

# PRELIMINARY FINANCIAL RESULTS FOR 2021



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



**SAFETECH**  
INNOVATIONS

**BVB: SAFE**

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# TABLE OF CONTENTS

<b>ISSUER INFORMATION</b>	<b>3</b>
<b>LETTER FROM THE CEO</b>	<b>4</b>
<b>ABOUT SAFETECH INNOVATIONS</b>	<b>6</b>
<b>KEY EVENTS IN Q4 2021 AND AFTER CLOSING REPORTING PERIOD</b>	<b>7</b>
<b>FINANCIAL STATEMENTS</b>	<b>13</b>
<b>BALANCE SHEET</b>	<b>14</b>
<b>DECLARATION OF THE MANAGEMENT</b>	<b>15</b>

**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	Preliminary Financial Results
For financial period	01.01.2021 – 31.12.2021
Report publishing date	21.02.2021

## 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	3,125,000 lei
Market on which the securities are traded	MTS AeRO Premium
Total number of shares	15,625,000 shares
Symbol	SAFE

## CONTACT DETAILS FOR INVESTORS

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The preliminary financial statements as of December 31<sup>st</sup>, 2021, presented on the following pages are **unaudited**.

## LETTER FROM THE CEO

Dear Shareholders,

We are happy to present to you our preliminary results for 2021, a year that was extremely important to us in terms of expanding our client portfolio, our team, and beginning the process of geographical expansion. We have ended 2021 with results well above the budget we approved in the General Meeting of Shareholders in April 2021 and in line with the revised budget we presented in September 2021.

In 2021, we generated operating revenue of 32.5 million lei (+76% increase compared to 2020), a turnover of 23 million lei (+56% increase vs. 2020), a net profit of 6.2 million lei (+99% vs. 2020), and an improved net profit margin of 27%, a 6pp increase compared to last year. In line with our historical results, 43% of the turnover for the whole year was generated in Q4, thus underlining the important cyclicity that we experience each year and that we consider is fundamental for investors to understand to assess the evolution of our business throughout the year correctly.

We are delighted with the performance in 2021 and mainly that we have delivered a net profit even higher than initially estimated. The result generated last year, paired with 10.7 million lei that we have raised from the investors between December 2021 and January 2022 during the share capital increase operation, will be used as a solid foundation of our growth in 2022 and will be directed into our international expansion efforts.

At the end of December 2021, we have published a current report presenting to the market the budget we will be proposing to the shareholders for approval in the Annual General Meeting of Shareholders, which will take place on April 18th. For 2022, we are targeting total revenues of 43.9 million lei, turnover of 40 million lei, and a net profit of 10.1 million lei. We plan to keep an attractive profitability margin to deliver to our shareholders growth in terms of results and an attractive net profit. Considering that this year we will begin moving to the Main Market, we want to become an attractive issuer also for institutional investors. Therefore, we plan to maintain our dividend policy that encompasses both cash distribution and partial capitalization of the profits (and subsequent distribution of bonus shares) to finance our further growth.

We believe that the hybrid approach will favor long-term investment from our stakeholders since the cash dividend can provide a partial return on the investment without necessarily enacting a more speculative behavior where the share price increase is the only way an investor can mark a return on his or her investment. However, what is more important, is that we want to prove that growth companies can also be profitable companies that share the profits with their shareholders.

Considering the excellent cash flow position that we have at the current moment, paired with the ambitious development plan for 2022 that we do believe is realizable in the current market context, as well as the fact that this year we will continue to benefit from non-reimbursable funds which will continue to cover the development side, we would like to propose to our shareholders a distribution of cash dividend amounting to 4.156.250 lei, resulting in a dividend per share of 0.25 lei (considering share capital increase divided into 16.625.000 shares). In addition, we will propose a distribution of three bonus shares for each share held through the capitalization of the share premiums amounting to almost 10 million lei, from the last two share capital increases, from October 2020 and January 2022.

