

Q1 2022 FINANCIAL REPORT



Safetech Innovations S.A.,
company listed on MTS-AeRO
market of the Bucharest Stock
Exchange



SAFETECH
INNOVATIONS

BVB: SAFE

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

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Quarterly Report for Q1 2022
For financial period	01.01.2022 - 31.03.2022
Report publishing date	23.05.2022
According to	Annex 13 of ASF Regulation 5/2018

ISSUER INFORMATION

Issuer's name	Safetech Innovations S.A.
Fiscal code	28239696
Trade registry number	J40/3550/2011
Registered office	Strada Frunzei nr. 12-14, sector 2, Bucharest

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	3,325,000 lei
Market on which the securities are traded	MTS AeRO Premium
Total number of shares	16,625,000 shares
Symbol	SAFE

CONTACT DETAILS FOR INVESTORS

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The interim financial statements as of March 31, 2022, presented in the following pages are **unaudited**.

MESSAGE FROM THE CEO

Dear shareholders,

In the first quarter of 2022, we have had an intense activity, determined by the high demand for cybersecurity services, our main line of business. During this period, Safetech Innovations generated operating revenues of 5.2 million lei, down 20% compared to the same period last year.

The turnover amounted to 3.4 million lei, a decrease of 23%, determined by the decrease of the sale of cybersecurity solutions by 68%. On the other hand, sales of cybersecurity services increased by 61%, which is a positive aspect for the company, as such services have a high profit margin compared to cybersecurity solutions, where the margin is low. This, in turn, had a direct effect on our profitability, which increased significantly.

Operating expenses decreased more than revenues, respectively 23% as our main objective was the provision of services, which determined a net result of 398K lei, an increase of 40% compared to the previous result, of 284K lei. I would like to mention two things here - first, a reminder that in the IT sector, the first quarter is always the weakest period within a year due to the non-completion of budgets for the ongoing year, and the fact that especially in Q1 2022, our net result has been affected by the cost of setting up a company in the UK.

Since the beginning of this year, Safetech has added 6 new customers to its portfolio, both in Romania and abroad. During the analyzed period, Safetech Innovations customers turned to cybersecurity services to increase the level of protection, but also to identify vulnerabilities and risks, and conduct compliance assessments. Further investments will be made after the development of action plans resulting from these activities. More and more customers are investing in cybersecurity solutions based solely on a plan of action.

The accelerated digitization that has taken place over the last two years and which has improved a lot of our day-to-day activities, both at professional and personal level, also has negative effects. One of them is related to the increase in cyber-attacks. We are currently midst a cyber war, and the number of attacks continues to rise. Companies need to implement cybersecurity processes to be constantly prepared for a potential attack. Moreover, although they have implemented IT technologies and solutions, most companies do not have continuity plans in the event of an attack. Basically, once they are attacked, these companies are forced to suspend their activity. Therefore, against the background of these threats, as well as with the outbreak of the war between Russia and Ukraine, more and more companies have come to us either to help them improve their security or to support them with the implementation of security measures.

Given this context, to expand our portfolio of cybersecurity solutions and services, we have partnered with Fidelis Cybersecurity, an American cybersecurity specialized in detecting and responding quickly to cyber threats and data breaches. Fidelis is a leading global manufacturer of state-of-the-art extended detection and response (XDR) solutions, and with this partnership we will have the opportunity to further support our customers to address current cyber threats. The Safetech team specializes in the solutions provided by Fidelis Cybersecurity, and this partnership, in addition to attracting new customers, will significantly contribute to increasing the company's turnover.

However, this year we will also face difficulties, mainly since the labor market in the field of cybersecurity has become extremely dynamic and competitive, with entrepreneurial companies competing at the same level with large corporations in terms of employment and keeping key



personnel in the company, the latter offering employees, in addition to highly motivating financial packages, *stock option plan* programs.

To meet the needs of persons who want to work in our company, but also those who already work at Safetech Innovations, we have analyzed all the possibilities through which we can implement *stock option plan*, and we have come to the conclusion that the options that the capital market offers at the moment are limited, but even if we choose any of them, we will opt for the one that is not to the disadvantage of our shareholders (such as the increase share capital with the lifting of preference rights).

However, following an internal analysis on this subject, we discovered that in the Romanian legislation (art. 103¹ and 104 of Company Law 31/1990 republished, with subsequent amendments and completions) it is allowed that shareholders to donate a part of their own shares to the company, the latter having the possibility to distribute them to employees within *stock option plan* programs. However, this option is not available to listed companies.

