act independently, based on "normal market conditions".

## SAFETECH INNOVATIONS S.A.

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For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

During the reporting period, there were no transactions with related parties and there is a transfer price risk.

The Board of Directors reviews and agrees to the management policies for each of these risks which are briefly presented below.

**Business plan risk** – Safetech operates in what can still be considered a niche market, especially in Romania. The company aims for sustainable growth, based primarily on legislative changes at the level of the European Union, which will require companies in important sectors of activity, such as energy, utilities, critical infrastructure or in the financial-banking sector, to implement strict security measures cybernetics. However, in the past, the entry into force of such laws has been delayed in Romania, and management cannot predict or influence such situations in the future, which may have a direct impact on the realization of forecasts.

**Geopolitical Risk** – Safetech operates in a globalized market and, therefore, its business and revenues are interdependent on global macroeconomic conditions. International efforts to limit the spread of COVID-19 have had a significant negative effect on global macroeconomic conditions, which continue to cause economic uncertainty. In addition, the military conflict generated by the Russian Federation in Ukraine, instability in global credit markets, rising prices of essential commodities (oil, electricity, etc.), changes in public policies, such as domestic and international ones, such as regulations, taxes or international trade agreements, international trade disputes, change of governments, geopolitical unrest and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions. Management estimates that the war currently does not have an impact on the financial statements. The long-term impact cannot be predicted, however, at the date of these financial statements, the Company continues to meet its obligations as they fall due and, therefore, continues to apply the going concern basis of preparation.

**Key personnel risk** – the success and ability to deliver projects to clients is highly dependent on staff skills, motivation and loyalty. The Romanian IT market is very competitive and there are risks that employees may leave the company. To manage these risks, Safetech has adapted a number of measures: offering a competitive compensation package and promotion opportunities, constant recruitment even when there are no ongoing projects just to be able to always meet the growing demand from customers. In addition, the company actively recruits early-career IT specialists, offering them training and development opportunities. Due to this aspect, the share of salaries in the general costs of doing business is the most significant, but this helps the company to maintain its competitiveness. However, it is not guaranteed that Safetech will always be able to find the necessary number of qualified personnel, especially in the field of ethical hacking, which is highly specific and requires very specific skills.

**The risk associated with making forecasts** – financial forecasts start from the premise of fulfilling the business development plan. The company aims to periodically issue forecasts regarding the evolution of the main economic-financial indicators in order to provide potential investors and the capital market with a true and complete picture of the current situation and the future plans envisaged by the company, as well as current reports detailing the comparative elements between the forecasted data and the actual results obtained. The forecasts will be part of the annual reports, and the forecasting policy is published on the company's website [HERE](#).

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Forecasts are made in a prudent manner, but there is a risk of their non-fulfilment, therefore, the data to be reported by the company may be significantly different from those forecasted or estimated, as a result of factors that were not previously foreseen or whose negative impact could not be counteracted or anticipated.

**Price risk** - in 2016, in order to reduce price risk, the management decided to change the business strategy and focus on value-added services to the detriment of the sale of hardware, which in previous years contributed a significant share of revenues, but instead had a small profit margin. Thus, since 2017, the company has adjusted its model, focusing on the delivery of value-added services and increasing profitability. Given the nature of Safetech's business, the risk of commoditization of the business, i.e. the risk of the service or technology becoming very widespread and widely adopted, is reduced because the company relies heavily on the skills of its team of ethical hackers. Since the cost of hiring qualified IT professionals is very high not only in Romania, but also in the whole world, the risk that a competitor could force the company to lower the price of services in order to maintain its position in the market is relatively low. However, the management actively monitors the local and international markets to be able to always provide value-added services and maintain a leading position in the local market.

**Cash-flow risk** – this represents the risk that the company will not be able to honor its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of trade and other payables. Thanks to this business model, which includes providing monitoring services for a fixed monthly fee, the company manages to maintain a healthy cash flow.

**Credit risk** – this is the risk that a third party natural or legal entity will not fulfill its obligations under a financial instrument or under a customer contract, thus leading to a financial loss. The Company is exposed to credit risk from its operating activities and its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company manages this risk by carefully selecting customers and having a strict procedure for documenting orders and the provision of services or delivery of goods.

**Liquidity risk** – liquidity risk is associated with holding immovable or financial assets. The company's activity does not depend on holding immovable or financial assets and turning them into liquid assets. The company does not own any financial assets. The fixed assets of the company, mainly technological equipment, are used in the current activity of providing services.

**Currency risk** – the possibility of recording losses from international commercial contracts or other economic relationships, due to changes in the exchange rate of the currency in the period between the conclusion of the contract and its maturity. As the company plans to expand into other international markets, from Europe or the US, it will be exposed to this type of risk.

**Personal data protection risk** – in the course of its business, the company collects, stores and uses data that is protected by personal data protection laws. Although the issuer takes precautionary measures to protect customer data, in accordance with the legal requirements regarding the protection of privacy, especially in the context of the implementation of the General Data Protection Regulation (EU) 2016/79 and in Romania (starting from May 25, 2018), data leakage risks cannot be completely eliminated. The Company considers this risk and takes precautions to protect customer data in accordance with applicable legal requirements. The Issuer takes all necessary precautions in this area, but there is a possibility that, considering that it carries out commercial relations with various contractual partners, they may not fully comply with the relevant contractual terms and all the data protection obligations imposed on them.

**Competition risk** - the entry of new competitors into the market, especially from outside Romania, will intensify competition and put pressure on the company's activity, with the risk of recording a decrease in profit and even its insolvency.

**The risk of loss of reputation** - is a risk inherent in the company's activity, reputation being particularly important in the business environment, especially in its field of activity, cyber security. Reputational risk is inherent in Safetech's business. The ability to retain and attract new customers also depends on the recognition of the Safetech brand and its reputation for service quality in the market. A negative public opinion of the company could result from actual or perceived practices in the cybersecurity market in general, such as negligence during the provision of services or even the way Safetech conducts or is perceived to conduct its business.

**General economic risks** - the issuer's activities are sensitive to economic cycles and general economic conditions. Both international financial crises and the unstable economic environment can have significant negative effects on the activity, operational results and financial position of the issuer. Socio-political turmoil can also impact the company's business. The international financial markets felt the effects of the global financial crisis that started in 2008. These effects were also felt on the Romanian financial market in the form of the low liquidity of the capital market, as well as through an increase in medium-term financing interest rates, because of the global liquidity crisis. In the future, such a scenario could be repeated and possible significant losses suffered by the international financial market, with major implications on the local market, could affect the Issuer's ability to obtain new loans or financing, under sustainable conditions.

**Pandemic risk** - although ignored in the last decades, this risk (especially the risk of global epidemics, respectively the risk of pandemics) has returned to the public's attention. Although for some companies these may become opportunities, at least in the short term, the overall economic impact is considered to be negative. Thus, there are opinions that, depending on the nature and severity of the pandemic, it can induce recessions lasting a quarter, or even several years. In conditions where the reactions of the public authorities and/or the medical community would not be the right ones, there is even a risk of a depression that would lead to important reductions in economic activity and in the price of most assets. For example, in the first months of 2020, a coronavirus pandemic (SARS-COV-2), known as COVID-19, emerged. This pandemic has resulted in declines of more than 25% from their most recent highs for major stock indices globally. This has similarly influenced the local capital market. Moreover,

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internationally, most major asset classes have been severely negatively impacted, even those that traditionally function as havens for investors.

**Fiscal and legal risk** - the issuer is governed by Romanian legislation and even if Romanian legislation has been largely harmonized with European Union legislation, subsequent changes may occur, respectively new laws and regulations may be introduced, which may produce effects on the company's activity. Legislation in Romania is often unclear, subject to different interpretations and implementations and frequent changes. Both the modification of fiscal and legal legislation, as well as possible events generated by their application, can materialize in possible fines or lawsuits filed against the company, which can impact the activity of the issuer.

**The risk associated with other types of litigation** - in the context of the performance of its activity, the issuer is subject to a risk of litigation, among others, as a result of changes and development of legislation. The issuer may be affected by other contractual claims, complaints and litigation, including from counterparties with whom it has contractual relationships, customers, competitors or regulatory authorities, as well as any adverse publicity that such an event attracts. At the time of writing this report, Safetech Innovations S.A. was not involved in any litigation in an active or passive procedural capacity.

**Risk of garnishment of the issuer's accounts** - garnishment is an enforcement measure that can be applied to a company. Thus, the issuer's accounts may be blocked as a result of the seizure, if the issuer's creditors request this measure to recover their claims. The garnishment of the Company's accounts entails the blocking of the amounts in the garnished accounts and may lead to the difficulty or impossibility of the Company to honor its subsequent obligations, in the agreed terms.

**Risk associated with insolvency and bankruptcy** - Romanian bankruptcy and enforcement legislation does not offer the same level of rights, remedies and projections enjoyed by creditors under the legal regimes of other European Union jurisdictions. In particular, Romanian bankruptcy and enforcement law and practice may make the company's recovery of amounts related to secured and unsecured claims in Romanian courts much more difficult and time-consuming compared to other countries.

**Risks related to investments in Romania**, in an economic and political context - Romania's economy is vulnerable in conditions of regional or international recession, financial and economic problems at a general level can be felt more acutely in certain markets or 28 sectors. Also, political and social changes can be an unpredictable factor. Romania does not possess all the business, legal and regulatory infrastructure that would exist in a developed economy. The legislation is subject to varying interpretations and is frequently amended.

**Other risks** - potential investors should consider that the risks presented above are the most significant risks of which the company is aware at the time of writing this report. However, the risks presented in this section do not necessarily include all those risks associated with the activity of the issuer, and the company cannot guarantee that it includes all relevant risks. There may be other risk factors and uncertainties of which the company is not aware at the time of writing the report and which may change the actual results, financial conditions, performance and achievements of the issuer in the future and may lead to a decrease in the

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price of the company's shares. Investors should also undertake the necessary due diligence in order to make their own assessment of the investment opportunity.

**Impact on the environment** The professional activity of Safetech Innovations has no impact on the environment. There is no litigation and no litigation is expected to arise related to environmental protection.

The company is exposed to credit risk, liquidity risk and market risk (mainly currency risk). The Company's management oversees the management of these risks. All activities related to derivative financial instruments aimed at managing risks are carried out by teams of specialists who have the appropriate skills, experience and supervision. It is the Company's policy not to carry out transactions with derivative financial instruments for speculative purposes.

**Currency risk** - Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Company's exposure to the risk of changes in the exchange rate mainly refers to the Company's operating activities (when revenues or expenses are denominated in a currency other than the Company's functional currency).

The company has transactions in currencies other than its functional currency (RON).

The exposure to exchange rate risk (mainly due to the EUR and USD currencies) is not significant, so the Company does not use risk hedging instruments.

The detail of financial instruments in foreign currencies is presented as follows (the amounts are expressed in RON equivalent):

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Trade receivables	4.622.357	5.755.653
Cash and cash equivalents	2.329.958	1.765.456
<b>Total assets (1)</b>	<b>6.952.315</b>	<b>7.521.109</b>
Liabilities	4.495.096	6.188.500
Short-term loans	0	-
Leasing liabilities	268.931	398.871
Other current liabilities	2.200.921	2.292.364
<b>Total liabilities (2)</b>	<b>6.964.948</b>	<b>8.879.735</b>
<b>Difference (1) - (2)</b>	<b>(12.633)</b>	<b>(1.358.626)</b>

Assets and liabilities are presented at historical cost except for lease liabilities which are presented at fair value.

**The sensitivity of the currency risk**

The sensitivity to a reasonable possible change in the exchange rate of the US dollar and EUR (of 10%), all other variables being kept constant, of the Company's profit before taxation (due to changes in the value of monetary assets and liabilities) is considered by the Company to

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have in insignificant impact. The Company's exposure to currency changes in any other currencies is not significant.

***Credit risk***

Credit risk is the risk that a counterparty will not fulfill its obligations under a financial instrument or under a customer contract, thus leading to a financial loss. The company is exposed to credit risk from its operating activities (mainly for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

***Trade receivables***

The credit risk of customers is managed by the Company, subject to the established policy; however, the Company considers that the credit risk on the receivables is small. The receivables balance is monitored at the end of each reporting period and any major delivery to a customer is analysed. Impairment indicators are analyzed at each reporting date.

The company assesses the risk concentration regarding trade receivables as low.

***Financial instruments and cash deposits***

The credit risk resulting from balances at banks and financial institutions is managed by the Company's treasury department, according to the Company's policies. The Company's maximum exposure to credit risk for the components of the financial position statement is represented by the accounting values illustrated in Note 12.

***Liquidity risk***

The company monitors its risk of facing a shortage of funds using a recurring liquidity planning tool.

As of June 30, 2025, the Company has no long-term financing (neither from commercial partners nor debts to financial institutions).

The table below details the maturity profile of the Company's trade receivables and financial liabilities:

<b>On June 30, 2025</b>	<b>&lt;30 days</b>	<b>30 – 60 days</b>	<b>60 - 120 days</b>	<b>&gt;120 days</b>	<b>Total</b>
Trade and other receivables	4.220.335	125.359	161.469	115.195	<b>4.622.357</b>
Cash and cash equivalents	2.329.958				<b>2.329.958</b>
<b>Total Assets</b>	<b>6.550.293</b>	<b>125.359</b>	<b>161.469</b>	<b>115.195</b>	<b>6.952.315</b>
Trade payables	3.385.726	72.693	1.036.677	0	<b>4.495.096</b>
Financial debts	21.442	21.612	43.742	182.136	<b>268.931</b>
Lease liabilities	2.200.921				<b>2.200.921</b>
<b>Total liabilities</b>	<b>5.608.089</b>	<b>94.304</b>	<b>1.080.419</b>	<b>182.136</b>	<b>6.964.948</b>

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**20. SUBSEQUENT EVENTS**

There are no subsequent events to report.