We want this dividend proposal to reflect our confidence in our development plans as well as to serve as a thank you to shareholders who have supported us by participating in our private placement in October 2020 who still to this date hold our shares, those who bought SAFE shares in the course of 2021, as well as lastly, those who participated in our latest share capital increase



operation. Thanks to you, not only have we successfully closed our second share capital increase, but Safetech Innovations was also the most traded company on the AeRO market in 2021 and was awarded at Bucharest Stock Exchange's annual gala recognizing the top performers!

Coming back to 2022 and our plans for this year, 2021 has clearly shown that the number of cyberattacks is rising and that they are becoming one of the most prominent threats to corporations around the world, including in Romania. As many of you have undoubtedly seen in the coverage in the local media, the number of cyberattacks in 2021 has been on the rise, with more and more companies struggling to prevent such attacks, thus resulting in a threat of significant data and financial loss, not to mention reputational damage. Cybersecurity attacks are becoming more common, not to mention their role in modern warfare is growing and cannot be ignored. Therefore in 2022, we expect an increase in the demand for cybersecurity solutions and cybersecurity services delivered by our teams.

For 2022 our target is to attract even more clients from sectors that are covered by Law 362/2018, namely companies from the energy, transport, banking, financial market infrastructure, health, drinking water supply and distribution, digital infrastructure, digital services - cloud service providers, search engines and online markets. 2022 will be of fundamental importance for the companies that are considered essential operators under the law since, as of 2023 will be carried out the formal conformity audits. Additionally, we are in advanced talks with significant cybersecurity solutions manufacturers to expand their solution portfolio to the Romanian market to address the current cybersecurity challenges that local companies face. To serve the growing demand, we also plan to expand our team further with nine new experts whom we would like to bring on board this year. We are confident that the status of the public company paired with a substantial client portfolio and international presence will be important in attracting top talent.

Regarding the international expansion, we announced a few weeks ago about establishing our subsidiary in the United Kingdom, the principal motive for carrying out the share capital increase operation. We are currently in the process of capitalizing this local entity as well as recruiting the team. In the first phase, we are looking for sales and pre-sales specialists and a product manager. Once the UK entity is well established, we will set the entity in the USA. Between March-April, we plan to carry out establishing the American subsidiary.

When it comes to the entity based in Abu Dhabi, established together with our partner in UAE, after the expiration of the legal term for contesting the GMS, which we held on January 14th, 2021, we start the process of setting up the company. In parallel, we have begun building our presence in the UAE. Our cybersecurity experts already participated between December 7th and 8th in the 5th Cyber Warriors Conclave, Arab Edition, an event that connects the C-Suite & Senior Executives responsible for protecting their companies' critical infrastructures. Also, between February 28 and March 3, we will participate in EXPO 2020 in Dubai, an event organized by the Romanian Chamber of Commerce and Industry. We have already set up meetings with potential clients in the United Arab Emirates during this event.

Finally, we continue to look at other global markets for a potential expansion, one of them being the BeNeLux market. We do not necessarily want to open another subsidiary there, considering that by the end of 2022 will already have physical offices in four different countries on three continents, and we want to focus on maximizing the opportunities in the respective markets. Instead, we are in discussions with potential intermediaries and companies specializing in the sales area that could help us gain visibility and leads on these markets while operating from our HQ in Bucharest. We will keep you all updated about this as we have finalized our negotiations and set out our targets and priorities for this market.

We invite you to read more about Safetech's performance in 2021 on the following pages. If you have any questions, please do not hesitate to contact us at [investors@safetech.ro](mailto:investors@safetech.ro).

**Victor Gansac**

## ABOUT SAFETECH INNOVATIONS

Safetech Innovations is a unique company on the Romanian market, offering a complete range of cyber security 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 had on December 31<sup>st</sup>, 2021, 47 employees, an increase with 5 new colleagues compared to the same period of previous year.

