



SAFETECH
INNOVATIONS

2025 ANNUAL REPORT



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

BVB: **SAFE**

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www.safetech.ro

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ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	2025 Annual Report
For financial period	01.01.2025 – 31.12.2025
Report publishing date	24.03.2025
According to	Annex 15 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 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 individual and consolidated financial statements presented in the below pages are prepared in accordance with the International Financial Reporting Standards, adopted by the European Union ("IFRS"). The individual and consolidated financial statements as of December 31, 2025 **are audited**.

LETTER FROM THE CEO

Dear shareholders,

The financial results for 2025 reflect the adaptability of Safetech Innovations' business model in a market environment that proved more challenging than anticipated at the beginning of the year. In 2025, revenue amounted to RON 35.6 million, down 17% compared to the previous year, primarily as a result of a decrease in the cybersecurity solutions sales component, while operating result remained at a level comparable to 2024, at RON 13.3 million. Net profit reached RON 11.3 million, up 2% year-on-year, confirming the financial and operational discipline that enabled us to protect our margins in a year characterized by volatility and cautious investment behavior across the market.



Although the fourth quarter traditionally represents the strongest period of the year for both the Company and the technology sector overall, in the final months of 2025 we operated in an environment marked by uncertainty, particularly in December, when economic slowdown and political instability led to contract cancellations and postponements. These developments negatively affected the expected pace of project closures and the level of quarterly revenue and profit. Nevertheless, the significant share of recurring contracts within our revenue structure ensured financial stability and predictability, limiting the impact of these external factors on our annual results.

In external markets, particularly in the United Kingdom, the first six months of 2025 were more productive than the second half of the year, a period during which financing constraints and a more cautious client approach led to the postponement of several projects to 2026. This dynamic temporarily affected the pace of growth in the second part of the year; however, the opportunity pipeline remains active, and the postponed projects continue to be in advanced stages of discussion.

In 2025, cybersecurity services accounted for approximately 55% of total revenue, increasing as a share compared to the previous year, while revenue from the sale of cybersecurity solutions declined, representing 45% of total revenue. The shift in revenue structure led to a decrease in total revenue but supported the consolidation of the net margin, as services structurally generate higher margins compared to the solutions component. At the same time, the 56% reduction in merchandise expenses, together with the optimization of marketing and rental costs, supported the maintenance of profitability at a solid level.

During Q4 2025 and at the beginning of 2026, we experienced delays in the collection of certain receivables from public institutions and authorities. Part of these payments is related to projects financed through the National Recovery and Resilience Plan (PNRR), and cash flows depend on the approval of the corresponding budgets. We estimate that the outstanding amounts will be collected following the approval of the state budget, without any structural impact on the Company's operations.

The year 2026 is shaping up to be significantly more favorable, both in the domestic and international markets. The current geopolitical context has led to the allocation of additional budgets to the cybersecurity sector at both national and European levels, creating further growth opportunities for the Company. In this context, we are engaged in discussions with potential

partners for joint participation in tenders organized under the European Security Action for Europe (SAFE) programs, which include a substantial cybersecurity component.

During the same period, we signed collaboration and subcontracting agreements with companies in Spain, Belgium, the Netherlands and Germany, initiated discussions with partners in Kenya and Nigeria, and will continue our dialogue with partners in the Middle East. From a strategic perspective, we will focus on expanding partnerships in Europe and on implementing contracts under the European Commission's FREIA framework agreement, where multiple concrete opportunities have emerged. Under this framework agreement, we have already signed two contracts with a total value exceeding EUR 200,000 and have additional contracts in the process of being signed. We estimate that approximately 15% of 2026 revenue will be generated from international contracts, primarily under the FREIA agreement.

In the United Kingdom and the United States, we continue our strategy of attracting small and medium-sized clients, with a particular focus on SaaS companies operating in regulated industries. In 2025, we signed 12 new clients, delivering CREST-accredited security testing projects and managed cybersecurity services. Safetech UK is beginning to consolidate a recurring client base and enjoys a solid market reputation, factors that support the expansion of its client portfolio going forward. Notably, these results were achieved with a lean team of two professionals covering both markets, highlighting the efficiency of the operating model and its significant scalability potential. The certification obtained at the end of 2025 for CREST-accredited security testing services will facilitate access to more complex projects and support the acceleration of new client and contract acquisition.

At the same time, Safetech UK was selected for the Pre-Global programme developed by London & Partners, the official promotional agency for London, and will benefit from tailored support aimed at accelerating its export activities. In parallel, we are participating in the Soft Landing programme in the State of Maryland, an initiative designed to facilitate entry into the U.S. market, with commercial results expected to become visible starting in 2026.

Furthermore, the Company has submitted several projects within international consortia in Brussels, with evaluation results expected to be communicated in the near future. In light of the increasing number of opportunities at the beginning of the year, certain CEO responsibilities have been delegated to the Chairman of the Board of Directors, Victor Gânsac, until the appointment of a Chief Technical Officer, in order to efficiently support commercial and operational development.

The recurring contracts currently in place, together with the growing pipeline of domestic and international opportunities, enable us to target minimum 25% growth in both revenue and profit in 2026, in a market environment that is becoming increasingly favorable for the cybersecurity industry.

I invite you to read in the following pages more details about Safetech's performance in 2025. In case of any questions related to our activity, whether it is about the business or the company's activity on the capital market, please do not hesitate to contact us at investors@safetech.ro.

Victor Gansac

Founder and Chairman of the Board of Directors

KEY INDICATORS 2025 (CONSOLIDATED)



REVENUE

RON 54.9 MILLION

-9% vs. 2024



TURNOVER

RON 35.6 MILLION

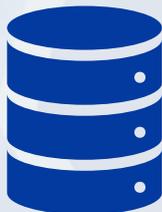
-17% vs. 2024



GROSS RESULT

RON 12.9 MILLION

~0% vs. 2024



NET RESULT

RON 11.3 MILLION

+2% vs. 2024



KEY INDICATORS 2025 (INDIVIDUAL)



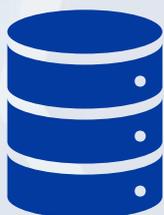
REVENUE
RON 54.1 MILLION
-10% vs. 2024



TURNOVER
RON 34.7 MILLION
-18% vs. 2024



GROSS RESULT
RON 13.6 MILLION
-11% vs. 2024



NET RESULT
RON 11.9 MILLION
-12% vs. 2024



ABOUT SAFETECH INNOVATIONS

BRIEF HISTORY

Safetech Innovations S.A. (the "Company", "the Issuer", "Safetech", "the Company") is a cybersecurity company from Romania, founded by certified information security experts with extensive proven experience in security projects for institutions and companies from all sectors. The Company was established as a limited liability company (S.R.L.) by Victor Gânsac, Paul Rusu, Teodor Lupan, and Adrian Vlada in 2011.

The main change in Safetech's business strategy occurred in 2016 when management decided to focus on value-added services instead of hardware sales, which in previous years contributed significantly to revenues but had a low profit margin.

In 2016, Safetech established its own Research and Development department using its own financial resources. Currently, the Company has a number of proprietary cybersecurity products under development or intended for development.

Prior to admission to trading on the multilateral trading system operated by the Bucharest Stock Exchange, the Company was transformed into a joint-stock company (S.A.), owned at that time by two shareholders, the co-founders of the Company, Victor Gânsac and Paul Rusu.

In October 2020, prior to admission to trading on the AeRO market operated by the Bucharest Stock Exchange, the Issuer successfully carried out a private placement, raising a total of RON 2.5 million from investors, after the offer was oversubscribed in 37 seconds, reaching a record subscription rate of 857%, respectively, the highest subscription rate of an offer carried out by a private company listed on the Bucharest Stock Exchange in the last six years, calculated at that respective time.

On January 29th, 2021, Safetech Innovations (SAFE) shares debuted on the AeRO market of the Bucharest Stock Exchange. On the first day of listing, shares worth RON 8.9 million were traded, and the price reached RON 24 per share, 500% higher than the price in the private placement.

On January 6th, 2022, the Company informed investors about the completion of the first stage of the share capital increase, carried out from December 6, 2021, to January 5, 2022. In this stage, investors subscribed 52.2% of the 1,000,000 available shares. Subsequently, on January 19, Safetech informed the market about the successful completion of the second stage of the share capital increase. The private placement carried out in the latter stage was closed in advance, on the first day, and given the high interest of investors, the shares were allocated to shareholders "pro-rata", with an allocation index of 0.6236827919.

On January 14th, 2022, the Extraordinary General Meeting of Shareholders took place, during which the shareholders voted in favor of establishing a new company, partially owned by Safetech Innovations S.A. as an associate, with a 49% stake in the share capital, aimed at expanding the company's activity abroad. The company SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C. has already been established as a limited liability company operating in accordance with the laws of the United Arab Emirates, with its headquarters in Abu Dhabi, United Arab Emirates, Istiqlal Street, Corniche View Tower\Invest Bank Building, 1st floor.

During the Extraordinary General Meeting held in April 2022, the shareholders approved the admission of Issuer's shares to trading on the regulated market of the Bucharest Stock Exchange.

On August 22nd, 2022, Safetech Innovations informed the market that, following the completion of all necessary formalities, SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED, an entity owned 67% by the Company, with its headquarters in the United Kingdom, became operational.

In April 2023, the entity in the United States of America was established. and the activity to be operationalized once the UK entity will be self-financing through its own contracts.

In March 2024, the Company announced to investors about the opening of the subsidiary in the Kingdom of Saudi Arabia, in which Safetech Innovations owns 100% of the share capital.

In 2025, the Company went through several stages of consolidating its team in Romania, a process finalized with the appointment of a new Chief Executive Officer, marking an important milestone in the Company's development

As of December 31st, 2025, the Company's shareholder structure, according to the information available on the Bucharest Stock Exchange website, was as follows:

Shareholder	No. of shares	Percent
Victor Gansac	46,936,814	28.8455%
Paul Rusu	46,901,136	28.8236%
Natural Persons	65,085,886	39.9994 %
Legal Persons	3,793,817	2.3315%
TOTAL	162,717,653	100%

Between 01.01.2025 - 31.12.2025, investors traded SAFE shares, with a total value of approximately RON 10.6 million (an average daily trading value of RON 42,920.2).

Starting with 06.02.2023, the Company's shares are traded on the Main Segment of the Bucharest Stock Exchange, Standard Category.

None of the subsidiaries of Safetech Innovations S.A. owns SAFE shares. The issuer has not issued bonds or debt securities.

DESCRIPTION OF THE ISSUER'S ACTIVITY

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.

CERTIFICATIONS

Safetech experts are certified in all areas of cyber security, including for critical infrastructures. In addition to the above, the company's research department has significant innovation potential, proven by its involvement in cybersecurity technology, high-tech and strategic projects

developed under national and European research and development programs. The company employees have the following professional certifications:



Over the years, Safetech has received several international certifications, including:



Safetech Innovations has also been accredited as a Cybersecurity Auditor for essential service operators, based on the Law 362/2018 on ensuring a high common level of security of networks and information systems, by the National Cyber Security Incident Response Center (CERT-RO). CERT-RO is the competent national authority for network and information system security.

EXPERIENCE

Safetech has worked with over 15 local and international banks and financial institutions, key players in the energy and utilities sector, various ministries, hospitals and private companies. Examples of projects that the Safetech team has successfully implemented include:

- Risk assessment and implementation of various IT security solutions for a key player in the Romanian electricity distribution and supply market;
- Risk assessment, security monitoring and implementation of various cybersecurity solutions for the concessionaire of public water supply and sewerage services in a large European capital;
- Security testing for a national airline;
- Risk assessment for the largest Romanian candy producer;
- Security services and implementation of digital security solutions for several Romanian banks (Top 10);
- Implementation of IT security solutions for the national railway system;
- Implementation for the European Union Agency for Network and Information Security (ENISA) the project "Formalization of a standardized framework on appropriate security measures for small and medium-sized enterprises for the processing of personal data";

COMPLETE PORTFOLIO OF SERVICES AND SOLUTIONS

Services:

- Penetration tests and source code audit
- Security consulting
- Development and implementation of security standards
- Security event monitoring (through STI CERT)
- Security incident detection and response (through STI CERT)
- Security audit
- Risk Analysis
- Vulnerability analysis
- Security program design and implementation
- Periodic scanning of vulnerabilities
- Automation of security configurations
- Services that ensure business continuity and data recovery in the event of a disaster
- Security courses

Solutions:

- Access management solutions
- Solutions for securing network infrastructure (Firewalls, IDS / IPS)
- Solutions for securing critical infrastructure
- Solutions for mobile device security
- Firewalls to protect web applications
- Web traffic filtering solutions
- IoT device security solutions
- Solutions for the security of medical devices
- Solutions for securing e-mail
- Solutions for collecting, analyzing and correlating security events
- Solutions for securing databases
- Solutions for scanning and managing vulnerabilities
- Workstation protection solutions
- Solutions to prevent data loss

RESEARCH & PROPRIETARY PRODUCTS

In 2016, Safetech set up its own Research and Development department, using its own financial resources. Currently, the Company has a number of proprietary cybersecurity products under development or that it intends to develop, which will bring new added value to customers. In addition, the Company operates a private emergency response team in Romania, called STI CERT - Computer Emergency Response Team (CERT) / Computer Security Incident Response Team (CSIRT), available to customers in the public and private sectors, which provides continuous monitoring cybersecurity threats and intervention in the event of security incidents. STI CERT is designed to support companies, institutions and organizations that want to be protected against cyber-attacks through continuous monitoring (24/7), prompt response and rapid recovery from cybersecurity incidents. STI CERT is accredited at European level by the Trusted Introducer and offers a 24/7 monitoring system, alerting, incident management and forensic research.

The company wants to further develop patented products. So far, Safetech has four such products in its portfolio, monetized both through subscription sales to clients and by optimizing operations through their use in service delivery:

iSAM - In March 2019, Safetech launched its first cybersecurity product - iSAM, Information Security Automation Manager. iSAM enables companies' information security managers to better manage cybersecurity within their organizations, automating certain processes, providing real-time updates on the level of cyber protection, and enabling early detection of cybersecurity threats. Safetech holds the certificate of registration in the National Register of Computer Programs for iSAM. The certificate was issued on 22.01.2020 by the Romanian Copyright Office.

The main features of the application developed by Safetech include:

- inventory of business processes and information systems;
- management of security policies and standards within the organization;

- continuous analysis and management of risks and vulnerabilities;
- security event and incident management.

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

The solution is mainly addressed to large companies in the financial-banking, health, transport, energy, utilities, as well as 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 Supervisory Authority (FSA) on operational risk management;
- NBR Regulation 3/2018 on monitoring the financial market and infrastructure of payment instruments;
- General Regulation on the Protection of Personal Data (GDPR).

The capitalization of the project is done by two methods:

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

ToR-SIM (research project completed in 2020) - Utilization in the form of either a perpetual license or subscription (annual service on premises) to the integrated software platform for malware analysis of mobile terminals (Acronym: ToR-SIM). A software platform that seamlessly integrates malware analysis procedures for most existing devices on the market today, in order to enhance the security of terminals and networks, identify operational requirements and capabilities to develop and secure solutions for mobile devices and applications that to ensure, through a partnership between the responsible governmental factors, the academic and industrial environment, the increase of the efficiency of the cyber protection solutions. The platform is developed at the prototype level, validated by a single beneficiary (the one established by the research project, which accepted that the product was developed according to the project requirements). The development of the product at the level of commercial product will continue if the need is found in the market.

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 actions to design and implement measures to improve the components of the management system (strategy, structure, information system, decision-making system, methodological system), designed to increase the performance and competitiveness of the organization.

SAFECyberRange - The Cyber Range software platform, developed with in-house resources, is a platform that enables training in awareness, prevention, identification, classification, and counteraction of potential cyberattacks by providing viable and rapid solutions. At the same time, it offers a collaborative and competitive environment for training, testing, and disseminating

information as a result of competitions held between various teams, according to the instructor's guidelines.

The platform can be installed at the beneficiaries' location on a dedicated physical server infrastructure, in a virtualized environment, or can be offered as a SaaS solution by SAFETECH INNOVATIONS SA.

The Cyber Range software platform primarily focuses on two use cases:

- (i) The creation and provision of a simulation environment for IT infrastructures in a controlled setting to achieve a high level of flexibility, scalability, isolation, and portability. The platform allows for the creation of virtual networks with operating systems, applications, and network devices that simulate real-world systems.
- (ii) The conduct of simultaneous training sessions in the form of cybersecurity games/competitions, complemented by an evaluation of participants. The platform enables instructors to create training scenarios, while trainees engage in training sessions through the simulated virtual environment provided by the platform

DIFERENTIATION FROM COMPETITION

- Founder, owner and operator of the Private Cyber Security Incident Response Center, STI CERT;
- Technical skills in all areas of information security;
- Expanded portfolio of innovative cybersecurity solutions;
- Expertise and reputation recognized by 100+ clients, 250+ successfully completed projects and cybersecurity services provided globally.

IMPACT ON THE ENVIRONMENT

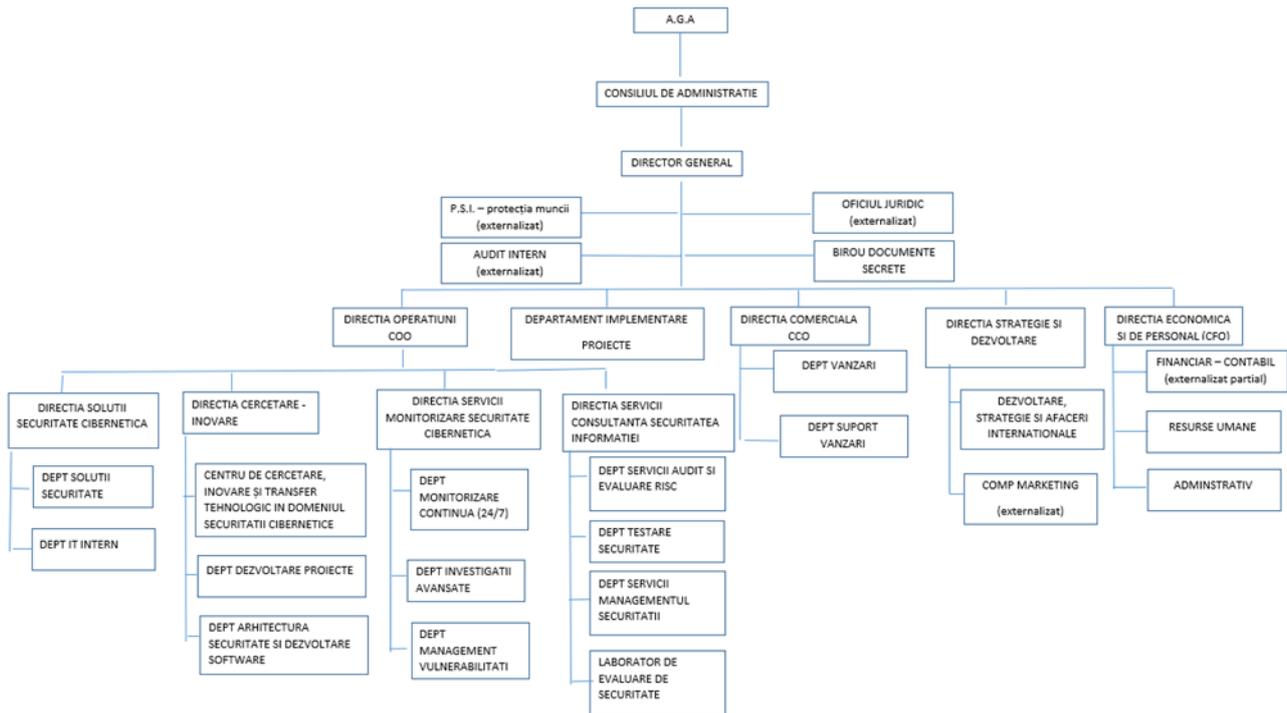
The activity of Safetech Innovations has no impact on the environment. There are no disputes, nor are there any anticipated disputes related to environmental aspects.

EMPLOYEES

Safetech Innovations had on December 31st, 2025, 78 full time employees, an increase of 5 new colleagues compared to the same period of the previous year. 88% of Safetech employees have higher (university) education. The division of employees into departments is as follows:

- Commercial Department: 12
- Strategy and Development Department: 1
- Department of Cybersecurity Solutions: 4
- Information Security Consultancy Services Department: 12
- Department of Cybersecurity Monitoring Services: 24
- Research - Innovation Department: 18
- Implementation of projects department: 2
- Economic and Personnel Department: 4
- General Manager and Board of Directors: 3

Safetech Innovations organization chart looks as follows:



The company does not have a trade union established in accordance with Law no. 367/2022 on social dialogue. Furthermore, there is currently no collective bargaining agreement at company level. The absence of a CBA results from the legal consultation and negotiation procedure carried out in August 2025, during which the employees' representative and the employer concluded that employees' rights are already adequately regulated through the Internal Regulations and no requests were made to negotiate a new agreement.

DIRECTORS AND EXECUTIVE MANAGEMENT

The company is managed by a Board of Directors, consisting of 3 members, appointed by the Ordinary General Meeting of Shareholders dated 22.10.2025:

- Victor Gansac;
- Alexandru-Florin Mihailciuc; and
- Maria – Margareta Mucibabici;

Victor GANSAC – BoD Chairman and Manager

Victor Gansac was appointed as a member of the Board of Directors through the OGMS Decision dated 22.10.2025 and also serves as the Manager of the Company.

Ownership percentage: Victor Gansac is co-founder of Safetech Innovations and holds 28.8455% of the shares issued by the Company.

Remuneration: For the fiscal year ended on 31.12.2025, Mr. Victor Gansac, as Chairman of the Board of Directors and General Manager of the Company, received a gross remuneration of RON 252,000, as well as benefits in the amount of 955 lei, representing private clinic subscription.

Additional information, according to legal regulations:

- At 31.12.2025, Victor Gansac held 20% of Safetech Intelligence S.R.L, a company without activity;
- For the past 5 years, Victor Gansac has not been banned by a court from serving as a member of the board of directors or supervisor of a company.

- (iii) In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which Victor Gansac is a member of the board of directors or supervisor.
- (iv) Victor Gansac has no professional activity that competes with that of the Company and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed administrator.

The Chairman of the Board of Directors carries out his activity based on a mandate contract, in accordance with the OGMS Decision date 22.10.2025.