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**CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2025**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING  
STANDARDS, ADOPTED BY THE EUROPEAN UNION

**Date: 22.08.2025**

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**SAFETECH INNOVATIONS S.A.**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE RESULT For the 6-**  
**month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

	Notes	June 30, 2025	June 30, 2024
Revenues from the sale of goods		10.131.189	16.171.639
Service provision		9.082.424	7.057.033
<b>Turnover</b>	<b>5.1</b>	<b>19.213.613</b>	<b>23.228.672</b>
Other operating income	6.1	742.677	379.832
Revenue from fixed asset production		7.452.691	7.045.995
Raw materials and consumables used	5.2	(4.809.716)	(6.988.867)
Merchandise	5.2	(2.770.051)	(5.797.959)
Employee benefits expenses	6.5	(8.785.470)	(8.251.760)
Depreciation and amortisation	9	(1.409.645)	(1.123.100)
Rental expenses		(14.224)	(92.440)
Marketing and advertising expenses		(38.069)	(137.337)
Provisions		166.586	220.200
Other expenses	6.2	(2.946.175)	(2.880.143)
<b>Operating profit</b>		<b>6.802.217</b>	<b>5.603.093</b>
Financial Income	6.4	18.364	51.284
Financial Expenses	6.3	(191.430)	(328.367)
<b>Profit/(Loss) before tax</b>		<b>6.629.150</b>	<b>5.326.010</b>
Income Tax	7	(1.077.700)	(1.075.337)
<b>Profit/(Loss) after tax (A)</b>		<b>5.551.450</b>	<b>4.250.673</b>
<b>Other elements of the overall result</b>		<b>-</b>	<b>-</b>
Attributable			
To the equity holders of the parent company		5.674.832	5.093.169
To minority interests		(123.382)	(842.496)
Number of shares		<b>162.717.653</b>	<b>68.082.700</b>
Basic and diluted net earnings per share		0.034	0.075

Validated by the Board of Directors on 22.08.2025.

**SAFETECH INNOVATIONS S.A.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Notes	June 30, 2025	December 31, 2024
<b>Non - current assets</b>			
Property, plant and equipment	9	632.255	665.960
Right of use assets	9	2.987.338	1.285.062
Intangible assets	10	63.337.370	56.847.493
Financial investments		482.580	127.960
Other non - current assets		659.089	441.470
Deferred tax assets		44.845	71.499
<b>Total non-current assets</b>		<b>68.143.477</b>	<b>59.439.444</b>
<b>Current assets</b>			
Inventories	11	202.176	276.982
Trade and other receivables	12	10.451.068	8.333.201
Other current financial assets		238.110	66.526
Cash and cash equivalents	13	2.385.391	1.909.499
<b>Total current assets</b>		<b>13.276.745</b>	<b>10.586.208</b>
<b>Total assets</b>		<b>81.420.222</b>	<b>70.025.652</b>
<b>Equity and liabilities</b>			
Issued share Capital		32.543.531	32.543.531
Own actions		(191.711)	(191.711)
Legal and other reserves		2.437.610	2.437.610
Retained earnings / (Accumulated Losses)		10.710.607	5.032.885
Translation differences		(277.315)	(322.740)
Minority interest		(4.404.005)	(4.312.645)
<b>Total equity</b>	14	<b>40.818.714</b>	<b>35.186.931</b>
<b>Long-term debts</b>			
Subsidies	10	19.558.597	15.029.290
Advance income		4.242	-
Liabilities related to leasing contracts		2.827.066	902.935
<b>Total long-term debt</b>		<b>23.889.605</b>	<b>15.932.225</b>
<b>Current liabilities</b>			
Trade accounts payable	16	4.564.517	6.244.290
Income taxes payable		486.518	246.036
Short-term borrowings	17	8.834.308	8.970.234
Current term lease liability		387.750	553.917
Other current liabilities	16	2.438.510	2.725.434
Orovisions		-	166.586
<b>Total current liabilities</b>		<b>16.711.603</b>	<b>18.906.497</b>
<b>Total liabilities</b>		<b>40.601.508</b>	<b>34.838.722</b>
<b>Total equity and liabilities</b>		<b>81.420.223</b>	<b>70.025.652</b>

Validated by the Board of Directors on 22.08.2025.

**SAFETECH INNOVATIONS S.A.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Note	Share Capital	Share premium	Own shares	Reserves	Retained earnings	Translation differences	Total equity attributable to the group	Minority Interests	Total
<b>Initial balance January 1, 2024</b>		<b>13.300.000</b>	<b>2.865.991</b>	-	<b>1.670.846</b>	<b>9.768.321</b>	<b>(139.921)</b>	<b>27.465.237</b>	<b>(2.714.770)</b>	<b>24.750.467</b>
Profit for the year		-	-	-	-	12.363.192	-	<b>12.363.192</b>	(1.290.095)	<b>11.073.097</b>
Translation differences		-	-	-	-	45.677	(182.818)	<b>(137.141)</b>	(307.780)	<b>(444.921)</b>
Other comprehensive income		-	-	-	-	-	-	-	-	-
Increase in share capital	14	19.243.531	(2.865.991)	-	-	(16.377.540)	-	-	-	-
Constitution of legal reserve		-	-	-	766.764	(766.764)	-	-	-	-
Increase in share premium		-	-	-	-	-	-	-	-	-
Shares granted		-	-	-	-	-	-	-	-	-
Increase in the acquisition of own shares		-	-	(191.711)	-	-	-	-	-	<b>(191.711)</b>
Dividend distribution		-	-	-	-	-	-	-	-	-
Impairment of revaluation reserve		-	-	-	-	-	-	-	-	-
Deferred tax revaluation reserve		-	-	-	-	-	-	-	-	-
<b>Final balance December 31, 2024</b>		<b>32.543.531</b>	<b>-</b>	<b>(191.711)</b>	<b>2.437.610</b>	<b>5.032.885</b>	<b>(322.740)</b>	<b>39.499.576</b>	<b>(4.312.645)</b>	<b>35.186.931</b>

**SAFETECH INNOVATIONS S.A.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Share Capital	Share premium	Own shares	Reserves	Retained earnings	Translation differences	Total equity attributable to the group	Minority Interests	Total
<b>Initial balance January 1, 2025</b>	<b>32.543.531</b>	-	<b>(191.711)</b>	<b>2.437.610</b>	<b>5.032.885</b>	<b>(322.740)</b>	<b>39.499.576</b>	<b>(4.312.645)</b>	<b>35.186.931</b>
Profit for the year	-	-	-	-	5.674.832	-	<b>5.674.832</b>	(123.382)	<b>5.551.450</b>
Translation differences	-	-	-	-	2.885	45.425	<b>48.310</b>	32.023	<b>80.333</b>
Other comprehensive income	-	-	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-
Constitution of legal reserve	-	-	-	-	-	-	-	-	-
Increase in share premium	-	-	-	-	-	-	-	-	-
Shares granted	-	-	-	-	-	-	-	-	-
Increase in the acquisition of own shares	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	-	-
Impairment of revaluation reserve	-	-	-	-	-	-	-	-	-
Other corrections	-	-	(3)	-	3	-	-	-	-
<b>Final balance June 30, 2025</b>	<b>32.543.531</b>	-	<b>(191.714)</b>	<b>2.437.610</b>	<b>10.710.606</b>	<b>(277.315)</b>	<b>45.222.719</b>	<b>(4.404.005)</b>	<b>40.818.714</b>

**SAFETECH INNOVATIONS S.A.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

		June 30, 2025	June 30, 2024
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		6.629.150	5.326.010
Depreciation and amortisation	9	1.157.277	890.639
Depreciation related to RUA	9	252.368	232.461
Income from capitalizations		(7.452.691)	(7.045.995)
Movements in provisions		(166.586)	(220.200)
Translation difference		(9.333)	-
Interest revenues	6.4	(102)	(436)
Interest expenses	6.3	127.385	65.522
		<b>537.468</b>	<b>752.999</b>
<b>Operating profit before working capital changes</b>			
Change in inventories	11	74.806	218.435
Change in trade and other receivable	12	(2.117.867)	(2.216.394)
Change in trade and other payable	16	(1.997.838)	1.343.387
Change in deferred income tax	7	26.654	-
		<b>(3.476.777)</b>	<b>(1.407.571)</b>
<b>Cash generated from/ (used in) operations</b>			
Interest paid		(127.385)	(64.522)
Income tax paid		(810.564)	(523.099)
		<b>(4,414,726)</b>	<b>(1,995,192)</b>
<b>Net cash from/ (used in) operating activities</b>			
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-current assets		(217.619)	(81.972)
Purchases of intangibles		(115.471)	(1,429,213)
Purchase of property, plant and equipment	9, 10	(44.246)	(119.277)
Investment payments – company acquisition		(482.580)	-
Interest received		102	436
		<b>(859,814)</b>	<b>(1,630,027)</b>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Increase in share capital			
Increase in share premium			
Redeemed shares			(186.971)
Subsidy increases		4.529.307	(334.612)
Bank loans		1.500.000	-
Movements in loans and borrowings	17	35.658	1.082.999
Dividends paid	16		
Payments of lease liabilities		(314.534)	(271.840)
		<b>5.750.432</b>	<b>289.576</b>
<b>Net cash from/ (used in) in financing activities</b>			
Net increase in cash and cash equivalents		<b>475.892</b>	<b>(3.335.643)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1.909.499</b>	<b>4.492.337</b>
<b>Cash and cash equivalents at 30 June</b>		<b>2.385.391</b>	<b>1.156.694</b>

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)

**1. GENERAL PRESENTATION OF THE ENTITIES THAT ENTERED THE PERIMETER OF CONSOLIDATION**

These consolidated financial statements ended on June 30, 2025 are prepared for SAFETECH INNOVATIONS S.A. and its subsidiaries (collectively, the Group).

**CONSOLIDATION TABLE OF THE GROUP**

Company	Country of origin	Percentage of control owned	Control type	The consolidation method
SAFETECH INNOVATIONS SA	Romania	THE PARENT COMPANY		
SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED	Great Britain	67%	Exclusively by law	Global integration
SAFETECH INNOVATIONS LLC	Kingdom of Saudi Arabia	100%	Exclusively by law	Global integration

**a) Safetech Innovations SA – The parent company**

The headquarters of Safetech Innovations S.A. ("The Company") is located in Frunzei Street, no. 12-14, floor 1 - 2, Sector 2, Bucharest.

The main activity of the Company is the sale of cyber security solutions and services (main CAEN code 6203). Throughout its history, the company has specialized in the integration of complex cyber security projects.

The company was established as a limited liability company (SRL) in 2011. On September 25, 2020, the company was transformed into a joint-stock company (SA), with a share capital of 500.000 lei, divided into 2.500.000 shares with a nominal value of 0.2 lei, owned by two shareholders and co-founders, Victor Gânsac and Paul Rusu, each with 50% of the share capital.

On August 26, 2021, Safetech Innovations received the Cyber Security Auditor accreditation for operators of essential services, based on Law 362/2018 on ensuring a common high level of security of networks and IT systems from the National Center for Response to Incidents of Cyber Security (CERT-RO). CERT-RO is the national competent authority for network and

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

information systems security. Consequently, Safetech Innovations S.A. was registered in the National Register of Cyber Security Auditors, IDASC: QC-2B1721, with a validity period between 26.08.2021 and 25.08.2024. In 2024 the certificate was extended until 25.08.2027.

In January 2022, Safetech Innovations SA successfully completed a capital increase operation, attracting 10.665.990,70 lei.

On February 6, 2023, Safetech Innovations shares, stock symbol SAFE, debuted on the Main Market of the Bucharest Stock Exchange, the LEI code being 984500ED4DGA7884C439.

On 17.04.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 316.540, from RON 13.300.000 to RON 13.616.540, through the issuance of 1.582.700 new shares with a nominal value of RON 0.2 per share, following the incorporation of RON 316.540 from the reserves related to 2022, for the benefit of all shareholders registered in the Shareholders' Register kept by the Central Depository on the registration date established by the EGMS.

On 18.09.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 18.926.991, from RON 13.616.540 to RON 32.543.531, through the issuance of 94.634.953 new shares with a nominal value of RON 0.2 per share.

On February 27, 2024, the Company published the Income and Expenditure Budget for the fiscal year 2024. The budget was prepared by the Company's Board of Directors and was approved at the annual Ordinary General Meeting of Shareholders, which took place on April 17, 2024.

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Number of employees	76	73

The composition of the Board of Directors as of June 30, 2025 is::

**Board of Directors**

Victor Gansac	President
Alexandru Mihailciuc	Member
Mircea Varga	Member

**b) Safetech Innovations Global Services Limited**

The company was founded in 2022. The registered office is in London, Paul Street no. 86-90.

Number of employees as of June 30, 2025: 2

The main field of activity is the development of business software and other information technology service activities.

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

**c) Safetech Innovations US, Inc**

In 2024, the company established the entity SAFETECH INNOVATIONS US, INC in the United States of America, with a 67% stake in the share capital.

**d) Safetech Cybersecurity Limited Cyber RiskManagement Services L.L.C**

In 2022, the company established the entity SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C. in the United Arab Emirates, with a 49% stake in the share capital.

**e) Safetech Innovations LLC**

In 2024, the Company establishes the company SAFETECH INNOVATIONS LLC in the Kingdom of Saudi Arabia, fully owned and with a participation of 150.000 SAR.

## **2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

### ***2.1 Declaration of conformity***

The Group has prepared financial statements comprising the consolidated statement of financial position, the consolidated statement of income and expenses and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the six-month period ended June 30, 2025 and notes comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the Order of the Minister of Finance No. 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards (“OMFP No. 2844/2016”). According to OMFP No. 2844/2016, International Financial Reporting Standards are the standards adopted in accordance with the procedures of European Commission Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (IFRS).