# KEY EVENTS IN Q4 2021 AND AFTER CLOSING REPORTING PERIOD

## CONCLUSION OF A MEMORANDUM OF UNDERSTANDING

On October 7th, Safetech Innovations S.A. concluded a Memorandum of Understanding with GreenGate Co. General Trading and Commercial Agencies – Sole Proprietorship LLC, based in Abu Dhabi, former G20 Co. General Trading and Commercial Agencies, under the patronage of His Excellency Dr. Mubarak Hamad Marzouq Alameri.

The Memorandum of Understanding envisages Safetech Innovations S.A. to implement cybersecurity services and solutions to customers in the Middle East and North Africa, represented by GreenGate Co. General Trading and Commercial Agencies. Moreover, under the Memorandum of Understanding, Safetech Innovations S.A. agreed to initiate, manage, and build relationships with government agencies, ministries, or companies in the United Arab Emirates together with GreenGate Co. General Trading and Commercial Agencies.

## AGREEMENT TO SET UP AN ENTITY IN UAE

On November 22, 2021, Safetech Innovations S.A. informed the market about reaching an agreement with Greengate Co. General Trading and Commercial Agencies to establish a company based in Abu Dhabi, United Arab Emirates. Safetech Innovations will hold a minority stake in the UAE-based entity in line with the local laws. The decision to establish an entity in the UAE is part of Safetech Innovations' strategy to expand geographically and increase the Company's presence on other continents, thus reducing the dependency on the local market.

The decision to establish the company in the United Arab Emirates was subsequently approved by the General Meeting of Shareholders from 14.01.2022.

## SIGNING OF A SIGNIFICANT CONTRACT

On November 25th, 2021, Safetech Innovations S.A. informed shareholders about signing of a significant contract for provision of cybersecurity solutions with an unaffiliated entity, amounting to EUR 417,900.

## SIGNING OF A SIGNIFICANT CONTRACT WITH MINISTRY OF NATIONAL DEFENSE

On December 2nd, 2021, Safetech Innovations S.A. informed shareholders about signing of a significant contract for provision of cybersecurity solutions and services with Ministry of National Defense through U.M. 02499, amounting to RON 1,350,000.

## OBTAINING MICROSOFT SILVER SECURITY CERTIFIED STATUS

On December 28th, 2021, Safetech Innovations S.A. informed the shareholders about obtaining the Silver Certified Partner status from Microsoft in Security domain. The certification and recognition come from the capabilities and expertise gained by Safetech Innovations through the partnership with CyberX Lab since 2016, company that was acquired by Microsoft in 2020.

In addition, the Company is the only one in Romania and among few in Eastern Europe, which was included in the Microsoft "Global Security Recruit Program". This recognition provides an opportunity to continue to deliver professional services globally to Microsoft customers. The



Company's goal is to reach the Gold certification level in the first half of 2022. Safetech Innovations already has 10 certified experts and has one more milestone to reach for Gold certification.

### **ACHIEVING THE PLATINUM PARTNERSHIP LEVEL WITH DARKTRACE**

On January 7, 2022, Safetech Innovations S.A. achieved the Platinum partnership with Darktrace. Reaching this level reflects Safetech's success in helping companies implement award-winning Darktrace Cyber-AI technology, as well as a recognition of the Company's strong relationships with its customers and the Darktrace team. As part of the partnership, which dates back to 2016, the Company is recognized as a value-added service provider for the tools developed by Darktrace. Services consist of delivery, implementation, technical support, knowledge transfer and managed services.

### **EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS FROM 14.01.2022**

On January 14, 2022, the Extraordinary General Meeting of Safetech Innovations Shareholders was held. Within the EGMS, the shareholders approved the establishment of the branch located in Abu Dhabi, United Arab Emirates. Within the company, Safetech Innovations SA will hold 49% of the share capital, while the rest of the share capital will be owned by a limited liability company registered in Abu Dhabi, called: GreenGate Co. General Trading and Commercial Agencies - Sole Proprietorship LLC. GreenGate's ownership of 51% of the share capital of the newly established company is a consequence of the United Arab Emirates regulations that impose these conditions on foreign companies wishing to associate in the United Arab Emirates.