Education:

- 2002: Engineer's Diploma / High education degree (Computer Systems Science) - Facultatea de Automatica și Calculatoare, Universitatea Politehnica, Bucharest;
- Certifications: CISSP (Certified Information Systems Security Professional), CSSLP (Certified Secure Software Lifecycle Professional), CISA (Certified Information Systems Auditor), CISM (Certified Information Security Manager), CIPT (Certified Information Privacy Technologist), and GICSP (Global Industrial Cyber Security Professional).

Professional experience:

- **18.04.2022 – present:** Chairman of the Board of Directors and Manager of Safetech Innovations (until 31.12.2025 he also held the position of General Manager of the Company);
- **01.06.2011 – 18.04.2022:** Sole Director of Safetech Innovations;
- **01.01.2010 – 31.05.2011:** Manager of the Security Management Department within the Banking Security Department (Raiffeisen Bank);
- **01.05.2007 – 31.12.2009:** Security Strategy and Planning Coordinator within the Security Management Department (Raiffeisen Bank);
- **01.06.2002 – 30.04.2007:** Network Administrator (Raiffeisen Bank).

Alexandru-Florin MIHAILCIUC – Non-executive and independent member of the BoD

Alexandru-Florin Mihailciuc was appointed as a member of the Board of Directors through the OGMS Decision dated 22.10.2025.

Ownership percentage: On 31.12.2025, Mr. Mihailciuc held 368,783 shares of the Company.

Remuneration: For the fiscal year ended on 31.12.2025, Mr. Mihailciuc, as member of the BoD, received a gross remuneration of RON 60,000, having no other benefits granted by the Company.

Additional information, according to legal regulations:

- (i) At 31.12.2025, Alexandru-Florin Mihailciuc held the position of Senior Vice President Sales Engineering, Customer Success, Renewals and Premium Support EMEA APJ;
- (ii) For the past 5 years, Alexandru-Florin Mihailciuc has not been banned by a court from serving as a member of the board of directors or supervisor of a company.
- (iii) In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which Alexandru-Florin Mihailciuc is a member of the board of directors or supervisor.
- (iv) Alexandru-Florin Mihailciuc has no professional activity that competes with that of the Company and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed administrator.

Alexandru-Florin Mihailciuc carries out his activity based on a mandate contract, in accordance with the OGMS Decision date 22.10.2025.

Education:

- **2011:** Academia de Studii Economice, Bucharest – PhD (Environmental Economics);
- **2009:** Academia de Studii Economice, Bucharest – Master's Degree (Environmental Economics);
- **2008:** Universitatea Româno - Americană – Bachelor's Degree (European Integration Economics);
- **2007:** Academia de Studii Economice, Bucharest – Bachelor's Degree (Environmental Economics).

Professional experience:

- **Septembrie 2020 – present:** Vice President, Sales Engineering, Customer Success & Renewals Lead EMEA (UiPath);
- **2017 – 2020:** Vice President, Global Head of Sales Engineering (UiPath);
- **2015 – 2017:** Assistant Vice President, End User Computing & Customer Service Practice & Solutions Leader EMEA and LATAM regions (GENPACT);
- **2014 – 2015:** Senior Manager, Global Account Manager & EUC Practice and Solutions Lead EMEA (GENPACT);
- **2013 – 2014:** Senior Manager, Global Account Manager (GENPACT);
- **2013 – 2013:** Manager, Regional Program Manager (GENPACT);
- **2011 – 2013:** Project Manager (BPM Wave – Software Development and IBM official solutions integrator);
- **2009 – 2011:** Sales & Acquisition Manager (ALTO IMPEX– Dairy Industry);
- **2007 – 2009:** Management Trainee in IT Services (GENPACT);
- **2005 – 2007:** Part Time IT Analyst (Alpen Rose International – Petrochemical Industry).

MARIA-MARGARETA MUCIBABICI – Non-executive and independent member of the BoD

Maria-Margareta Mucibabici was appointed as a member of the Board of Directors through the OGMS Decision dated 22.10.2025.

Ownership percentage: On 31.12.2025, Maria-Margareta Mucibabici did not hold shares of the Company.

Remuneration: For the fiscal year ended on 31.12.2025, Maria-Margareta Mucibabici, as member of the BoD, received a gross remuneration of RON 11,739, having no other benefits granted by the Company.

Additional information, according to legal regulations:

- (i) At 31.12.2025, Maria-Margareta Mucibabici held the position of Board Member within the UiPath Foundation;
- (ii) For the past 5 years, Maria-Margareta Mucibabici has not been prohibited by a court of law from serving as a member of the board of directors or supervisory board of a company.
- (iii) In the last 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of some companies, of which Maria-Margareta Mucibabici is a member of the board of directors or supervisor.
- (iv) Maria-Margareta Mucibabici has no professional activity that competes with that of the Company and is not part of any agreement, understanding or family relationship with a third party due to which he would have been appointed administrator.

Maria-Margareta Mucibabici carries out his activity based on a mandate contract, in accordance with the OGMS Decision date 22.10.2025.

Education:

- **2013** – University of Bucharest, Faculty of Law, Law Degree;

Professional experience:

- **2025 – present**, Independent Public Affairs & Social Impact Advisor
- **2024 – 2025**, Deputy Managing Director, Public Affairs Solution;
- **2023 – 2024**, Senior Advisor, Public Affairs Solutions
- **2022 – 2023**, Public Affairs & Social Impact Director, UiPath
- **2019 – 2022**, Public Affairs Manager, UiPath
- **2018 – 2019**, Legal & Public Affairs Associate, UiPath
- **2017 – 2018**, Public Affairs Associate, McGuireWoods Consulting
- **2013 – 2017**, Associate, Bulboacă & Asociații.

Starting with 1 January 2026, the Board of Directors delegated the executive management responsibilities to a new Chief Executive Officer, **Mr. Ionuț-Vasile Georgescu**, for a mandate valid until 30 April 2028, the position having previously been held by Mr. Victor Gânsac.

Shareholding: As of 31 December 2025, he did not hold any shares in the Issuer.

Additional information in accordance with applicable legal regulations:

(i) As of 31 December 2025, Mr. Georgescu held the position of Chief Operating Officer within SAFETECH INNOVATIONS SA.

(ii) Over the past 5 years, Mr. Georgescu has not been prohibited by a court of law from serving as a member of the board of directors or supervisory board of a company.

(iii) Over the past 5 years, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies in whose boards of directors or supervisory boards Ionuț-Vasile Georgescu served.

(iv) Ionuț-Vasile Georgescu does not carry out professional activities that directly compete with those of the Company and is not party to any agreement, arrangement or family relationship with a third party as a result of which he would have been appointed as a director.

Mr. Ionuț-Vasile Georgescu performs his duties based on a mandate agreement, in accordance with the Resolution of the Board of Directors dated 19 December 2026

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

UPDATE OF NACE CODES

On **January 29th, 2025**, the management of Safetech Innovations informed the market that, starting from **January 23rd, 2025**, the Company updated its NACE codes according to the NACE Rev. 3 classification, in compliance with the obligations established by INS Order no. 377/2024. According to the new classification, the Company's main field of activity is: 6220 - Information technology consultancy activities and management (operation and use) of computing resources.

More information [HERE](#).

SIGNING OF A NEW SERVICE CONTRACT

On **February 10th, 2025**, the Company, in its quality of service provider, informed investors about the signing, on **February 7th, 2025**, of a service contract for cybersecurity incident response. The contract was concluded for a period of 36 months from the signing date, with a total value of 2.5 million lei, excluding VAT.

More information [HERE](#).

CONCLUSION OF SIGNIFICANT CONTRACTS

On **February 26th, 2025**, the Company, in its quality of supplier, informed the market about the signing of a significant contract whose value exceeds 10% of the total revenues from the latest annual financial statements, concerning the provision of technical support services. The contract has a total value of RON 4,275,000 (excluding VAT) and was concluded for a period of 36 months from the signing date.

More information [HERE](#).

On **March 10th, 2025**, the Company, in its quality of partner, informed the market about the conclusion of a significant contract, whose value exceeds 10% of the total revenues from the latest annual financial statements. The contract is part of a research and development project within the Romanian Artificial Intelligence Hub – HRIA. The contract has a total value of RON 6,532,861.50, of which 4,828,571.63 lei is non-reimbursable, and it was concluded for a period of 36 months from the date of signing the financing contract.

More information [HERE](#).

OGMS&EGMS DATED 24.04.2025

On **April 24th, 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 31st, 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](#)

RESIGNATION OF A MEMBER OF THE BOARD OF DIRECTORS

On **September 1, 2025**, the Company informed investors that, on August 29, 2025, it had received the resignation of Mr. Mircea Varga, member of the Board of Directors, which will take effect starting October 29, 2025.

More information [HERE](#).

PARTICIPATION AS A SUBCONTRACTOR IN THE EUROPEAN COMMISSION'S FREIA FRAMEWORK CONTRACT

On **September 22, 2025**, the Company informed investors of its participation, as a subcontractor, in a consortium led by Ernst & Young Consulting BV/SRL and comprising Orange Business Belgium S.A., Cosmote Global Solutions N.V., and Deutsche Telekom Global Business Solutions S.A., within the framework of the FREIA framework contract awarded by the European Commission, Directorate-General for Digital Services (DG DIGIT).

The consortium was awarded first place under Lot 2 (Policy Implementation Support - EUR 128,242,320.00) and Lot 3 (Consultancy and Capacity Building Services - EUR 49,395,840.00) of the framework contract. Positions 2, 3, and 4 under this procedure were awarded to three other consortia.

As a subcontractor, the Company will carry out activities based on specific orders received during the contract period, depending on its capabilities and availability, under the coordination of the consortium leaders. The actual allocation of activities and corresponding revenues will depend on the evolving needs of DG DIGIT over the duration of the contract, as well as on the internal distribution of tasks among the consortium members according to their respective expertise.

More information [HERE](#).

OBTAINING CREST MEMBERSHIP

On **October 10, 2025**, the Company informed the market that, starting November 1, 2025, it will become a CREST member, covering operations in the EMEA region.

CREST is an international non-profit organization that sets standards of excellence for cybersecurity service providers and offers a globally recognized framework for ensuring quality and professionalism in the field.

For the Company, this accreditation represents an important strategic step that will facilitate the provision of services in the United Kingdom market and support the expansion of operations in the Middle East.

More information [HERE](#).

OGMS & EGMS HELD ON OCTOBER 22, 2025

On **September 18, 2025**, the Company's Board of Directors decided to convene the Ordinary and Extraordinary General Meetings of Shareholders for October 22, 2025.

During the two meetings, among other items, the following resolutions were approved:

- (i) the distribution of a gross dividend amounting to RON 1,627,176.53, representing a gross dividend per share of RON 0.01;
- (ii) the election of a Board of Directors composed of Victor Gânsac, Alexandru-Florin Mihailciuc, and Maria-Margareta Mucibabici;
- (iii) the implementation of a share buyback program for up to 12,717,653 shares, for the purpose of reducing the share capital by cancelling the repurchased shares.

More information [HERE](#).

APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER, AND THE MEMBERS OF THE COMMITTEES

On **October 22, 2025**, Safetech Innovations informed shareholders of the appointment of Mr. Victor Gânsac as Chairman of the Board of Directors and Chief Executive Officer of the Company.

Under the same Board of Directors' resolution, the composition of the Risk and Audit Committee was approved, consisting of Alexandru Mihailciuc (Chairman), Maria-Margareta Mucibabici (Member), and Cristina Ionela Dascălu (Member), as well as the Nomination and Remuneration Committee, composed of Maria-Margareta Mucibabici (Chairwoman) and Alexandru Mihailciuc (Member).

More information [HERE](#)

DIVIDEND PAYMENT FOR THE 2024 FINANCIAL YEAR

On **November 14, 2025**, Safetech Innovations informed its shareholders about the payment of dividends through Depozitarul Central S.A. and CEC BANK S.A. - the appointed paying agent - starting from December 19, 2025, to the Company's shareholders registered in the Shareholders' Registry kept by Depozitarul Central as of the record date of November 28, 2025.

More information [HERE](#).

INCLUSION IN THE GLOBAL TOP 250 MSSPs

On **November 16, 2025**, Safetech Innovations informed the market about the Company's inclusion in the 2025 MSSP Alert Top 250 MSSPs ranking, compiled by CyberRisk Alliance and MSSP Alert, an international recognition awarded to the world's top-performing managed security service providers.

More information [HERE](#).

APPOINTMENT OF CHIEF EXECUTIVE OFFICER (CEO)

On **December 19, 2025**, Safetech Innovations informed the market about the appointment of Ionuț Georgescu as Chief Executive Officer (CEO) of the Company, effective January 1, 2026.

More information [HERE](#).

APPOINTMENT OF DIRECTOR

On **January 16, 2026**, Safetech Innovations informed the market about the appointment of Victor Gânsac as Director of the Company.

More information [HERE](#)

ANALYSIS OF THE FINANCIAL RESULTS

CONSOLIDATED P&L ANALYSIS

The consolidated results for 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 2025, the Company recorded consolidated turnover of 35.6 million lei, down 17% compared to 2024. During 2025, the UK entity generated revenues of approximately 862 thousand lei. In 2025, Safetech UK gained 12 new clients, mainly for its cybersecurity services.

With respect to consolidated results, the evolution of the operating result compared to the previous year was supported, in addition to the individual performance described below, by the reduction of Safetech UK's operating costs by approximately 3.5 million lei (-71%) compared to 2024, mainly due to lower personnel expenses within the UK subsidiary. As a result, the UK subsidiary's operating loss decreased significantly to around 573 thousand lei, compared to 3.9 million lei in 2024, positively impacting the consolidated operating result, which increased by 1% compared to the previous year.

In addition, in 2025, Safetech KSA recorded total expenses of approximately 127 thousand lei, representing costs related to the renewal of its operating license, as well as accounting and legal consulting services.

As a result of the developments described above, the consolidated gross result for 2025 amounted to 12.9 million lei, remaining relatively constant compared to the previous year. Consequently, the consolidated net result for 2025 was 11.3 million lei, representing an increase of 2% compared to 2024.

CONSOLIDATED PROFIT AND LOSS ACCOUNT STATEMENT (RON)	2025	2024	Δ %
Turnover	35,550,962	42,877,384	-17%
Operating result	13,295,711	13,116,041	1%
Gross result	12,926,554	12,891,121	0%
Net result	11,250,013	11,073,097	2%

INDIVIDUAL P&L ANALYSIS

In 2025, the Company's turnover amounted to 34.7 million lei, representing an 18% decrease compared to 2024, driven by a decline in cybersecurity solutions, which accounted for 55% of total turnover. However, cybersecurity services recorded a significant increase, reaching 45% of turnover. This development had a positive impact on the profit margin, as these services generate higher-margin revenues compared to the cybersecurity solutions marketed by the Company.

Other operating income increased by 50% in 2025, reaching 1.5 million lei, with the majority of this income representing investment grants transferred to income, corresponding to the depreciation recorded for proprietary solutions.

Income from the production of fixed assets rose by 8% in 2025, reaching 17.9 million lei. This reflects investments in intangible assets and the development of cybersecurity solutions financed through both EU funds and the Company's own resources.

Regarding expenses, in 2025 the largest contribution came from employee benefit expenses, which increased by 21% compared to the previous year, reaching 17.3 million lei. At the end of 2025, the Company had 78 employees, compared to 73 employees at the end of 2024. The increase in headcount led to higher employee benefit expenses as a result of recruiting staff for ongoing projects financed by European and national funds. The second-largest cost category was raw materials and consumables, which decreased by 20% compared to 2024, reaching 11 million lei. This decline was mainly driven by lower costs associated with implemented solutions.

Other operating expenses increased by 8% in 2025, reaching 5.3 million lei. This category includes third-party services, royalties, management leases and rent, as well as postal and telecommunications expenses. The increase was primarily driven by higher third-party service costs. Costs related to goods sold amounted to 3.7 million lei, down 57% compared to 2024. The decrease was mainly due to the lower share of cybersecurity solution implementation projects, which involve the purchase of equipment and licenses, in favor of a higher volume of cybersecurity services, which entail lower goods-related costs.

Depreciation and impairment expenses increased by 5% in 2025, reaching 2.7 million lei. These relate to fixed assets such as laptops, furniture, monitors, as well as a process automation solution acquired in 2021 as part of an EU research and development project aimed at enhancing the Company's competitiveness. These assets generate monthly depreciation expenses calculated using the straight-line method.

The provisions category, amounting to 38 thousand lei, represents the reversal of provisions for unused vacation days from 2024.

The individual operating result reached 14 million lei in 2025, a 10% decrease compared to the previous year.

Financial expenses increased by 38% compared to the previous year, reaching 387 thousand lei. At the same time, financial income decreased by 65% in 2025, to 24 thousand lei. Consequently, the gross result for 2025 amounted to 13.6 million lei, down 11% compared to 2024. Profit tax decreased by 8% compared to the previous year, in line with the gross result for the period, reaching 1.7 million lei. Therefore, the net result for 2025 amounted to 11.9 million lei, representing a 12% decrease compared to 2024.

INDIVIDUAL PROFIT AND LOSS ACCOUNT STATEMENT (RON)	2025	2024	Δ %
Turnover	34,688,704	42,338,790	-18%
Operating result	13,960,553	15,548,281	-10%
Gross result	13,597,092	15,335,287	-11%
Net result	11,920,551	13,517,263	-12%

BUSINESS & SALES STRATEGY

The goal of management is always targeted on profit, not revenue, and this can be achieved through an appropriate sales and marketing strategy that covers multiple sectors and markets. In 2025, given the demand of the markets but also of the legislative context, the business strategy is focused on increasing the number of new clients and implicitly the profitability.

Safetech's sales team applies the method of advisory sales, being the most appropriate method for the type of services and solutions that the Company offers. Each client/potential client is assigned a dedicated salesperson who together with the team of specialists, identifies and proposes solutions and services that cover the requirements formulated by the client. Thus, with each client won, there is a significant potential to increase the value of the services initially contracted. For example, security monitoring contracts usually come bundled with the

governance, security risk and compliance service. For customers requesting security tests, additional services are usually recommended following the test result.

In support of sales efforts, the sales team benefits from the expertise of the Company's technical specialists who provide support in organizing free demonstrations of portfolio solutions through pilot implementations, to prove the ability to implement these solutions in the infrastructure of potential clients.

The 2025 marketing budget was built to support the activities of generating new opportunities using mainly digital channels such as websites, social networks, publishing articles in press. The most important activity is the organization of webinars, with a bi-monthly frequency, conducted with own resources or in collaboration with technology partners aimed at disseminating information on cybersecurity risks to which all types of organizations are exposed.

In order to achieve the objective of increasing the number of customers and profitability, the company has taken the first steps, including in terms of opening international sales channels.

All these activities are supported by software tools such as ERP, CRM, Marketing Automation, Resource Management, Team Collaboration, which began to be implemented in 2020 in order to integrate and automate business processes.

SIGNIFICANT CLIENTS

Client	Sector	Share
Client 1	Banking	19%
Client 2	Information Technology	10%
Client 3	Retail	7%
Client 4	Information Technology	4%
Client 5	Transport	4%

In 2025, the largest 5 clients of the company had a share of approximately 44% of total turnover. The concentration of revenues of certain selected customers can be explained by the fact that the market to which Safetech addresses is represented by medium or large companies. Top 5 clients are large companies in the financial-banking or IT sector, companies with which Safetech has had strategic partnerships for years and have been running multi-annual contracts for at least 3 years. Under these contracts, Safetech delivers diversified packages of services and solutions. It is important to mention that, from a historical point of view, the first 5 customers have never remained the same but have changed every year. This is caused by a different level of needs each year, as well as the resale of other adhesion services.

The high concentration of revenues, but also of suppliers is specific to mature economies, as Romania is becoming, with quite concentrated markets and business verticals. In almost any business, the commercial results have a Pareto type distribution (80/20), which is natural. For example, if a business wants to sell specific or specialized services, this leads to a narrow, niche list of suppliers, in order to determine the concentration of human resources specialization on the niche segment in which it operates and thus the list of customers that contribute to the largest share of income is reduced. In practice for specialized activities, concentrated revenues come from multi-annual contracts, framework contracts that generate recurring revenues.

In conclusion, the above-mentioned percentages of 44% per client can indicate a risk only in theory, in practice they are natural, a consequence of the way the free market works. Risk reduction is achieved through business development activities that include prospecting, qualification and contracting new clients who, through loyalty strategies, become recurring sources of income. It is important to note that a company's need for cybersecurity services never ends - which means that the business model predicts that new customers will continually need cybersecurity services and for certain services and products, Safetech is among the few authorized suppliers on the local market.

MAIN OPERATIONAL INDICATORS

The main operational indicators with which the company measures the productivity and efficiency of the activity are: profitability, value productivity, the degree of customer satisfaction, the degree of employee satisfaction.

From the point of view of business strategy, it is important to emphasize that the share of individual business lines in total revenues may differ from year to year. This is due to the fact that Safetech Innovations team is flexible and adapts to the needs of the market, and always aims to be profitable. Given the legislative context and demand, individual services may have different profit margins each year. The objective of management is to always pursue profit rather than income and prioritize value-added projects with the highest profit margins.

	2020	2021	2022	2023	2024	2025
Net profit margin	21%	27%	30%	31%	32%	34%

It is important to note that Safetech's sales team is rewarded with a bonus from each sale. The bonus varies from 1% to 5% of the gross margin, with different value depending on the line of business and the profitability of the contract. In this way, the Company ensures that the team is motivated to join and stay in the Company and to deliver significant projects.

The company's business model allows the successful resale of other member services. Each client has a dedicated account manager who, following the discussion with the technical team that solves the client's request, can identify new opportunities, and recommend additional products or services. Thus, with each customer won, there is a significant potential to increase the value of the services delivered. For example, security monitoring contracts usually come with the security governance service. For customers requesting penetration tests, additional services are usually recommended as a result of the test result.

For potential customers interested in Safetech solutions and services, free demonstrations of the operation of the solutions are provided, through pilot implementations at their headquarters, to prove the usefulness of their implementation.

To ensure employee satisfaction, each year the Company collaborates with an external consultant who conducts individual interviews with all employees and then reports the results, anonymously, to management. As a result of this measure, the Company carried out a reorganization completed in 2020, as part of the process of preparing the listing on the Bucharest Stock Exchange, to maximize the benefits offered by listing and offer investors a company with a well-defined corporate structure, capable to provide consistent profits.