For the purpose of drawing up these financial statements, in accordance with the legislative provisions in Romania, the functional currency of the Group is considered to be the Romanian Leu (RON).

Fair value is the price that could be received to sell an asset or paid to transfer a liability in the normal course of a transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a another evaluation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability in the market that participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

The main accounting policies adopted are presented below.

## **2.2 Going concern**

The present consolidated financial statements were drawn up based on the principle of continuity of activity, which assumes that the Group will continue its activity in the foreseeable future. To assess the applicability of this assumption, management analyzes forecasts of future cash inflows.

The management considers that the Group will be able to continue its activity in the foreseeable future and, therefore, the application of the principle of continuity of activity in the preparation of the financial statements is justified.

## **2.3 Accounting principles, policies and methods**

The accounting policies for preparing the financial statements were consistently applied by the Group in 2024 and 2025.

The Group has also adopted the Presentation of Accounting Policies (Amendments to IAS 1 and Statement of IFRS Practice 2) effective 1 January 2023. Although the amendments did not result in changes to accounting policies, they affected the information on accounting policies presented in the financial statements. The amendments require the presentation of “material” rather than “significant” accounting policies. The amendments also provide guidance on the application of materiality in the presentation of accounting policies, helping entities to provide useful, entity-specific information that users need to understand other information in the financial statements.

Management has reviewed the changes on the application of materiality in the presentation of significant accounting policies, and the information is consistent with the significant accounting policies of the previous reporting period.

The following describes the significant accounting policies applied by the Group in preparing its financial statements:

### **➤ The basics of consolidation**

The accounting methods and policies mentioned below have been consistently applied by the Group in these financial statements, prepared in accordance with the International Financial Reporting Standards adopted by the European Union.

- **Subsidiaries**

When evaluating control, potential or convertible voting rights that can be exercised at present must also be taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the moment the exercise of control begins until the moment it ceases.

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

The Group consolidates the financial statements of its subsidiaries in accordance with IFRS 10. The list of the Group's subsidiaries is presented in Note 1.

*Acquisition of entities under common control*

A business combination involving entities under the common control of the ultimate shareholder of the Group is a business combination in which all entities are ultimately controlled by the Group, both before and after the combination, and such control is not transitory.

- **Associated entities**

Associated entities are those companies in which the Group can exercise significant influence, but not control over the financial and operational policies. The consolidated financial statements include the group's share of the results of associated entities based on the equity method, from the date on which the group began to exercise significant influence until the date on which this influence ceases.

If the Group's share of the associated entity's losses exceeds the carrying amount of the investment, the carrying amount is reduced to zero and subsequent losses are not recognized unless the Group has legal or constructive obligations on behalf of the associated entity. If the associated entity subsequently makes a profit, the recognition of the share of the profits will be made only after the share of the profit reaches the level of the share of the previously unrecognized losses.

- **Transactions eliminated on consolidation**

Intra-Group settlements and transactions, as well as unrealized profits arising from intra-Group transactions, are fully eliminated in the consolidated financial statements. Unrealized profits resulting from transactions with associated or jointly controlled entities are eliminated to the extent of the Group's participation percentage. Unrealized profits resulting from transactions with an associated entity are eliminated against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of impairment.

- **Currency conversions**

The Group's financial statements are presented in RON, which is also the functional currency.

Foreign currency transactions are converted into RON using the exchange rate valid on the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are valued in RON using the exchange rate valid at the end of the financial year. Realized or unrealized gains and losses are recorded in the profit and loss account.

The company Safetech Innovations Global Services Limited prepares its individual financial statements in the national currency - GBP. Thus, for the purpose of consolidation, the statement of the global result was converted into RON using the average rate of the year, and the statement of the financial position was converted at the closing rate.

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

The exchange rate was as follows:

- closing exchange rate

Date	Euro	USD	GBP	SAR
December 31, 2024	4.9741	4.7768	5.9951	1.2796
June 30, 2025	5.0777	4.3329	5.9329	1.2267

Exchange rate differences, favorable or unfavorable, between the exchange rate from the date of recording the receivables or liabilities in foreign currency or the exchange rate at which they were reported in the previous financial statements and the exchange rate from the date of the end of the financial year, are recorded under financial income or expenses, as the case.

### **IFRS 15 Revenue from contracts with customers**

IFRS 15 Revenue from contracts with customers establishes a five-step model for recognizing and recording revenue resulting from contracts with customers. In accordance with IFRS 15, revenue is recognized in the amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to the customer.

#### ***Sales of goods***

In accordance with IFRS 15, revenue is recognized when a customer obtains control of the goods. The group delivers goods under contractual conditions based on internationally accepted delivery conditions. The moment when the customer obtains control of the assets is considered to be substantially the same for most of the Group's contracts under IFRS 15. The Group believes that revenue should be recognized when control of the asset is transferred to the customer, generally upon delivery of the goods.

#### ***Revenue recognition from distinct performance obligations***

The Group analyzed its contracts with customers to determine all its performance obligations, and did not identify any new performance obligations that should be accounted for separately in accordance with IFRS 15.

The Group provides monitoring, support and audit services regarding information security as its main activity. Income is valued at the expected value of the consideration received or to be received. In accordance with IFRS 15, the total consideration from service contracts is allocated to all services based on their individual selling prices. Individual sales prices are established based on the list prices at which the Group provides the respective services in separate transactions. Based on the Group's assessment, the value allocated based on the relative individual selling prices of the services and the individual selling prices of the services are largely similar. Therefore, the application of IFRS 15 does not result in significant differences regarding the timing of revenue recognition for these services.

**SAFETECH INNOVATIONS S.A.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

Equipment maintenance - Included in the transaction price for the sale of equipment is an after-sales service.

This service refers to maintenance work that may be required to be performed on the equipment for a period of one to three years after sale. This period can then be extended if the customer requires additional years of maintenance services. Renewal of services after the three-year period will be for the price at which they are sold by the Group to all its customers on the date of renewal, regardless of the existence of a renewal option. Accordingly, the option to extend the renewal period does not provide any benefit to customers when they terminate the initial contract, and therefore no revenue has been deferred related to this renewal option. The maintenance service is considered to be a distinct service because it is regularly provided by the Group to other customers independently and is available to customers from other providers in the market. Therefore, a portion of the transaction price is allocated to maintenance services based on the stand-alone selling price of those services. Revenues related to maintenance services are recognized over time. The transaction price allocated to these services is recognized as a contract liability at the time of the initial sales transaction and is amortized on a straight-line basis over the service period (ie, one to three years when the services are purchased together with the underlying equipment).

The recognition and measurement requirements of IFRS 15 are also applicable to the recognition and measurement of any gains or losses resulting from the disposal of non-financial assets (such as fixed assets and intangible assets), when this disposal is not in the normal course of business. However, upon transition, the effect of these changes is not significant for the Group.

***Variable consideration***

Some contracts with customers include trade price discounts or the right of return for quality defects. Currently, the revenues obtained from these sales are recognized based on the price specified in the contract, net of revenue reductions, commercial discounts recorded under accrual accounting when a reasonable estimate of revenue adjustments can be made.

According to IFRS 15, it is necessary to estimate the variable consideration at the beginning of the contract. Revenues are recognized to the extent that it is probable that a significant reversal of the value of the cumulative revenues recognized will not occur. Consequently, for those contracts for which the Group is unable to make a reasonable estimate of the discounts, the income is recognized earlier than when the return period passes or when a reasonable estimate can be made. In order to estimate the variable consideration to which it would be entitled, the Group applied the expected value method. At the same time, the cases of quality complaints (rights of return) are isolated and insignificant, based on information from past periods.

***Considerations related to the action in one's own name and as an intermediary***

In accordance with IFRS 15, the assessment is based on the criterion of whether the Group controls the specific goods before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The Group concluded that it acts in its own name in most of the contractual sales relationships, because it is the main provider in all revenue contracts, it has the right to set the price and it is

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exposed to the risks related to stocks. In the specific case of those contractual arrangements in which the Group does not control the goods before transferring them to the final customer, it has the capacity of an intermediary.

## **IFRS 9 Financial instruments**

### ***Financial assets***

The financial assets of the Group are represented by trade receivables and other receivables, cash and cash equivalents.

Initial recognition: The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Group's business model regarding their management. With the exception of commercial receivables that do not contain a significant financing component or for which the Group has applied the practical method, the Group initially evaluates a financial asset at its fair value plus transaction costs in the case of a financial asset that is not evaluated at fair value, through profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical cost are valued at the transaction price determined according to IFRS 15.

Subsequent evaluation: The Group measures financial assets at amortized cost if the following conditions are cumulatively met:

- i) The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows and;
- ii) The contractual terms of the financial asset give rise at the specified dates to cash flows that represent exclusively payments of principal and interest from the principal amount in circulation (SPPI).

Financial assets at amortized cost are subsequently valued based on the effective interest method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or depreciated.

Derecognition: A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- i) The rights to receive cash flows arising from the asset have expired;
- ii) The Group transferred its rights to receive the cash flows arising from the asset or assumed an obligation to pay the cash flows collected in full, without significant delays, to a third party, based on a commitment with identical flows; and (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has not transferred and retained substantially all the risks and rewards of the asset, but has transferred control over the asset;
- iii) The Group has transferred its rights to receive the cash flows from an asset or entered into a commitment with identical flows and has neither transferred nor retained significantly all the risks and rewards related to the asset, but neither has transferred control over the asset, the asset is recognized proportionally to the continuation of the Group's involvement in the respective asset. In this case, the Group also recognizes an associated debt.
- iv) The transferred asset and the associated debt are evaluated on a basis that reflects the rights and obligations that the Group has retained. The continuation of the involvement that takes the form of a guarantee regarding the transferred asset is evaluated at the

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lower value between the initial accounting value of the asset and the maximum value of the consideration that could be imposed on the Group to reimburse it.

Impairment of financial assets: The Group recognizes a provision for expected credit losses for all financial assets attached to liabilities that are not held at fair value through profit or loss. For trade receivables and contractual assets, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not track changes in credit risk, but recognizes, instead, a provision based on the expected lifetime loss data at each reporting date. The Group analyzes the receivables individually and takes into account the effect of the financial guarantees received from the insurers in the calculation of expected losses from lending. For more information, see Note 12 – Trade receivables and other receivables.

### ***Financial debts***

Initial recognition: Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and credits or derivatives designated as hedging instruments within an effective hedge, as the case may be. The Group determines the classification of its financial liabilities upon initial recognition.

Subsequent evaluation: The Group evaluates financial debts according to their classification, as follows:

- i) Loans and credits: interest-bearing loans are subsequently evaluated at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit and loss account when debts are derecognized, as well as during the amortization process at the effective interest rate. The amortized cost is calculated taking into account any discount or purchase premium and any commissions and costs that are an integral part of the effective interest rate. Amortization at the effective interest rate is included in the profit and loss account at financing costs.
- ii) Financial guarantee contracts: The Group initially recognizes financial guarantee contracts as a debt at fair value, adjusted to the costs related to the transaction that are directly attributable to the issuance of the guarantee. Subsequently, the debt is valued at the higher value of the best estimate of the expenditure necessary to settle the obligation present at the reporting date and the recognized value minus accumulated depreciation.

Derecognition: The Group derecognizes a financial debt when the obligation related to the debt is extinguished, is canceled or expires. If a financial debt is replaced by another debt from the same creditor under substantially different conditions, or if the terms of an existing debt change substantially, this exchange or change is treated as a derecognition of the original debt and a recognition of new debts. The difference between the related accounting values is recognized in the profit and loss account.

### ***Clearing of financial instruments***

Financial assets and financial liabilities are offset and the net value reported in the statement of financial position only if there is currently both a legal right to offset the recognized amounts and an intention to settle on a net basis or to capitalize the assets and settle the debts simultaneously.

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***Interest income***

The interest income generated by a financial asset is recognized when it is probable that the Group will obtain economic benefits and when that income can be reliably measured. Interest income is accumulated over time, by reference to the principal and the applicable effective interest rate, i.e. the rate that exactly updates the estimated future cash receipts over the anticipated period of the financial asset to the net book value of the asset at the date of initial recognition. Interest income is included in the profit and loss account under financial income.

**Tax**

***Current profit tax***

Current income tax receivables and payables for the current period are valued at the amount expected to be recovered from or paid to the tax authorities. The tax rates and fiscal laws used to calculate the amounts are those adopted or to a large extent adopted at the reporting date by Romanian legislation.

The current profit tax related to the elements recognized directly in equity is recognized directly in equity, not in the profit and loss account. The management periodically evaluates the positions presented in the fiscal declarations regarding the situations in which the applicable tax regulations are subject to interpretation and constitute provisions if necessary.

Income tax is calculated and paid according to the legislation in force by each Company within the Group.

The tax rates for the countries of which the companies in the group are part are:

<b>Country of origin</b>	<b>Tax rate</b>
Romania	16%
United Kingdom	25%
Kingdom of Saudi Arabia	20%

***Deferred tax***

Deferred tax is presented applying the variable ratio method regarding the temporary differences between the tax bases of assets and liabilities and their accounting value for the purpose of financial reporting at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, unless:

- i) The deferred tax liability arises from the initial recognition of goodwill or a net asset or liability in a transaction that is not a business combination and, at the date of the transaction, affects neither accounting profit nor taxable profit or loss ;
- ii) Deferred tax assets are recognized for all deductible temporary differences, unused tax credit carryforwards and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary

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differences and credit carryforwards can be utilised. unused tax credits and any unused tax losses, unless;

- iii) The deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the date of the transaction, does not affect either accounting profit or taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow recovery of the deferred tax asset.

Deferred tax assets and liabilities are valued at the tax rates expected to be applied for the period in which the asset is realized or the debt is settled, based on the tax rates (and tax regulations) that have been adopted or to a large extent adopted up to reporting date.