The major advantage that this mechanism gives, compared to all other methods by which the company can acquire shares, to grant them to employees through a *stock option plan*, is given by the fact that the shares received by the company by donation can be distributed to employees after a period of more than 12 months. In all other cases the company is obliged to distribute them within this period. Therefore, if this mechanism were available to listed companies, they could accept share donations and then determine the timeframe for which shares can be granted to employees. A longer period, at the expiration of which employees can acquire shares (*vesting period*), implies the possibility of long-term employee retention, thus actively participating in the development of the company.

In addition to our desire to implement such programs, we have noticed a paradigm shift at the level of employees, especially in the new generations of professionals. They no longer just want to have an employer-employee relationship and aim to become part of the company. Therefore, such a vision is beneficial for both parties. Moreover, multinational companies with a presence in Romania and which are listed on international stock exchanges have already implemented such programs for their employees in Romania. From this point of view, it is very difficult for us to cope with the competition in the labor market.

For this reason, Paul Rusu and I want to implement such programs based on shares donated by us to the company, and therefore, we have initiated formal steps with the Financial Supervisory Authority, to harmonize the capital market legislation with that applicable to unlisted companies, so that it also allows the donation of shares to listed companies, to implement *stock option plans*, to ensure equal treatment in the market.

Although at the time of publication of this report we do not have an official response from the ASF regarding the possibility of implementing such a mechanism, we are confident in our approach. We consider this option fundamentally different from other methods of implementing SOP, considering that a certain percentage of the shares we hold could eventually reach the company's employees, those who contribute day by day to the growth of company.

Regarding the process of international expansion, in Q1 2022, we set up the entity in the UK, but due to the sanctions imposed in the context of the war in Ukraine, the procedure for opening a bank account requires complex verifications of the parent company and significant shareholders. We have sent all the requested documents, translated and legalized, and currently we are waiting for the approval of the opening of the bank account. At the operational level, we have already selected four people to join the office there, but they will be effectively hired in Q2 or Q3 2022.

For the US office, we are in an advanced process of setting up the company, the law firms involved work in this direction and we hope that the procedures will be completed by the end of Q3 2022. For the Abu Dhabi entity, we have started the procedures for setting up the company, but their completion will take about three months. Most likely, in June or at the latest in July, we will have

the company established. However, as of June, we will be deploying a person to Abu Dhabi who will serve as Deputy General Manager and whose goal will be to make the company operational.

Safetech Innovations is going through a phase of accelerated growth amid growing demands for cybersecurity services and solutions provided by our team. For 2022, we aim for total revenues of approximately 44 million lei and a net profit of 10.1 million lei, according to the revenue and expenditure budget published at the end of 2021 and approved at the GMS in mid-April. We also plan to start the procedures for transferring to the Main Market, because we want to become an attractive issuer for institutional investors. To meet these objectives, we needed to bring together new partners with in-depth experience in areas such as finance and sales.

Therefore, at the GMS in mid-April, you approved the appointment of a three-member Board of Directors and I would like to thank you for your trust. I am pleased that within the board I will have with me Mircea Varga, member of the Board of Directors of TEILOR Holding and Alexandru Mihailciuc, Global Head of Pre-Sales at UiPath. Given the strong team we have, both at the executive level and at the board level, I am confident that Safetech has the potential to grow and become a significant player in international cybersecurity in the near future.

Within the same GMS, in addition to the appointment of a Board of Directors, the operation of granting cash dividends was approved, in a total amount of 4,156,250 lei. Thus, the shareholders holding SAFE shares on June 9th, 2022, will be eligible to receive a gross dividend per share of 0.25 lei. In addition, the shareholders approved the capitalization of the amount of 9,975,000 lei and the issuance of 49,875,000 new shares with a nominal value of 0.2 lei per share. Through this operation, Safetech shareholders holding SAFE shares on June 9th, 2022, will receive three newly issued shares for each share held. The day of payment for cash dividends is June 16th, 2022, and for free shares, June 10th, 2022.

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

Victor Gânsac

ABOUT SAFETECH INNOVATIONS

Safetech Innovations is a unique company on the Romanian market, offering a complete range of cybersecurity solutions and services. Throughout its history, the company has specialized in integrating complex cybersecurity projects. Safetech's mission is to develop innovative cybersecurity services and solutions that meet the needs of any organization.