CONSOLIDATED BALANCE SHEET ANALYSIS

At the consolidated level, as of December 31, 2025, fixed assets amounted to 75.7 million lei, representing a 27% increase compared to December 31, 2024, while current assets reached 12.7 million lei, up 20%, largely as a result of the individual developments described below. Long-term liabilities totaled 21.5 million lei, an increase of 35%, while current liabilities rose by 15% compared to the end of 2024, reaching 21.8 million lei. Shareholders' equity amounted to 45 million lei, marking a 28% increase compared to the end of 2024.

BALANCE SHEET (RON)	31.12.2025	31.12.2024	Δ %
Fixed assets	75,662,622	59,439,444	27%
Current assets	12,692,824	10,586,208	20%
Total assets	88,355,446	70,025,652	26%
Equity	45,007,196	35,186,931	28%
Non-current liabilities	21,533,164	15,932,225	35%
Current liabilities	21,815,086	18,906,497	15%

Total liabilities	43,348,250	34,838,722	24%
Total equity and liabilities	88,355,446	70,025,652	26%

INDIVIDUAL BALANCE SHEET ANALYSIS

As of December 31, 2025, total assets amounted to 92.8 million lei, representing a 26% increase compared to the end of 2024, driven by a 24% rise in fixed assets, which reached 78.4 million lei. The growth in fixed assets was mainly due to a 28% increase in commissioned and ongoing intangible assets. The increase in intangible assets is directly related to the development of proprietary cybersecurity solutions. In accordance with the applicable accounting regulations, these expenses are recorded as intangible assets in progress and reflect the stage of completion of the proprietary product.

Current assets are primarily composed of receivables, which reached 10.4 million lei at the end of 2025, up 26% compared to December 31, 2024. Trade receivables increased in 2025 as a result of new contracts delivered and invoiced during the year but not yet due. Part of these amounts had been collected by the date of publication of this report. In Q4 2025 and at the beginning of Q1 2026, the Company faced delays in collecting amounts due from public institutions and authorities. Some of these payments are related to projects financed through the National Recovery and Resilience Plan (NRRP), and the related cash flows depend on the approval of the corresponding budgets. We estimate that the outstanding amounts will be collected following the approval of the state budget. In addition, due to the challenging economic environment, certain clients have extended their payment terms from 30 days to 70–90 days.

Cash and short-term deposits amounted to 1.7 million lei as of December 31, 2025, a 1% decrease compared to December 31, 2024. This decrease was mainly due to the use of liquidity for the purchase of goods compared to the previous period, as well as to the postponement of certain client payment deadlines.

As of December 31, 2025, shareholders' equity totaled 58.6 million lei, an increase of 21% compared to December 31, 2024, following a 71% increase in retained earnings, which reached 24 million lei.

Long-term liabilities increased by 36% in 2025, reaching 21.5 million lei. This development was mainly driven by investment grants received, which are recorded as long-term liabilities and are gradually reduced through the depreciation of the solutions developed under the respective projects. The increase was also influenced by the contracting of long-term bank loans amounting to 1.5 million lei.

Lease liabilities decreased by 81%, to 164 thousand lei, following the termination at year-end of the lease agreement (classified as a lease contract under IFRS). A new contract was signed starting January 1, 2026, and its impact will be reflected in lease liabilities beginning with Q1 2026.

Investment grants, which amounted to 19.9 million lei as of December 31, 2025, increased by 32% compared to December 31, 2024, representing grants related to ongoing projects financed through non-reimbursable funds.

Current liabilities reached 12.7 million lei at the end of 2025, representing a 37% increase, mainly driven by an 82% rise in other current liabilities. Trade and related payables (including domestic and foreign suppliers of equipment) increased by 28%, reaching 7.9 million lei. Short-term lease liabilities decreased by 86% at the end of 2025, amounting to 55 thousand lei.

Regarding provisions, in 2025 they decreased by 23% compared to the previous year, the variation being generated by their reversal to income, representing the value of unused vacation days from 2024.

INDIVIDUAL BALANCE SHEET (RON)	31.12.2025	31.12.2024	Δ %
Fixed assets	78,388,036	63,142,688	24%
Current assets	14,438,367	10,309,113	40%
Total assets	92,826,403	73,451,801	26%
Equity	58,561,313	48,267,951	21%
Non-current liabilities	21,533,164	15,891,493	36%
Current liabilities	12,731,926	9,292,357	37%
Total liabilities	34,265,090	25,183,850	36%
Total equity and liabilities	92,826,403	73,451,801	26%

ISSUER TANGIBLE ASSETS

To carry out daily activities, Safetech Innovations owns assets such as laptops, computers, mobile phones, multifunctional printers, as well as furniture items, located at the company's headquarters. The degree of wear and tear of the properties owned by the company does not raise significant problems on the activity. The IT equipment owned by the company has a degree of physical wear and tear specific to office activity - small. There are no ownership issues over the company's tangible assets.

TRANSACTIONS WITH AFFILIATED PARTIES

During the period 1 January 2025 - 31 December 2025, the Company did not carry out any significant transactions with its affiliated parties

DIVIDEND POLICY

The Board of Directors of the Company sets out the following relevant principles with respect to dividend policy:

- The Company recognizes the rights of shareholders to be remunerated in the form of dividends, as a form of participation in the net profits accumulated from the operation as well as an expression of the remuneration of the capital invested in the Company.
- As a growth company with significant development potential, the management of Safetech Innovations aims to achieve a balance between rewarding shareholders and maintaining access to the capital needed for development. Therefore, the Company proposes to shareholders that, depending on the investment needs each year, it will either grant a cash dividend or reward investors by granting shares free of charge, following the capitalization of a portion of the Company's net profits. The company is also considering the introduction of a hybrid model, in which part of the profits will be capitalized and shareholders will receive free shares of the company, while another part will be granted through cash dividends, thus achieving a fair balance between allowing the company to develop, but also rewarding the shareholders.
- The proposal regarding the distribution of dividends, in the form of cash, free shares, or both, including the distribution rate, will be made by the Board of Directors of the Company through a current report or within financial statements. The decision on approving the distribution of dividends belongs to the General Meeting of Shareholders, in accordance with the applicable law.
- Any change in the company's dividend policy will be communicated to investors in a timely manner, through a current report sent to the market.

This policy will be reviewed by the Board of Directors whenever additional relevant information regarding the distribution of dividends occurs. This policy is published on the official website of the Company, [HERE](#).

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

- 2022 - 19% (1,995,000 lei) of the net profit for 2022 was distributed to shareholders in the form of cash dividends, representing a gross dividend per share of 0.03 lei
- 2023 – no dividends were distributed from the 2023 net profit;
- 2024 – 13% (RON 1,627,176.53) of the net profit for the year 2024 was distributed to shareholders as cash dividends, representing a gross dividend of RON 0.01 per share.

PROFIT DISTRIBUTION PROPOSAL

With respect to the profits for the year 2025, the management will inform investors in the second half of this year regarding the possibility of distributing dividends, any potential proposal to be submitted for shareholders' approval within an Ordinary General Meeting of Shareholders.

BUY-BACK PROGRAM AND STOCK OPTION PLAN

As of the date of this report, the Company holds 3,085 treasury shares resulting from the share capital increase through the issuance of bonus shares, an operation that took place in 2024.

PERSPECTIVE ASPECTS REGARDING ISSUER'S ACTIVITY

With respect to the development potential of the cybersecurity industry, Safetech Innovations continues to be well positioned to support long-term growth, in the context of a market expanding both nationally and internationally. The increasing number and complexity of cyberattacks, together with the strengthening of regulatory frameworks, including the implementation of the NIS2 Directive and its transposition into national legislation through Emergency Ordinance no. 155/2024 establishing a framework for the cybersecurity of networks and information systems in the national civilian cyber space, are prompting organizations to invest more in the security of their IT infrastructures.

At the same time, the current geopolitical context and the allocation of additional cybersecurity budgets at both European and national levels create new development opportunities for companies operating in this sector. In this regard, Safetech Innovations aims to capitalize on opportunities generated by European security-focused programs such as Security Action for Europe (SAFE), as well as by projects implemented under the European Commission's FREIA framework agreement.

For 2026, the Company's management anticipates a favorable evolution of the business and aims to increase both revenue and net profit, at both individual and consolidated levels, supported by the development of the cybersecurity services portfolio, the expansion of the client base, and the capitalization of opportunities arising from external contracts.

The Revenue and Expenditure Budget for 2026, prepared by the Company's management and to be submitted for approval at the Annual Ordinary General Meeting of Shareholders to be held on 24 April 2026, is as follows:

2026 REVENUE AND EXPENDITURE BUDGET (RON)	CONSOLIDATED BUDGET	BUDGET RO	BUDGET UK	BUDGET SAUDI ARABIA
Total revenue	69,965,000	67,400,000	2,065,000	500,000
Turnover	55,765,000	53,200,000	2,065,000	500,000
Revenue from intangible assets	10,000,000	10,000,000	-	
Other operating revenue	4,150,000	4,150,000		
Financial revenues	50,000	0,000		
Total expenses, of which:	51,085,000	48,520,000	2,065,000	500,000
Gross salary expenses	19,130,000	18,000,000	1,130,000	
Expenses with materials	24,850,000	23,700,000	700,000	450,000
Financial expenses	425,000	320,000	55,000	50,000
Depreciation	6,680,000	6,500,000	180,000	
Gross profit	18,880,000	18,880,000		0
Income tax	3,020,800	3,020,800		
Net profit	15,859,200	15,859,200	0	0
EBITDA	25,560,000	25,380,000	180,000	0
<i>Personnel average number</i>	<i>84</i>	<i>82</i>	<i>2</i>	

RISKS

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 fiscal year 2024 to the end of the fiscal year 2025, the number of employees increased by 5. 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.

The Issuer may not be able to successfully implement or scale improvements to its systems and processes efficiently or timely. In addition, existing systems and procedures may not be able to prevent or detect all errors, omissions, or fraud. The Issuer may also experience difficulties managing improvements to its systems and processes or in connection with software provided by third parties licensed to support the Issuer in connection with such modifications. Any future growth would add complexity to the Issuer's organization and require effective organization-wide coordination. Failure to effectively manage future growth could increase costs, disrupt existing relationships with end clients, reduce demand or limit the Issuer to smaller deployments of its products or harm its business performance and operating results.

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 COVID-19 and/or any other 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.

Continued global economic uncertainty may have an adverse effect on the Issuer's business and operating results

The Issuer operates in a globalized market, and therefore its business and revenues are interdependent on global macroeconomic conditions. International efforts to contain the spread of COVID-19 have significantly negatively affected global macroeconomic conditions, which continue to cause economic uncertainty. In addition, the military conflict generated by the Russian Federation in Ukraine, as well as the conflict in Middle East region, instability in global credit markets, rising prices of essential commodities (oil, electricity, etc.), changes in the domestic and international public policies, such as regulations, international taxes or trade agreements,

international trade disputes, changes in governments, geopolitical turmoil and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions.

These adverse conditions could result in reductions in sales of the Issuer's products and services, longer sales cycles, reductions in the duration and value of contracts with the Issuer's clients, slower adoption of new technologies, and increased price competition. As a result, any continued or more significant uncertainty or deterioration in global macroeconomic and market conditions could cause end clients to change their spending priorities or delay purchasing decisions, which affect the lengthening sales cycles, any of which may harm the business and operational results of the Issuer.

The rate of revenue growth in recent periods may not be an indicator of the Issuer's future performance

The Issuer's revenue for any prior quarterly or annual period should not be considered an indication of its future revenue or revenue growth for any coming period. If the Issuer cannot maintain consistent revenue or revenue growth, its shares may experience high volatility, making it difficult for the Issuer to achieve and maintain profitability or maintain and/or increase cash flow consistently.

The Issuer faces intense competition in the market in which it operates and may not have sufficient financial or other resources to maintain or improve its competitive position

Many of the Issuer's existing competitors have, and some of its potential competitors may have, substantial competitive advantages such as:

- greater name recognition and a longer operating history;
- larger budgets and resources for sales and marketing;
- wider distribution and established relationships with distribution partners and end clients;
- more customer support resources;
- greater resources to make strategic acquisitions or enter into strategic partnerships;
- lower labor costs and new product and/or service development;
- newer and/or disruptive products and/or technologies;
- broader and more mature intellectual property portfolios; and/or
- much greater financial, technical, and other resources,

In addition, some of the Issuer's more prominent competitors have substantially broader and more diverse product and service offerings, which may make them less sensitive to slowdowns in a particular market and allow them to leverage their relationships based on other products or incorporate functionality into existing products to gain business in a way that discourages users from purchasing the Issuer's products and/or services, including by selling at zero or negative margins, offering concessions or bundling products. Many of the Issuer's smaller competitors, specializing in protecting a single type of security threat, can often bring these specialized security products to market faster than the Issuer.

Organizations using traditional products and services may find that these products and services are sufficient to meet their security needs or that the Issuer's offerings meet the needs of only a portion of the cybersecurity industry. Accordingly, these organizations may continue to allocate

their information technology budgets to traditional products and services and may not adopt the Issuer's products and services. Many organizations have invested substantial financial and personnel resources to design and operate their networks and have established deep relationships with other network and security product vendors. As a result, these organizations may prefer to purchase from their existing suppliers rather than add or switch to a new supplier, such as the Issuer, regardless of product performance or better features or service offerings. These organizations may also be willing to incrementally add solutions to their existing security infrastructure management solutions rather than replace them entirely with the Issuer's solutions.

Market conditions in which the Issuer operates could change rapidly and significantly due to technological advances, partnerships, or acquisitions carried out by the Issuer's competitors or the continued consolidation of the market. Start-up companies that innovate and major competitors of the Issuer that make significant investments in research and development may invent similar or superior products and technologies that compete with the Issuer's products and services. Some of the Issuer's competitors have made or may make acquisitions of companies, enabling them to directly offer more competitive and comprehensive solutions than they previously provided and to adapt more quickly to new technologies and new end-client needs. Current and potential competitors of the Issuer may also establish cooperative relationships with each other or third parties that may further enhance their resources.

These competitive pressures in the market in which the Issuer operates, or its failure to compete effectively, may result in price reductions, fewer orders, reduced revenues, gross margins, and loss of market share. Any failure to address and face these factors could seriously harm the business and its 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.

In addition, the Issuer may incur high costs and operational consequences to investigate, remediate, remove, and implement additional tools and devices designed to prevent actual or perceived security breaches and other security incidents, as well as compliance costs with any notification obligations arising from any security incident.

Any of these adverse effects may have a negative impact on the market perception of the Issuer's products and services, as well as on the confidence of end clients and investors in the Issuer. They could seriously affect its business or operating results.

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.

If the Issuer fails to hire, integrate, train, retain, and incentivize qualified personnel and the Company's senior management, its business may suffer

The Issuer's future success depends, in part, on its ability to continue to hire, integrate, train, and retain qualified and highly skilled personnel. The Issuer is substantially dependent on the continued services of existing personnel, primarily due to the complexity of the Issuer's product and service offering. In addition, any failure to adequately hire, onboard, train and incentivize sales personnel, or the inability of newly hired sales personnel to effectively achieve targeted productivity levels, could adversely impact the growth and margin operations of the Issuer. Competition for highly qualified personnel, particularly in engineering, is often intense, especially in Bucharest, where the Issuer has a substantial presence and need for such personnel.

In addition, the industry in which the Issuer operates generally experiences high employee attrition. If the Issuer cannot hire, integrate, train, or retain the qualified and highly qualified personnel necessary to meet its current or future needs, its business, financial condition, and results of operations could be adversely affected.

The Issuer's future performance also depends on the continued services and contributions of the Issuer's management to execute the business plan and to identify and pursue new opportunities and product innovations. The loss of the services provided by these persons, the decrease in the efficiency of these services, or the ineffective management of any transition at the management

level, could significantly delay or prevent the realization of the development plan, which could adversely affect the activity, financial situation and operational results of the Issuer.

Flaws, errors, or vulnerabilities in the Issuer's products and services, failure of the products or services it provides to block a virus or to prevent a security incident, misuse of the Issuer's products and services it offers or product and service liability claims may harm the Issuer's reputation and negatively impact operating results

Because the products and services that the Issuer sells and/or delivers are complex, they may contain design flaws or errors that are not detected until after they are released and implemented by end customers. End customers can report product and service defects related to performance, scalability, and compatibility. In addition, the flaws may make the products or services that the Issuer sells and/or delivers vulnerable to security attacks, may not contribute to the security of networks or may lead to the temporary interruption of end clients' network traffic. Because the techniques used by hackers to access or sabotage networks change frequently and are generally not recognized until launched against a target, the Issuer may not be able to anticipate these techniques and provide a real-time solution to protect end-client networks.

In addition, as an established cybersecurity provider, the Issuer's solutions, networks, and products could be targeted by attacks designed to disrupt its business and damage its reputation. Also, defects or errors in product updates or services delivered could cause those services to fail. The Issuer's data centers and networks may experience technical failures and downtime, fail to distribute appropriate updates, or fail to meet the increased demands of a growing installed base of end clients.

Moreover, the Issuer's products and services must coexist with end clients' existing infrastructure, which often has different specifications, use multiple protocol standards, implement products from numerous vendors, and contain multiple generations of products that have been added over time. As a result, when problems occur in a network, it can be challenging to identify the sources of those problems.

The occurrence of any such problem in the products and services that the Issuer sells and/or delivers, whether real or perceived, could result in the following:

- redirecting significant financial and product development resources to efforts to analyze, correct or eliminate errors and defects or to address and eliminate vulnerabilities;
- loss of existing or potential end clients or partners;
- delayed or lost revenue;
- delay or failure to obtain market acceptance of delivered products and services;
- an increase in warranty claims compared to historical experience or an increased cost of warranty claims, either of which adversely affects gross margins; and
- litigation or investigations, each of which could be costly or reputational,

The provisions regarding the limitation of liability in the standard terms and conditions of sale may not fully or effectively protect the Issuer from claims resulting from governmental laws or ordinances, local regulations, or adverse judicial decisions in Romania or other countries.

If the Issuer does not accurately anticipate, prepare for and promptly respond to technological and market developments and successfully manage the market introduction and transition to new products and services to meet the changing needs of end clients in the field of cybersecurity, the competitive position and its prospects will be affected

The cybersecurity field has grown rapidly and is expected to evolve rapidly. Moreover, most of the Issuer's clients operate in markets characterized by continuously changing technologies and business plans, which require them to add numerous network access points and adapt their increasingly complex business networks, incorporating a variety of hardware, software, operating systems, and network protocols. For this reason, the Issuer must continuously adapt its products and/or services,

In addition, the Issuer must commit significant resources to develop new features and new ways of cloud, AI, and other security before knowing whether its investments will result in products and services that the market will accept. The success of new features depends on several factors, including properly defining the latest products, differentiating the new products, services, and features from those of the Issuer's competitors, and market acceptance of those products, services, and features. Moreover, the successful introduction and transition of new products depend on several factors, including the Issuer's ability to manage the risks associated with issues related to the acceleration of new product production, the availability of software applications for new products, the effective management of commitments purchasing and inventory, the availability of products in adequate quantities and costs to meet anticipated demand, and the risk that new products may have quality or other defects or deficiencies, particularly in the early stages of introduction.

The Issuer's current research and development efforts may not produce successful products or services that result in significant revenue, cost savings, or other benefits in the foreseeable future

The development of products and services related to the Issuer's activity is an expensive process. The Issuer's investments in research and development may not result in significant improvements, marketable products or services, or may result in products or services that are more expensive than anticipated. In addition, the Issuer may not realize the expected cost savings or performance improvements it had anticipated (it may take more time to generate revenue). The Issuer's plans include significant investments in research and development. The Issuer believes that it must continue to devote a substantial number of resources to its research and development efforts in order to maintain its competitive position. However, the Issuer may not experience significant revenue from these investments in the near future, or these investments may not yield the expected benefits, which could adversely affect its business and operating results.

LEGAL, REGULATORY, AND LITIGATION RISKS

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.

Risk associated with litigation

In the context of the performance of its activity, the Issuer is subject to a risk of litigation, among others, due to changes and developments in legislation. The Issuer may be affected by other contractual claims, complaints, and litigation, including from third parties with whom it has

contractual relationships, clients, competitors, or regulatory authorities, as well as any adverse publicity that such an event attracts.

At the time of preparing this report, the Issuer SAFETECH INNOVATIONS S.A. has procedural standing as defendant in a litigation initiated by MIDA SOFT BUSINESS SRL, the total value of the claimant's claims amounting to RON 243,000.

RISKS RELATED TO INVESTMENTS IN ROMANIA

Political and military instability in the region may have negative consequences on the Issuer's business

The political and military instability in the region, determined by the invasion of Ukraine by the Russian Federation in February 2022, preceded by the loss of control over the Crimean Peninsula in favor of the Russian Federation and the conflict in Eastern Ukraine with pro-Russian separatists in 2014, as well as the international sanctions imposed on the Federation Russians as a result of these events, may cause deeply unfavorable economic conditions, social unrest or, in the worst case, extensive military confrontations in the region. The effects are largely unpredictable and may include a decline in investment, significant currency fluctuations, increases in interest rates, reduced availability of credit, trade, and capital flows, increases in energy prices, etc.

Also, the recent conflict in the Middle East may further fuel global economic and trade uncertainties.

These effects, as well as other unforeseen adverse effects of crises in the region, may have significant negative consequences on the activity, prospects, results of operations, and financial position of the Issuer.

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.

A potential deterioration of the general economic, political, and social conditions in Romania may have adverse effects on the Issuer's activity

The Issuer's success is closely linked to the general economic developments in Romania. The adverse outcomes or the general weakening of the Romanian economy, the decrease in the standard of living, the limited liquidity resources of potential clients, and the increase in the unemployment level could have a direct negative impact on the demand in the cybersecurity market in Romania.

Romania has undergone far-reaching political, economic, and social changes in recent years. As expected, emerging markets do not possess the complete business infrastructure and legal and regulatory framework that generally exists in more mature free market economies. Also,

Romania's tax legislation is subject to multiple, diverse interpretations and may undergo changes frequently and sometimes suddenly or too quickly implemented.