Deferred tax on items recognized outside profit and loss is recognized outside profit and loss. The elements regarding the deferred tax are recognized in correlation with the transaction supporting other elements of the global result or directly in the equity.

Deferred tax receivables and liabilities are offset if there is a legal right to offset current tax receivables with current profit tax liabilities and deferred taxes refer to the same taxable entity and the same fiscal authority.

***VAT***

Revenues, expenses and assets are recognized net of VAT, except for:

- The case in which the sales tax applicable to the purchase of assets or services is not recoverable, in this case the sales tax being recognized as part of the asset acquisition cost or as part of the expense element, as the case may be;
- Receivables and payables presented at a value including sales tax.

The net value of the sales tax recoverable from or paid to ANAF is included as part of receivables and payables in the statement of financial position.

As of June 30, 2025, the value added tax rates depending on the country of origin of the companies within the Group are:

<b>Romania</b>	<b>Rate</b>
Standard VAT rate	19%
Reduced VAT rate	9%
Reduced VAT rate	5%
<b>United Kingdom</b>	
Standard VAT rate	20%
Reduced VAT rate	5%
<b>Kingdom of Saudi Arabia</b>	
Standard VAT rate	15%

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## **Tangible assets**

### ***Initial assessment***

Tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if applicable.

This cost includes the replacement cost of the respective tangible fixed asset at the time of replacement and the cost of borrowing for long-term construction projects, if the recognition criteria are met.

When significant parts of tangible assets must be replaced at certain intervals, the Group recognizes the respective parts as individual assets with a specific useful life and depreciates them accordingly. Also, when carrying out a general inspection, its cost is recognized in the accounting value of tangible assets as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the profit and loss account when incurred. The present value of the expected costs for scrapping the asset after its use is included in the cost of the respective asset if the criteria for recognizing a provision are met.

The cost of a tangible asset consists of:

- its purchase price, including customs duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs that can be directly attributed to bringing the asset to the location and condition necessary for it to function in the manner desired by management;
- the initial estimate of the costs of dismantling and moving the element and rehabilitating the location where it is located, the obligation that the entity bears when acquiring the element or as a consequence of using the element for a certain period for purposes other than those of producing stocks during that period.

### ***Subsequent evaluation***

Fixed assets are valued at historical cost from which amortization and possible adjustments for depreciation are deducted.

### ***Depreciation of fixed assets***

Depreciation is calculated using:

- the linear method for buildings and equipment that are not related to production capacity
- the accelerated method for fixed assets representing equipment that are related to the production capacity

### ***Useful life of assets***

The period of economic use is the period of time in which the asset is expected to be used by a company. The economic useful life for tangible assets was determined by specialized employees. Depreciation is calculated using the straight-line or accelerated method, over the entire useful life of the asset.

The average lifetimes by category of fixed assets are as follows:

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	<b>Years</b>
Fixed assets for production	2-8
Transport vehicles	6

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the derecognition of an asset (calculated as the difference between the net proceeds on disposal and the accounting value of the item) is included in the profit and loss account when the asset is derecognised.

The residual values, lifetimes and depreciation methods of fixed assets are reviewed at the end of each financial year and adjusted accordingly.

➤ *Leasing*

The Group evaluates whether a contract is or includes a leasing contract, at the initiation of the contract, that is, if that contract grants the right to control the use of an identified asset for a period of time in exchange for a consideration.

**The Group as lessee**

The Group applies a single recognition and valuation approach for all leasing contracts, except for short-term leasing contracts and leasing contracts for which the underlying asset has a low value. The company recognizes leasing liabilities for making lease payments and right-of-use assets that represent the right to use the underlying assets.

**Right of use asset**

The Group recognizes a right-of-use asset on the date the lease contract commences (ie the date the underlying asset is available for use). Right-of-use assets are valued at cost, less any accumulated depreciation and accumulated impairment losses and adjusted for any revaluation of lease liabilities. The cost of the asset related to the right of use includes the value of the initial evaluation of the rent liability, the initial direct costs incurred and the related rent payments made on or before the start date of the development, less the incentives received under the rental contract.

Right-of-use assets are depreciated using the shorter of the lease term and the estimated useful life of the assets, as follows:

- Buildings 8 years

The right-of-use asset is also subject to impairment in accordance with the policy for impairment of non-financial assets described below.

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### **Lease liabilities**

On the date of commencement of the leasing contract, the Group recognizes the leasing debt at the updated value of the leasing payments that must be made during the duration of the leasing contract. Lease payments include fixed payments (including fixed payments in the fund) less any lease incentives to be received, variable lease payments that depend on an index or a rate and amounts expected to be paid based on residual value guarantees. Leasing payments also include the exercise price of a purchase option, if the Group has reasonable certainty that it will exercise the option, as well as the payment of the penalties for terminating the leasing contract, if the duration of the leasing contract reflects the Group's exercise of a termination options. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or context that triggers this payment occurs.

When calculating the updated value of the leasing payments, the Group uses the marginal loan rate from the start date of the leasing contract, if the implicit interest rate in the leasing contract cannot be determined immediately. After the start date, the value of the lease liabilities is increased to reflect the interest and reduced by the value of the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there is a change, a change in the lease term, a change in lease payments (for example, changes in future lease payments resulting from a change in an index or rate used for determining those payments) or a change in the valuation of a call option on the underlying asset.

### **Short-term leasing contracts and leasing contracts for which the underlying asset has a low value**

As of June 30, 2025, the Group has no short-term leases or leases for which the underlying asset has a low value.

The Group applies IFRS 16 for the recognition of cars purchased under lease and for office space rental contracts.

#### *➤ Intangible assets*

Separately acquired intangible assets are valued at initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expense is reflected in the profit and loss account at the time the expense is incurred.

The useful lives of intangible assets are assessed as determinable.

Intangible assets with a determined useful life are amortized over their economic life and assessed for impairment whenever there are indications of impairment of the intangible asset. The amortization period and amortization method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or in the expected rate of consumption of the future economic benefits incorporated in the assets are accounted for by changing the method or the amortization period, as the case may be, and are treated as changes in accounting estimates. The expense of amortization of intangible assets with a useful life is recognized in the profit and loss account in the expense category in accordance with the function of intangible assets.

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	<u>Years</u>
Computer programs	2-3
Research and development expenses	5

Gains or losses resulting from the derecognition of an intangible asset are calculated as the difference between the net disposal proceeds and the accounting value of the item and is recognized in the profit and loss account when the asset is derecognised.

***Research and development expenses***

Research costs are recognized as an expense when incurred. The expenses related to the development of an individual project are recognized as intangible assets when the Group can demonstrate:

- The technical feasibility required to complete the intangible asset so that it is available for use or sale;
- His intention to complete the intangible asset and the ability to use or sell it;
- The way in which the intangible immobilization will generate future economic benefits;
- Availability of resources to complete the immobilization;
- Its ability to reliably evaluate the expenses during the development of the immobilization.

After the initial recognition of the development expense of an asset, the cost model is applied, which provides for the accounting of assets at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation of fixed assets begins when the development is completed and the asset is available for sale/use. It is amortized over the period of the expected future benefit. Depreciation is recognized in the cost of goods sold. During the development period, the asset is tested annually for impairment.

***Patents, licenses, trademarks***

Patents, licenses, trademarks are recognized as intangible assets and evaluated according to the useful life period (definite - amortized, indefinite period - tested for impairment).

***Derecognition of intangible assets***

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses resulting from the derecognition of an intangible asset, assessed as the difference between the net proceeds from the sale and the net book value of the asset, are recognized in profit and loss when the asset is recognisable.

➤ **Government subsidies**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the related conditions and that the grants will be received. Government subsidies are recognized in profit or loss systematically over the periods in which the Group recognizes as expenses the related costs for which the subsidies are intended to compensate. Specifically,

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government grants whose main condition is that the Group purchases, constructs or otherwise acquires fixed assets (including tangible and intangible fixed assets) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss for a period. Systematic and rational basis over the useful life of the related assets.

Government subsidies that are to be received as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group, without related future costs, are recognized in profit or loss in the period in which they become receivable.

➤ **Inventories**

The main categories of stocks are raw materials, goods and consumables.

The cost of stocks includes all purchase expenses, production costs (including all direct and indirect costs attributable to the operational activity of production) and other costs incurred in bringing the stocks to their current state and location.

Inventories are valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price under the conditions of normal operation of the business less the estimated costs of completion and selling costs.

At the end of management, stocks are valued based on the FIFO method.

The Group periodically inventories the stocks to determine if they are damaged, obsolete, have slow movement or if the net realizable value has decreased, and makes the necessary adjustments.

➤ **Depreciation of non-financial assets**

The Group evaluates at each reporting date if there are indications of impairment of an asset. If there are indications or if an annual impairment test is necessary for an asset, the Group estimates the recoverable value of that asset. The recoverable amount of an asset is the higher of the fair value of an asset (or cash-generating unit) minus the costs associated with the sale and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the book value of an asset or cash-generating unit is greater than its recoverable amount, the asset is considered impaired and its book value is reduced to its recoverable amount.

In case of internally developed software, the first step in the analysis for the depreciation is that the ROA for the year (value of the realised revenue generated) should not be less than 20% of the net asset value at the year end. If the value of the generated income is less than 20%, the method mentioned below is used. In case generated revenue exceeds 20%, then there is no need to adjust for depreciation.

When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and asset-specific risks. When determining the fair value minus the costs associated with the

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sale, recent market transactions are taken into account, if any. If such transactions cannot be identified, an appropriate valuation model is used.

The loss from the depreciation of continuing activities, including the depreciation of stocks, is recognized in the profit and loss account in the expense category consistent with the function of the depreciated asset, except for a property that was previously revalued and the revaluation was accounted for in other elements of the comprehensive result. In this case, the impairment is also recognized in other elements of the overall result up to the value of any previous revaluation.

In each reporting period, an assessment is made to determine if there are indicators that previously recognized impairment losses no longer exist or have decreased. If there is such an indication, the Company estimates the recoverable value of the asset or the treasury generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited, so that the accounting value of the asset does not exceed its recoverable value and does not exceed the accounting value that the asset would have had if it had not been previously depreciated. Such reversal is recognized in the profit and loss account unless the asset has been revalued, in which case the reversal is treated as a revaluation increase.

➤ *Cash and short-term deposits*

Cash and short-term deposits from the statement of financial position include cash at home and at banks and short-term deposits with an initial maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents are made up of cash and short-term deposits defined above, net of outstanding overdrafts.

➤ *Provisions*

***General***

Provisions are recognized when the Group has a current obligation (legal or implied) generated by a previous event, it is likely that an outflow of resources incorporating economic benefits will be required to settle the obligation and the value of the obligation can be reliably estimated. If the Group expects that a provision will be fully or partially reimbursed, for example, based on an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is almost certain. The related expense of any provision is presented in the profit and loss account, net of any reimbursement.

Provisions are reviewed at each balance sheet date and adjusted to reflect management's current best estimate in this regard. If an outflow of resources is no longer likely to settle an obligation, the provision must be canceled by resuming income.

***Provisions for litigation***

Litigation provisions are recognized when management estimates probable cash outflows as a result of unfavorable litigation.

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➤ ***Pensions and other post-employment benefits***

As part of its current activity, the Parent Company makes payments to the Romanian state on behalf of its employees for post-employment (retirement) benefits. All employees of the group are included in the pension plan of the Romanian State. The Group does not operate any other pension scheme and, consequently, has no obligation regarding pensions. In addition, the Group has no obligation to provide additional benefits to former or current employees.

➤ **Related parties**

The parties are considered related when one of them has the ability to significantly control/influence the other party, through ownership, contractual rights, family relationships or by other means. Related parties also include the Group's principal owners, members of management, board members and members of their families, parties with which they jointly control other companies, post-employment benefit plans for the Group's employees.

In 2023, the company established the entity SAFETECH INNOVATIONS US, INC in the United States of America with a 67% stake in the share capital.

In 2022, the company established the entity SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C. in the United Arab Emirates, with a 49% stake in the share capital.

➤ **Results carried forward**

The remaining accounting profit after the distribution of the 5% quota to the legal reserve, within the limit of 20% of the share capital, is taken within the carried forward result at the beginning of the financial year following the one for which the annual financial statements are drawn up, from where it is to be distributed to the other destinations legal.

The distribution of the profit is carried out accordingly in the following financial year, after the approval of the distribution in the General Meeting of Shareholders, eg: the value of the approved dividends and other reserves according to legal regulations.

### **3. SIGNIFICANT ACCOUNTING ASSUMPTIONS, ESTIMATES AND HYPOTHESES**

The preparation of the Group's financial statements requires the management to make judgments, estimates and assumptions that affect the reported values for revenues, expenses, assets and liabilities, as well as the presented information that accompanies them, and to present the contingent liabilities at the end of the reporting period. However, the existing uncertainty related to these estimates and assumptions could result in a significant future adjustment of the accounting value of the affected asset or liability in future periods. Estimates and associated assumptions are based on historical experience and other factors that are deemed relevant. Actual results may differ from these estimates. The underlying estimates and assumptions are reviewed on an ongoing basis.

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The following are the critical judgments, other than those involving estimates (which are presented separately below), that the Group's management made in the process of applying the Company's accounting policies and which have a significant effect on the amounts recognized in the financial statements.

***Argument***

During the application of the Group's accounting policies, the management made the following considerations, which have the greatest effect on the amounts recognized in the financial statements:

- Reasoning in determining the fulfillment of enforcement obligations

In making their judgment, the directors have considered the detailed revenue recognition criteria set out in IFRS 15 and, in particular, whether the Group has transferred control of the assets to client. Following the detailed quantification of the Group's liability regarding the rectification works, and the agreed limitation on the customer's ability to request additional work or to request the replacement of goods, the directors are satisfied that control has been transferred and that the recognition of income in the current year is appropriate, together with the recognition of an appropriate warranty provision for rectification costs.