Safetech's motto is to use human and cyber intelligence to help businesses thrive in uncertain times. Safetech uses applied cybersecurity information: a framework perceived as a hybrid system in which its experts combine both artificial and human intelligence, while protecting businesses, companies' reputations, jobs, business prospects and providing a safer future for everyone.

Safetech Innovations is recognized, both locally and internationally, for its well-trained and certified staff, innovative research programs, as well as unique expertise and experience in solving the most complex cybersecurity issues. Safetech offers a unique solution in Romania - a "one-stop shop" for cybersecurity, able to help organizations increase their resilience and solve any cybersecurity problems that can arise. Safetech engineers are competent in the field of cybersecurity and have expert skills in the following areas:

- Testing and security audits;
- Information security and risk management;
- Implementation of organizational and technical controls to address information security risks and / or compliance with applicable data protection regulations;
- Critical infrastructure security (ICS / SCADA);
- Monitoring and response to cybersecurity incidents.

Safetech Innovations is the only company dedicated to information security on the Romanian market, which offers services both in the field of security and the implementation of security solutions. The company is the leader in cyber security on the Romanian information security market.

As of March 31, 2022, Safetech Innovations had 47 full-time employees, an increase of 4 new colleagues, compared to the same period last year.

KEY EVENTS IN Q1 2022 AND AFTER CLOSING THE REPORTING PERIOD

SHARE CAPITAL INCREASE WITH CASH CONTRIBUTION

On January 19th, Safetech Innovations successfully completed the share capital increase operation, successfully raising 10.7 million lei.

In Stage 1, investors subscribed for newly issued shares based on SAFER01 preference rights. In Stage 1, investors subscribed a total of 522,191 shares out of 1,000,000 available shares, representing 52.2% of the total issue. The shares with a nominal value of 0.2 lei were offered at a price of 10.4171 lei/share. In the first stage, the Company raised capital amounting to 5,439,715.87 lei.

In Stage 2, 477,809 shares that remained unsubscribed in Stage 1 were offered to investors in a private placement. The private placement was closed in advance, on the first day of the second stage, the price per share being 10.9380 lei. Considering the high interest from investors, they received shares with a "pro rata" allocation, with an allocation index of 0.6236827919. In Stage 2, the Company raised capital amounting to 5,226,274.84 lei.

ACHIEVING THE PLATINUM PARTNERSHIP LEVEL WITH DARKTRACE

On January 7th, Safetech Innovations reached the Platinum partnership with Darktrace. Achieving this level reflects Safetech's success in helping companies deploy Darktrace's award-winning cyber-AI and represents a recognition to Company's strong relationships with its clients and the Darktrace team. Under the partnership, which dates since 2016, the Company is recognized as a high value service provider for the tools developed by Darktrace. The services consist in delivery, deploy, technical support, knowledge transfer and managed service.

EGMS FROM 14.01.2022

The Extraordinary General Meeting of Shareholders was held on January 14th, 2022. The legal and statutory quorum for the meeting was established at the first convocation.

During the GMS, the shareholders voted in favor of setting up a new company, partly owned by Safetech Innovations SA with a 49% stake in the share capital, with the aim of expanding the company's activity abroad. The company will be established in the United Arab Emirates as a limited liability company that will operate in accordance with the legislation of the UAE and will be based in Abu Dhabi.

In line with local legislation of United Arab Emirates, Safetech Innovations SA will hold a 49% shareholding in the newly established company and the remaining 51% of the share capital will be held by the company registered in the UAE, GreenGate Co. General Trading and Commercial Agencies - Sole Proprietorship LLC., Represented by HE Dr. Mubarak Hamad Marzouq Alameri as Executive Director.

ESTABLISHMENT OF A SUBSIDIARY IN THE UNITED KINGDOM

On February 8th, 2022, Safetech informed investors about the establishment of a subsidiary in the United Kingdom. The new company, SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED is headquartered at 86-90 Paul Street, London, England, EC2A 4NE. Safetech holds 67% of the share capital of the newly established subsidiary.

The opening of the UK subsidiary marks the beginning of the Company's international expansion with the establishment of dedicated teams and offices abroad. The opening of the subsidiary in

the United Kingdom is part of the wider strategy of the Company, for which the company carried out, between November 2021 - January 2022, the share capital increase operation.

CONCLUSION OF A PARTNERSHIP WITH FIDELIS CYBERSECURITY

On April 6th, Safetech Innovations announced the conclusion of a contract with Fidelis Cybersecurity, an American cybersecurity company specialized in detecting and responding to cyberthreats and data breaches, for the implementation in Romania of their cybersecurity solutions. By concluding the contract, Safetech expands its portfolio of cybersecurity solutions and strengthens the Company's ability to provide SOC-type services through STI-CERT.