The future direction of Romania's economy remains largely dependent on the effectiveness of the economic, financial, and monetary measures adopted at the governmental level and on developments in the fiscal, legal, regulatory, and political fields. The unfavorable economic conditions in Romania, fiscal uncertainty, and increased taxation could ultimately have a direct and/or indirect negative impact on the prices charged for the Issuer's products and services.

The national currency (LEI) can be subject to high volatility

The national currency is subject to a variable exchange rate regime, whereby its value against foreign currencies is established on the interbank exchange market. The monetary policy of the NBR targets inflation. The variable exchange rate regime is aligned with the use of inflation targets as the nominal anchor of the monetary policy and allows for a flexible policy response to unforeseen shocks that might affect the economy. The NBR does not consider a specific level or range for the exchange rate. The NBR's ability to limit the volatility of the national currency depends on several economic and political factors, including the availability of foreign currency reserves and the volume of new foreign direct investment.

Any changes in global investors' perceptions of the international or Romania's economic prospects may lead to the depreciation of the Romanian currency. A significant devaluation of it may adversely affect the economic and financial situation of the country, which could have a substantial adverse effect on the Issuer's business, operating results, and financial condition.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	2025	2024	Δ %
Revenue from the sale of goods	18,795,759	28,065,812	-33%
Revenue from services rendered	16,727,382	14,811,572	13%
Lease income	27,821	-	100%
Turnover	35,550,962	42,877,384	-17%
Other operating revenues	1,501,590	1,003,618	50%
Income from the production of fixed assets	17,864,343	16,493,121	8%
Expenses for raw materials and consumables	(10,981,255)	(13,775,128)	-20%
Expenses related to goods	(3,835,453)	(8,624,413)	-56%
Employee expenses	(17,541,337)	(16,505,474)	6%
Depreciation and amortization	(2,870,457)	(2,698,569)	6%
Rental	(27,300)	(106,005)	-74%
Marketing and advertising expenses	(142,351)	(285,479)	-50%
Provisions	37,803	53,614	-29%
Other operating expenses	(6,260,834)	(5,316,629)	18%
Operating result	13,295,711	13,116,041	1%
Financial income	46,815	99,031	-53%
Financial expenses	(415,972)	(323,951)	28%
Gross result	12,926,554	12,891,121	0%
Income tax	(1,676,541)	(1,818,024)	-8%
Net result	11,250,013	11,073,097	2%
Attributable to:			
Equity holders of the parent company	11,436,868	12,363,269	-7%
Non-controlling interests	(186,854)	(1,290,173)	-86%

CONSOLIDATED BALANCE SHEET

BALANCE SHEET INDICATORS (RON)	31.12.2025	31.12.2024	Δ %
Fixed assets			
Tangible assets	586,880	665,960	-12%
Right of use assets	219,266	1,285,062	-83%
Intangible assets	73,543,141	56,847,493	29%
Financial investments	486,108	127,960	280%
Other non-current assets	801,008	441,470	81%
Deferred income tax	26,219	71,499	-63%
Total fixed assets	75,662,622	59,439,444	27%
Current assets			
Inventories	147,743	276,982	-47%
Trade receivables and other receivables	10,525,737	8,333,201	26%
Other current financial assets	269,064	66,526	304%
Cash and cash equivalents	1,750,281	1,909,499	-8%
Total current assets	12,692,824	10,586,208	20%
Total assets	88,355,446	70,025,652	26%
Equity and liabilities			
Subscribed and paid-up capital	32,543,531	32,543,531	0%
Treasury shares	(191,724)	(191,711)	0%
Legal and other reserves	3,116,132	2,437,610	28%
Retained Earnings / (Losses)	14,143,211	5,032,885	181%
Translation differences	(183,750)	(322,740)	-43%
Non-controlling interests	(4,420,205)	(4,312,645)	2%
Total equity	45,007,196	35,186,931	28%
Non-current liabilities			
Subsidies for investments	19,869,269	15,029,290	32%
Deferred income	-	-	-
Long-term borrowings	1,499,998	-	100%
Liabilities related to leasing contracts	163,897	902,935	
Total non-current liabilities	21,533,164	15,932,225	35%
Current liabilities			
Trade and other payables	8,009,746	6,244,290	28%
Corporate tax liabilities	471,886	246,036	92%
Short-term borrowings	8,674,685	8,970,234	-3%
Liabilities related to leasing contracts	94,365	553,917	-83%
Other current liabilities	4,435,621	2,725,434	63%
Provisions	128,783	166,586	-23%
Total current liabilities	21,815,086	18,906,497	15%
Total liabilities	43,348,250	34,838,722	24%
Total equity and liabilities	88,355,446	70,025,652	26%

CONSOLIDATED CASH-FLOW

	31.12.2025	31.12.2024
Cash flows from operating activities:		
Profit before tax	12,926,554	12,891,121
Depreciation and amortization	2,366,714	2,196,620
Depreciation related to right-of-use assets	503,743	501,949
Income from capitalized costs	(17,864,343)	(16,493,121)
Movements in provisions	(37,803)	(53,614)
Gain/loss from disposal of tangible fixed assets	(262,597)	-
Translation differences	(9,733)	47,939
Interest income	(130)	(596)
Interest expenses	321,452	125,963
Operating profit before changes in working capital	(2,056,143)	(783,740)
Change in inventories	129,239	123,717
Change in trade and other receivables	(2,192,536)	(1,103,050)
Change in trade and other payables	3,393,562	1,188,250
Change in deferred income tax	45,280	(8,707)
Cash generated from operating activities	(680,597)	(583,530)
Interest paid	(88,876)	(125,963)
Income tax paid	(1,424,037)	(1,905,561)
Payments related to internally generated fixed assets	17,864,343	16,493,121
Net cash generated from operating activities	15,670,833	13,878,067
Cash flows from investing activities		
Payments for acquisitions of long-term assets	(359,538)	(169,737)
Payments for acquisitions of intangible assets	(18,905,469)	(18,214,656)
Payments for acquisitions of tangible fixed assets	(78,293)	(172,562)
Investment payments – acquisition of a company	(486,108)	(127,960)
Interest received	130	596
Net cash used in investing activities	(19,829,278)	(18,684,319)
Cash flows from financing activities		
Increase in share capital	-	-
Increase in share premium	-	-
Shares repurchased	-	(191,711)
Increase in grants	4,839,979	1,679,083
Bank loans	1,499,998	-
Movement in loans	(93,012)	1,319,419
Dividends paid	(1,614,747)	-
Payments related to lease agreements	(632,990)	(583,378)
Net cash from (used in) financing activities	3,999,227	2,223,414
Net increase (decrease) in cash	(159,218)	(2,582,838)
Cash at the beginning of the period – 1 January	1,909,499	4,492,337
Cash at the end of the period – 31 December	1,750,281	1,909,499

INDIVIDUAL PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	2025	2024	Δ %
Turnover	34,688,704	42,338,790	-18%
Other operating income	1,501,590	1,002,366	50%
Income from the production of fixed assets	17,864,343	16,493,121	8%
Expenses for raw materials and consumables	(10,981,255)	(13,775,128)	-20%
Expenses related to goods	(3,702,461)	(8,579,255)	-57%
Employee expenses	(17,324,017)	(14,341,064)	21%
Depreciation and amortization	(2,697,851)	(2,570,727)	5%
Marketing and advertising expenses	(150,196)	(196,050)	-23%
Rental expenses	(23,026)	(29,192)	-21%
Provisions	37,803	53,614	-29%
Other expenses	(5,253,081)	(4,848,194)	8%
Operating result	13,960,553	15,548,281	-10%
Financial income	23,658	68,065	-65%
Financial expenses	(387,119)	(281,059)	38%
Gross result	13,597,092	15,335,287	-11%
Income tax	(1,676,541)	(1,818,024)	-8%
Net result	11,920,551	13,517,263	-12%

INDIVIDUAL BALANCE SHEET

BALANCE SHEET INDICATORS (LEI)	31.12.2025	31.12.2024	Δ %
Non - current assets			
Property, plant and equipment	524,316	585,440	-10%
Right of use assets	185,112	1,101,180	-83%
Intangible assets	72,728,774	56,839,118	28%
Investments in related companies	4,103,981	4,103,981	0%
Other non - current assets	801,008	441,470	81%
Deferred tax assets	44,845	71,499	-37%
Total non-current assets	78,388,036	63,142,688	24%
Current assets			
Inventories	147,743	276,982	-47%
Trade and other receivables	10,421,337	8,244,562	26%
Other current assets - loans	2,128,909	22,113	9527%
Cash and cash equivalents	1,740,378	1,765,456	-1%
Total current assets	14,438,367	10,309,113	40%
Total assets	92,826,403	73,451,801	26%
Equity and liabilities			
Subscribed and paid-up capital	32,543,531	32,543,531	0%
Treasury shares	(191,724)	(191,711)	0%
Legal and other reserves	3,116,132	2,437,610	28%
Retained Earnings / (Losses)	23,093,374	13,478,521	71%
Total equity	58,561,313	48,267,951	21%
Non-current liabilities			
Investment subsidies	19,869,269	15,029,290	32%
Bank loans	1,499,998	-	100%
Liabilities related to leasing contracts	163,897	862,203	-81%
Total non-current liabilities	21,533,164	15,891,493	36%
Current liabilities			
Trade and other payables	7,895,794	6,188,500	28%
Corporate tax liabilities	471,886	246,036	92%
Liabilities related to leasing contracts	54,731	398,871	-86%
Other current liabilities	4,180,732	2,292,364	82%
Provisions	128,783	166,586	-23%
Total current liabilities	12,731,926	9,292,357	37%
Total liabilities	34,265,090	25,183,850	36%
Total equity and liabilities	92,826,403	73,451,801	26%

INDIVIDUAL CASH-FLOW

	31.12.2025	31.12.2024
Cash flows from operating activities:		
Profit before tax	13,597,092	15,335,287
Depreciation and amortization	2,343,837	2,180,711
Depreciation related to right-of-use assets	354,014	390,016
Income from capitalized costs	(17,864,343)	(16,493,121)
Movements in provisions	(37,803)	(53,614)
(Gain) / loss from disposal of fixed assets	(262,597)	-
Interest income	(130)	(596)
Interest expenses	299,009	110,934
Operating profit before changes in working capital	(1,570,921)	1,469,617
Change in inventories	129,239	123,717
Change in trade and other receivables	(2,176,775)	(1,023,807)
Change in trade and other payables	3,597,012	993,036
Change in deferred income tax	26,654	(8,707)
Cash generated from operating activities	5,209	1,553,856
Interest paid	(76,352)	(110,934)
Income tax paid	(1,424,037)	(1,905,561)
Payments related to internally generated fixed assets	17,864,343	16,493,121
Net cash generated from operating activities	16,369,163	16,030,482
Cash flows from investing activities		
Payments for acquisition of long-term assets	(359,538)	(169,737)
Payments for acquisition of intangible assets	(18,094,076)	(18,207,225)
Payments for acquisition of tangible fixed assets	(78,293)	(172,562)
Interest received	130	596
Investments – acquisition of a company	-	(191,940)
Net cash used in investing activities	(18,531,777)	(18,740,868)



Cash flows from financing activities		
Shares repurchased	-	(191,711)
Dividends paid	(1,614,747)	-
Loans granted	(2,106,796)	(22,113)
Grants	4,839,979	1,679,083
Bank loans	1,499,998	-
Lease payments	(480,897)	(475,405)
Net cash from (used in) financing activities	2,137,537	989,854
Net increase (decrease) in cash	(25,078)	(1,720,533)
Cash at the beginning of the period – 1 January 2025 / 1 January 2024	1,765,456	3,485,989
Cash at the end of the period – 31 December 2025 / 31 December 2024	1,740,378	1,765,456



DECLARATION OF THE MANAGEMENT

Bucharest, March 24th, 2026

I confirm, according to the best of my knowledge, that the financial statements for the period between 01.01.2025 and 31.12.2025 provide a fair and consistent picture of the assets, liabilities, financial position and profit and loss account of Safetech Innovations S.A. and that the Board of Directors report provides a fair and realistic picture of the important events that took place in 2025 and their impact on the company's financial statements.

Victor Gânsac

Chairman of the Board of Directors of Safetech Innovations S.A.

Comply-or-Explain Statement (CES) Company Name: SAFETECH INNOVATIONS S.A. (01.01.2025 - 31.12.2025)

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
A: GOVERNING BODIES							
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 1	„	x			The Company has adopted Rules of Procedure of the Board of Directors. In addition, the Company's Articles of Association, the Board's internal rules and other internal regulations clearly define and distinguish the roles and responsibilities of the Board, the General Meeting of Shareholders and the executive management.
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 2	Board's internal regulation should include, among others, the Board's responsibilities as well as fiduciary duties of directors to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its shareholders and taking into account the interests of other stakeholders in line with legal requirements.	x			The Board's internal rules contain provisions in this respect.
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 3	To sustain the Company's long-term viability and success, the Board should: <ul style="list-style-type: none"> •Oversee the development and approve the Company's strategy and ensure that it also integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities; •Appoint and dismiss CEO and other executives to whom executive management responsibilities were delegated (called executive management) and ensure their succession planning; •Oversee the management performance, management role in addressing material sustainability risks and opportunities and align the remuneration of executive management with the long-term interests and sustainability of the Company, according to the provisions of the Company's remuneration policy; •Ensure there is a sound framework for internal controls and risk management; •Ensure that the Company has in place procedures to enable effective communication with shareholders and other stakeholders. 	x			All these provisions are included in the regulations adopted at the level of the Company.
A: GOVERNING BODIES	A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.	A.1., 4	Duration of appointment of Board and executive management should be set clearly and should, to the extent possible, foster stability and predictability.	x			The Company's Articles of Association expressly provide for the mandate of the members of the Board of Directors. The current mandate of the members of the Board of Directors expires on 30 April 2028.

A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 1	The Board should have at least five members.			x	The Board consists of three members elected by the Ordinary General Meeting of Shareholders (OGMS), in accordance with the provisions of the Companies Law and the Company's Articles of Association.
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 2	The Board should have in place a policy on Board and executive management diversity and should ensure that diversity requirements in terms of gender, age, experiences and skills are incorporated in the Nomination Policy.	x			The Board has adopted such a policy, which is available on the Company's website, in the Investors section, Corporate Governance subsection.
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 3	The Board should develop a Board profile which specifies the desired characteristics and traits of its members including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to devote adequate time and effort to Board responsibilities in the context of the needs of the Board and its committees and their exercise of the Board's strategic and oversight roles. The Board profile can be part of the Nomination Policy.	x			Certain specific duties of the members of the Board and of potential candidates are provided for in the Rules of Procedure of the Board of Directors, as well as in the Rules of Procedure of the Nomination and Remuneration Committee and of the Risk and Audit Committee. Additional provisions regarding the Board profile are also included in the Nomination Policy adopted at the Company level, available on the Company's website, in the Investors section, Corporate Governance subsection.
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 4	The majority of the members of the Board should be non-executives. At least a third of the Board members should be independent. Each independent member of the Board should submit a declaration regarding his/her independence at the time of his/her nomination for election or re-election as well as when any change in his/her status arises, as per the criteria of independence defined in law and in Appendix A to the Code.	x			Two out of the three members of the Board are non-executive and independent. Upon each appointment of a member of the Board of Directors, the Company assesses the independence of its members based on the independence criteria set out in the Corporate Governance Code (which are essentially similar to those provided by the Companies Law), consisting of an individual assessment carried out by the relevant Board member, followed by an external evaluation.

A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 5	The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) should assess whether the directors can be considered independent under the factors taken into account, by examining whether there are any business or other personal relationships that could materially affect the independence and objectivity of the director and his/her ability to act in the best interests of the Company, its shareholders and stakeholders.	x			The Nomination and Remuneration Committee carries out such evaluation, in accordance with the provisions of its internal rules.
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 6	The positions of Chairperson and Chief Executive Officer (CEO) are recommended to be held by different individuals.	x			At the date of this statement, the positions of Chairman of the Board of Directors and Chief Executive Officer are held by different individuals.
A: GOVERNING BODIES	A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.	A.2., 7	If the Chairperson and CEO functions are performed by the same person, it is recommended that the Board appoints an independent Vice-Chairperson.				Given that the positions of Chairman of the Board of Directors and Chief Executive Officer are held by different individuals, no Vice-Chairman of the Board has been appointed.
A: GOVERNING BODIES	A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.	A.3., 1	The Company should develop and disclose a board nomination policy ("Nomination Policy") that should define the processes and procedures for the nomination, election or replacement of a director. The Nomination Policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from members of the Board, including in relation to the board profile, independence and diversity.	x			The Board has adopted such a policy, which is available on the Company's website, in the Investors section, Corporate Governance subsection.
A: GOVERNING BODIES	A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.	A.3., 2	The Board, through its Nomination and Remuneration Committee, if established, should monitor the nomination process of candidates for the position of Board member.	x			The Nomination and Remuneration Committee has specific responsibilities regarding the supervision of the nomination process for candidates for positions within the Board of Directors.
A: GOVERNING BODIES	A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.	A.3., 3	The Company should disclose to shareholders information on the experiences and CV of the director candidates that they require to make an informed decision on the appointment or reappointment of the directors including the following: <ul style="list-style-type: none"> -Candidates' professional commitments and engagements, including executive and non-executive positions in companies, public authorities, not-for-profit bodies or other organisations; -Any existing or potential conflicts of interest including whether they have business, family or other relationships that could affect their performance as directors on the Board; -Which shareholder or member of the Board proposed each candidate for the Board positions. 	x			The Company provides shareholders with all such information on its website, in the General Meetings section.
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 1	The Board shall establish an Audit Committee to enhance its oversight capability over the financial reporting, internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Where a separate risk management committee is not required by law or already established, the Audit Committee will also include oversight responsibilities for the efficiency of the risk management framework.	x			Starting with the listing on the Main Market of the Bucharest Stock Exchange on 6 February 2023, Safetech Innovations established the Risk and Audit Committee. The internal rules of the Risk and Audit Committee include specific provisions regarding risk management.

A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 2	The Audit Committee is recommended to be composed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Audit Committee, as a whole, should have competencies relevant to the Company's area of operations. The Committee and its members should comply with the applicable national and European legislation.	x			The Committee consists of three members, all non-executive and independent. The members of the Risk and Audit Committee have demonstrated adequate qualifications, in accordance with the internal rules established by the Company.
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 3	The Boards of Premium Tier companies should set up a Nomination and Remuneration Committee formed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Board may also establish a separate Nomination Committee and a separate Remuneration Committee if the Board composition accommodates it and if this is justified given the Company's size and complexity of its business and governance structures.	x			Starting with the listing on the Main Market of the Bucharest Stock Exchange on 6 February 2023, Safetech Innovations also established the Nomination and Remuneration Committee, which consists of two members, both non-executive and independent.
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 4	In addition to its specific responsibilities as provided under this Code, the Nomination and Remuneration Committee should: i. Review and recommend to the Board the size and composition of the Board and lead the development and ongoing review of the Board profile; ii. Identify individuals qualified to become Board members and members of the executive management, if requested; evaluate the candidates for executive management roles; evaluate the candidates proposed by the shareholders or by Board members for a director role and inform the GMS accordingly; iii. Make recommendations to the Board concerning committee appointments (other than the Nomination and Remuneration Committee); iv. Coordinate an annual evaluation of the Board, directors and committees in line with provisions set out in Principle A.5.; v. Assist the Board in fulfilling its responsibilities related to the Company's remuneration policy; vi. Assist the Board in the development of the succession plans for executive management, as well as the emergency succession plans and CEO search process, as required; vii. Oversee the administration of the Company's compensation and benefits plans.	x			The internal rules of the Nomination and Remuneration Committee contain provisions in this respect. Considering the current size of the Board of Directors, such responsibility is not assigned at the level of the Nomination and Remuneration Committee. Should the number of members of the Board of Directors increase, such responsibility will be assigned to the Committee.
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 5	The role and responsibilities of Board committees should be defined in separate internal regulation (operating regulations) and disclosed on the Company's website. If the Company chooses not to establish any of the Board committees not required by law, the corresponding tasks and responsibilities shall be done by the Board and should be adequately stated in the Board's internal regulation.	x			The Board committees were established in accordance with the applicable provisions, operate based on separate internal rules, and these documents are available on the Company's website.
A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 6	The evaluation of independence for the members of the committees, including when the members of the committees are appointed by the GMS, shall be carried out according to the same procedure applicable to the independent members of the Board.	x			The internal rules of the Committee contain provisions in this respect.

A: GOVERNING BODIES	A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.	A.4., 7	The chairpersons of the Audit Committee and Nomination and Remuneration Committee should not be the Chairperson of the Board or of any other committee, unless this is justified by the size of the Board.	x			The Chairpersons of the Audit Committee and of the Nomination and Remuneration Committee are not the Chairman of the Board nor the chairpersons of other committees, thus complying with the requirements regarding the separation of responsibilities, considering the current Board structure.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 1	The Board Chairperson is primarily responsible for ensuring that the Board functions properly. The Board's internal regulation should contain the role and responsibilities of the Board Chairperson and the Board Chairperson, at a minimum, should: <ul style="list-style-type: none"> •Determine the agenda of the Board meetings, chair such meetings and ensure that minutes are kept of such meetings; •Ensure the Board receives accurate, timely, useful, succinct information to enable the Board to make sound decisions; •Ensure the Board has sufficient time for consultation and decision-making; •Enable the Committees to function properly and that there is effective communication with Board committees, including actionable, insightful reports of committees back to the full Board; •Ensure the performance of the Board is evaluated and discussed at least once a year and disclosed as per provision D.1.3; •Ensure that the Board has proper working relationship with the executive management. The CEO and the Chairman of the Board (if positions are held by different individuals) shall meet regularly; •Address and manage internal disputes and conflicts of interest concerning Board members. 	x			All these obligations of the Chairman of the Board of Directors are included in the Company's Corporate Governance Regulations.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 2	The Board should meet as often as necessary but not less than six (6) times a year.	x			The Board of Directors of Safetech Innovations meets whenever necessary, but at least once every three months. During 2025, the Board of Directors held 10 meetings (all with full attendance). Of these, four meetings concerned financial results, one meeting concerned strategy, and one meeting concerned evaluation.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 3	The Board can request to designate the Corporate Secretary who should assist the Board in complying with its obligations under law, Board internal regulation and other policies. The Corporate Secretary should be a senior officer in the Company tasked with assisting the Board and its committees in organising their activities, in preparing for the meetings, annual Board and committee performance evaluation and director training programs, if the case.	x			The Company has a General Secretary who supports the activities of the Board.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 4	The Board should clearly define the rights and responsibilities, scope of authority and other issues related to the Corporate Secretary.	x			These provisions are included in the Rules of Procedure of the Board of Directors.