- Reasoning regarding the capitalization of expenses as an intangible asset

In accordance with IAS 38, the capitalization of expenses as intangible assets regarding research, start-up costs, pre-exploitation and pre-opening, training, advertising and promotion, moving and relocation previously recognized in GAAP as assets are de-recognized in the position opening situation financial IFRS. Following a detailed analysis of the Group's expenses regarding the recognition of intangible assets, the Group's management considered that the recognition of assets in the reported period is appropriate.

During the current year, the Parent Company capitalised development costs of RON 14 million relating to software, on the basis that management considers these costs to be clearly associated with identifiable products which will be controlled by the Parent Company and have a profitable benefit exceeding the cost beyond one year.

Capitalised costs related to three main software products, as presented in Note 10.

As mentioned above, in capitalising these development costs, management considered that the criteria in IAS 38, Intangible Assets (IAS 38) is met and development expenditure that does not meet the above criteria are recognised as an expense in profit or loss as these are incurred.

***Estimates and assumptions***

The main assumptions regarding the future and other important causes of the uncertainty of estimates at the reporting date, which present a significant risk of causing a significant adjustment of the accounting values of assets and liabilities in the next financial year, are presented below.

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***Taxes, fees and tax provisions***

There are uncertainties regarding the interpretation of complex fiscal regulations, changes in fiscal legislation and the value and timing of future taxable profit.

All amounts owed to state authorities have been paid or ascertained at the balance sheet date. The Romanian fiscal system is undergoing a consolidation process and is in the process of being harmonized with European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation which may lead to additional taxes and penalties. If the state authorities find fiscal violations and related regulations, it may lead to: confiscation of the amounts in the case; additional tax obligations; fines and penalties (which are applied to the outstanding amount). As a result, the tax penalties resulting from the violation of the legal provisions can lead to a significant debt.

At the end of each financial year, the Group makes an estimate of the potential fiscal risks to which it may be subjected and determines the level of potential risk, using the best available estimates, and consequently, if necessary, recognizes a specific provision in the financial statements.

***Inventories***

Finished products and goods are recorded at the lower of cost and net realizable value. The management analyzes the age of the stocks, the expiration date of the products, the quality of the products and possible non-conformity issues, the products that cannot be sold later or that are rejected based on quality problems, and takes into account their implications in determining the net realizable value of the stocks old.

The net realizable value is the sale price under normal business conditions, less completion, marketing and distribution costs, considering the future evolution of sale prices.

The management analyzed the net realizable value of the finished products monthly, taking into account the selling prices of the market as well as the regulations specific to the industry in which it operates.

For the raw materials, specific analyzes are carried out taking into account the age, expiration date, possible quality problems of the elements in the balance.

All assumptions are reviewed annually.

***Provisions for litigation***

The Group recognizes provisions for litigation related to the risks identified in connection with certain lawsuits pending before the courts, the outcome of which is not certain.

***The lifetimes for fixed assets and the depreciation method***

The Group estimates the useful life for the items of tangible assets in accordance with the rate of consumption / wear and tear for the respective assets.

The Group considers and uses the following depreciation methods:

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- the linear method for buildings, fixed assets purchased in financial leasing and for equipment that are not related to production capacity
- the accelerated method for fixed assets representing equipment that are related to the production capacity

***Sales discounts for estimated returns, price discounts***

Returns, discounts, incentives and rebates related to sales are recognized as reductions in turnover, in the period in which the respective sales were recognized. These are recognized according to commercial offers with monthly, quarterly and annual gross and net value targets. Estimated unbilled discounts are subject to continuous review and appropriate adjustment based on the latest available information.

**4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF THE STANDARDS**

New IFRS accounting standards and amendments to existing standards issued but not adopted by the EU

<b>Standard</b>	<b>Title</b>	<b>Effective date</b>
Amended to IFRS 16	Lease liabilities in a sale and leaseback transaction	January 1, 2024
Amended to IAS 1	Classification of debts into short-term debts and long-term debts with financing indicators	January 1, 2024

New IFRS accounting standards and amendments to existing standards issued but not yet adopted by the EU

<b>Standard</b>	<b>Title</b>	<b>Effective date</b>
Amended to IAS 7 and IFRS 7	Financing agreements in relation to suppliers (date of entry into force established by the IASB: January 1, 2024)	They have not yet been adopted by the EU
Amended to IAS 21	Lack of convertibility (effective date established by IASB: January 1, 2025)	They have not yet been adopted by the EU
IFRS 14	Deferral accounts related to regulated activities (effective date established by: January 1, 2016)	The European Commission decided not to start the approval process of this interim standard and to wait for the final standard.

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<b>Standard</b>	<b>Title</b>	<b>Effective date</b>
Amended to IFRS 10 and IAS 28	The sale of or the contribution of assets between an investor and its associated entities or joint ventures and subsequent amendments (the date of entry into force has been postponed for an indefinite period by the IASB, but early application is allowed)	The approval process was postponed for an indefinite period until the completion of the Research project on the equivalence method.

The group estimates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the financial statements of the company in the future.

## **5. SALES OF GOODS AND SERVICES AND EXPENSES WITH RAW MATERIALS AND CONSUMABLES**

### **5.1 Turnover**

The Group has only one reportable segment, which is the sale of cybersecurity products and services.

The management objective is always to pursue profit, not revenue, and this can be achieved through an appropriate sales and marketing strategy, covering multiple sectors and markets. In the first quarter of 2025, given the market demand and the legislative context, the business strategy was focused on increasing the number of new customers and, implicitly, profitability.

The Group's management monitors operational activities and resource allocation to maximize performance. Performance is evaluated based on operating profit or loss, gross profit or loss.

The group monitors sales according to their type - services and sales of goods and by destination - domestic sales and exports.

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Internal sales	18.981.905	23.130.233.72
External Sales	231.708	98.437.35
<b>Total turnover</b>	<b><u>19.213.613</u></b>	<b><u>23.228.671</u></b>
<b>Income from services</b>	<b><u>9.829.581</u></b>	<b><u>7.057.033</u></b>
<b>Sales of goods:</b>	<b><u>9.384.032</u></b>	<b><u>16.171.639</u></b>
Finished goods	6.675.297	9.902.947
Goods sales	<u>2.708.735</u>	<u>6.268.691</u>

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External sales consist of cyber security services provided.

In the category of "Revenues from the provision of services" are included the revenues from the provision of penetration test and source code audit services, Security consultancy, development and implementation of Security standards, monitoring of security events (via STI CERT), detection and response to security incidents (through STI CERT), security audit, risk analysis, sale of own products and others.

The Group recorded the sale of goods consisting of security products such as licenses, access cards and others.

In the category of income from the sale of finished products, cybersecurity solutions are found, including implementation services.

## 5.2. Raw materials and consumables used

<b>Raw materials and consumables used</b>	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Raw materials	4.751.530	6.942.462
Fuel materials and spare parts	15.949	20.020
Products	2.770.051	5.797.959
Supplies	1.618	5.517
Inventory items	37.718	14.912
Others	2.901	5.956
<b>Total</b>	<b>7.579.767</b>	<b>12.786.826</b>

The expenses with raw materials mainly refer to the expenses for the purchase of cyber security hardware and software products.

## 6. OTHER INCOME / EXPENSES AND ADJUSTMENTS

### 6.1 Other operating revenues

As of June 30, 2025, the Group presents the following operating income:

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Operating subsidy income	725.181	250.052
Investment subsidy income		84.559
Revenue/(expenses) from asset sales		
Revenue from damages/fines	4.630	
Other operating income	12.866	45.221
<b>Total other operating income</b>	<b>742.677</b>	<b>379.832</b>

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**6.2 Other operating expenses**

<b>Raw materials and consumables used</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Services	1.900.239	1.958.925
Telecommunication services	59.321	56.078
Sponsorship	100.000	140.021
Insurance	202.662	150.497
Utilities	71.565	109.482
Travel expenses	234.987	216.856
Training	13.595	7.473
Maintenance	14.982	13.917
Other	254.047	226.894
<b>Total</b>	<b>2.851.398</b>	<b>2.880.143</b>

Utilities mainly refer to energy and water expenses.

Service expenses include a wide variety of services: legal consulting, marketing, capital market consulting, subcontracting expenses for some programming services.

Repair services include special fleet repair services.

Other expenses include mainly bank commissions, fees, other expenses with taxes and fees.

**6.3 Financial expenses**

<b>Financial expenses</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Cheltuieli cu dobânzile	127.385	64.522
Cheltuieli cu diferențe de curs valutar	64.045	263.845
<b>Total</b>	<b>191.430</b>	<b>328.367</b>

Interest expenses are represented by the amounts related to bank loans.

**6.4 Financial income**

<b>Financial income</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Gains on exchange rate differences	436	102
Interest income	50.848	18.262
<b>Total</b>	<b>51.284</b>	<b>18.364</b>

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**6.5 Employee benefit expenses**

<b>Salary expenses</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Salaries	8.531.209	7.932.553
Payroll taxes	242.501	310.445
Salaries benefits (meal vouchers)	11.760	8.762
<b>Total</b>	<b>8.785.470</b>	<b>8.251.760</b>

On 21.07.2022, through the General Meeting of Shareholders, the Company decided to approve the implementation of a reward and motivation plan for the Company's key personnel, a Stock Option Plan (SOP), which will take place during the period 2022-2024, with the objective of granting rights to acquire a certain number of shares free of charge by the Company's employees, administrators and/or directors in order to retain and motivate them.

According to the Decisions of the Company's Board of Directors dated 04.10.2022 and 17.02.2023, the plan was limited to 1.600.000 shares related to the 2 years of the plan and depended on the achievement of individual objectives. For the year 2024, there were 59 employees enrolled in the SOP plan. Of these, under the SOP, 1 employee received 256.823 shares, an operation confirmed by the Decision of the Board of Directors dated 03.07.2024, and another 51 employees received 662.148 shares, an operation confirmed by the Decision of the Board of Directors dated 14.11.2024. A number of 17.201 shares available for the SOP program and which were not distributed to employees enrolled in the program on the date of granting the shares, were distributed as a benefit to 2 employees, on 14.11.2024.

**6.6 Marketing and advertising expenses and protocol**

The Group recognizes as marketing and advertising expenses the expenses generated by the media promotion campaigns. During the current year, in this category are recorded mainly expenses for the promotion of the Group's products and projects.

**7. CURRENT AND DEFERRED PROFIT TAX**

On June 30, 2025, the companies included in the consolidation scope present the following component of current and deferred income tax:

➤ **The Parent Company**

<b>Income tax expense</b>	<b>June 30, 2025</b>	<b>June 30, 2025</b>
Deferred tax (expense (income))	26.654	0
Current income tax	1.051.046	1.075.337
<b>Total</b>	<b>1.077.700</b>	<b>1.075.337</b>

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The elements that generated the deferred tax on 30.06.2025 were:

Element	Balance as of 31.12.2024 (Lei)	Impact (16%) (Lei)	Balance as of 30.06.2025 (Lei)	Impact (16%) (Lei)	Position
Debt with unused vacations	166.586	26.654	0	0	Activ
Depreciation of current assets	280.281	44.845	280.281	44.845	Activ

Deferred tax asset balance at 31.12.2024: 71.499 lei

Deferred tax asset balance at 30.06.2025: 44.845 lei

➤ **Safetech Innovations Global Services Limited**

On June 30, 2025 the company records a loss:

	<b>Amount</b>
<b>Total income</b>	748.831
<b>Total expenses</b>	1.122.716
<b>Loss</b>	373.886

➤ **Safetech Innovations Llc**

On June 30, 2025 the company records a loss:

	<b>Amount</b>
<b>Total income</b>	-
<b>Total expenses</b>	94.777
<b>Loss</b>	94.777

## 8. RESULT PER ACTION

The values of the basic result per share are calculated by dividing the net profit of the year attributable to ordinary shareholders by the weighted average number of ordinary shares in circulation during the year.

The weighted average number of ordinary shares during the period is the number of ordinary shares existing at the beginning of the period, adjusted by the number of ordinary shares repurchased or issued during the period multiplied by a time weighting factor. The weighting factor in time is the number of days in which the shares were in existence as a proportion of the total number of days in the period.

The number of shares for the period ended June 30, 2025 is 162.717.653.

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	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Net profit for the financial year	6.023.001	4.250.673
Weighted average number of shares	162.717.653	68.082.700
Basic and diluted earnings per share	0,037	0,06

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**9. TANGIBLE FIXED ASSETS AND ASSETS RELATED TO THE RIGHT OF USE**

**FIXED ASSETS**

	<b>Right of use buildings</b>	<b>Building improvements</b>	<b>Machines, machinery and Equipment</b>	<b>Furniture, office equipment, protective equipment</b>	<b>Total</b>
<b>Gross value as of January 1, 2025</b>	<b>2.883.793</b>	<b>436.930</b>	<b>3.124.961</b>	<b>627.310</b>	<b>7.072.994</b>
Additions	1.954.643	-	28.906	15.340	1.998.889
Revaluation	-	-	-	-	-
Outputs	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Gross value as of June 30, 2025</b>	<b>4.838.436</b>	<b>436.930</b>	<b>3.153.867</b>	<b>642.650</b>	<b>9.071.883</b>
<b>Depreciation and impairment as of January 1, 2025</b>	<b>1.598.730</b>	<b>64.158</b>	<b>2.987.672</b>	<b>471.412</b>	<b>5.121.972</b>
Amortization in the year	252.368	692	50.725	26.534	330.319
Outputs	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Depreciation and impairment as of June 30, 2025</b>	<b>1.851.098</b>	<b>64.850</b>	<b>3.038.397</b>	<b>497.945</b>	<b>5.452.290</b>
<b>Net worth June 30, 2025</b>	<b>2.987.337</b>	<b>372.080</b>	<b>115.470</b>	<b>144.704</b>	<b>3.619.592</b>

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	<b>Right of use buildings</b>	<b>Building improvements</b>	<b>Machines, machinery and Equipment</b>	<b>Furniture, office equipment, protective equipment</b>	<b>Total</b>
<b>Gross value on January 1, 2024</b>	<b>2.350.569</b>	<b>415.595</b>	<b>2.998.185</b>	<b>602.858</b>	<b>6.367.208</b>
Additions	533.233	21.335	126.776	24.451	705.786
Revaluation	-	-	-	-	-
Outputs	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Gross value on December 31, 2024</b>	<b>2.883.793</b>	<b>436.930</b>	<b>3.124.961</b>	<b>627.310</b>	<b>7.072.994</b>
<b>Amortization and depreciation on January 1, 2024</b>	<b>1.096.781</b>	<b>62.774</b>	<b>2.877.016</b>	<b>429.045</b>	<b>4.465.617</b>
Amortization in the year	501.949	1.383	110.655	42.367	656.354
Outputs	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Amortization and depreciation on December 31, 2024</b>	<b>1.598.730</b>	<b>64.158</b>	<b>2.987.672</b>	<b>471.412</b>	<b>5.121.972</b>
<b>Net worth December 31, 2024</b>	<b>1.285.062</b>	<b>372.772</b>	<b>137.290</b>	<b>155.898</b>	<b>1.951.022</b>

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The group recognized in the category of "Assets related to the right of use" the lease contract of the space where the Mother Company operates and financial leasing contracts regarding the purchase of passenger cars.