EGMS AND OGMS FROM 18.04.2022

On March 15th, the Sole Director of Safetech decided to convene the Extraordinary and Ordinary General Meetings of the Company's Shareholders for April 18th, 2022. The legal and statutory quorum for the meeting was established at the first convocation.

The key points approved at the two meetings were:

- (i) Distribution of 4,156,250 lei, from the net profit related to the financial year 2021, as dividends to the Company's shareholders;
- (ii) Establishment of a Board of Directors of the Company and appointment of Victor Gânsac, Alexandru Mihailciuc and Mircea Varga as members of the Board of Directors, for a term of 2 years;
- (iii) Appointment of Baker Tilly Klitou And Partners SRL as the auditor;
- (iv) Share capital increase with the amount of 9,975,000 lei by issuing 49,875,000 new shares with a nominal value of 0.2 lei / share for the benefit of all shareholders registered in the Register of Shareholders kept by the Central Depository on the established registration date of AGEA. The distribution of the newly issued shares will be made according to the formula 3 newly issued shares for each share held. The increase of the share capital will be made from the partial capitalization of the issue premiums amounting to 9,975,000 lei. Following the increase, the share capital of the Company will be 13,300,000 lei divided into 66,500,000 shares;
- (v) Approval of the admission to trading of the Company's shares on the regulated market administered by the Bucharest Stock Exchange.

ANALYSIS OF FINANCIAL RESULTS

P&L ANALYSIS

In the first three months of 2022, Safetech generated operating revenue of 5.2 million lei, down 20% compared to the same period last year. In Q1 2022, customers focused on services to increase the level of security, but also the identification of vulnerabilities and risks, as well as compliance assessments. The further investments will be made after the development of action plans resulting from these activities. More and more customers are investing in cybersecurity solutions solely the basis of an action plan, a positive aspect that shows the maturity of the market. Operating expenses decreased more than revenues, respectively 23%, which determined a net result of 398K lei, an increase of 40% compared to the previous result, of 284K lei.

The turnover amounted to 3.4 million lei, a decrease of 23%, determined by the decrease of the sale of cybersecurity solutions by 68% compared to Q1 2021. On the other hand, the revenues from cybersecurity services increased by 61%, this being a positive aspect for the company, because the services of this type have a high profit margin, compared to the cybersecurity solutions, where the margin is low. The increase in sales of cyber security services was mainly due to the increase in the number of recurring contracts. In addition, it is important to note that in Q1 2022, Safetech Innovations gained 6 new customers, which will have an impact on the results in the following quarters.

Analyzing the total turnover, the cybersecurity services contributed with 74%, 2.5 million lei, in Q1 2022 compared to 36% in Q1 2021, while the implementation of the cybersecurity solutions contributed with 26%, 886K lei, compared to 63% in the first quarter of 2021. At the same time, the decrease on the latter line of business was also affected by the extension of delivery deadlines from manufacturers, from 30 to 90 days for cybersecurity solutions that have a hardware component. The extension of delivery times was due to delays in supply chains. In terms of sales of goods, they accounted for 0.1% of total turnover in Q1 2022.

Revenues from the production of intangible and tangible fixed assets represent investments in intangible assets made as part of European funds project using also company's own funds, namely the development of Safetech's own product, which will be put into operation at the end of the project, respectively June 2023. This position decreased by 16% in the first three months of 2022 compared to the same period last year. The variation of these revenues is given by the execution of the approved technical project and is not related to the current activity of the company. Safetech Innovations requested the modification of the technical project, in the sense that the savings made from investments in tangible and intangible assets (IT infrastructure and security for organizational development) will be allocated for the development of additional functionalities within the SafePIC platform.

Other operating income decreased by 10%. The major share of these revenues are the subsidies for investments transferred to revenues, which correspond to the amortization recorded for the own solution (non-reimbursable funds project, completed in 2019).

Operating expenses decreased by 23% and reached 4.7 million lei. The largest contribution in terms of costs is represented by personnel expenses, which increased by 24%, reaching 2.3 million lei. This increase is due to extension of the team with four new professionals, as well as salary increases. As part of its standard policy of remaining a competitive employer, the company continues to increase salaries throughout the year to retain the best talent, which continues to have an impact on staff costs. The second largest contribution in terms of costs concerns the expenses with the material, which registered a decrease of 70%, down to 813K lei, and other operating expenses, which decreased by 9% down to 814K lei. The decrease in material costs is directly related to turnover as this position includes the cybersecurity solutions which are resold by Safetech, along with the added value generated by the company's teams. Material costs also

decreased faster than turnover as in Q1 2022, the company focused on providing cybersecurity services.