A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 5	The Board and its committees should develop and approve an annual internal work plan identifying topics to address during the year before the end of the previous year. The plan should take into account decisions that need to be proposed to the GMS, reporting by management and internal control functions, the required frequency of Board and Committee meetings, and should be reviewed by the Chairperson, assisted by the Corporate Secretary.		x		This criterion is currently under implementation. The Board and its committees will develop and approve an annual internal work plan, identifying the topics to be addressed throughout the year, in accordance with the applicable requirements.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 6	The Board should conduct an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole, and which should be coordinated by the Nomination and the Remuneration Committee.	x			According to the provisions of the Rules of Procedure of the Nomination and Remuneration Committee, this Committee coordinates the evaluation process.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 7	The Nomination and Remuneration Committee should share the results of the Board evaluation with the whole Board and should then set follow up actions, if any, including professional development and training plans for the Board to fill gaps.	x			The Committee shares the results of the evaluation with the entire Board of Directors and establishes the subsequent measures.
A: GOVERNING BODIES	A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.	A.5., 8	The Board's internal regulation should require Company orientation (induction) programmes for newly appointed directors, ensured by internal staff of the Company. The Board's internal regulation can also include references for ongoing director education program, if needed. The implementation of any orientation and ongoing trainings programmes for directors (as per the Board decision) is made under the oversight of the Nomination and Remuneration Committee, with the support of the Corporate Secretary. Based on the results of the annual board evaluation, the Nomination and Remuneration Committee jointly with the Board Chairperson shall develop professional development programmes focusing on the areas where capacity should be built among Board members.	x			The Rules of Procedure of the Board of Directors contain provisions in this respect.
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 1	Executive management should run the Company and be accountable to the Board. Division of responsibilities between the Board and the executive management and between different members of the executive management should be clearly articulated in the Company's by-laws and the internal regulations of the Company.	x			The division of responsibilities between the Board and the executive management, as well as among members of the executive management, is clearly defined in the Company's Articles of Association and internal regulations, while the executive management acts under the authority of and in accordance with the decisions of the Board.
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 2	When Board Chairperson and CEO roles are exercised by one individual, the different responsibilities of the Board Chairperson and CEO should be clearly defined and distinguished in the Company by-laws.	x			The responsibilities of the Chairman of the Board of Directors and of the Chief Executive Officer are distinctly provided for in the Company's Articles of Association and Corporate Governance Regulations.

A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 3	The Board should ensure that the executive management is comprised of persons with adequate knowledge, skills, diversity and experience to support successful Company performance and that there are measures in place to provide for the orderly succession of executive management.	x			The Board has ensured the appointment of executive management composed of individuals with appropriate professional qualifications, competencies, diversity and relevant experience, aligned with the Company's objectives, and has implemented measures aimed at ensuring an orderly succession at the executive management level.
A: GOVERNING BODIES	A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.	A.6., 4	The Board, with the support of the Nomination and Remuneration Committee, should annually evaluate executive management's performance, the effectiveness of its cooperation with the Board, including the information provided to the Board.	x			With the support of the Nomination and Remuneration Committee, the Board annually evaluates the performance of the executive management, as well as the effectiveness of its cooperation with the Board, including the quality and relevance of the information provided to the Board.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK							
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 1	The Board determines the nature and extent of the risks the Company is willing to take necessary for the achievement of Company's strategic objectives (i.e., the Company's risk appetite) and should ensure there are clear structures, policies and procedures in place that identify, evaluate, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of digital technologies. The Board should explain in the annual report the mechanisms and processes in place to identify and manage risks.			x	The Company is currently in the process of implementing these provisions.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 2	The Board should adopt a formal risk management policy, to ensure accurate, complete and timely identification, measurement and reporting of risks, adequate and feasible risk control measures as well as integration of an E&S risks into the risk management framework in support of the Company's strategy implementation.			x	The Company is currently in the process of implementing these provisions.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 3	The Board and Audit Committee should understand emerging information technology and artificial intelligence-related changes so to mitigate cybersecurity risks. Time should be given to the AI risks and opportunities and cybersecurity on Board agenda to ensure understanding of cyber protection.			x	The Company is currently in the process of implementing these provisions.

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 4	The Company is recommended to establish a risk management function responsible for ensuring accurate, complete and timely identification of the risks, ensuring that adequate and feasible risk control measures are in place and monitoring the risk management procedures. The risk management function, through the Chief Risk Officer (CRO), where present, should have a direct communication and functional reporting to the Board and Audit Committee (if there is no separate Risk Committee).			x	The Company is currently in the process of implementing these provisions.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 5	The Board with the assistance from the Audit Committee should at least annually assess the adequacy and effectiveness of Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control reports, if they are required by applicable legislation, to the Audit Committee, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submission of relevant reports to the Board.			x	The Company is currently in the process of implementing these provisions.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.	B.1., 6	The Company should develop and make available on a free of charge basis on the Company's website a whistle-blowing mechanism which would enable employees and stakeholders to make reports about suspected breaches or wrongdoings as per the applicable legislation in place.			x	The Company is currently in the process of implementing these provisions.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 1	In addition to its responsibilities mentioned in legislation and elsewhere in the Code, the Audit Committee should: <ul style="list-style-type: none"> ·Review the Company's internal controls and risk management frameworks; ·Oversee the development and application of the Company's policies on conflicts of interests and related party transactions; ·Ensure independence and review the effectiveness of the Company's internal audit function and make a recommendation to the Board; ·Oversee the internal audit function; ·Oversee the preparation of sustainability-related reports and information included in them, unless this task is assigned to another committee; ·Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements and internal regulations of the Company (like the procedures for reporting breaches of the law or the Company's Code of Conduct), unless this task is assigned to another committee. 			x	The Rules of Procedure of the Risk and Audit Committee include provisions in this respect.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 2	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by regular (at least annual) or ad-hoc reports to the Board.			x	The Rules of Procedure of the Risk and Audit Committee include provisions in this respect.

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 3	The Audit Committee should monitor the independence and objectivity of the external auditor. The Committee should approve a policy on the provision of permitted non-audit services by the external auditor in line with legal requirements and enforce implementation of that policy. Committee's findings regarding the independence of the external auditor should be disclosed in the annual report.	x		The Audit Committee periodically assesses the independence and objectivity of the external auditor. Although, as of the date of this statement, a formal policy regarding the provision of non-audit services by the external auditor has not yet been adopted, the Company intends to develop such a policy. The Audit Committee is currently in the process of evaluating the independence of the
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.	B.2., 4	The Audit Committee should discuss the annual audit work plan with the external auditor covering the scope and materiality of the activities to be audited. The audit committee should meet the external auditor as needed to discuss issues identified and to monitor the quality of the services provided.	x		The Rules of Procedure of the Risk and Audit Committee include provisions in this respect.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 1	The Board should ensure that the internal audit has the authority, resources and procedures adequate to assist the Board in ensuring effectiveness and efficiency of the Company's risk management and internal control framework.	x		The Board of Directors has ensured that the internal audit function has the authority, resources and procedures necessary to support the monitoring of risks and internal control.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 2	To ensure fulfillment of the core functions of the internal audit function, the head of the function should be appointed by and report functionally directly to the Board via the Audit Committee, who shall be tasked with approving his/her appointment and dismissal. This is without prejudice to administrative reporting to the CEO and sharing information with the Company's executive management, in line with legal requirements and professional standards.	x		The Rules of Procedure of the Risk and Audit Committee include provisions in this respect.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 3	The internal audit function should be established in line with applicable legal requirements and industry standards (e.g., Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant matters shall be regulated in separate internal audit's internal regulation approved by the Board, following the recommendation of the Audit Committee.	x		With respect to the internal audit function, the Company's Board of Directors has approved the general framework for internal audit, as well as the internal audit charter, which contains these provisions.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.	B.3., 4	The Audit Committee should agree an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit issues, monitor implementation of recommendations of the internal audit and provide necessary guidance.	x		The Audit Committee fully complies with these requirements.
C: PERFORMANCE, MOTIVATION AND REWARD						

C: PERFORMANCE, MOTIVATION AND REWARD	C.1. Members of the Board shall receive remuneration corresponding to the volume and weight of powers and their responsibilities, rather than the performance of management or the Company. The structure and amount of director's remuneration should enable the Company to attract, retain and motivate the competent and qualified directors.	C.1., 1	Board members should receive remuneration, as per the Remuneration Policy of the Company. Members who also serve on Board committees should receive additional remuneration for this work. But in no circumstances should the remuneration be linked to the number of board or committee meetings.		x	The Company complies with the provisions of the Remuneration Policy, the members of the Board being remunerated in accordance with it. At present, no additional remuneration is granted for activities carried out within the committees; however, the Company will assess the opportunity of introducing such remuneration. Nevertheless, one of the members of the Risk and Audit Committee, who is not also a member of the Board of Directors, is remunerated in accordance with the Remuneration Policy adopted at the Company level.
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.	C.2., 1	The Board should determine the annual remuneration of the executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's remuneration policy. The remuneration policy should be prepared in accordance with the relevant legal requirements.	x		The method for determining the remuneration of the executive management is set out in the Remuneration Policy approved by the Company's Ordinary General Meeting of Shareholders.
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.	C.2., 2	Levels of remuneration for executive management members and key performance indicators taken into account when determining variable (performance-based) part of the remuneration should be set in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment within which the Company operates, and the pay and conditions of employees within the Company. In particular, they should include indicators related to non-financial performance and appropriate sustainability objectives.	x		The Company fully complies with this provision.
C: PERFORMANCE, MOTIVATION AND REWARD	C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.	C.2., 3	Company's shares and/or share purchase options should represent a significant part (e.g., not less than 10%) of the executive management member's total variable remuneration.		x	As of the date of this statement, the executive management does not have a variable component of remuneration.
D: DISCLOSURE AND INVESTOR RELATIONS						

D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 1	The Company should make sure to provide accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies should ensure all relevant information is easily accessible to investors, including through the Company website and other public information sources, as the case may be.	x			The Company publishes accurate and timely financial and operational information, including periodic and current reports, which are available both on its own website and on the Company's profile on the website of the Bucharest Stock Exchange.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 2	The Company is recommended to have an Investor Relations (IR) function and should appoint a dedicated person in charge of IR function. The contact details of the person or persons charged of the IR function shall be available on the Company's website. The IR function will report directly to the CEO/CFO, underscoring its significance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's capital market engagements and status. The Company should organise induction and regular training/courses, if needed, for the IR function, tailored to its specific needs and responsibilities.	x			The Company has established an Investor Relations function and has appointed a dedicated person responsible for the IR function.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The Company should include on its corporate website a dedicated Investor Relations section, with all relevant information of interest for investors, available both in Romanian and English.	x			All information specified under provision D.1., item 3 is available on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Main corporate regulations: updated articles of association, GMS procedures, board's internal regulation and board committees' internal regulations.	x			All information specified under provision D.1., item 3 is available on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •List of current members of the Board, Board's Committees and executive management, providing an up-to-date information on independence status , professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), other professional commitments, including executive and non-executive Board positions in companies, not-for-profit institutions and state institutions; relationship with shareholders holding at least 5% of the voting rights/shares issued by the Company; the duration of the appointment of the members of the Board, the Committees and the executive management, specifying the date from which they were appointed.	x			All information specified under provision D.1., item 3 is available on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Current reports and periodic reports (quarterly, semi-annual and annual reports).	x			All information specified under provision D.1., item 3 is available on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Information related to GMS: the agenda, supporting materials and the decisions taken; procedure for running the GMS; the Nomination Policy; candidates' professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), as well as any other information presented at A.3.3; communication channel(s) for shareholders to address questions; answers to shareholders' questions related to the agenda; declarations of independence for board candidates and evaluations made by Nomination and Remuneration Committee/Board for candidates, including their compliance with independence criteria.	x			All information specified under provision D.1., item 3 is available on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: •Information on Board evaluation, made as per Provision A.5.7, including evaluation criteria and process, as well as a summary result of the evaluation and actions that have been or will be undertaken as a result of the evaluation.	x			All information specified under provision D.1., item 3 is available on the Company's website.

D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: • Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions.	x			All information specified under provision D.1., item 3 is available on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 3	The company should include on its Investor Relations section: • Corporate policies, among which code of conduct, dividend policy, remuneration policy, forecast policy, policy for communication with investors, the corporate social responsibility (CSR)/sponsorship policy, policy for related parties' transactions, policy for diversity, equity and inclusion, and whistleblowing policy (if not already part of the Code of Conduct).		x		All information specified under provision D.1., item 3 is available on the Company's website, except for the Code of Conduct, the CSR Policy, the Related Party Transactions Policy and the Whistleblowing Policy.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 4	The Company should organise at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the Company website at the time of the meetings/conference calls.	x			Starting with 2024, Safetech Innovations has organized four teleconferences in Romanian, corresponding to each quarter. The recording of each teleconference is published on the BVB website as well as on the Company's website.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 5	The Company should disclose the material and reportable non-financial and sustainability issues with emphasis on the disclosure of environmental, social and governance (ESG) issues of its business and operations in line with the recognized standard of sustainability reporting. The Company's sustainability statements shall be disclosed on its website.				This provision is not applicable to the Company.
D: DISCLOSURE AND INVESTOR RELATIONS	D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.	D.1., 6	The Company should have a CSR/sponsorship policy to guide the activity in the area of supporting CSR activities and sponsorship.			x	The Company is currently in the process of implementing this policy.
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 1	The Company should have a dividend policy as a set of directions the Company intends to follow regarding the distribution of net profit.	x			The Company's Dividend Policy is available on the Company's website, in the Investors section.
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 2	The procedure for running the GMS should not restrict the participation of shareholders in GMS and the exercise of their rights. Amendments of the procedure for running the GMS should take effect, at the earliest, as of the next GMS.	x			Information regarding the organization of the General Meetings of Shareholders is provided in the Company's Articles of Association, the Corporate Governance Code and the Company's Procedure regarding General Meetings of Shareholders.

D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 3	The external auditors should attend the shareholders' meetings where their reports are presented, in order to respond to shareholders' questions.	x		Independent financial auditors attend the Ordinary General Meetings of Shareholders where the individual and consolidated annual financial statements are submitted for approval.
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 4	The Board should present to the annual GMS a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, as per the related information included in the annual report.		x	The Company is currently in the process of strengthening the formal framework regarding the presentation of information on internal controls and the management system of significant risks. Should questions regarding the internal control system and the management of significant risks be raised during the annual General Meeting of Shareholders, these will be addressed by the Board of Directors.
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 5	The Company should stimulate engagement with shareholders and investors by: <ul style="list-style-type: none"> •Encouraging active shareholder participation in GMS, like ensuring conditions for virtual participation. •Holding regular briefings and updates for investors, especially during significant corporate events. •Establishing channels for shareholders to provide feedback and ask questions, ensuring responses are timely and comprehensive. 	x		The Company fully complies with these requirements, encouraging the active participation of shareholders in General Meetings, including through the possibility of virtual participation via the EVOTE platform. Relevant information regarding significant corporate events is periodically communicated through current reports, and investors may contact the Company and submit feedback at the dedicated address: investors@safetech.ro
D: DISCLOSURE AND INVESTOR RELATIONS	D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.	D.2., 6	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairperson of the Board. Accredited journalists may also participate in the GMS, unless the Chairperson decides otherwise.	x		Any specialist, consultant, expert, financial analyst or accredited journalist may attend the General Meeting of Shareholders based on a prior invitation from the Chairman of the Board of Directors.
E: SUSTAINABILITY AND STAKEHOLDERS						

E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	E.1., 1	The Board should ensure that sustainability, environmental and social considerations are integrated in the Company's strategy and operations, risk management and remuneration practices and shall oversee this integration. A specialised sustainability committee or one of the standing committees of the Board shall assist the Board with these tasks.	x			These responsibilities are incorporated within the duties of the Board of Directors, and the Company will act, where circumstances require, in accordance with these requirements and with the Board's role in integrating sustainability, environmental and social considerations into the Company's strategy, operations and decision-making processes.
E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	E.1., 2	The Board should ensure that Company's operations run according to the national and international E&S standards and Company's E&S policies are consistent with its long-term objectives. In particular, the Company shall have internal acts relating to its responsibilities for environmental and social issues and policies and procedures that enable it to identify material factors and assess the impact on the Company's activities.	x			These responsibilities are incorporated within the duties of the Board of Directors, and the Company will act, where circumstances require, in accordance with these requirements and with the Board's role in integrating sustainability, environmental and social considerations into the Company's strategy, operations and decision-making processes.
E: SUSTAINABILITY AND STAKEHOLDERS	E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.	E.1., 3	Whenever a decision to be approved by the Board has potential material and negative E&S impact, the Board should receive from the executive management (i) an analysis on how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) proposal of the measures to mitigate negative E&S impacts.	x			These responsibilities are incorporated within the duties of the Board of Directors, and the Company will act, where circumstances require, in accordance with these requirements and with the Board's role in integrating sustainability, environmental and social considerations into the Company's strategy, operations and decision-making processes.
E: SUSTAINABILITY AND STAKEHOLDERS	E.2. The Company should have in place a process for identifying the stakeholders affected by Company's operations. The Board should take into consideration stakeholders' interests and ensure there is active communication between the Company and its stakeholders.	E.2., 1	The Board should ensure that there is a formal stakeholder identification process for Company's stakeholders including investors, creditors, clients, employees and suppliers, as well as targeted approaches for engaging with its priority stakeholders.	x			The Company's Corporate Governance Code includes provisions in this respect.
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 1	The Board should develop a purpose statement and a vision statement as well as articulate Company's values, so the entire organisation understands the Company's strategic direction.			x	The Company is currently in the process of drafting these documents.

E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 2	The Board should adopt a Code of Conduct for Board members, executive management and Company employees, with clear provisions aimed at preventing and sanctioning fraud and bribery. The Board should not permit any waiver of any ethics requirement by any director, executive manager or employee.			x	The Company is currently in the process of drafting these documents.
E: SUSTAINABILITY AND STAKEHOLDERS	E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.	E.3., 3	The Board should ensure that the Code of Conduct policies are integrated into Company's practices and incorporated into the onboarding process for new hires. The Board should ensure the efficient implementation and monitoring of compliance with the Code of Conduct and periodically review it.			x	The Company is currently in the process of drafting these documents.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SAFETECH INNOVATIONS S.A.

Report on the Consolidated Financial Statements

Audit Opinion

- [1] We have audited the consolidated financial statements of **SAFETECH INNOVATIONS S.A.** (the „Company”) and it’s subsidiary (the "Group") which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.
- [2] In our opinion, the accompanying consolidated financial statements give fair view in all material respects of the consolidated financial position of the Group as of December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union and with the accounting policies described in the notes to the financial statements.

Basis for Opinion

- [3] We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter "Regulation") and Law No. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the section "Auditor's responsibilities in an audit of the consolidated financial statements" of our report. We are independent from the Group, in accordance with the Rules of the International Ethics Standards Board for Accountants (IESBA), in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Rules and the Law, and have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

- [4] Key audit matters are those issues that, according to our professional reasoning, had the greatest significance in the consolidated financial statements audit for the current year. These issues were addressed in the context of our audit of the consolidated and consolidated financial statements considered as a whole and to form an opinion on them therefore we do not issue a consolidated opinion on these matters.

Key audit matter	How we addressed the matter
<p>Capitalization of development costs relating to internally generated software and impairment assessment of internally generated software</p> <p>As presented in Note 10 “Intangible Assets”, during the current year, the Group capitalized development costs of RON 18.9 million relating to software, on the basis that these costs to be clearly associated with identifiable products which will be controlled by the Group and have a profitable benefit exceeding the cost beyond one year.</p> <p>In capitalizing 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 recognized as an expense in consolidated profit or loss as these are incurred.</p> <p>The Group's policy is to perform an annual impairment assessment based on the amount of revenue generated by the respective competed software item, either direct or indirect, expecting that this revenue should not be 20% of capitalized costs (annual depreciation rate). Alternatively, second option is using a discounted cash flow forecast on all software, regardless of whether an indication of impairment exists. Key assumptions applied by management in the cash flow forecast included the following:</p> <ul style="list-style-type: none"> • the estimated revenues to be earned from the use of the assets and the period over which those revenues are projected; • the discount rate; and • risk adjustment factors used in deriving an appropriate discount rate applied to future estimated cash flows. <p>We considered the capitalization of development costs relating to software and the impairment assessment of the software to be a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none"> • Significant judgment that was applied by management in assessing whether direct development costs such as employee expenses and contractor costs of the system development team met the recognition criteria in IAS 38 for capitalization as an asset; and 	<p>We performed the following audit procedures over the capitalization of development costs relating to software:</p> <ul style="list-style-type: none"> • Through discussion with management, we obtained an understanding of the methodology applied by management in the capitalization of development costs relating to software; • We assessed the development costs capitalized during the year, as well as the Group's accounting policy for capitalization of development costs relating to software, against the requirements of IAS 38. We noted no exceptions; • By considering the nature of each activity performed by a software developer against the requirements for recognition as 'development' in terms of IAS 38, we assessed the appropriateness of management's rationale for the activities considered to be 'development'. We did not note any aspect requiring further consideration; • On a sample basis, we performed an independent verification of the professional qualifications of employees whose time had been capitalized during the year as development costs in terms of IAS 38, to assess whether those employees had the appropriate professional skills and competencies to develop software. We did not note any aspect requiring further consideration; • Through enquiry of management, we obtained an understanding of management's governance processes relating to the recording of time-based expenditure for capitalized development costs; and • For a sample of employees, we tested the accuracy of the value of employee costs used in the capitalization rate per hour with reference to their respective signed employment contracts and increase letters. We did not note any aspect requiring further consideration. <p>We performed the following audit procedures over management's impairment assessment:</p> <ul style="list-style-type: none"> • We have obtained a breakdown of revenues generated either direct or indirect by the completed software items and compared them with the 20% annual depreciation ratio; in all cases, cash generated exceed this ratio;

<ul style="list-style-type: none"> • The magnitude of capitalised development costs during the current year. 	<ul style="list-style-type: none"> • We held discussions with management and obtained an understanding of management's budgeting process, including the process of approval by the directors in determining the future cash flows; • We compared the projected cash flows, including the assumptions relating to revenue growth rates, against historical actual growth rates and actual performance, to assess the reasonability of management's budgeting process and projections. We noted no matters requiring further consideration; • We agreed the inputs used in the projected cash flows of revenues to be earned from the use of the software, to the latest budgets approved by the directors. We did not identified any matter that would require further considerations; • We assessed the reasonability of the cashflow forecast, taking into account renewable revenue contracts and management's estimation of the timeframe for the renewal of such contracts. We did not note any aspect requiring further consideration; • Based on our assessment, we accepted management's conclusion that no impairment adjustments to internally generated software were necessary
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Other information – Administrators' Report

[5] The administrators are responsible for preparation and presentation of the other information. The other information comprises the Administrators' report and the Remuneration Report, but does not include the consolidated financial statements and our auditor's report thereon, nor the non-financial information declaration being presented in a consolidated report. Our opinion on the consolidated financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements for the year ended December 31, 2025, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrator's report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20.