The parent company has a rental contract that includes extension and termination options. These options are negotiated by the Company's management to provide flexibility in the management of the portfolio of leased assets and to align with the Company's business needs. The management of the Company exercises significant judgment to determine whether there is reasonable certainty for the extension or termination of the contract. Leasing contracts are concluded for a fixed period of five years.

Carrying amount of the lease liability and movements recorded within this category as of June 30, 2025:

	<b>Lei</b>	<b>Lei</b>
<b>On January 1, 2025/January 1, 2024</b>	<b>1.456.852</b>	<b>1.389.518</b>
Additions during the period	1.954.643	533.223
Interest associated with lease liability	121.493	63.815
Lease payments	314.534	271.840
Remeasurement of liability	(3.638)	(2.988)
	<b>3.214.816</b>	<b>1.711.728</b>
<b>As of June 30, 2025/ June 30, 2024</b>	<b>3.214.816</b>	<b>1.711.728</b>

Additions during the period are represented by:

- The parent company signed an addendum to the lease agreement for the space where it operates;
- In 2024, a lease agreement was concluded with Plexal (City) Limited for a period of 24 months.

The following expenses represent the amounts recognized in profit or loss in connection with the lease agreements:

	30.06.2025	30.06.2024
Depreciation of right-of-use assets	252.368	232.461
Interest expense on leasing debt	121.493	63.815
<b>Total expenses recognized in the profit and loss account</b>	<b>373.861</b>	<b>296.276</b>

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Short-term leasing debt	387.750	553.917
Long-term lease debt	2.827.066	902.935
<b>Total leasing debt</b>	<b>3.214.816</b>	<b>1.456.852</b>

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**10. INTANGIBLE ASSETS**

	<b>Development expenses</b>	<b>Concessions, patents and other rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Costs as of January 1, 2025</b>	<b>51.125.043</b>	<b>114.429</b>	<b>13.090.473</b>	<b>64.653.645</b>
Additions	7.452.691	-	115.471	<b>7.568.162</b>
Disposals	-	-	-	-
Transfers	-	-	-	-
<b>Costs as of June 30, 2025</b>	<b>58.577.734</b>	<b>114.429</b>	<b>13.205.944</b>	<b>72.221.807</b>
<b>Depreciation and amortization as of January 1, 2025</b>	-	<b>114.429</b>	<b>7.380.414</b>	<b>7.806.152</b>
Amortization in the year	-	-	1.078.285	1.078.285
Disposals	-	-	-	-
<b>Amortization and depreciation as of June 30, 2025</b>	-	<b>114.429</b>	<b>8.458.699</b>	<b>8.884.437</b>
<b>Net worth as of June 30, 2025</b>	<b>58.577.734</b>	-	<b>4.747.245</b>	<b>63.337.370</b>
	<b>Development expenses</b>	<b>Concessions, patents and other rights</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Costs on January 1, 2024</b>	<b>37.531.922</b>	<b>114.429</b>	<b>8.527.730</b>	<b>46.497.782</b>
Additions	16.493.121	-	1.721,535	<b>18.214.656</b>
Disposals	-	-	(58.792)	<b>(58.792)</b>
Transfers	-2.900.000	-	2.900.000	-
<b>Costs as at December 31, 2024</b>	<b>51.125.043</b>	<b>114.429</b>	<b>13.090.473</b>	<b>64.653.645</b>
<b>Amortization and depreciation on January 1, 2024</b>	-	<b>114.429</b>	<b>5.432.377</b>	<b>5.858.114</b>
Amortization in the year	-	-	1.948.038	1.948.038
Disposals	-	-	-	-
<b>Amortization and depreciation on December 31, 2024</b>	-	<b>114.429</b>	<b>7.380.414</b>	<b>7.806.152</b>
<b>Net Value at December 31, 2024</b>	<b>51.125.043</b>	-	<b>5.710.059</b>	<b>56.847.493</b>

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Own products are included in the category of research and development expenses: currently, the company has a number of its own cyber security products under development or that it intends to develop, which will bring new added value to customers.

**iSAM** - In March 2019, Safetech launched its first cybersecurity product - iSAM, Information Security Automation Manager. iSAM allows companies' information security managers to better manage cybersecurity within their organization by automating certain processes, providing real-time updates on the level of cybersecurity protection and enabling early detection of cybersecurity threats. Safetech holds the registration certificate in the National Registry of Computer Programs for iSAM.

The certificate was issued on 22.01.2020 by the Romanian Copyright Office. The main functionalities of the application developed by Safetech include:

- inventory of business processes and IT systems;
- management of security policies and standards within the organization;
- continuous analysis and management of risks and vulnerabilities;
- event and security incident management.

The solution automates some of the activities of information security officers, but also helps organize security reports, bringing together information from various departments, thus saving time and aligning the practices used in a company. The platform also has the option to generate almost instantaneous reports on the level of IT security within the organization, as well as to provide tools for the management of security indicators and risks.

The solution is mainly aimed at large companies in the financial-banking, healthcare, transport, energy, utilities and digital infrastructure sectors, ensuring compliance with the relevant IT security provisions applicable to these industries. iSAM helps companies comply with the following regulations currently applicable in Romania:

- ✓ Law 362/2018 on ensuring a high level of security of computer networks and systems;
- ✓ Norm 4/2018 of the Financial Supervision Authority (ASF) regarding the management of operational risks;
- ✓ BNR Regulation 3/2018 regarding the monitoring of the financial market and the infrastructure of payment instruments;
- ✓ General Regulation on the Protection of Personal Data (GDPR). The valorization of the project is carried out by two methods:
- ✓ Capitalization in the form of either a perpetual license or a subscription (annual service on premises - annually renewable) to the company's beneficiaries.
- ✓ Valorization in the form of streamlining the activity within the Security Operations Center - STI CERT company structure, both in the daily security monitoring activities of the company's beneficiaries, as well as in the security testing and information security management services.

In the first semester of 2025, important developments were made to the iSAM solution, worth RON 403.989, mainly representing the costs of software development employees and subcontractor costs.

**ToR-SIM** (research project completed in 2020) - Capitalization in the form of either a perpetual license or subscription (annual "on premises" service) to the Integrated Software Platform for Malware Analysis of Mobile Terminals (Acronym: ToR-SIM). The software platform that integrates, in a unified way, the malware analysis procedures for most of the equipment

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currently on the market, in order to strengthen the security of terminals and networks, identify the operational requirements and capabilities necessary for the development and security of solutions for mobile devices and applications that ensure, through a partnership between responsible government factors, academia and industry, the increase in the efficiency of cyber protection solutions. The platform is developed at the prototype level, validated with a single beneficiary (the one established by the research project, which has accepted that the product was developed according to the project requirements). The product development at the commercial product level follows.

In the first semester of 2025, developments of the ToR-SIM solution were carried out, worth 523 thousand lei, mainly representing the costs of software development employees and the costs of subcontractors.

**SafePic** - Aims to increase the response capacity of STI-CERT to cybersecurity attacks and incidents, through automation and interoperability with similar structures at national and international level, but also organizational development by carrying out a set of design and implementation actions of measures to improve the components of the management system (strategy, structure, information system, decision-making system, methodological system), aimed at increasing the performance and competitiveness of the organization.

The project was carried out between June 2020 and July 2023, with a durability period of 3 years from completion (July 2026). The company is obliged to maintain the entire system developed within the project in operation.

In the first semester of 2025, the project continued in accordance with the development plan for the sustainability period, with expenses amounting to 2.619 thousand lei.

**BCM** – project started at the beginning of 2023, financed from own resources, with the aim of developing a software application for business continuity management. Upon completion of the project, the resulting product will be capitalized through subscription licenses. In the first semester of 2025, developments worth RON 347.298 thousand were carried out, mainly representing the costs of software development employees.

**IPRadar** – research and development project launched in August 2024, financed under the National Research, Development and Innovation Plan for the Period 2022 - 2027 (PNCDI IV) by the Executive Unit for Financing Higher Education, Research, Development and Innovation (UEFISCDI). Contractor: National Cyber Security Directorate; Partners: Safetech Innovations S.A., Certsign SA, “Ștefan cel Mare” University of Suceava, Military Technical Academy, National University of Science and Technology Politehnica Bucharest; Total contract value: 13.000.000 lei (non-reimbursable funds) of which the budget assigned to the Company represents 7.000.000 lei (approximately 53% of the total contract value); Subject of the contract: System for scanning and mapping IP resources in Romania, with the aim of early detection of cyber threats; Contract duration: 2 years from the date of signing the contract. Upon completion of the project, the intellectual property rights will allow SAFETECH INNOVATIONS SA to capitalize on the contribution to the development of the product through subscription licenses or its use to provide its own cybersecurity services. During the period January- June 2025, research and development activities worth 3.162 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

**HRIA** – "Romanian Artificial Intelligence Hub", research and development project launched in March 2025, financed under the Smart Growth, Digitalization and Financial Instruments

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Programme 2021-2027 (PoCIDIF), financed by the European Regional Development Fund (ERDF), SMIS code: 334906. SAFETECH INNOVATIONS SA is a partner in this project.

The general objective of the project is to create and operationalize the Romanian Artificial Intelligence Hub for research, development and innovation in the field of Artificial Intelligence (AI) by developing an attractive and competitive research ecosystem that brings together the efforts of the academic and economic environment for the purpose of carrying out original cutting-edge scientific research, transferring research results to industry and society, developing new products and services, and generating a core of knowledge and development in Artificial Intelligence integrated into the European Research Area (ERA).

The project is implemented in partnership with six nationally representative universities: Technical University of Cluj-Napoca, West University of Timișoara, “Gheorghe Asachi” Technical University of Iași, Politehnica University of Timișoara, University of Bucharest, “Babeș Bolyai” University of Cluj-Napoca and 8 innovative SMEs, selected through a competitive and transparent process.

The project is implemented between March 1, 2025 and December 31, 2029. The total value of the project is 336.336.127,46 lei, the total eligible value is 335.117.109,06 lei and the non-refundable financial assistance is 324.775.349,99 lei. The total value allocated to SAFETECH INNOVATIONS SA is 6.532.861,50 lei, the eligible value is 6.468.540,54 lei and the non-refundable financial assistance is 4.828.571,63 lei.

Upon completion of the project, the intellectual property rights will allow SAFETECH INNOVATIONS SA to capitalize on the contribution in the development of the product through subscription licenses or its use to provide its own cybersecurity services.

Between March and June 2025, research and development activities worth 225 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

## 11. INVENTORIES

<b>Inventories</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
	<hr/>	<hr/>
Raw materials	54.433	131.039
Merchandise	55.880	54.080
Supplies	91.863	91.863
Advances for stocks	-	-
<b>Total</b>	<b>202.176</b>	<b>276.982</b>
	<hr/> <hr/>	<hr/> <hr/>

The Group does not hold any inventories mortgaged in favor of third parties as of June 30, 2025 and December 31, 2024, respectively.

The Group does not have any slow-moving inventories.

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**12. TRADE RECEIVABLES AND OTHER / CURRENT RECEIVABLES**

<b>Trade receivables and other receivables</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
<b>Total net trade receivables of which:</b>	<b>9.473.183</b>	<b>7.767.182</b>
Trade receivables, of which	5.101.232	5.844.292
<i>Trade receivables with affiliated companies</i>	-	
Uncertain trade receivables	280.281	280.281
Clients invoices to be drawn up	4.090.267	1.676.933
Other receivables	281.684	245.957
<b>Minus</b>		
Allowances for expected losses on receivables	(280.281)	(280.281)
<b>Total other receivables of which:</b>	<b>977.885</b>	<b>566.019</b>
Different debtors	400.831	394.363
Prepayments	526.250	138.133
Other current assets	50.804	33.523

<b>Total receivables as of December 31, 2024</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60-120 days</b>	<b>120-365 days</b>
<b>5.844.292</b>	5.630.965	93.308	7.106	112.913

<b>Total receivables as of June 30, 2025</b>	<b>0 - 30 days</b>	<b>30 - 60 days</b>	<b>60-120 days</b>	<b>120-365 days</b>
<b>5.584.386</b>	4.699.210	125.359	161.469	115.195

**13. CASH AND SHORT-TERM DEPOSITS**

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Cash at the bank in RON	2.327.937	1.657.836
Cash at the bank in foreign currency	57.454	251.663
<b>Total</b>	<b>2.385.391</b>	<b>1.909.499</b>

Cash in the bank bears interest at the daily interest rate when deposits are made. Short-term deposits are made for different periods of time between 1 day and 3 months, depending on the cash needs of the Group and accumulate interest at the appropriate interest rates.