Depreciation and value adjustments increased by 26%, reaching 766K lei in the first three months of 2022. This increase is also directly related to the EU research and development project, which includes a development component of the acquisition of fixed assets necessary to carry out the activity in order to increase the company's competitiveness (servers, laptops, furniture, monitors, as well as a process automation solution). These items were acquired and put into operation in 2021. Being fixed assets, their cost is covered by monthly depreciation.

Safetech ended the first three months of 2022 with an operating result of 482K lei, up 29% compared to the same period in 2021. Financial income reached 19K lei, up 888% while financial expenses increased by 74%, reaching 33K lei. Due to the increase in financial income, the company improved its financial result by 18%, reaching a negative of 14K lei, while the gross result reached 467K lei, an increase of 32% compared to the same period of the previous year. The taxes due decreased by 2%, reaching 70K lei. This resulted in a net profit of 398K lei, a 40% increase compared to the first three months of 2021.

PROFIT & LOSS STATEMENT (LEI)	Q1 2021	Q1 2022	Δ %
Operating revenue	6,510,360	5,186,678	-20%
Operating expenses	6,138,053	4,705,067	-23%
Operating result	372,307	481,611	29%
Financial result	(17,207)	(14,173)	18%
Gross result	355,100	467,438	32%
Net result	284,082	397,668	40%

BALANCE SHEET ANALYSIS

In Q1 2022, total assets reached 41.7 million lei, an increase of 14% since the beginning of the year, determined by a 12% increase (2 million lei) in fixed assets, as well as an increase of 15% (3 million lei) of current assets.

Fixed assets increased by 12% in Q1 2022, reaching 18.7 million lei, determined by the increase by 15%, up to 17.4 million lei, of intangible assets put into operation and those under development. Tangible fixed assets decreased by 15%, up to 1.3 million lei, due to the depreciation of fixed assets in operation, while financial assets remained at the same level since the beginning of the year.

Current assets increased by 15% in 2022, reaching 22.9 million lei. This category consists primarily of cash and cash equivalents, which increased by 98% since the beginning of the year, reaching 12.3 million lei due to share capital increase and also booking the receivables from customers, reaching the highest value in history the company. The second position was occupied by receivables, which decreased by 24%, up to 10.2 million lei, due to the settlement by the clients of the amounts due. Stocks increased by 71%, reaching 322K lei, since the company purchased at the end of Q1 2022 solutions to be delivered to customers in the next period. Prepaid expenses by 70%, reaching 125K lei.

Total debts decreased by 15% since the beginning of the year, reaching 18.8 million lei. Current liabilities decreased by 41%, reaching 4.6 million lei, this position consisting mainly of other short-term debts, which amounted to 2.6 million lei, an increase of 36%. These amounts are mainly taxes due as well as salaries due to employees. Debts to third party suppliers decreased by 80% from the beginning of the year to 937K lei, as during this period, customers paid the receivables and, in return, the company paid the suppliers. Short-term bank debts remained at the same level, while financial leasing decreased by 26%, up to 30K lei. At the same time, long-term debts, which consist only of financial leasing, remained constant and amounted to 42K lei.

Income in advance decreased by 1%, reaching 14.2 million lei, reflecting primarily subsidy revenue - the receipt of the EU grant received in June 2020.

Equity has increased by 56% since the beginning of the year, due to 19,163% increase in retained earnings. In addition, the capital premiums increased by 441%, reaching 12.8 million lei, while the subscribed and paid-in capital increased by 6%, due to closing and registration of the share capital operation.