The operational part of the new company will be carried out by the two partners as follows: GreenGate will have a role in Management & Legal Administration, Sales & Business Development, Marketing and Safetech Innovations will have a role in Pre-sales, Service Delivery, Technical Support, Research and development, Training. At the same time, the establishment of the new company will not involve any administrative costs from Safetech Innovations S.A., the costs generated by the registration formalities will be borne by the GreenGate partner.

### **INCREASE IN SHARE CAPITAL WITH CASH CONTRIBUTION**

On January 19, 2022, Safetech Innovations successfully completed the share capital increase operation, successfully attracting 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 attracted 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 concluded in advance, on the first day of the second stage, the price per share being 10.9380 lei. Given the high interest from investors, they received shares with a "pro rata" allocation, with an allocation index of 0.6236827919. In the second stage, the Company attracted capital amounting to 5,226,274.84 lei.

At the date of publication of this financial report, the Company completes the registration of the share capital with the relevant institutions. On February 8, 2022, the share capital increase was registered with the Trade Register and the Company submitted all documents to the Financial Supervisory Authority for the issuance of a CIIF.

### **ESTABLISHMENT OF A SUBSIDIARY IN THE UNITED KINGDOM**

On February 8, 2022, Safetech Innovations established a UK subsidiary, SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED. Safetech Innovations holds 67% of the share capital of the newly established subsidiary. The object of activity of the subsidiary is the development of software for



business and private purposes, information technology consulting activities, other information technology service activities and management consulting activities, other than financial management.

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 Company's broader strategy, for which the company carried out, between November 2021 and January 2022, an operation to increase the share capital. The entity from Great Britain will be led by Liana-Ancuta Stancu, in the position of Administrator.

# ANALYSIS OF THE FINANCIAL RESULTS

## P&L ANALYSIS

In 2021, Safetech Innovations generated 32.5 million lei in operating income, an increase of 76% over the same period last year, marking the first entire reporting cycle (12 months) since the company attracted capital from investors in October 2020. During this period, the turnover reached 23 million lei, an increase of 56% compared to 2020. The cybersecurity services contributed 42% to the total turnover, the implementation of the cybersecurity solutions - 57%, while the sale of goods accounted for 1% of total turnover. According to the company's historical results, Q4 was again the busiest period for the company, with 43% of turnover being generated in the last quarter of the year. During this period, the most sought-after services were the implementation of cyber security solutions and consulting services following Law 362/2018. In 2021, Safetech added 19 new customers to its portfolio, both in Romania and abroad.

Revenues from the production of intangible and tangible fixed assets represent investments in intangible assets made from European funds and the company's funds - the development of Safetech's product, which will be put into operation at the end of the project respectively June 2023. This position increased by 169%. 2021 compared to 2020 because the EU-funded project accessed by Safetech Innovations in June 2020 has grown. The project is aimed at the "Center of Excellence for Cyber Security and Critical Infrastructure Resilience (SafePIC)". It seeks to increase Safetech's CERT response capability to cyber security attacks and incidents.

Other operating income decreased by 1%. The significant share of these revenues represents the subsidies for investments transferred to revenues and corresponds to the amortization registered for the own solution (non-reimbursable funds project, completed in 2019).

Operating expenses evolved similarly to operating revenues, reaching 25.4 million lei, an increase of 73% in 2021 compared to 2020. The most significant contributor to costs was material expenses, which increased by 130% and reached 10.9 million lei. This growth is driven by a larger business scale and represents the cost of implemented solutions. The second-largest cost is staff costs, which increased by 27% to 7.8 million lei. At 31.12.2021, Safetech had 47 employees compared to 42 at the end of 2020. Other operating expenses increased by 28%, reaching 3.4 million lei. These include services performed by third parties, primarily subcontractors, resale expenses, management, and rental locations, as well as postage and telecommunications charges. The other types of costs increased slightly. The cost of goods increased by 14%, reaching 205k lei, the expenses on energy and water increased by 19%, reaching 61k lei, and other material expenses increased by 10% and up to 36k lei.