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**14. CAPITAL AND RESERVES**

<b>Authorized Shares/ Social Parties</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Ordinary shares of 0.2 RON each	162.717.653	162.717.653
<b>Ordinary shares issued and paid in full</b>	<b>Number</b>	<b>Value</b>
As of December 31, 2024	162.717.653	32.543.531
As of June 30, 2025	162.717.653	32.543.531
<b>Share capital</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	32.543.531
<b>Total share capital</b>	<b>32.543.531</b>	<b>32.543.531</b>

On 18.09.2020 the Parent Company decided on the transformation from a Limited Liability Company to a Joint Stock Company and the share capital was set at 500.000 ROL and 2.500.000 shares with a nominal value of 0.2 RON.

The registration date for the share capital increase was 31.08.2021, ex-date 30.08.2021, and 01.09.2021 was the date when the pre-emptive rights were loaded into the shareholders' accounts. In the same AGM, the establishment of two companies, one in Great Britain and one in the USA, partly owned by the Company, as an associate with a percentage of at least 67% of the share capital, was also approved.

In the first half of 2022, the parent company recorded an increase in the share capital, thus the number of shares increases to 66.500.000 shares, totaling 13.300.000 lei. The nominal value of the shares is 0.2 RON/share.

During the period August - December 2022, the Company repurchased a number of 433.703 own shares, worth 1.153.990,43 lei. For the repurchased shares, the Company signed option agreements in November 2022.

In November 2023, part of the option agreements were exercised and part were granted free of charge as a bonus to the entity's key personnel, so that on December 31, 2023 all of the Company's own shares were distributed.

On 17.04.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by RON 316.540, from RON 13.300.000 to RON 13.616.540, through the issuance of 1.582.700 new shares with a nominal value of RON 0.2 per share, following the incorporation of RON 316.540 from the reserves related to 2022, for the benefit of all shareholders registered in the Shareholders' Register kept by the Central Depository on the registration date established by the EGMS.

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On 18.09.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 18.926.991, from RON 13.616.540 to RON 32.543.531, through the issuance of 94.634.953 new shares with a nominal value of RON 0.2 per share.

At March 31, 2024, the shareholding structure of the parent company is as follows::

Ownership structure	<u>Number of shares</u>	<u>Percentage</u>
Victor Gansac	46.936.814	28,8456%
Paul Rusu	46.901.136	28,8236%
Individuals	65.011.370	39,9548%
Legal entities	3.868.333	2,3760%
<b>Total</b>	<b>162.717.653</b>	<b>100%</b>

### Reserves

<b>Total other reserves included in capital components:</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Legal reserves	2.437.610	2.437.610
Reported result	10.710.607	5.032.885
<b>Total other reserves</b>	<b>13.148.217</b>	<b>7.470.495</b>

### Legal Reserves

The parent company establishes legal reserves in accordance with the law of commercial companies, which stipulates that 5% of the annual profit before tax be transferred to "Legal reserves" until the reserve reaches the threshold of 20% of the share capital. Legal reserves are not distributable.

### Other Reserves

Other reserves include distributions of profits related to the years prior to 2025. These reserves are available for distribution in the form of dividends.

## 15. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

As detailed in the accounting policies, the Parent Company applies a defined employee benefit plan. The plan requires the company to pay the social insurance contribution for employees, in the public pension fund.

As part of its current activity, the Parent Company makes payments to the Romanian state for the benefit of its employees. All employees of the parent company are included in the pension plan of the Romanian State. The company does not operate any other pension scheme or post-

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retirement benefit plan and, consequently, has no obligation regarding pensions. In addition, the Parent Company has no obligation to provide additional benefits to former or current employees.

Retirement benefits: The Collective Labor Agreement does not provide for any benefits that the Company must grant to employees upon retirement based on seniority within the Parent Company and that could have an impact on the financial statements.

In 2022, the company approved the implementation of a plan to reward and motivate the Company's key personnel by granting free shares in the future. Details regarding this can be found in note 6.5.

**16. TRADE AND OTHER LIABILITIES (CURRENTS)**

<b>Trade and other liabilities</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Local trade debts	4.007.605	4.176.696
Foreign trade debts	525.731	2.056.616
Liabilities for purchases of fixed assets	27.633	7.431
Advances received and other liabilities	3.547	3.547
Lease liabilities	3.214.816	553.917
<b>Total</b>	<b>7.779.332</b>	<b>6.798.207</b>

Trade payables increased compared to the previous year as a result of the increase in the company's activity.

<b>Other current liabilities</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Salaries	683.031	659.195
Contributions and taxes wages	743.896	946.683
VAT	934.791	1.044.359
Dividends	3.529	3.529
Revenues registered in advance	73.046	71.468
Other liabilities	218	200
<b>Total</b>	<b>2.438.511.00</b>	<b>2.725.434</b>

The terms and conditions of the financial liabilities mentioned above:

Trade liabilities are non-interest bearing and are usually settled within 30 - 90 days.

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**For the 6-month period ended June 30, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

For explanations regarding the Group's liquidity risk management processes, see the information below.

**17. LOANS**

In 2024, the Company, part of the SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED group, contracted two loans from individuals, the total loan as of June 30, 2025 being 8.899.350 lei.

**18. RELATED PARTIES**

**18.1 Nature of transactions with affiliated entities and other related parties**

An entity is affiliated to another entity if:

- a) directly or indirectly, through one or more entities:
  - controls or is controlled by the other entity or is under the common control of the other entity (this includes parent companies, subsidiaries or member subsidiaries);
  - has an interest in the said entity, which gives him significant influence over it; or
  - has joint control over the other entity;
- b) represents an associated entity of the other entity;
- c) represents a joint venture in which the other entity is associated;
- d) represents a member of the key management staff of the unit or its parent company;
- e) represents a close member of the family of the person mentioned in letter a) or d);
- f) represents an entity that is controlled, jointly controlled or significantly influenced or for which the significant voting power in such an entity is given, directly or indirectly, by any person mentioned in letter d) or e); or
- g) the entity represents a post-employment benefit plan for the benefit of the employees of the other entity or for the employees of any entity related to such company.

➤ **Details about other affiliated parties as of March 31, 2025 and December 31, 2024:**

<b>Company name</b>	<b>Nature of relationship</b>	<b>Transaction type</b>	<b>Country</b>	<b>Headquarters</b>
Safetech Intelligence SRL	Affiliated company	No transactions	Romania	București
Betamont Infrastructure G.E.L.E.	Affiliated company	No transactions	Romania	București
SAFETECH INNOVATIONS US, SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C.	Affiliated company	No transactions	United States	United States
	Affiliated company	No transactions	United Arab Emirates	United Arab Emirates

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**18.2 Amounts due and receivable from affiliated entities and other related parties**

**Compensation granted to the Parent Company's key management personnel**

*Administrators, directors and the supervisory committee*

On June 30, 2025 and December 31, 2024, the Parent Company paid the following amounts to administrators, directors, which include compensation, dividends and taxes:

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Cheltuieți	<u>186.000</u>	<u>186.000</u>
<b>Total</b>	<u><b>186.000</b></u>	<u><b>186.000</b></u>

As of June 30, 2025, the Parent Company had a remunerated Board of Directors, with the Chairman of the Board of Directors being part of the executive management.

As of June 30, 2025, the Parent Company had no obligation to pay pensions to former associates or members of the executive management.

At the end of the financial year, there were no guarantees or future obligations assumed by the Parent Company on behalf of the administrators or directors.

In 2024, the company approved the implementation of a stock option plan to reward and motivate the Parent Company's key personnel by granting free shares in the future. Among the people included in the key personnel who will benefit from this plan are also the members of the board of directors.

**19. COMMITMENTS AND CONTINGENCIES**

**Commitments from financing contracts:**

In 2020, the Parent Company concluded a financing contract through the competitiveness operational program with the title: "Centre of excellence for cyber security and resilience of critical infrastructures" (SafePIC) SMIS Code 2014+:120436, Call Code: POC/222/1/ 3/ Stimulating the demand of enterprises for innovation through CDI projects carried out by enterprises individually or in partnership with CD institutes and universities, in order to innovate processes and products in economic sectors with growth potential (MDR).

In order to advance the sustainability of the "Centre of excellence for cyber security and resilience of critical infrastructures (SafePIC)" project, the management of the parent company committed to consider the following measures:

- Looking at supporting ROI, Safetech Innovations has obtained expressions of interest / pre-orders from interested companies, confirming market interest in the product.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- In preparing the financial forecasts, the principle of prudence was especially taken into account - revenues being estimated in a slightly pessimistic manner;
- The financial sustainability of the project presupposes its ability to support itself from this point of view (in the worst case assuming the relationship income = expenses). The way in which the activity after the termination of the non-reimbursable financing is conceived and thought also takes into account the obtaining of profit (Revenue-Profit = Expenses). Thus, possible slightly erroneous estimates such as oversized revenues or undersized expenses would not make the company's activity unsustainable, diminishing the estimated profit to begin with.

The parent company has demonstrated that the enterprise has the ability to generate income from the capitalization of the project results, as well as the ability to cover the operating and maintenance costs after the end of the non-refundable financing, resulting from the commercialization of the products/services/technology obtained from the project, at least during the sustainability period of the 36-month project.

Over the entire analyzed time horizon, the cash flow is positive.

The applicant's ability to support itself financially in the period after implementation is also supported by the financial results that the company has had from a financial point of view since the beginning of its establishment, results obtained through effective financial management. Thus, the company's turnover over the period 2011-2014 evolved from 1.288.644 lei to 9.115.976 lei, maintaining an upward trend throughout the period.

Considering the overall evolution of the company, the risk that the company will not be able to meet its objectives regarding the expected return on investment is low. From the point of view of technical sustainability, the main objective is to keep the innovative cyber security solution in optimal functional conditions.

The main measures (without being the only ones taken) undertaken by the company's management in this regard are the following:

- Keeping all staff in the operating team, staff selected on the basis of competence and skills criteria, details given in chapter C of the business plan; for a good performance of the operation stage, the ideal way of working is for the personnel who were involved in the implementation stage to ensure the continuity of the activity during the sustainability period.
- 4 new jobs for qualified personnel in the field of cyber security, covering any current gap in the company in terms of technical requirements;
- The training of the personnel who will subsequently ensure the maintenance of the product developed through the project, as well as the training of trainers who will ensure the training of the personnel to whom the product is directly addressed;
- Ensuring continuous training for all members of the operating team;
- Developing a manual with procedures for using the developed product;
- Carrying out the technical audit is an additional measure to ensure sustainability from a technical point of view. Considering the measures taken, it can be stated that the sustainability of the results of the project proposed for financing will be supported both administratively, technically and financially. In addition, the existence of pre-orders and letters of interest confirm the market validation of the product developed by the project.

According to both financing contracts, the Parent Company has the obligation to submit annual Sustainability Reports, after submitting the financial statements to ANAF, for the entire duration of the project, starting with the first calendar year following the year in which the implementation was completed.

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Sustainability reports shall contain at least the following types of data and information regarding:

- a. changes to the beneficiary's status and identification data;
- b. how and where infrastructures, equipment and assets are used;
- c. how infrastructure investment or productive investment continues to generate results.

According to the financing agreements, in the case of projects that include productive or infrastructure investments and that are not co-financed from the ESF, the sustainability period of the project is a minimum of 3 years for the beneficiaries in the SME category, respectively a minimum of 5 years for the other categories of beneficiaries upon making the final payment under this contract or the period provided for in the state aid regulations, whichever is greater. If the project includes investments in infrastructure or production, the beneficiary (unless the beneficiary is an SME) has the obligation not to relocate the production activity outside the European Union, within 10 years of making the final payment. If the contribution from the ESI funds takes the form of state aid, the 10-year period is replaced by the deadline applicable according to the rules on state aid.

The sustainability analysis of the project is carried out by the OIC based on the Sustainability Reports prepared by the beneficiary and the monitoring visits, in order to ensure the sustainability of the projects, as well as the fact that all contributions from the funds are attributed only to projects that, within 3/5 years after their conclusion, were not affected by any change in the category of those stated below, respectively:

- i. a substantial change affecting their nature, objectives or conditions of achievement and which would cause their original objectives to be undermined;
- ii. a change in the ownership of an infrastructure element that gives an unjustified advantage to an enterprise or a public body;
- iii. termination or relocation of a productive activity outside the eligible area

**Other commitments and contingencies:**

**Taxation** - All amounts owed to the State for taxes and duties have been paid or recorded at the balance sheet date.

The parent company considers that it has paid on time and in full all the fees, taxes, penalties and penalty interests, to the extent that it is the case.

The Romanian tax authorities did not carry out checks.

In Romania, the fiscal year remains open for checks for a period of 5 years.

**Transfer price** - In accordance with the relevant tax legislation, the tax assessment of a transaction made with related parties is based on the concept of the market price related to that transaction. Based on this concept, transfer prices must be adjusted to reflect market prices that would have been established between entities that do not have an affiliation relationship and that act independently, based on "normal market conditions".

During the reporting period, there were no transactions with related parties and there is a transfer price risk.

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The Board of Directors reviews and agrees to the management policies for each of these risks which are briefly presented below.

**Business plan risk** – Safetech operates in what can still be considered a niche market, especially in Romania. The company aims for sustainable growth, based primarily on legislative changes at the level of the European Union, which will require companies in important sectors of activity, such as energy, utilities, critical infrastructure or in the financial-banking sector, to implement strict security measures cybernetics. However, in the past, the entry into force of such laws has been delayed in Romania, and management cannot predict or influence such situations in the future, which may have a direct impact on the realization of forecasts.