BALANCE SHEET (LEI)	31/12/2021	31/03/2022	Δ %
Fixed assets	16,686,680	18,693,658	12%
Current assets	19,881,251	22,880,310	15%
Prepaid expenses	73,409	124,501	70%
Total assets	36,641,340	41,698,469	14%
Current liabilities	7,696,189	4,576,932	-41%
Non-current liabilities	41,273	41,781	1%
Income in advance	14,258,896	14,174,346	-1%
Equity	14,644,982	22,905,410	56%
Total equity and liabilities	36,641,340	41,698,469	14%

PROFIT AND LOSS ACCOUNT

PROFIT & LOSS STATEMENT (LEI)	31/03/2021	31/03/2022	Δ %
Operating revenue, of which:	6,510,360	5,186,678	-20%
Turnover	4,401,916	3,410,873	-23%
Income from the production of intangible and tangible fixed assets	2,009,514	1,686,453	-16%
Other operating revenue	98,930	89,352	-10%
Operating expenses, of which:	6,138,053	4,705,067	-23%
Material expenses	2,731,414	813,080	-70%
Other material expenses	10,455	17,490	67%
Costs of water and energy	13,402	20,230	51%
Cost of goods	51,339	11,227	-78%
Personnel expenses	1,829,978	2,262,809	24%
Depreciation and amortization	608,185	766,397	26%
Other operating expenses	893,280	813,834	-9%
Operating result	372,307	481,611	29%
Financial income	1,933	19,095	888%
Financial expenses	19,140	33,268	74%
Financial result	(17,207)	(14,173)	18%
Total revenues	6,512,293	5,205,773	-20%
Total expenses	6,157,193	4,738,335	-23%
Gross result	355,100	467,438	32%
Income tax	71,018	69,770	-2%
Net result	284,082	397,668	40%

BALANCE SHEET

BALANCE SHEET (LEI)	31/12/2021	31/03/2022	Δ %
Fixed Assets, of which:	16,686,680	18,693,658	12%
Intangible assets	15,166,466	17,396,371	15%
Tangible assets	1,517,664	1,294,737	-15%
Financial assets	2,550	2,550	0%
Current Assets, of which	19,881,251	22,880,310	15%
<i>Inventories</i>	187,953	321,740	71%
<i>Receivables</i>	13,478,544	10,240,329	-24%
Trade receivables	7,158,463	3,505,760	-51%
Other receivables	6,320,081	6,412,829	1%
<i>Cash and cash equivalents</i>	6,214,754	12,318,241	98%
Pre-paid expenses	73,409	124,501	70%
Total assets	36,641,340	41,698,469	14%
Current liabilities, of which:	7,696,189	4,576,932	-41%
Payables to suppliers	4,735,899	937,120	-80%
Bank debt	995,248	995,248	0%
Financial leasing	40,378	29,723	-26%
Other short-term debt	1,924,664	2,614,841	36%
Non-current liabilities, of which:	41,273	41,781	1%
Financial leasing >1 year	41,273	41,781	1%
Income in advance, of which:	14,258,896	14,174,346	-1%
Income from subsidies	14,258,896	14,174,346	-1%
Total liabilities	21,996,358	18,793,059	-15%
Equity, of which:	14,644,982	22,905,410	56%
Subscribed and paid-up share capital	3,125,000	3,325,000	6%
Subscribed and unpaid capital	2,803,231	-	-100%
Share premium	2,375,000	12,840,991	441%
Legal reserves	495,001	495,001	0%
Other reserves	29,782	29,782	0%
Profit carried forward	30,198	5,816,968	19163%
Profit/(loss) for the period	6,156,771	397,668	-94%
Distributed profit	(370.001)	-	-100%
Total equity and debt	36,641,340	41,698,469	14%

NOTES

1. The amount of 14,174,346 presented as income in advance (grants/subventions) represents the total amount due from European funds relating to the SafePic project and is not an actual debt, since it will be reduced by amortizing the product developed under the project, starting with 01.07.2023.
2. The amount of 6,412,829.00 represents the subsidy remaining to be collected amount within the European non-reimbursable funds project SafePic.

KEY FINANCIAL RATIOS

Current ratio as of 31.03.2021

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{22,880,310}{4,576,932} = 5.0$$

Debt to equity ratio as of 31.03.2021

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{0}{22,905,410} \times 100 = 0\%$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{0}{22,905,410} \times 100 = 0\%$$

Borrowed capital = Credits over 1 year
Employed capital = borrowed capital + equity

Fixed asset turnover as of 31.03.2021

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{3,410,873}{18,693,658} = 0.18$$

DECLARATION OF THE MANAGEMENT

Bucharest, May 23rd, 2022

I confirm to the best of my knowledge that the unaudited individual financial results for the three-month period between 01.01.2022 and 31.03.2022 give a true and fair view of Safetech Innovations' assets, liabilities, financial position and profit and loss, as required by the applicable accounting standards, and that the Director's Report gives a true and fair view of important events during the first three months of the 2022 and their impact on the company's financial statements.

Victor Gânsac

Chairman of the Board of Directors