As a result, the operating result reached 7.1 million lei, an increase of 87% compared to 2020. Financial expenses decreased significantly, by 56%, reaching 88k lei. At the same time, the financial income decreased at a comparable rate, reaching 9k lei. Therefore, the financial result was negative of -80k lei. This led to a gross result of 7 million lei, an increase of 94% compared to 2020. The profit tax increased at a slower pace, only by 65%, as the company benefited from the provisions of GEO153/2020 and namely of fiscal facilities granted according to the level of own capital compared to the previous year. This helped reduce the tax by almost 14%.

PROFIT & LOSS STATEMENT (LEI)	31/12/2020	31/12/2021	Δ %
Operating revenue	18,499,284	32,495,579	76%
Operating expenses	14,709,418	25,408,305	73%
Operating result	3,789,866	7,087,274	87%
Financial result	(181,801)	(79,675)	56%
Gross result	3,608,065	7,007,599	94%
<b>Net result</b>	<b>3,092,618</b>	<b>6,156,771</b>	<b>99%</b>

## RESULTS VS ESTIMATES

In the 2021 half-yearly report published by Safetech Innovations on 6 September 2021, management updated the expected results for 2021. Given the accelerated development in the first half of the year and the positive outlook for the rest of the year, Safetech Innovations decided to provide shareholders with guidance on tracking the estimate for the full year 2021. These updated results (not the BVC approved in the GMS of April 16, 2021) are presented below as a reference for the estimated budget.

In terms of turnover, the result generated in 2021 is 2% lower than the estimates published in September 2021. At the same time, non-reimbursable fund revenues accelerated compared to estimates by 63%. As a result, total revenues were 10% higher than estimated, while expenditures were up 12% in 2021 from estimates. However, the net profit delivered for 2021 was 8% higher than the initial estimates. What is important to note is that the profitability rate recorded in 2021 is 3 pp higher than estimated and 6 pp higher than the result delivered by Safetech in 2020.

	2020 Results	2021 Estimates	2021 Results	%2021R vs 2020R	%2021R vs 2021E
<b>Turnover</b>	<b>14,721,560</b>	<b>23,500,000</b>	<b>22,992,884</b>	<b>56%</b>	<b>-2%</b>
Non-reimbursable income	3,396,340	5,600,000	9,126,745	169%	63%
Other incomes	381,384	385,000	375,950	-1%	-2%
Financial income	18,376	19,000	8,720	-53%	-54%
<b>Total income</b>	<b>18,517,660</b>	<b>29,504,000</b>	<b>32,504,299</b>	<b>76%</b>	<b>10%</b>
Total expenses	14,909,595	22,700,000	25,496,700	71%	12%
<b>Net profit</b>	<b>3,092,618</b>	<b>5,704,000</b>	<b>6,156,771</b>	<b>99%</b>	<b>8%</b>
<b>Profit margin</b>	<b>21%</b>	<b>24%</b>	<b>27%</b>	<b>6pp</b>	<b>3pp</b>

## BALANCE SHEET ANALYSIS

In 2021, total assets reached 36.6 million lei, an increase of 39%, determined by a 108% increase (8.7 million lei) of fixed assets as well as an increase of 9% (1.6 million lei) in current assets.

Fixed assets increased in 2021, reaching 16.7 million lei, determined by the increase by 117%, up to 15.2 million lei, of intangible assets put into operation and in progress and by the increase by 50% (1.5 million lei) of tangible assets. The increase in intangible assets is directly related to the SafePIC project. Following the accounting legislation in force, these expenses are recorded as current intangible assets and represent the stage of realization of the own product.