With respect to the Remuneration report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, articles. no. 106 – 107.

On the sole basis of the procedures performed within the audit of the consolidated financial statements, in our opinion:

- a) the information included in the administrators' report for the financial year for which the consolidated financial statements have been prepared is consistent, in all material respects, with these consolidated financial statements;
- b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20;
- c) the Remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, articles. no. 106 – 107.
- d) moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the consolidated financial statements prepared as at December 31, 2025, we are required to report if we have identified a material misstatement of this Administrator's report and Remuneration Report. We have nothing to report in this regard.

Management's responsibility for consolidated financial statements

[6] The Group's management is responsible for the preparation of these consolidated financial statements in order to present fairly, in all material respects, the financial position of the Group in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

[7] In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing, where appropriate, going concern matters and for using going concern basis of accounting, unless management either intends to liquidate the Group or cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities in an audit of consolidated financial statements

[8] Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement, if one exists. Misstatements may be caused either by fraud or error and are considered material if they could reasonably be expected to affect, consolidatedly or in aggregate, the economic decisions of users made on the basis of these consolidated financial statements.

[9] As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- We identify and assess the risks of material misstatement of consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve secret understandings, misrepresentation, intentional omissions, misstatements and circumvention of internal control.

- We understand internal control to be relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 - We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - We conclude on the appropriateness of management's use of going concern accounting and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt about the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to operate on a going concern basis.
 - We assess the overall presentation, structure and content of the consolidated financial statements, including disclosures, and the extent to which the consolidated financial statements reflect the underlying transactions and events in a manner that provides a fair presentation.
- [10] We communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as key audit findings, including any significant deficiencies in internal control that we identify during the audit.

Report on compliance

- [11] We were appointed as auditors of SAFETECH INNOVATIONS SA in the general Annual shareholder meeting held on 18 April 2022. Our mandate has been successively renewed, and the total uninterrupted duration of our engagement is four years, covering the financial years ended December 31, 2022, 2023, 2024, and 2025.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Group's Audit Committee, which we issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- Prohibited non-audit services, referred to in Article 5 paragraph (1) of EU Regulation no. 537/2014.

The engagement partner for which was prepared this report of independent auditor is Ruxandra Bilius.

Report on compliance with Law Nr. 162/2017 regarding the statutory audit of annual financial statements and consolidated annual financial statements and off the amendments of some legal regulations ("Law 162/2017") and by Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF")

- [12] We performed a reasonable assurance mission on the compliance with the Law 162/2017 and with Delegated Regulation (EU) 2018/815 of the Commission. Applicable to the consolidated financial statements prepared by the entity SAFETECH INNOVATIONS SA, (the "Company") and of its subsidiary (the "Group") as they are presented in the digital files that include the unique code LEI 984500ED4GA7884C439 ("the digital files"),

Responsibility of the management of SAFETECH INNVATIONS SA for digital files prepared in accordance with ESEF

- [13] The management of the Group is responsible for the preparation of digital files in accordance with the ESEF. This responsibility includes:
- designing, implementing and maintaining relevant internal control for ESEF application;
 - selecting and applying the appropriate iXBRL tags;
 - ensuring the consistency between the digital files and the consolidated financial statements that will be published in accordance with Order 2844/2016 as amended for the approval of Accounting Regulations in accordance with the International Financial Reporting Standards as adopted by the European Union with subsequent amendments..

Those responsible for governance are responsible for overseeing the preparation of digital files in accordance with the ESEF

Auditor's responsibility regarding the audit of Digital Files

- [14] We have the responsibility to express a conclusion on the extent to which the consolidated financial statements included in the annual financial report are in accordance with ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our company is applying the International Standard for Quality Management (“ISQM1”) and, consequently, maintains an adequate system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of material deviations from the provisions set out in the ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the process of preparing digital files in accordance with ESEF, including relevant internal controls;
- the reconciliation of the digital files that include the marked data, with the audited consolidated financial statements of the Group that will be published in accordance with Order 2844/2016 with subsequent amendments;
- evaluating whether all the financial statements that are included in the annual financial report are drawn up in a valid XHTML format.
- assessment of whether all iXbrl markings, including voluntary markings, are in accordance with ESEF requirements.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

Conclusion

In our opinion, the consolidated financial statements for the financial year ended December 31, 2025 included in the annual financial report, in the digital files are, in all material respects, in accordance with the ESEF Regulation.

In this section we are not expressing an audit opinion, a review conclusion or any other assurance conclusion on the consolidated financial statements. Our audit opinion on the Group's consolidated financial statements for the financial year ended December 31, 2025 is included in the section "*Report on annual consolidated financial statements*" above.

Other matter

[15] The engagement partner for which was prepared this report of independent auditor is Ruxandra Bilius.

Auditor:

RUXANDRA BILIUS
Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. AF1996



Autoritatea pentru Supravegherea Publică a
Activităţii de Audit Statutar (ASPAAS)
Auditor Financiar: BILIUS
RUXANDRA IULIANA
Registrul Public Electronic: AF 1996

In numele
BAKER TILLY KLITOU AND PARTNERS S.R.L.
Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. FA384

Bucharest, 24 March 2026

Autoritatea pentru Supravegherea Publică a
Activităţii de Audit Statutar (ASPAAS)
Auditor financiar: BAKER TILLY
KLITOU AND PARTNERS S.R.L.
Registrul Public Electronic: FA 384

SAFETECH INNOVATIONS S.A.

**CONSOLIDATED FINANCIAL STATEMENTS
for year ended December 31, 2025**

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

Date: 18.03.2026

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 12-month period ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

		December 31, 2025	December 31, 2024
	Note		
Revenues from the sale of goods		18.795.759	28.065.812
Revenue from the provision of services		16.727.382	14.811.572
Rental income		27.821	-
Cifra de afaceri	5.1	35.550.962	42.877.384
Other operating income	6.1	1.501.590	1.003.618
Revenue from fixed asset production		17.864.343	16.493.121
Expenses on raw materials and consumables	5.2	(10.981.255)	(13.775.128)
Expenses related to goods	5.2	(3.835.453)	(8.624.413)
Personnel expenses	6.5	(17.541.337)	(16.505.474)
Depreciation and amortisation	9	(2.870.457)	(2.698.569)
Rental expenses		(27.300)	(106.005)
Marketing and advertising expenses		(142.351)	(285.479)
Provisions		37.803	53.614
Other expenses	6.2	(6.260.834)	(5.316.629)
Operating profit		13.295.711	13.116.041
Financial Income	6.4	46.815	99.031
Financial Expenses	6.3	(415.972)	(323.951)
Profit/(Loss) before tax		12.926.554	12.891.121
Income Tax	7	(1.676.541)	(1.818.024)
Profit/(Loss) after tax (A)		11.250.013	11.073.097
Other elements of the overall result		-	-
Attributable			
To the equity holders of the parent company		11.436.868	12.363.269
To minority interests		(186.854)	(1.290.173)
Number of shares		162.717.653	162.717.653
Basic result		0,07	0,12
Net diluted earnings per share		0,07	0,12

Validated by the Board of Directors on 18.03.2026.

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the 12-month period ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
Non - current assets			
Property, plant and equipment	9	586.880	665.960
Right of use assets	9	219.266	1.285.062
Intangible assets	10	73.543.141	56.847.493
Financial investments		486.108	127.960
Other non - current assets		801.008	441.470
Deferred tax assets		26.219	71.499
Total non-current assets		75.662.622	59.439.444
Current assets			
Inventories	11	147.743	276.982
Trade and other receivables	12	10.525.737	8.333.201
Other current financial assets		269.064	66.526
Cash and cash equivalents	13	1.750.281	1.909.499
Total current assets		12.692.824	10.586.208
Total assets		88.355.446	70.025.652
Equity and liabilities			
Issued share Capital		32.543.531	32.543.531
Own actions		(191.724)	(191.711)
Legal and other reserves		3.116.132	2.437.610
Retained earnings / (Accumulated Losses)		14.143.211	5.032.885
Translation differences		(183.750)	(322.740)
Minority interest		(4.420.205)	(4.312.645)
Total equity	14	45.007.196	35.186.931
Long-term debts			
Subsidies	10	19.869.269	15.029.290
Advance income		-	-
Long-term borrowings		1.499.998	-
Liabilities related to leasing contracts		163.897	902.935
Total long-term debt		21.533.164	15.932.225
Current liabilities			
Trade accounts payable	16	8.009.746	6.244.290
Income taxes payable		471.886	246.036
Short-term borrowings	17	8.674.685	8.970.234
Current term lease liability		94.365	553.917
Other current liabilities	16	4.435.621	2.725.434
Provisions		128.783	166.586
Total current liabilities		21.815.086	18.906.497
Total liabilities		43.348.250	34.838.722
Total equity and liabilities		88.355.446	70.025.652

Validated by the Board of Directors on 18.03.2026.

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 12-month period ended December 31, 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
Initial balance January 1, 2025	32.543.531	-	(191.711)	2.437.610	5.032.885	(322.740)	39.499.576	(4.312.645)	35.186.931
Profit for the year	-	-	-	-	11.436.868	-	11.436.868	(186.854)	11.250.013
Translation differences	-	-	-	-	(20.845)	138.990	118.145	79.295	197.440
Other comprehensive income	-	-	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-
Constitution of legal reserve	-	-	-	678.522	(678.522)	-	-	-	-
Increase in share premium	-	-	-	-	-	-	-	-	-
Shares granted	-	-	-	-	-	-	-	-	-
Increase in the acquisition of own shares	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	(1.627.177)	-	(1.627.177)	-	(1.627.177)
Impairment of revaluation reserve	-	-	-	-	-	-	-	-	-
Deferred tax revaluation reserve	-	-	-	-	-	-	-	-	-
Other corrections	-	-	(13)	-	2	-	(11)	-	(11)
Final balance December 31, 2025	32.543.531	-	(191.724)	3.116.132	14.143.211	(183.750)	49.427.401	(4.420.205)	45.007.196

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 12-month period ended December 31, 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
Initial balance January 1, 2024	13.300.000	2.865.991	-	1.670.846	9.768.321	(139.921)	27.465.237	(2.714.770)	24.750.467
Profit for the year					12.363.192		12.363.192	(1.290.095)	11.073.097
Translation differences					45.677	(182.818)	(137.141)	(307.780)	(444.921)
Other comprehensive income									-
Increase in share capital	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)						(191.711)
Dividend distribution									-
Impairment of revaluation reserve									-
Deferred tax revaluation reserve									-
Final balance December 31, 2024	32.543.531	-	(191.711)	2.437.610	5.032.885	(322.740)	39.499.576	(4.312.645)	35.186.931

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 12-month period ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

		December 31, 2025	December 31, 2024
Cash flows from operating activities			
Profit before tax		12.926.554	12.891.121
Depreciation and amortisation	9	2.366.714	2.196.620
Depreciation related to RUA	9	503.743	501.949
Income from capitalizations		(17.864.343)	(16.493.121)
Movements in provisions		(37.803)	(53.614)
(Gain) / loss on sale of property, plant and equipment		(262.597)	-
Translation difference		(9.733)	47.939
Interest revenues	6.4	(130)	(596)
Interest expenses	6.3	321.452	125.963
		(2.056.143)	(783.740)
Operating profit before working capital changes			
Change in inventories	11	129.239	123.717
Change in trade and other receivable	12	(2.192.536)	(1.103.050)
Change in trade and other payable	16	3.393.562	1.188.250
Change in deferred income tax	7	45.280	(8.707)
		(680.597)	(583.530)
Cash generated from/ (used in) operations			
Interest paid		(88.876)	(125.963)
Income tax paid		(1.424.037)	(1.905.561)
Payments related to internally generated fixed assets		17.864.343	16.493.121
		15.670.833	13.878.067
Net cash from/ (used in) operating activities			
Cash flows from investing activities			
Proceeds from sale of non-current assets		(359.538)	(169.737)
Purchases of intangibles		(18.905.469)	(18.214.656)
Purchase of property, plant and equipment	9, 10	(78.293)	(172.562)
Investment payments – company acquisition		(486.108)	(127.960)
Interest received		130	596
		(19.829.278)	(18.684.319)
Net cash used in investing activities			
Cash flows from financing activities			
Increase in share capital		-	-
Increase in share premium		-	-
Redeemed shares		-	(191.711)
Subsidy increases		4.839.979	1.679.083
Bank loans		1.499.998	-
Movements in loans and borrowings	17	(93.012)	1.319.419
Dividends paid	16	(1.614.747)	-
Payments of lease liabilities		(632.990)	(583.378)
		3.999.227	2.223.414
Net cash from/ (used in) in financing activities			
Net increase in cash and cash equivalents		(159.218)	(2.582.838)
Cash and cash equivalents at 1 January		1.909.499	4.492.337
Cash and cash equivalents at 31 December		1.750.281	1.909.499

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 12-month period ended December 31, 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 December 31, 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 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.

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

For the 12-month period ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

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.

	December 31, 2025	December 31, 2024
Number of employees	78	73

The composition of the Board of Directors as of December 31, 2025 is:

Board of Directors

Victor Gansac	President
Alexandru-Florin Mihailciuc	Member
Maria-Margareta Mucibabici	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 December 31, 2025: 2

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

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.

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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 nine-month period ended December 31, 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).

Presentation and functional currency

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).

Basis of evaluation

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 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.

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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.

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.

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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.

The exchange rate was as follows:

- closing exchange rate

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Date	Euro	USD	GBP	SAR
December 31, 2024	4.9741	4.7768	5.9951	1.2796
December 31, 2025	5.0985	4.3417	5.8335	1.1574

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.

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

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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 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.

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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 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.

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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:

Country of origin	Tax rate
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 December 31, 2025, the value added tax rates depending on the country of origin of the companies within the Group are:

Until 31.07.2025:

Romania	Rate
Standard VAT rate	19%
Reduced VAT rate	9%
Reduced VAT rate	5%
United Kingdom	
Standard VAT rate	20%
Reduced VAT rate	5%

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Romania	Rate
Kingdom of Saudi Arabia	
Standard VAT rate	15%

Starting with 01.08.2025:

Romania	Rate
Standard VAT rate	21%
Reduced VAT rate	11%
United Kingdom	
Standard VAT rate	20%
Reduced VAT rate	5%
Kingdom of Saudi Arabia	
Standard VAT rate	15%

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.

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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:

	<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 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.

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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.

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 December 31, 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.

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➤ *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.

	<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.

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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, 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.

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➤ **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 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.

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➤ *Provisions*

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is more than 50% probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Company expects that a provision will be reimbursed in whole or in part, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only if the reimbursement is virtually certain. The expense related to any provision is presented in the income statement, 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.

➤ ***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

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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.

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

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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.

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.

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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:

- 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

Starting January 1, 2026, financial reporting according to International Reporting Standards will undergo significant changes, focused on the classification of financial instruments, improving the presentation of financial statements and introducing sustainability standards.

Changes made starting January 1, 2026:

- Amendments to IFRS 9 and IFRS 7 (Classification and Measurement) – provide clarifications regarding the classification of financial assets and the measurement of

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financial liabilities, addressing issues identified in the post-implementation period of IFRS 9;

- Other minor changes to existing standards.

IFRS 18 Preparation – Although IFRS 18 becomes mandatory for reporting periods beginning on or after January 1, 2027, the 2026 financial statements will require comparative data restructured according to the new rules. IFRS 18 will change the structure of the income statement, imposing two new mandatory subtotals (EBIT and financial result).

Sustainability – Adoption of IFRS S1 and IFRS S2 – Sustainability reporting continues to be implemented, being essential for listed companies.

The group estimates that the adoption of these new standards and amendments to existing standards will not have a significant impact on the company’s financial statements 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 3rd 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>December 31, 2025</u>	<u>December 31, 2024</u>
Internal sales	35.289.715	42.010.919
External Sales	261.247	866.465
Total turnover	<u>35.550.962</u>	<u>42.877.384</u>
Income from services	<u>17.589.640</u>	<u>14.811.572</u>
Sales of goods:	<u>17.933.501</u>	<u>28.065.812</u>
Finished goods	14.190.986	18.988.012
Goods sales	3.742.515	9.077.800

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	December 31, 2025	December 31, 2024
Rental income	27.821	-

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. Expenses for raw materials and consumables used

Raw materials and consumables used	December 31, 2025	December 31, 2024
Raw materials	10.896.156	13.641.875
Fuel materials and spare parts	31.780	39.101
Products	3.835.453	8.624.413
Supplies	2.860	43.401
Inventory items	46.850	40.805
Others	3.609	9.946
Total	14.816.708	22.399.541

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

Merchandise expenses refer to expenses for the acquisition of IT equipment that does not benefit from implementation services.

6. OTHER INCOME / EXPENSES AND ADJUSTMENTS

6.1 Other operating revenues

As of December 31, 2025, the Group presents the following operating income:

	December 31, 2025	December 31, 2024
Operating subsidy income	1.079.021	821.880

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	December 31, 2025	December 31, 2024
Investment subsidy income	-	84.559
Revenue/(expenses) from asset sales	48.109	-
Revenue from damages/fines	5.311	12.900
Other operating income	369.149	84.279
Total other operating income	1.501.590	1.003.618

6.2 Other operating expenses

Raw materials and consumables used	December 31, 2025	December 31, 2024
Services	4.301.107	3.380.041
Telecommunication services	118.225	116.343
Sponsorship	211.892	311.939
Insurance	403.050	228.831
Utilities	95.743	167.698
Travel expenses	395.987	442.037
Training	30.295	120.944
Maintenance	21.912	31.629
Other	682.622	517.167
Total	6.260.834	5.316.629

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	December 31, 2025	December 31, 2024
Interest expenses	321.452	125.963
Foreign exchange expenses	94.519	197.989
Total	415.972	323.951

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

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6.4 Financial income

Financial income	December 31, 2025	December 31, 2024
Gains on exchange rate differences	46.685	98.435
Interest income	130	596
Total	46.815	99.031

6.5 Personnel expenses

Salary expenses	December 31, 2025	December 31, 2024
Salaries	17.103.688	15.931.611
Payroll taxes	425.800	544.396
Salaries benefits	11.849	29.467
Total	17.541.337	16.505.474

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 December 31, 2025, the companies included in the consolidation scope present the following component of current and deferred income tax:

➤ **The Parent Company**

Income tax expense	December 31, 2025	December 31, 2024
Deferred tax (expense (income))	1.649.887	1.826.731
Current income tax	26.654	(8.707)
Total	1.676.541	1.818.024

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The elements that generated the deferred tax on 31.12.2025 were:

Element	Balance as of 31.12.2024 (Lei)	Impact (16%) (Lei)	Balance as of 31.12.2025 (Lei)	Impact (16%) (Lei)	Position
Debt with unused vacations	166.586	26.654	0	0	Active
Depreciation of current assets	280.281	44.845	280.281	44.845	Active

Deferred tax asset balance at 31.12.2024: 71.499 lei

Deferred tax asset balance at 31.12.2025: 44.845 lei

➤ **Safetech Innovations Global Services Limited**

On December 31, 2025 the company records a loss:

	Amount
Total income	866.380
Total expenses	1.432.605
Loss	566.225

Also, the company has a deferred tax liability of 18,626 lei as of December 31, 2025.

➤ **Safetech Innovations Llc**

On December 31, 2025 the company records a loss:

	Amount
Total income	0
Total expenses	123.348
Loss	123.348

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

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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 December 31, 2025 is 162.717.653.

