



To: *the Bucharest Stock Exchange*
the Romanian Financial Supervisory Authority

CURRENT REPORT 26/2023

Pursuant to Law no. 24/2017 on issuers of financial instruments and market operations and to the Romanian Financial Supervisory Authority Regulation no. 5/2018 on issuers and operations with securities, as subsequently amended and supplemented and the provisions of Article 99 of the Bucharest Stock Exchange Code, Title II, Issuers and Financial Instruments.

Date of report	22.08.2023
Name of the Company	Safetech Innovations S.A.
Registered Office	12-14 Frunzei Street, District 2, Bucharest
Phone	+40 754 908 742
Email	investors@safetech.ro
Registration nr. with Trade Registry	J40/3550/2011
Fiscal Code	28239696
Subscribed and paid share capital	13,300,000 lei
Total number of shares	66,500,000
Symbol	SAFE
Market where securities are traded	Bucharest Stock Exchange, Main Segment, Standard Category

Important events to be reported: H1 2023 financial results

In the first six months of 2023, the turnover of Safetech Innovations at individual level amounted to 13.5 million lei, a 26% increase compared to the same period last year. In H1 2023, cybersecurity services contributed 35% to the total turnover, and implementation of cybersecurity solutions contributed 65%. In the first semester, Safetech Innovations gained seven new clients on the Romanian market.

Other operating revenues increased by 176% in H1 2023, up to 481K lei, the significant share of these revenues representing subsidies for investments transferred into revenues and corresponding to the depreciation recorded for own solutions (non-reimbursable European funds project, completed in 2019).

Revenue from the production of fixed assets increased by 22% in the first semester of the year, up to 5.7 million lei, these representing the investments in intangible assets made from European and the company's funds - the development of Safetech's own product, which was put in operation upon project completion, i.e., June 2023. The EU-funded project is for the "Cybersecurity and Resilience of Critical Infrastructures Center of Excellence (SafePIC)" and aims to increase Safetech's CERT response capacity to cybersecurity attacks and incidents.

In terms of expenses, in H1 2023, the highest contribution was made by employee benefits expenses, which increased by 19% compared to H1 2022, reaching 5.2 million lei. As of June 30,

SAFETECH INNOVATIONS S.A.

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Solde Identification Code: RO 28239696 • Trade Registry Registration Number: J40/3550/2011
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2023, the Company had 52 employees, compared to 48 employees as of June 30, 2022. The second significant cost is represented by raw materials and consumables expenses, which increased by 35% compared to the same period last year and reached 3.6 million lei. The larger size of the business drives this increase and represents the cost of implemented solutions.

Other operating expenses decreased by 43% in the first six months of this year, up to 2.1 million lei. This category includes third-party services, royalty expenses, management premises, rents, and postal and telecommunications taxes. The decrease is because the costs with goods were not included in this category, and the other expenses, representing the equipment and license expenses related to the project with EU funds, registered a lower level than the level in H1 2022. The costs of goods amounted to 2.8 million lei.

Depreciation and amortization decreased by 16% in H1 2023, up to 1.3 million lei, and represent fixed assets, such as laptops, furniture, and monitors, as well as a process automation solution acquired in 2021 as part of the EU research and development project necessary to carry out the activity to increase the competitiveness of the company. These elements generate expenses with monthly amortization by amortizing them using the straight-line method.

The category of provisions, in the amount of 99K lei, represents the cancellation of the provision from 2022, which was constituted in accordance with the unused leave days.

At the individual level, the operating result in the first six months of 2023 reached 4.5 million lei, a 47% increase compared to the same period last year, due to the larger scale of business and the increased focus on higher-margin services.

Financial expenses increased by 30% compared to last year's period, reaching 114K lei. At the same time, financial revenues increased by 43% in H1 2023, up to 91K lei. Therefore, the gross result for the first semester of 2023 was 4.5 million lei, a 47% increase compared to the first semester of 2022. The income tax increased to 581K lei in the first six months of this year, a 35% increase, in line with the increase in gross profit. Therefore, the net result for the first semester of this year was 3.9 million lei, a 49% increase compared to the same period last year.

At the consolidated level, which includes the results of the UK entity, Safetech Innovations, considering that this entity did not have any sales in H1 2023, recorded the same turnover as the one registered at the individual level, and the net profit was 1.5 million lei.

Report availability

The unaudited consolidated and individual simplified financial results of Safetech Innovations S.A. for H1 2023, accompanied by the Directors' Report, are available on the Company's website, www.safetech.ro, in the Investors section and on the issuer's profile on the website of the Bucharest Stock Exchange, www.bvb.ro. The results are also attached to this current report.

SAFETECH INNOVATIONS S.A.



Investors call

On 23.08.2023, at 11:00 a.m., the management will organize a conference call in Romanian for the presentation of the financial results for H1 2023. The persons who registered to participate in the conference call, by sending an e-mail to the address investors@safetech.ro, will receive a confirmation e-mail, as well as the authentication details, today, 22.08.2023.

Victor GANSAC

CEO