Current assets increased by 9% in 2021, reaching 19.9 million lei. This category consists primarily of receivables, which reached 13.5 million lei, down 18% compared to 2020. Trade receivables increased significantly in 2021, with 152% reaching 7.2 million lei due to business growth and representing the amounts related to the contracts executed in December. Most of them have already been collected at the time of publication of this report. Only two customers will pay the related invoices in the next period, as they have not yet reached maturity. Other receivables have halved, reaching 6.3 million lei in 2021. Other receivables represent the amounts still to be collected within the project with non-reimbursable funds.

Cash and cash equivalents accounts increased by 267% at the end of 2021, reaching 6.2 million lei. This increase is determined firstly by the result generated by the company and secondly by the fact that it also includes a part of the capital raised in stage 1 of the share capital increase operation, the situation at the end of the year amounting to 2.8 million lei.

Total debts increased by 9%, reaching 22 million lei. Current debts increased by 82%, reaching 7.7 million lei, this position consisting mainly of debts to third party suppliers, which increased by 299% compared to 2020. This increase, similar to trade receivables, was determined by increasing

the size of the business. Bank debts decreased by 8%, slightly below 1 million lei; this amount is an SME loan. Other short-term debts increased by 21%, reaching 1.9 million lei, but decreased significantly compared to Q3 2021. This is because the managing authority approved the expenditures made on the project carried out from non-reimbursable funds. The company thus extinguished the non-repayable loans with subsidy character collected in 2021. The long-term debts were halved and amounted to 41k lei at the end of 2021.

Advance income decreased by 10%, reaching 14.3 million lei. Advance revenue is primarily subsidy revenue – reflecting the receipt of the EU grant received in June 2020.

Equity increased by 139% due to the 400% increase in subscribed and paid-in capital, which reached 3.1 million lei, as well as the appearance of a new position in the balance sheet - unpaid subscribed capital. In the amount of 2.8 million lei, this position represents the capital that the company received in its account until December 31st, 2021 from the part of the first stage of the share capital increase operation. The process was completed in January 2021, and the company attracted a total of 10.7 million lei, capital that has already been allocated in 2022 to either subscribed and paid-in capital or the capital premium.

The legal reserve increased to 495,000 lei, per the applicable legal provisions, by allocating 370,000 lei from the profit for 2021 (approximately 5% of the gross profit reported for 2021) to the legal reserves.

BALANCE SHEET (LEI)	31/12/2020	31/12/2021	Δ %
Fixed assets	8,015,560	16,686,680	108%
Current assets	18,270,862	19,881,251	9%
Prepaid expenses	58,453	73,409	26%
<b>Total assets</b>	<b>26,344,875</b>	<b>36,641,340</b>	<b>39%</b>
Current liabilities	4,232,582	7,696,189	82%
Non-current liabilities	80,353	41,273	-49%
Income in advance	15,909,460	14,258,896	-10%
<b>Total liabilities</b>	<b>20,222,395</b>	<b>21,996,358</b>	<b>9%</b>
Equity	6,122,480	14,644,982	139%
<b>Total equity and liabilities</b>	<b>26,344,875</b>	<b>36,641,340</b>	<b>39%</b>



# FINANCIAL STATEMENTS

PROFIT & LOSS STATEMENT (LEI)	31/12/2020	31/12/2021	Δ %
<b>Operating revenue, of which:</b>	<b>18,499,284</b>	<b>32,495,579</b>	<b>76%</b>
Turnover	14,721,560	22,992,884	56%
Income from the production of intangible and tangible fixed assets	3,396,340	9,126,745	169%
Other operating revenue	381,384	375,950	-1%
<b>Operating expenses, of which:</b>	<b>14,709,418</b>	<b>25,408,305</b>	<b>73%</b>
Material expenses	4,724,445	10,856,949	130%
Other material expenses	32,781	35,911	10%
Costs of water and energy	51,519	61,121	19%
Cost of goods	180,282	204,663	14%
Personnel expenses	6,128,456	7,803,187	27%
Depreciation and amortization	912,870	3,009,386	230%
Other operating expenses	2,679,065	3,437,088	28%
<b>Operating result</b>	<b>3,789,866</b>	<b>7,087,274</b>	<b>87%</b>
Financial income	18,376	8,720	-53%
Financial expenses	200,177	88,395	-56%
<b>Financial result</b>	<b>(181,801)</b>	<b>(79,675)</b>	<b>56%</b>
Total revenues	18,517,660	32,504,299	76%
Total expenses	14,909,595	25,496,700	71%
<b>Gross result</b>	<b>3,608,065</b>	<b>7,007,599</b>	<b>94%</b>
Income tax	515,447	850,828	65%
<b>Net result</b>	<b>3,092,618</b>	<b>6,156,771</b>	<b>99%</b>