	December 31, 2025	December 31, 2024
Net profit for the financial year	11.250.013	11.073.097
Weighted average number of shares	162.717.653	94.583.210
Basic and diluted earnings per share	0,07	0,12

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

FIXED ASSETS

	Right of use buildings	Building improvements	Machines, machinery and Equipment	Furniture, office equipment, protective equipment	Total
Gross value as of January 1, 2025	2.883.793	436.930	3.124.961	627.310	7.072.994
Additions	1.954.643	-	49.840	28.453	2.032.936
Revaluation	-	-	-	-	-
Outputs	(4.170.720)	-	(75.943)	-	(4.246.663)
Transfers	-	-	-	-	-
Gross value as of December 31, 2025	667.716	436.930	3.098.858	655.762	4.859.266
Depreciation and impairment as of January 1, 2025	1.598.730	64.158	2.987.672	471.412	5.121.972
Amortization in the year	503.743	1.384	99.350	56.639	661.116
Outputs	(1.654.023)	-	(75.943)	-	(1.729.966)
Transfers	-	-	-	-	-
A Depreciation and impairment as of December 31, 2025	448.450	65.542	3.011.078	528.051	4.053.121
Net worth December 31, 2025	219.266	371.388	87.780	127.711	806.145

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

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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 December 31, 2025:

	Lei	Lei
On January 1, 2025/ January 1, 2024	1.456.852	1.389.518
Additions during the period	1.954.643	533.223
Interest associated with lease liability	232.577	124.613
Early termination of contracts	(2.747.023)	-
Lease payments	632.990	583.378
Remeasurement of liability	(5.795)	(7.126)
	258.262	1.456.852
As of December 31, 2025/ December 31, 2024	258.262	1.456.852

The additions during the period are represented by:

- The parent company signed an addendum to the lease agreement of the space where it operates; At the same time, on December 31, 2025, the addendum to the lease agreement was signed, thus, the parent company disrecognized the property right related to the lease agreement.
- In 2024, a space lease agreement was concluded with the company 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:

	December 31, 2025	December 31, 2024
Depreciation of right-of-use assets	503.743	367.169
Interest expense on leasing debt	232.577	124.613
Total expenses recognized in the profit and loss account	736.319	491.782

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	December 31, 2025	December 31, 2024
Short-term leasing debt	94.365	553.917
Long-term lease debt	163.897	902.935
Total leasing debt	258.262	1.456.852

10. INTANGIBLE ASSETS

	Establishment expenses	Development expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs as of January 1, 2025	323.700	51.125.043	114.429	13.090.473	64.653.645
Additions	-	15.164.344	-	3.741.125	18.905.469
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Costs as of December 31, 2025	323.700	66.289.387	114.429	16.831.598	83.559.114
Depreciation and amortization as of January 1, 2025	323.700	-	114.429	7.368.023	7.806.152
Amortization in the year	-	-	-	2.209.821	2.209.821
Disposals	-	-	-	-	-
Amortization and depreciation as of December 31, 2025	323.700	-	114.429	9.577.844	10.015.973
Net worth as of December 31, 2025	-	66.289.387	-	7.253.544	73.543.141

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	Development expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs on January 1, 2024	37.531.922	114.429	8.527.730	46.497.782
Additions	16.493.121	-	1.721.535	18.214.656
Disposals	-	-	(58.792)	(58.792)
Transfers	(2.900.000)	-	2.900.000	-
Costs as at December 31, 2024	51.125.043	114.429	13.090.473	64.653.645
Amortization and depreciation on January 1, 2024	-	114.429	5.432.377	5.858.114
Amortization in the year	-	-	1.948.038	1.948.038
Disposals	-	-	-	-
Amortization and depreciation on December 31, 2024	-	114.429	7.380.414	7.806.152
Net Value at December 31, 2024	51.125.043	-	5.710.059	56.847.493

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.

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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.

During 2025, important developments were made to the iSAM solution, worth RON 709,159, mainly representing the costs of software development employees and subcontractors.

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 to commercial product level continues.

In 2025, developments of the ToR-SIM solution were carried out, worth 992,937 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 2025, the project continued in accordance with the development plan for the sustainability period, with expenses amounting to 5,212 thousand lei.

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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.

Between January and December 2025, developments worth RON 587,745 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.

Between January and December 2025, research and development activities worth 7,058 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.

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In 2025, research and development activities worth 572,048 lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

11. INVENTORIES

Inventories	December 31, 2025	December 31, 2024
Raw materials	-	131.039
Consumables	55.880	54.080
Goods	91.863	91.863
Total	147.743	276.982

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

The Group does not have any slow-moving inventories.

12. TRADE RECEIVABLES AND OTHER / CURRENT RECEIVABLES

Trade receivables and other receivables	December 31, 2025	December 31, 2024
Total net trade receivables of which:	9.683.572	7.767.182
Trade receivables, of which	6.170.716	5.844.292
<i>Trade receivables with affiliated companies</i>	-	-
Uncertain trade receivables	280.281	280.281
Clients invoices to be drawn up	3.267.006	1.676.933
Other receivables	245.850	245.957
Minus		
Adjustments for expected losses on receivables	(280.281)	(280.281)
Total other receivables of which:	842.165	566.019
Different debtors	414.308	394.363
Prepayments	375.195	138.133
Other current assets	52.662	33.523

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

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Total receivables as of December 31, 2025	0 - 30 days	30 - 60 days	60-120 days	120-365 days
6.170.716	4.913.815	959.825	75.701	221.375

The Group recognizes expected credit losses (“ECL”) for financial assets measured at amortized cost, in accordance with IFRS 9. Financial assets subject to the impairment model include, mainly, trade receivables and other financial receivables. The Company applies the simplified procedure provided for by IFRS 9 for trade receivables, recognizing lifetime expected losses (lifetime ECL) for all receivables. The expected loss model is based on a provisioning matrix that uses adjusted historical default rates. The Company groups receivables according to their age and applies expected loss rates determined based on historical default experience.

13. CASH AND SHORT-TERM DEPOSITS

	December 31, 2025	December 31, 2024
Cash at the bank in RON	483.163	1.657.836
Cash at the bank in foreign currency	11.968	251.663
Deposits	1.255.150	-
Total	1.750.281	1.909.499

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.

14. CAPITAL AND RESERVES

Authorized Shares/ Social Parties	December 31, 2025	December 31, 2024
Ordinary shares of 0.2 RON each	162.717.653	162.717.653
Ordinary shares issued and paid in full	Number	Value
As of December 31, 2024	162.717.653	32.543.531
As of December 31, 2025	162.717.653	32.543.531
Share capital	December 31, 2025	December 31, 2024

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	-	-
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	32.543.531
Total share capital	32.543.531	32.543.531

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.

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 December 31, 2025 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	28,8455%
Paul Rusu	46.901.136	28,8236%
Persoane fizice	65.085.886	<u>39,9994%</u>
Persoane juridice	3.793.817	2,3315%
Total	162.717.653	100%

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Reserves

Total other reserves included in capital components:	December 31, 2025	December 31, 2024
Legal reserves	3.116.132	2.437.610
Reported result	14.143.211	5.032.885
Total other reserves	17.259.343	7.470.495

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-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.

16. TRADE AND OTHER LIABILITIES (CURRENTS)

Trade and other liabilities	December 31, 2025	December 31, 2024
Local trade debts	6.360.011	4.176.696
Foreign trade debts	1.548.010	2.056.616
Liabilities for purchases of fixed assets	98.178	7.431

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Trade and other liabilities	December 31, 2025	December 31, 2024
Advances received and other liabilities	3.547	3.547
Lease liabilities	258.262	553.917
Total	8.268.008	6.798.207

Trade payables increased compared to the previous year as a result of the increase in the company's activity.

Other current liabilities	December 31, 2025	December 31, 2024
Salaries	783.156	659.195
Contributions and taxes wages	1.625.390	946.683
VAT	1.281.879	1.044.359
Dividends	15.958	3.529
Revenues registered in advance	74.278	71.468
Other liabilities	654.960	200
Total	4.435.621	2.725.434

The terms and conditions of the financial liabilities mentioned above:

Trade liabilities are non-interest bearing and are usually settled within 30 - 90 days.

For explanations regarding the Group's liquidity risk management processes, see the information below.

17. LOANS

In 2024, the Group Company, SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED, contracted two loans from individuals, the total loan as of December 31, 2025 being 8,750,251 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

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- 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 December 31, 2025 and December 31, 2024:**

Company name	Nature of relationship	Transaction type	Country	Headquarters
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. in Emiratele Arabe Unite	Affiliated company	No transactions	United States	United States
			United Arab Emirates	United Arab Emirates

18.2 Amounts due and receivable from affiliated entities and other related parties

The Group has debts to individuals, affiliated parties:

Creditor	31.12.2025	31.12.2024
Individuals	8.750.251	8.970.234

Compensation granted to the Parent Company's key management personnel

Administrators, directors and the supervisory committee

On December 31, 2025 and December 31, 2024, the Parent Company paid the following amounts to administrators, directors, which include compensation, dividends and taxes:

	December 31, 2025	December 31, 2024
Expenses	373.739	522.040

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Total	373.739	522.040

As of December 31, 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 December 31, 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 2025, the Parent Company approved the implementation of a plan to reward and motivate key personnel of the Parent Company by granting free shares in the future. Among the key personnel who will benefit from this plan are also the members of the Board of Directors.

19. COMMITMENTS AND CONTINGENCIES

Angajamente din contracte de finanțare:

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.
- 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

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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.

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

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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;

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.

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

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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.

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.

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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.

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.

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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.

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

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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. The military conflict generated by the Russian Federation in Ukraine, as well as the conflict in the Middle East, 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.

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).

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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.

December 31, 2025	EUR	USD	GBP	SAR	AUD	RON	Total
Trade receivables	261.247	-	93.546	-	-	5.815.923	6.170.716
Cash and cash equivalents	481	10.195	880	314	98	1.738.313	1.750.281
Total assets (1)	261.728	10.195	94.426	314	98	7.554.236	7.920.997
Liability	1.548.010	-	113.952	-	-	6.347.784	8.009.746
Short term loans	-	-	8.674.685	-	-	-	8.674.685
Lease liabilities	54.731	-	39.634	-	-	-	94.365
Other current liabilities	-	-	254.889	-	-	4.180.732	4.435.621
Total debts (2)	1.602.741	-	9.083.160	-	-	10.528.516	21.214.417
Difference (1) - (2)	(1.341.014)	10.195	(8.988.734)	314	98	(2.974.280)	(13.292.420)

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

	December 31, 2025	December 31, 2024
Trade receivables	6.170.716	5.844.292
Cash and cash equivalents	1.750.281	1.909.499
Total assets (1)	7.920.997	7.753.791
Liabilities	8.009.746	6.244.290
Short-term borrowings	8.674.685	8.970.234
Lease liabilities	94.365	2.725.434
Other current liabilities	4.435.621	553.917
Total liabilities (2)	21.214.417	18.493.875
Difference (1) - (2)	(13.293.420)	(10.740.084)

The Group's 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 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 December 31, 2025, the Parent Company has concluded a long-term credit agreement which at the end of the year has a balance of 1,499,998 lei.

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

On December 31, 2025	<30 days	30 – 60 days	60 - 120 days	>120 days	Total
Trade and other receivables	4.913.815	959.825	75.701	221.375	6.170.716
Cash and cash equivalents	1.750.281	-	-	-	1.750.281
Total Assets	6.664.096	959.825	75.701	221.375	7.920.997
Trade payables	5.367.863	1.974.001	353.910	313.971	8.009.746
Short-term loans	-	-	-	8.674.685	8.674.685
Leasing payables	17.391	30.854	8.912	37.208	94.365
Other debts	4.435.621	-	-	-	4.435.621

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On December 31, 2025	<30 days	30 – 60 days	60 - 120 days	>120 days	Total
Total liabilities	9.820.875	2.004.856	362.822	9.025.864	21.214.417

20. SUBSEQUENT EVENTS

On January 16, 2026, Safetech Innovations informed the market about the appointment of Victor Gânsac as Director of the Company.

In the period following the reporting date, the geopolitical context in the Middle East region continued to be marked by tensions, including in relation to the situation in Iran. At the date of this report, the Company did not identify any significant direct effects on its activity or financial position, given that the affiliated entity in the United Arab Emirates, SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C., has not carried out any operational activity to date, and the entity in the Kingdom of Saudi Arabia, SAFETECH INNOVATIONS LLC, recorded in 2025 only administrative expenses amounting to approximately 127 thousand lei, representing costs for the renewal of the operating license, as well as expenses for accounting services and legal consultancy.

Management is constantly monitoring developments in the region and the potential impact on future operations. At this time, there are no significant uncertainties that would affect the Group's continued operation, but possible changes in the geopolitical context could influence the general economic environment and international development plans.

21. AUDIT FEES EXPENSES

In 2025, the company's auditor was Baker Tilly Klitou and Partners SRL according to contract no. 311/20.04.2022.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SAFETECH INNOVATIONS S.A.

Report on the separate Financial Statements

Audit Opinion

- [1] We have audited the separate financial statements of **SAFETECH INNOVATIONS S.A.** (the "Company") which comprise the separate statement of financial position as at 31 December 2025, and the separate statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.
- [2] In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as of December 31, 2025 and of its separate financial performance and its separate cash flows for the year then ended in accordance with Order 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by the European Union and with the accounting policies described in the notes to the financial statements.

Basis for Opinion

- [3] We conducted our audit in accordance with International Standards on Auditing ("ISA"), EU Regulation No. 537 of the European Parliament and of the Council (hereinafter "Regulation") and Law No. 162/2017 ("Law"). Our responsibilities under these standards are described in detail in the section "Auditor's responsibilities in an audit of the separate financial statements" of our report. We are independent from the Company, in accordance with the Rules of the International Ethics Standards Board for Accountants (IESBA), in accordance with the ethical requirements that are relevant to the audit of financial statements in Romania, including the Rules and the Law, and have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

- [4] Key audit matters are those issues that, according to our professional reasoning, had the greatest significance in the separate financial statements audit for the current year. These issues were addressed in the context of our audit of the separate and separate financial statements considered as a whole and to form an opinion on them therefore we do not issue a separate opinion on these matters.

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Baker Tilly Klitou and Partners SRL trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Key audit matters	How we addressed the matter
<p>Capitalisation of development costs relating to internally generated software and impairment assessment of internally generated software</p> <p>As presented in Note 10 “Intangible Assets”, during the current year, the Company capitalised development costs of RON 18.2 million relating to software, on the basis that 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.</p> <p>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 Separate profit or loss as these are incurred.</p> <p>The Company's policy is to perform an annual impairment assessment based on the amount of revenue generated by the respective competed software item, either direct or indirect, expecting that this revenue should not be 20% of capitalized costs (annual depreciation rate). Alternatively, second option is using a discounted cash flow forecast on all software, regardless of whether an indication of impairment exists. Key assumptions applied by management in the cash flow forecast included the following:</p> <ul style="list-style-type: none"> • the estimated revenues to be earned from the use of the assets and the period over which those revenues are projected; • the discount rate; and • risk adjustment factors used in deriving an appropriate discount rate applied to future estimated cash flows. <p>We considered the capitalisation of development costs relating to software and the impairment assessment of the software to be a matter of most significance to the current year audit due to the following:</p> <ul style="list-style-type: none"> • Significant judgment that was applied by management in assessing whether direct development costs such as employee expenses and contractor costs of the system 	<p>We performed the following audit procedures over the capitalisation of development costs relating to software:</p> <ul style="list-style-type: none"> • Through discussion with management, we obtained an understanding of the methodology applied by management in the capitalisation of development costs relating to software; • We assessed the development costs capitalised during the year, as well as the Company's accounting policy for capitalisation of development costs relating to software, against the requirements of IAS 38. We noted no exceptions; • By considering the nature of each activity performed by a software developer against the requirements for recognition as 'development' in terms of IAS 38, we assessed the appropriateness of management's rationale for the activities considered to be 'development'. We did not note any aspect requiring further consideration; • On a sample basis, we performed an independent verification of the professional qualifications of employees whose time had been capitalised during the year as development costs in terms of IAS 38, to assess whether those employees had the appropriate professional skills and competencies to develop software. We did not note any aspect requiring further consideration; • Through enquiry of management, we obtained an understanding of management's governance processes relating to the recording of time-based expenditure for capitalised development costs; and • For a sample of employees, we tested the accuracy of the value of employee costs used in the capitalisation rate per hour with reference to their respective signed employment contracts and increase letters. We did not note any aspect requiring further consideration. <p>We performed the following audit procedures over management's impairment assessment:</p>

<p>development team met the recognition criteria in IAS 38 for capitalisation as an asset; and</p> <ul style="list-style-type: none"> • The magnitude of capitalised development costs during the current year. 	<ul style="list-style-type: none"> • We have obtained a breakdown of revenues generated either direct or indirect by the completed software items and compared them with the 20% annual depreciation ratio; in all cases, cash generated exceed this ratio; • We held discussions with management and obtained an understanding of management's budgeting process, including the process of approval by the directors in determining the future cash flows; • We compared the projected cash flows, including the assumptions relating to revenue growth rates, against historical actual growth rates and actual performance, to assess the reasonability of management's budgeting process and projections. We noted no matters requiring further consideration; • We agreed the inputs used in the projected cash flows of revenues to be earned from the use of the software, to the latest budgets approved by the directors; • We assessed the reasonability of the cashflow forecast, taking into account renewable revenue contracts and management's estimation of the timeframe for the renewal of such contracts. We did not note any aspect requiring further consideration; • Based on our assessment, we accepted management's conclusion that no impairment adjustments to internally generated software were necessary
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Other information - Administrator's Report

[5] The administrator is responsible for preparation and presentation of the other information. The other information comprises the Administrator's report and the Remuneration Report, but does not include the separate financial statements and our auditor's report thereon, nor the non-financial information declaration being presented in a separated report.

Our opinion on the separate financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separated financial statements for the year ended December 31, 2025, our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the separated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Administrator's report, we read it and report if this has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20.

On the sole basis of the procedures performed within the audit of the separate financial statements, in our opinion:

- a) the information included in the administrators' report for the financial year for which the separate financial statements have been prepared is consistent, in all material respects, with these separate financial statements;
- b) the administrators' report has been prepared, in all material respects, in accordance with the provisions of Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, for the approval of accounting regulations conforming with International Financial Reporting Standards as adopted by EU, article no. 20;
- c) c) the Remuneration report has been prepared, in all material respects, in accordance with the provisions of Law 24/2017, articles. no. 106 – 107.
- d) Moreover, based on our knowledge and understanding concerning the Company and its environment gained during the audit on the separated financial statements prepared as at December 31, 2025, we are required to report if we have identified a material misstatement of this Administrator's report and Remuneration Report. We have nothing to report in this regard.

Management's responsibility for separate financial statements

- [6] The Company's management is responsible for the preparation of these separate financial statements in order to present fairly, in all material respects, the financial position of the Company in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- [7] In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, where appropriate, going concern matters and for using going concern basis of accounting, unless management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in an audit of separate financial statements

- [8] Our objectives are to obtain reasonable assurance about whether the separate financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement, if one exists. Misstatements may be caused either by fraud or error and are considered material if they could reasonably be expected to affect, separately or in aggregate, the economic decisions of users made on the basis of these separate financial statements.
- [9] As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- We identify and assess the risks of material misstatement of separate financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve secret understandings, misrepresentation, intentional omissions, misstatements and circumvention of internal control.
 - We understand internal control to be relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - We conclude on the appropriateness of management's use of going concern accounting and determine, based on audit evidence obtained, whether there is a material uncertainty about events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to operate on a going concern basis.
 - We assess the overall presentation, structure and content of the separate financial statements, including disclosures, and the extent to which separate financial statements reflect the underlying transactions and events in a manner that provides a fair presentation.
- [10] We communicate to those charged with governance, among other matters, the planned scope and timing of the audit, as well as key audit findings, including any significant deficiencies in internal control that we identify during the audit.

We report as well to those in charge with governance a statement regarding our compliance with the ethical requirements regarding independence and we communicate all the relations and other matters that can be reasonably assessed as potentially impair our independence and we take, if needed related precautionary measures.

Report on compliance

[11] We were appointed as auditors of SAFETECH INNOVATIONS SA in the general Annual shareholder meeting held on 18 April 2022. Our mandate has been successively renewed, and the total uninterrupted duration of our engagement is four years, covering the financial years ended December 31, 2022, 2023, 2024, and 2025.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Company's Audit Committee, which we issued on the same date as this report. Also, in conducting our audit, we maintained our independence from the audited entity.
- Prohibited non-audit services, referred to in Article 5 paragraph (1) of EU Regulation no. 537/2014.

Report on compliance with Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF")

[12] We performed a reasonable assurance mission on the compliance of the separate financial statements prepared by the entity SAFETECH INNOVATIONS SA, included in the annual financial report presented in the digital file 984500ED4GA7884C439 ("the digital files"), with Delegated Regulation (EU) 2018/815 of the Commission.

Responsibility of the management of SAFETECH INNOVATIONS SA for digital files prepared in accordance with ESEF

[13] The management of the Company is responsible for the preparation of digital files in accordance with the ESEF. This responsibility includes:

- designing, implementing and maintaining relevant internal control for ESEF application;
- ensuring the consistency between the digital files and the separate financial statements that will be published in accordance with Order 2844/2016 as amended.

Those responsible for governance are responsible for overseeing the preparation of digital files in accordance with the ESEF

Auditor's responsibility regarding the audit of Digital Files

[14] We have the responsibility to express a conclusion on the extent to which the separate financial statements included in the annual financial report are in accordance with ESEF, in all material respects, based on the evidence obtained. Our reasonable assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the ESEF. The nature, timing and extent of the procedures selected depend on the auditor's judgment, including the assessment of the risk of material deviations from the provisions set out in the ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the process of preparing digital files in accordance with ESEF, including relevant internal controls;
- the reconciliation of the digital files that include the marked data, with the audited separate financial statements of the Company that will be published in accordance with Order 2844/2016 with subsequent amendments;
- evaluating whether all the financial statements that are included in the annual financial report are drawn up in a valid XHTML format.

We believe that the evidence obtained is sufficient and adequate to provide a basis for our conclusion.

In our opinion, the separate financial statements for the financial year ended 31 December 2025 included in the annual financial report, in the digital files are, in all material respects, in accordance with the ESEF Regulation.

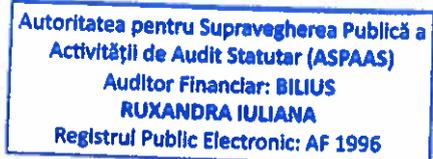
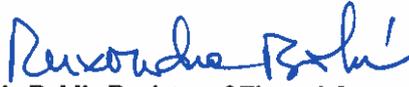
In this section we are not expressing an audit opinion, a review conclusion or any other assurance conclusion on the separate financial statements. Our audit opinion on the Company's separate financial statements for the financial year ended 31 December 2025 is included in the Report on annual separate financial statements section above.

Other matters

- [15] The engagement partner for whom this independent auditor's report was prepared is Ruxandra Bilius.

Auditor:

RUXANDRA BILIUS
Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. AF1996



In numele
BAKER TILLY KLITOU AND PARTNERS S.R.L.
Registered in the Electronic Public Register of Financial
Auditors and Audit Firms under no. FA384



Bucharest, 24 March 2026

SAFETECH INNOVATION S.A.

