

SAFETECH INNOVATIONS S.A.

**CONSOLIDATED FINANCIAL STATEMENTS
for year ended December 31, 2024**

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

Date: 19.03.2025

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SAFETECH INNOVATIONS S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME as of December 31, 2024
(expressed in RON, unless otherwise specified)

		December 31, 2024	December 31, 2023
	Nota	RON	RON
Sales of goods		28.065.812	21.335.932
Service provision		14.811.572	9.763.856
Other income		-	27.127
Turnover	5.1	42.877.384	31.126.916
Other operating income	6.1	1.003.618	1.629.436
Changes in inventories of finished goods and work in progress		16.493.121	14.159.375
Raw materials and consumables used	5.2	(13.775.128)	(7.143.792)
Merchandise	5.2	(8.624.413)	(9.959.197)
Employee benefits expenses	6.5	(16.505.474)	(15.569.939)
Depreciation, amortisation and Gw impairment	9	(2.698.569)	(2.424.900)
Marketing and advertising expenses		(106.005)	(242.788)
Rental expenses		(285.479)	(451.523)
Provisions		53.614	(121.322)
Other expenses	6.2	(5.316.629)	(5.699.790)
Operating profit		13.116.041	5.302.476
Financial Income	6.4	99.031	170.105
Financial Expenses	6.3	(323.951)	(364.853)
Profit/(Loss) before tax		12.891.121	5.107.728
Income Tax	7	(1.818.024)	(1.277.153)
Profit/(Loss) after tax (A)		11.073.097	3.830.575
Other elements of the overall result			
Attributable			
To the equity holders of the parent company		12.363.269	5.780.173
Interests that do not control		(1.290.173)	(1.949.599)
Number of share		162.717.653	66.500.000
Basic and diluted net earnings per share		0,12	0,058

Validated by the Board of Directors on 19.03.2025

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of December 31, 2024 (expressed in RON, unless otherwise specified)

	Note	December 31, 2024	December 31, 2023
Non - current assets			
Property, plant and equipment	9	665.960	647.803
Right of use assets	9	1.285.062	1.253.788
Intangible assets	10	56.847.493	40.639.667
Financial investments		127.960	-
Other non - current assets		441.470	271.733
Deferred tax assets		71.499	62.792
Total non-current assets		59.439.444	42.875.783
Current assets			
Inventories	11	276.982	400.699
Trade and other receivables	12	8.333.201	7.230.151
Other current financial assets		66.526	150.129
Cash and cash equivalents	13	1.909.499	4.492.337
Total current assets		10.586.208	12.273.316
Total assets		70.025.652	55.149.100
Equity and liabilities			
Issued share Capital		32.543.531	13.300.000
Own actions		(191.711)	-
Share premium at nominal value		-	2.865.991
Legal and other reserves		2.437.610	1.670.846
Retained earnings / (Accumulated Losses)		5.032.885	9.768.321
Other components of equity			-
Translation differences		(322.740)	(139.921)
Minority interest		(4.312.645)	(2.714.770)
Total equity	14	35.186.931	24.750.467
Long-term debts			
Current liabilities			
Subsidies	10	15.029.290	13.350.207
Liabilities related to leasing contracts		902.935	1.082.451
Total long-term debt		15.932.225	14.432.657
Current liabilities			
Trade accounts payable	16	6.244.290	6.183.930
Income taxes payable		246.036	324.866
Short-term borrowings		8.970.234	7.302.928
Current term lease liability		553.917	307.068
Other current liabilities	16	2.725.434	1.626.983
Short-term provisions		166.586	220.200
Total current liabilities		18.906.497	15.965.975
Total liabilities		34.838.722	30.398.633
Total equity and liabilities		70.025.652	55.149.100

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CONSOLIDATED STATEMENT OF EQUITY as of December 31, 2024 and 2023 (expressed in RON, unless otherwise specified)