**Key personnel risk** – the success and ability to deliver projects to clients is highly dependent on staff skills, motivation and loyalty. The Romanian IT market is very competitive and there are risks that employees may leave the company. To manage these risks, Safetech has adapted a number of measures: offering a competitive compensation package and promotion opportunities, constant recruitment even when there are no ongoing projects just to be able to always meet the growing demand from customers. In addition, the company actively recruits early-career IT specialists, offering them training and development opportunities. Due to this aspect, the share of salaries in the general costs of doing business is the most significant, but this helps the company to maintain its competitiveness. However, it is not guaranteed that Safetech will always be able to find the necessary number of qualified personnel, especially in the field of ethical hacking, which is highly specific and requires very specific skills.

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

**Price risk** - in 2016, in order to reduce price risk, the management decided to change the business strategy and focus on value-added services to the detriment of the sale of hardware, which in previous years contributed a significant share of revenues, but instead had a small profit margin. Thus, since 2017, the company has adjusted its model, focusing on the delivery of value-added services and increasing profitability. Given the nature of Safetech's business, the risk of commoditization of the business, i.e. the risk of the service or technology becoming very widespread and widely adopted, is reduced because the company relies heavily on the skills of its team of ethical hackers. Since the cost of hiring qualified IT professionals is very high not only in Romania, but also in the whole world, the risk that a competitor could force the company to lower the price of services in order to maintain its position in the market is relatively low. However, the management actively monitors the local and international markets to be able to always provide value-added services and maintain a leading position in the local market.

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**Cash-flow risk** – this represents the risk that the company will not be able to honor its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of trade and other payables. Thanks to this business model, which includes providing monitoring services for a fixed monthly fee, the company manages to maintain a healthy cash flow.

**Credit risk** – this is the risk that a third party natural or legal entity will not fulfill its obligations under a financial instrument or under a customer contract, thus leading to a financial loss. The Company is exposed to credit risk from its operating activities and its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company manages this risk by carefully selecting customers and having a strict procedure for documenting orders and the provision of services or delivery of goods.

**Liquidity risk** – liquidity risk is associated with holding immovable or financial assets. The company's activity does not depend on holding immovable or financial assets and turning them into liquid assets. The company does not own any financial assets. The fixed assets of the company, mainly technological equipment, are used in the current activity of providing services.

**Currency risk** – the possibility of recording losses from international commercial contracts or other economic relationships, due to changes in the exchange rate of the currency in the period between the conclusion of the contract and its maturity. As the company plans to expand into other international markets, from Europe or the US, it will be exposed to this type of risk.

**Personal data protection risk** – in the course of its business, the company collects, stores and uses data that is protected by personal data protection laws. Although the issuer takes precautionary measures to protect customer data, in accordance with the legal requirements regarding the protection of privacy, especially in the context of the implementation of the General Data Protection Regulation (EU) 2016/79 and in Romania (starting from May 25, 2018), data leakage risks cannot be completely eliminated. The Company considers this risk and takes precautions to protect customer data in accordance with applicable legal requirements. The Issuer takes all necessary precautions in this area, but there is a possibility that, considering that it carries out commercial relations with various contractual partners, they may not fully comply with the relevant contractual terms and all the data protection obligations imposed on them.

**Competition risk** - the entry of new competitors into the market, especially from outside Romania, will intensify competition and put pressure on the company's activity, with the risk of recording a decrease in profit and even its insolvency.

**The risk of loss of reputation** - is a risk inherent in the company's activity, reputation being particularly important in the business environment, especially in its field of activity, cyber security. Reputational risk is inherent in Safetech's business. The ability to retain and attract new customers also depends on the recognition of the Safetech brand and its reputation for service quality in the market. A negative public opinion of the company could result from

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actual or perceived practices in the cybersecurity market in general, such as negligence during the provision of services or even the way Safetech conducts or is perceived to conduct its business.

**General economic risks** - the issuer's activities are sensitive to economic cycles and general economic conditions. Both international financial crises and the unstable economic environment can have significant negative effects on the activity, operational results and financial position of the issuer. Socio-political turmoil can also impact the company's business. The international financial markets felt the effects of the global financial crisis that started in 2008. These effects were also felt on the Romanian financial market in the form of the low liquidity of the capital market, as well as through an increase in medium-term financing interest rates, because of the global liquidity crisis. In the future, such a scenario could be repeated and possible significant losses suffered by the international financial market, with major implications on the local market, could affect the Issuer's ability to obtain new loans or financing, under sustainable conditions.

**Pandemic risk** - although ignored in the last decades, this risk (especially the risk of global epidemics, respectively the risk of pandemics) has returned to the public's attention. Although for some companies these may become opportunities, at least in the short term, the overall economic impact is considered to be negative. Thus, there are opinions that, depending on the nature and severity of the pandemic, it can induce recessions lasting a quarter, or even several years. In conditions where the reactions of the public authorities and/or the medical community would not be the right ones, there is even a risk of a depression that would lead to important reductions in economic activity and in the price of most assets. For example, in the first months of 2020, a coronavirus pandemic (SARS-COV-2), known as COVID-19, emerged. This pandemic has resulted in declines of more than 25% from their most recent highs for major stock indices globally. This has similarly influenced the local capital market. Moreover, internationally, most major asset classes have been severely negatively impacted, even those that traditionally function as havens for investors.

**Fiscal and legal risk** - the issuer is governed by Romanian legislation and even if Romanian legislation has been largely harmonized with European Union legislation, subsequent changes may occur, respectively new laws and regulations may be introduced, which may produce effects on the company's activity. Legislation in Romania is often unclear, subject to different interpretations and implementations and frequent changes. Both the modification of fiscal and legal legislation, as well as possible events generated by their application, can materialize in possible fines or lawsuits filed against the company, which can impact the activity of the issuer.

**The risk associated with other types of litigation** - in the context of the performance of its activity, the issuer is subject to a risk of litigation, among others, as a result of changes and development of legislation. The issuer may be affected by other contractual claims, complaints and litigation, including from counterparties with whom it has contractual relationships, customers, competitors or regulatory authorities, as well as any adverse publicity that such an event attracts. At the time of writing this report, Safetech Innovations S.A. was not involved in any litigation in an active or passive procedural capacity.

**Risk of garnishment of the issuer's accounts** - garnishment is an enforcement measure that can be applied to a company. Thus, the issuer's accounts may be blocked as a result of the seizure, if the issuer's creditors request this measure to recover their claims. The garnishment of the Company's accounts entails the blocking of the amounts in the garnished accounts and

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may lead to the difficulty or impossibility of the Company to honor its subsequent obligations, in the agreed terms.

**Risk associated with insolvency and bankruptcy** - Romanian bankruptcy and enforcement legislation does not offer the same level of rights, remedies and projections enjoyed by creditors under the legal regimes of other European Union jurisdictions. In particular, Romanian bankruptcy and enforcement law and practice may make the company's recovery of amounts related to secured and unsecured claims in Romanian courts much more difficult and time-consuming compared to other countries.

**Risks related to investments in Romania**, in an economic and political context - Romania's economy is vulnerable in conditions of regional or international recession, financial and economic problems at a general level can be felt more acutely in certain markets or 28 sectors. Also, political and social changes can be an unpredictable factor. Romania does not possess all the business, legal and regulatory infrastructure that would exist in a developed economy. The legislation is subject to varying interpretations and is frequently amended.

**Geopolitical Risk** – Safetech operates in a globalized market and, therefore, its business and revenues are interdependent on global macroeconomic conditions. International efforts to limit the spread of COVID-19 have had a significant negative effect on global macroeconomic conditions, which continue to cause economic uncertainty. In addition, the military conflict generated by the Russian Federation in Ukraine, instability in global credit markets, rising prices of essential commodities (oil, electricity, etc.), changes in public policies, such as domestic and international ones, such as regulations, taxes or international trade agreements, international trade disputes, change of governments, geopolitical unrest and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions. Management estimates that the war currently does not have an impact on the financial statements. The long-term impact cannot be predicted, however, at the date of these financial statements, the Group continues to meet its obligations as they fall due and, therefore, continues to apply the going concern basis of preparation.

**Other risks** - potential investors should consider that the risks presented above are the most significant risks of which the company is aware at the time of writing this report. However, the risks presented in this section do not necessarily include all those risks associated with the activity of the issuer, and the company cannot guarantee that it includes all relevant risks. There may be other risk factors and uncertainties of which the company is not aware at the time of writing the report and which may change the actual results, financial conditions, performance and achievements of the issuer in the future and may lead to a decrease in the price of the company's shares. Investors should also undertake the necessary due diligence in order to make their own assessment of the investment opportunity.

**Impact on the environment** The professional activity of Safetech Innovations has no impact on the environment. There is no litigation and no litigation is expected to arise related to environmental protection.

The company is exposed to credit risk, liquidity risk and market risk (mainly currency risk). The Company's management oversees the management of these risks. All activities related to derivative financial instruments aimed at managing risks are carried out by teams of specialists who have the appropriate skills, experience and supervision. It is the Group's policy not to carry out transactions with derivative financial instruments for speculative purposes.

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**Currency risk** - Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Company's exposure to the risk of changes in the exchange rate mainly refers to the Company's operating activities (when revenues or expenses are denominated in a currency other than the Company's functional currency).

The company has transactions in currencies other than its functional currency (RON).

The exposure to exchange rate risk (mainly due to the EUR and USD currencies) is not significant, so the Group does not use risk hedging instruments.

<b>June 30, 2025</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>SAR</b>	<b>AUD</b>	<b>RON</b>	<b>Total</b>
Trade receivables	231.708		478.875.00			4.390.649	5.101.232
Cash and cash equivalents	1.107	8.510	34.742	13.038	95	2.327.899	2.385.391
<b>Total assets (1)</b>	<b>232.815</b>	<b>8.510</b>	<b>513.617</b>	<b>13.038</b>	<b>95</b>	<b>6.718.547</b>	<b>7.486.623</b>
Liability	525.731	-	69.421.00	-	-	3.969.365.16	4.564.517
Short term loans							8.834.308
Lease liabilities	50.681	-	118.818.92	-	-	218.250.22	387.750
Other current liabilities			237.589			2.200.921	2.438.510
<b>Total debts (2)</b>	<b>576.412</b>	<b>0</b>	<b>425.829</b>	<b>0</b>	<b>0</b>	<b>6.388.536</b>	<b>16.225.085</b>
<b>Difference (1) - (2)</b>	<b>(343.596)</b>	<b>8.510</b>	<b>87.787.63</b>	<b>13.038.08</b>	<b>95</b>	<b>330.011</b>	<b>(8.738.462)</b>

The detail of financial instruments in foreign currencies is presented as follows (the amounts are expressed in RON equivalent):

	<b>June 30, 2025</b>	<b>December 31, 2024</b>
Trade receivables	5.101.232	5.844.292
Cash and cash equivalents	2.385.391	1.909.499
<b>Total assets (1)</b>	<b>7.486.624</b>	<b>7.753.791</b>
Liabilities	4.564.517	6.244.290
Short-term borrowings	0	8.970.234
Lease liabilities	387.750	2.725.434
Other current liabilities	2.438.510	553.917
<b>Total liabilities (2)</b>	<b>7.390.776</b>	<b>18.493.875</b>
<b>Difference (1) - (2)</b>	<b>(95.847)</b>	<b>(10.740.084)</b>

The Group's assets and liabilities are presented at historical cost except for lease liabilities which are presented at fair value.

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**The sensitivity of the currency risk**

The sensitivity to a reasonable possible change in the exchange rate of the US dollar and EUR (of 10%), all other variables being kept constant, of the Company's profit before taxation (due to changes in the value of monetary assets and liabilities) is considered by the Company to have an insignificant impact. The Company's exposure to currency changes in any other currencies is not significant.

***Credit risk***

Credit risk is the risk that a counterparty will not fulfill its obligations under a financial instrument or under a customer contract, thus leading to a financial loss. The company is exposed to credit risk from its operating activities (mainly for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

***Trade receivables***

The credit risk of customers is managed by the Group, subject to the established policy; however, the Group considers that the credit risk on the receivables is small. The receivables balance is monitored at the end of each reporting period and any major delivery to a customer is analysed. Impairment indicators are analyzed at each reporting date. The Group assesses the risk concentration regarding trade receivables as low.

***Financial instruments and cash deposits***

The credit risk resulting from balances at banks and financial institutions is managed by the Group's treasury department, according to the Group's policies. The Group's maximum exposure to credit risk for the components of the financial position statement is represented by the accounting values illustrated in Note 12.

***Liquidity risk***

The Group monitors its risk of facing a shortage of funds using a recurring liquidity planning tool.

On June 30, 2025, the Group has no long-term financing (neither from commercial partners, nor debts to financial institutions).

All the Group's debts on June 30, 2025 will be due in less than 1 year, with the exception of the leasing debt.

The table below details the maturity profile of the Group's trade receivables and financial liabilities:

<b>On June 30, 2025</b>	<b>&lt;30 days</b>	<b>30 – 60 days</b>	<b>60 - 120 days</b>	<b>&gt;120 days</b>	<b>Total</b>
Trade and other receivables	4.699.210	125.359	161.469	115.195	5.101.232

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<b>On June 30, 2025</b>	<b>&lt;30 days</b>	<b>30 – 60 days</b>	<b>60 - 120 days</b>	<b>&gt;120 days</b>	<b>Total</b>
Cash and cash equivalents	2.385.391				2.385.391
<b>Total Assets</b>	<b>7.084.601</b>	<b>125.359</b>	<b>161.469</b>	<b>115.195</b>	<b>7.486.624</b>
Trade payables	3.394.507	111.340	1.036.677	21.993	4.564.517
Short-term loans					0
Leasing payables	34.267	34.522.87	69.822.64	249.136.77	387.750
Other debts	2.438.510				2.438.510
<b>Total liabilities</b>	<b>5.867.284</b>	<b>145.862</b>	<b>1.106.500</b>	<b>271.130</b>	<b>7.390.776</b>

**20. SUBSEQUENT EVENTS**

There are no subsequent events to report.