Individual Financial statements for year ended

31 December 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: 18.03.2026

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SAFETECH INNOVATIONS S.A.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

		December 31, 2025	December 31, 2024
	Note	RON	RON
Turnover	5.1	34.688.704	42.338.790
Other operating income	6.1	1.501.590	1.002.366
Changes in inventories of finished goods and work in progress	10	17.864.343	16.493.121
Expenses for raw materials and consumables	5.2	(10.981.255)	(13.775.128)
Merchandise	5.2	(3.702.461)	(8.579.255)
Personnel expenses	6.5	(17.324.017)	(14.341.064)
Depreciation, amortisation	9	(2.697.851)	(2.570.727)
Marketing and advertising expenses		(150.196)	(196.050)
Rental expenses		(23.026)	(29.192)
Provisions		37.803	53.614
Other expenses	6.2	(5.253.081)	(4.848.194)
Operating profit		13.960.553	15.548.281
Financial Income	6.4	23.658	68.065
Financial Expenses	6.3	(387.119)	(281.059)
Profit/(Loss) before tax		13.597.092	15.335.287
Income Tax	7	(1.676.541)	(1.818.024)
Profit/(Loss) after tax		11.920.551	13.517.263
Other comprehensive income		-	-
Number of shares		162.717.653	162.717.653
Basic result		0,073	0,143
Net diluted earnings per share		0,073	0,143

Validated by the Board of Directors on 18.03.2026

SAFETECH INNOVATIONS S.A.
STATEMENT OF FINANCIAL POSITION
For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
Non - current assets			
Property, plant and equipment	9	524.316	585.440
Right of use assets	9	185.112	1.101.180
Intangible assets	10	72.728.774	56.839.118
Investements in related companies	11	4.103.981	4.103.981
Other non - current assets		801.008	441.470
Deferred tax assets		44.845	71.499
Total non-current assets		78.388.036	63.142.688
Current assets			
Inventories	12	147.743	276.982
Trade and other receivables	13	10.421.337	8.244.562
Other current assets – loans		2.128.909	22.113
Cash and cash equivalents	14	1.740.378	1.765.456
Total current assets		14.438.367	10.309.113
Total assets		92.826.403	73.451.801
Equity and liabilities			
Issued share Capital		32.543.531	32.543.531
Own actions		(191.724)	(191.711)
Share premium at nominal value		-	-
Legal and other reserves		3.116.132	2.437.610
Retained earnings / (Accumulated Losses)		23.093.374	13.478.521
Total equity	14	58.561.313	48.267.951
Long-term debts			
Subsidies	10	19.869.269	15.029.290
Long-term loans		1.499.998	-
Long term lease liabilities		163.897	862.203
Total Non - Current Liabilities		21.533.164	15.891.493
Current liabilities			
Trade accounts payable	17	7.895.794	6.188.500
Income taxes payable		471.886	246.036
Current term lease liability		54.731	398.871
Other current liabilities	17	4.180.732	2.292.364
Short-term provisions		128.783	166.586
Total current liabilities		12.731.926	9.292.357
Total liabilities		34.265.090	25.183.850
Total equity and liabilities		92.826.403	73.451.801

SAFETECH INNOVATIONS S.A.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Share Capital	Share premium	Own Shares	Other elements of equity	Reserves	Retained earnings	Total
Balance as of January 1, 2025	32.543.531	-	(191.711)	-	2.437.610	13.478.521	48.267.951
Net profit	-	-	-	-	-	11.920.551	11.920.551
Increase in share capital	-	-	-	-	-	-	-
Establishment of legal reserve	-	-	-	-	678.522	(678.522)	-
Increase in share premium	-	-	-	-	-	-	-
The increase from the purchase of own shares	-	-	-	-	-	-	-
Allocation to dividends	-	-	-	-	-	(1.627.177)	(1.627.177)
Depreciation reserve from revaluation	-	-	-	-	-	-	-
Deferred tax reserve revaluation	-	-	-	-	-	-	-
Other corrections	-	-	(13)	-	-	2	(11)
Final balance December 31, 2025	32.543.531	-	(191.724)	-	3.116.132	23.093.375	58.561.313

SAFETECH INNOVATIONS S.A.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Share capital	Share premium	Own Shares	Other elements of equity	Reserves	Retained earnings	Total
Balance as of January 1, 2024	13.300.000	2.865.991	-	-	1.670.846	17.105.564	34.942.401
Net profit for the year					-	13.517.263	13.517.263
Increase in share capital	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	-	-	-	-	-	-	-
Balance as of December 31, 2024	32.543.531	-	(191.711)	-	2.437.610	13.478.521	48.267.951

CASH FLOW STATEMENT

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Note	December 31, 2025	December 31, 2024
Cash flows from operating activities			
Profit before tax		13.597.092	15.335.287
Depreciation and amortisation		2.343.837	2.180.711
Depreciation related to RUA		354.014	390.016
Income from capitalizations		(17.864.343)	(16.493.121)
Movements in provisions		(37.803)	(53.614)
Gain/ loss on sale of property, plant and equipment		(262.597)	-
Interest revenues	6.4	(130)	(596)
Interest expenses	6.3	299.009	110.934
Operating profit before working capital changes		(1.570.921)	1.469.617
Change in inventories	12	129.239	123.717
Change in trade and other receivable	13	(2.176.775)	(1.023.807)
Change in trade and other payable	17	3.597.012	993.036
Change in deferred income tax	7	26.654	(8.707)
Cash generated from/ (used in) operations		5.209	1.553.856
Interest paid		(76.352)	(110.934)
Income tax paid		(1.424.037)	(1.905.561)
Payments related to internal fixed assets		17.864.343	16.493.121
Net cash from/ (used in) operating activities		16.369.163	16.030.482
Cash flows from investing activities			
Proceeds from sale of non-current assets		(359.538)	(169.737)
Purchases of intangibles	10	(18.094.076)	(18.207.225)
Purchase of property, plant and equipment	9	(78.293)	(172.562)
Interest received		130	596
Investments - company acquisition		-	(191.940)
Net cash used in investing activities		(18.531.777)	(18.740.868)
Cash flows from financing activities			
Redeemed shares		-	(191.711)
Dividends awarded		(1.614.747)	-
Loans granted		(2.106.796)	(22.113)
Subsidies		4.839.979	1.679.083
Bank loans		1.499.998	-
Payments of lease liabilities		(480.897)	(475.405)
Net cash from/ (used in) in financing activities		2.137.537	989.854
Net increase in cash and cash equivalents		(25.078)	(1.720.533)
Cash at the beginning of the period January 1, 2025/ January 1, 2024		1.765.456	3.485.989
Cash at the end of the period December 31, 2025/ December 31, 2024		1.740.378	1.765.456

SAFETECH INNOVATIONS S.A.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 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.

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.

	December 31, 2025	December 31, 2024
Number of employees	78	73

The composition of the Board of Directors at the end of the 2025 financial year is:

Board of Directors

Victor Gansac	President
Alexandru-Florin Mihailciuc	member
Maria-Margareta Mucibabici	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.

Presentation and functional currency

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).

Basis of evaluation

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 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 December 31, 2025, the Company's current assets exceed current liabilities by RON 1.706.441 RON (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 11.920.551 RON (December 31, 2024: 13.517.263 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 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:

Date	Euro	USD
December 31, 2024	4.9741	4.7768
December 31, 2025	5.0985	4.3417

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.

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).

Cerintele de recunoastere si evaluare din IFRS 15 sunt de asemenea aplicabile pentru recunoasterea si evaluarea oricaror castiguri sau pierderi rezultate din cedarea activelor nefinanciare (cum ar fi activele fixe si imobiliarile necorporale), atunci cand aceasta cedare nu este in cursul normal al afacerii. Cu toate acestea, la tranzitie, efectul acestor modificari nu este semnificativ pentru Societate.

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 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).

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 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.

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

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.

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 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 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.

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.

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.

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.

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.

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

Starting January 1, 2026, financial reporting according to International Reporting Standards will undergo significant changes, focused on the classification of financial instruments, improving the presentation of financial statements and introducing sustainability standards.

Changes made starting January 1, 2026:

- Amendments to IFRS 9 and IFRS 7 (Classification and Measurement) – provide clarifications regarding the classification of financial assets and the measurement of financial liabilities, addressing issues identified in the post-implementation period of IFRS 9;
- Other minor changes to existing standards.

IFRS 18 Preparation – Although IFRS 18 becomes mandatory for reporting periods beginning on or after January 1, 2027, the 2026 financial statements will require comparative data restructured according to the new rules. IFRS 18 will change the structure of the income statement, imposing two new mandatory subtotals (EBIT and financial result).

Sustainability – Adoption of IFRS S1 and IFRS S2 – Sustainability reporting continues to be implemented, being essential for listed companies.

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

**December 31,
2025**

**December 31,
2024**

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

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

Internal sales	34.427.457	41.472.325
External sales	261.247	866.465
Total turnover	34.688.704	42.338.790

5.2. Expenses for raw materials and consumables used

Expenses for raw materials and consumables used	December 31, 2025	December 31, 2024
Raw materials	10.896.156	13.641.875
Fuel materials and spare parts	31.780	39.101
Merchandise	3.702.461	8.579.255
Supplies	2.860	43.401
Inventory items	46.850	40.805
Others	3.609	9.946
Total	14.683.716	22.354.383

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

Merchandise expenses refer to expenses for the acquisition of IT equipment that does not benefit from implementation services.

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

In 2025, the Company presents the following operating income:

	December 31, 2025	December 31, 2024
Revenue from operating subsidies	1.079.021	821.880
Revenue from investment subsidies	-	84.559
Income/(expenses) from sale of assets	48.109	-
Revenue from compensation/fines	5.311	12.900
Other operating income	369.149	83.027
Total other operating income	1.501.590	1.002.366

6.2 Other operating expenses

Other operating expenses	December 31, 2025	December 31, 2024
Services	3.565.940	3.217.029
Telecommunication services	118.225	116.343
Sponsorship	211.892	296.777
Insurance	350.011	125.944
Utilities	90.228	135.210
Travel expenses	321.136	304.306
Training	30.295	120.944
Maintenance	21.912	31.629
Marketing and protocol expenses	150.196	196.050
Other	543.442	500.012
Total	5.403.277	5.044.244

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	December 31, 2025	December 31, 2024
Interest expense	299.009	110.934
Expenses with exchange rate differences	88.110	170.125
Total	387.119	281.059

Interest expenses are represented by the amounts related to the rights of use of assets, as well as the interest expense related to financial liabilities.

6.4 Financial income**Financial income**

	December 31, 2025	December 31, 2024
Gains on exchange rate differences	23.528	67.469
Interest income	130	596
Total	23.658	68.065

6.5 Personnel expenses**Employee benefit expenses**

	December 31, 2025	December 31, 2024
Wages	16.916.885	14.009.400
Payroll taxes	407.132	331.664
Total	17.324.017	14.341.064

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

Income tax expense	December 31, 2025	December 31, 2024
Current profit tax	1.649.887	1.826.731
Deferred tax (expense (income))	26.654	(8.707)
Total	1.676.541	1.818.024

The elements that generated the deferred tax on 31.12.2025, were:

SAFETECH INNOVATIONS S.A.**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

Element	Balance as of 31.12.2024 (Lei)	Impact (16%) (Lei)	Balance as of 31.12.2025 (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 31.12.2025: 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 December 31, 2025 is 162.717.653.

	December 31, 2025
Net profit	11.920.551
Average number of shares	162.717.653
Earnings per share	0.073

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

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

	Buildings with right of use	Building improvements	Machines, machinery and Equipment	Furniture Office Protective equipment	Total
Gross value on January 1, 2025	2.587.977	436.930	3.124.961	524.039	6.673.908
Additions	1.954.643	-	49.840	28.453	2.032.936
Revaluation		-	-	-	-
Disposals	(4.170.720)	-	(75.943)	-	(4.246.663)
Transfers		-	-	-	-
Gross value on December 31, 2025	371.900	436.930	3.098.858	552.492	4.460.181
Amortization and depreciation on January 1, 2025	1.486.797	64.158	2.987.672	448.661	4.987.288
Amortization in the year	354.014	1.384	99.350	38.683	493.431
Disposals	(1.654.023)	-	(75.943)	-	(1.729.966)
Transfers	-	-	-	-	-
Amortization and depreciation on December 31, 2025	186.788	65.542	3.011.078	487.344	3.750.753
Net value on December 31, 2025	185.112	371.388	87.780	65.148	709.428

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Buildings with right of use	Building improvements	Machines, machinery and Equipment	Furniture Office Protective equipment	Total
Gross value on January 1, 2024	2.350.569	415.595	2.998.185	499.588	6.263.938
Additions	237.408	21.335	126.776	24.451	409.970
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Gross value on December 31, 2024	2.587.977	436.930	3.124.961	524.039	6.673.908
Amortization and depreciation on January 1, 2024	1.096.781	62.774	2.877.016	418.126	4.454.698
Amortization in the year	390.016	1.383	110.655	30.535	532.589
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Amortization and depreciation on December 31, 2024	1.486.797	64.158	2.987.672	448.661	4.987.288
Net Value December 31, 2024	1.101.180	372.772	137.290	75.378	1.686.620

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

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.

On December 31, 2025, the Company terminated the lease agreement and derecognized the right of use of the asset.

The carrying amount of the lease liability and the movements recorded within this category during the period January 2025 – December 2025:

SAFETECH INNOVATIONS S.A.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

	Lei	Lei
On January 1, 2025/January 1, 2024	1.261.074	1.389.518
Additions	1.954.643	237.408
Interest associated with the leasing debt	222.657	109.585
<u>Derecognition</u>	(2.747.023)	-
Lease payments	480.897	475.405
Debt revaluation	8.174	(32)
On December 31, 2025/ December 31, 2024	218.628	1.261.074

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:

	31.12.2025	31.12.2024
Depreciation of right-of-use assets	354.014	390.016
Interest expense on leasing debt	222.657	109.585
Total expenses recognized in the profit and loss account	576.671	499.601

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

	December 31, 2025	December 31, 2024
Short-term lease liability	54.731	398.871
Long-term lease liability	163.897	862.203
Total lease liability	218.628	1.261.074

10. INTANGIBLE ASSETS

	Establishment expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs on January 1, 2025	51.125.043	114.429	13.073.112	64.312.584
Additions	15.164.344	-	2.929.732	18.094.076
Disposals	-	-	-	-
Transfers	-	-	-	-
Costs on December 31, 2025	66.289.387	114.429	16.002.844	82.406.660
Amortization and depreciation on January 1, 2025	-	114.429	7.359.037	7.473.466
Amortization in the year	-	-	2.204.420	2.204.420
Disposals	-	-	-	-
Amortization and depreciation on December 31, 2025	-	114.429	9.563.457	9.677.886
Net book value at December 31, 2025	66.289.387	-	6.439.387	72.728.774
	Establishment expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs on January 1, 2024	37.531.922	114.429	8.496.087	46.142.438
Additions	16.493.121	-	1.721.535	18.214.656
Disposals	-	-	(44.509)	(44.509)
Transfers	(2.900.000)	-	2.900.000	-
Costs as at 31 December, 2024	51.125.043	114.429	13.073.112	64.312.584
Amortization and depreciation on January 1, 2024	-	114.429	5.415.073	5.529.502
Amortization in the year	-	-	1.943.964	1.943.964
Disposals	-	-	-	-

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

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

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

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:

- 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.

During 2025, important developments were made to the iSAM solution, worth RON 709,159, mainly representing the costs of software development employees and subcontractors.

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 2025, developments of the ToR-SIM solution were carried out, worth 992,937 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 2025, the project continued in accordance with the development plan for the sustainability period, with expenses amounting to 5,212 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. Between January and December 2025, developments worth RON 587,745 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.

Between January and December 2025, research and development activities worth 7,058 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.

In 2025, research and development activities worth 572,048 lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

11. INVESTMENTS IN AFFILIATED ENTITIES

As of December 31, 2025, the Company holds interests in Safetech Innovations Global Services Limited and Safetynanovation Limited.

SAFETECH INNOVATIONS S.A.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

Investments in affiliated entities	Holding	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Participations - Safetech Innovations Global Services Limited (UK)	67%	3.912.041	3.912.041
SAFETECH INNOVATIONS LLC(KSA)	100%	191.940	191.940
Total investments		4.103.981	4.103.981

12. INVENTORIES

Inventories	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Raw materials	-	131.039
Goods	91.863	91.863
Supplies	55.880	54.080
Total	<u>147.743</u>	<u>276.982</u>

The company has no slow-moving inventory.

13. TRADE RECEIVABLES AND OTHER RECEIVABLES / CURRENT

Trade and other receivables

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total net trade receivables of which:	<u>9.590.026</u>	<u>7.678.543</u>
Trade receivables	6.077.170	5.755.653
Uncertain trade receivables	280.281	280.281
Clients invoices to be drawn up	3.267.006	1.676.933
Other receivables	245.850	245.957
Minus		
Allowances for expected losses on receivables	(280.281)	(280.281)
Total other receivables of which:	<u>831.311</u>	<u>566.019</u>
Different debtors	414.308	394.363
Prepayments	364.341	138.133
Other current assets	52.662	33.523

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

Total receivables as of December 31, 2025	0 - 30 days	30 - 60 days	60-120 days	120-365 days	Older than 1 year
6.077.170	4.856.489	928.657	70.649	221.375	0

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

The Company recognizes expected credit losses (“ECL”) for financial assets measured at amortized cost, in accordance with IFRS 9. Financial assets subject to the impairment model include, mainly, trade receivables and other financial receivables. The Company applies the simplified procedure provided for by IFRS 9 for trade receivables, recognizing lifetime expected losses (lifetime ECL) for all receivables. The expected loss model is based on a provisioning matrix that uses adjusted historical default rates. The Company groups receivables according to their age and applies expected loss rates determined based on historical default experience.

14. CASH AND SHORT-TERM DEPOSITS

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash at the bank in RON	483.163	1.657.836
Cash at the bank in foreign currency	2.065	107.620
Deposits	1.255.150	-
Total	<u>1.740.378</u>	<u>1.765.456</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

Authorized Shares/Social Parties	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Ordinary shares of 0,2 RON each	162.717.653	162.717.653

SAFETECH INNOVATIONS S.A.**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

Ordinary shares issued and paid in full	Number	Value
On December 31, 2024	162.717.653	32.543.531
On September 30, 2025	162.717.653	32.543.531

Share capital	December 31, 2025	December 31, 2024
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	32.543.531
Total share capital	32.543.531	32.543.531

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 675.000 RON, by issuing a number of 1.125.000 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.

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

SAFETECH INNOVATIONS S.A.**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS****For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)**

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 December 31, 2025, the shareholding structure is as follows:

Ownership structure	<u>No. of shares</u>	<u>Percentage</u>
Victor Gansac	46.936.814	28,8455%
Paul Rusu	46.901.136	28,8236%
Individuals	65.085.886	<u>39.9994%</u>
Legal entities	3.793.817	2,3315%
Total	162.717.653	100%

Reserves**Total other reserves included in capital components**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Legal reserves	3.086.350	2.407.828
Other reserves (other funds)	29.782	29.782
The result of the exercise	11.920.551	13.517.263
Profit sharing	(678.522)	(766.764)
Reported result	11.851.345	728.023
Total other reserves	<u>26.209.506</u>	<u>15.916.131</u>

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 2025. 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.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

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.

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)

Trade and other liabilities	December 31, 2025	December 31, 2024
Local trade debts	6.246.059	4.120.906
Foreign trade debts	1.548.010	2.056.616
Liabilities for purchases of fixed assets	98.178	7.431
Advances received and other liabilities	3.547	3.547
Lease liabilities	218.628	1.261.074
Total	8.114.422	7.449.574

Trade debts remained constant compared to 2024.

Other current liabilities	December 31, 2025	December 31, 2024
Wages	773.437	651.365
Contributions and taxes wages	1.428.358	560.868
VAT	1.317.189	1.076.385
Dividends	15.958	3.529
Other liabilities	645.790	217
Total	4.180.732	2.292.364

Terms and conditions of the financial liabilities mentioned above:

Trade payables are non-interest bearing and are usually settled within 30 - 90 days.

For explanations regarding 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:
 - 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	Loan	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>December 31, 2025</u>	<u>December 31, 2024</u>
Loan to Safetech Innovations LLC	505.662	-
Loan to Safetech Innovations Global Services Limited	1.623.247	-
Credits Safetech Innovations LLC	-	22.042

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:

	December 31, 2025	December 31, 2024
Costs	373.739	522.040
Total	373.739	522.040

On December 31, 2025, the Company had a remunerated Board of Directors, the President of the Board of Directors being part of the executive management.

On December 31, 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;

- 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

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".

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. The military conflict generated by the Russian Federation in Ukraine, as well as the conflict in the Middle East, 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](#). 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, 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 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.

For the year ended December 31, 2025 (all amounts are expressed in LEI, unless otherwise stated)

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):

	December 31, 2025	December 31, 2024
Trade receivables	6.077.170	5.755.653
Cash and cash equivalents	1.740.378	1.765.456
Total assets (1)	7.817.548	7.521.109
Liabilities	7.895.794	6.188.500
Leasing liabilities	54.731	398.871
Other current liabilities	4.180.732	2.292.364
Total liabilities (2)	12.131.257	8.879.735
Difference (1) - (2)	(4.313.709)	(1.358.626)

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 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 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.

On December 31, 2025, the Company has contracted a long-term loan in the amount of 1,499,998 lei.

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

On December 31, 2025	<30 days	30 – 60 days	60 - 120 days	>120 days	Total
Trade and other receivables	4.856.489	928.657	70.649	221.375	6.077.170
Cash and cash equivalents	1.740.378	-	-	-	1.740.378
Total Assets	6.596.867	928.657	70.649	221.375	7.817.548
Trade payables	5.329.933	1.972.835	310.608	282.418	7.895.794
Other payables	4.180.732	-	-	-	4.180.732
Leasing payables	4.267	4.344	8.912	37.208	54.731
Total liabilities	9.514.933	1.977.179	319.520	319.626	12.131.257

20. SUBSEQUENT EVENTS

On January 16, 2026, Safetech Innovations informed the market about the appointment of Victor Gânsac as Director of the Company.

Since the reporting date, the geopolitical situation in the Middle East has continued to be marked by tensions, including those related to the situation in Iran. As of the date of this report, the Company has not identified any significant direct effects on its operations or financial position, given that the affiliated entity in the United Arab Emirates, SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C., has not conducted any operational activity to date, and the entity in the Kingdom of Saudi Arabia, SAFETECH INNOVATIONS LLC, recorded in 2025 only administrative expenses amounting to approximately 127 thousand lei, representing costs for the renewal of the operating license, as well as expenses for accounting and legal consulting services.

Management is constantly monitoring developments in the region and the potential impact on future operations. At this time, there are no significant uncertainties that would affect the Group's continued operation, but possible changes in the geopolitical context could influence the general economic environment and international development plans.

21. AUDIT FEES EXPENSES

In 2025, the company's auditor was Baker Tilly Klitou and Partners SRL according to contract no. 311/20.04.2022.