# BALANCE SHEET

BALANCE SHEET (LEI)	31/12/2020	31/12/2021	Δ %
<b>Fixed Assets, of which:</b>	<b>8,015,560</b>	<b>16,686,680</b>	<b>108%</b>
Intangible assets	7,004,384	15,166,466	117%
Tangible assets	1,008,626	1,517,664	50%
Financial assets	2,550	2,550	0%
<b>Current Assets, of which</b>	<b>18,270,862</b>	<b>19,881,251</b>	<b>9%</b>
<i><b>Inventories</b></i>	<i><b>221,254</b></i>	<i><b>187,953</b></i>	<i><b>-15%</b></i>
<i><b>Receivables</b></i>	<i><b>16,358,334</b></i>	<i><b>13,478,544</b></i>	<i><b>-18%</b></i>
Trade receivables	2,844,932	7,158,463	152%
Receivables with affiliated entities	344,654	0	-100%
Other receivables	13,513,402	6,320,081	-53%
<i><b>Cash and cash equivalents</b></i>	<i><b>1,691,274</b></i>	<i><b>6,214,754</b></i>	<i><b>267%</b></i>
<b>Pre-paid expenses</b>	<b>58,453</b>	<b>73,409</b>	<b>26%</b>
<b>Total assets</b>	<b>26,344,875</b>	<b>36,641,340</b>	<b>39%</b>
<b>Current liabilities, of which:</b>	<b>4,232,582</b>	<b>7,696,189</b>	<b>82%</b>
Payables to suppliers	1,440,094	4,735,899	229%
Payables to affiliate companies	86,959	0	-100%
Bank debt	1,082,748	995,248	-8%
Financial leasing	38,632	40,378	5%
Other short-term debt	1,584,149	1,924,664	21%
<b>Non-current liabilities, of which:</b>	<b>80,353</b>	<b>41,273</b>	<b>-49%</b>
Financial leasing >1 year	80,353	41,273	-49%
<b>Income in advance, of which:</b>	<b>15,909,460</b>	<b>14,258,896</b>	<b>-10%</b>
Income from subsidies	15,397,096	14,258,896	-7%
<b>Total liabilities</b>	<b>20,222,395</b>	<b>21,996,358</b>	<b>9%</b>
<b>Equity, of which:</b>	<b>6,122,480</b>	<b>14,644,982</b>	<b>139%</b>
Subscribed and paid-up share capital	625,000	3,125,000	400%
Subscribed and unpaid-up share capital	0	2,803,231	100%
Share premium	2,375,000	2,375,000	0%
Legal reserves	125,000	495,001	296%
Other reserves	29,782	29,782	0%
Retained earnings	0	30,198	100%
Profit/(loss) for the period	3,092,618	6,156,771	99%
Profit distribution	(124,920)	(370,001)	196%
<b>Total equity and debt</b>	<b>26,344,875</b>	<b>36,641,340</b>	<b>39%</b>

# DECLARATION OF THE MANAGEMENT

Bucharest, February 21<sup>st</sup>, 2022

I confirm to the best of my knowledge that the unaudited preliminary financial statements for the twelve-month period between January 1<sup>st</sup> and December 31<sup>st</sup>, 2021 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 that have occurred in 2021 financial year and their impact on the preliminary financial statements.

Victor Gansac

Sole Administrator of Safetech Innovations S.A.