	Note	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	14	19.243.531	(2.865.991)	-	-	(16.377.540)	-	-	-	-
Constitution of legal reserve		-	-	-	766.764	(766.764)	-	-	-	-
Increase in share premium		-	-	-	-	-	-	-	-	-
Shares granted		-	-	-	-	-	-	-	-	-
Increase in the acquisition of own shares		-	-	(191.711)	-	-	-	-	-	(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 EQUITY as of December 31, 2024 and 2023 (expressed in RON, unless otherwise specified)

	Share capital	Share premium	Own shares	Other elements of capital	Reserves	Retained earning	Translation differences	Total equity attributable to shareholders	Minority interest	Total
Balance as of January 1, 2023	13.300.000	2.865.991	(1.153.990)	147.747	1.120.066	7.242.800	(147.581)	23.375.033	(399.058)	22.975.975
Net profit of the year	-	-	-	-	-	6.105.780	-	6.136.667	(2.306.092)	3.830.575
Translation differences	-	-	-	-	-	57.925	7.660	65.585	(9.620)	55.965
Other elements of the overall result	-	-	-	(147.747)	-	-	-	(147.747)	-	(147.747)
Increase in share capital	-	-	-	-	-	-	-	-	-	-
Establishment of legal reserve	-	-	-	-	550.780	(550.780)	-	-	-	-
Increase in emission premiums	-	-	-	-	-	-	-	-	-	-
Shares granted	-	-	1.153.990			(1.136.302)		17.689		17.689
The increase from the purchase of own shares	-	-	-	-	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	(1.981.989)	-	(1.981.989)	-	(1.981.989)
Depreciation reserve from revaluation	-	-	-	-	-	-	-	-	-	-
Deferred tax reserve revaluation	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2023	13.300.000	2.865.991	0	0	1.670.846	9.768.321	(139.921)	27.465.237	(2.714.770)	24.750.467

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CONSOLIDATED CASH FLOW as of December 31, 2024 and 2023 (expressed in RON, unless otherwise specified),

		December 31, 2024	December 31, 2023
Cash flows from operating activities			
Profit before tax		12.891.121	5.107.728
Depreciation and amortisation	9	2.196.620	2.217.308
Depreciation related to RUA	9	501.949	207.592
Changes in inventories of finished goods and work in progress		(16.493.121)	(14.159.375)
Benefits employees	14	-	(147.747)
Movement in impairment of trade receivables		-	(74)
Movements in provisions		(53.614)	121.322
(Gain) / loss on sale of property, plant and equipment		-	(338.402)
Translation difference		47.939	68.435
Interest revenues	6.4	(596)	(39.440)
Interest expenses	6.3	125.963	103.982
Operating profit before working capital changes		(783.740)	(6.858.672)
Change in inventories	11	123.717	(306.136)
Change in trade and other receivable	12	(1.103.050)	5.648.269
Change in trade and other payable	16	1.188.250	(2.763.020)
Change in deferred income tax	7	(8.707)	(20.990)
Cash generated from/ (used in) operations		(583.530)	9.858.827
Interest paid		(125.963)	(103.982)
Income tax paid		(1.905.561)	(1.487.877)
Payments related to internally made fixed assets		16.493.121	14.159.375
Net cash from/ (used in) operating activities		13.878.067	8.266.968
Cash flows from investing activities			
Proceeds from sale of non-current assets		(169.737)	312.413
Purchases of intangibles		(18.214.656)	(14.705.242)
Purchase of property, plant and equipment	9, 10	(172.562)	(959.545)
Investment payments – company acquisition		(127.960)	-
Interest received		596	39.440
Net cash used in investing activities		(18.684.319)	(15.312.934)
Cash flows from financing activities			
Increase in share capital		-	-
Increase in share premium		-	-
Redeemed shares		(191.711)	-
Subsidies		1.679.083	261.913
Movements in loans and borrowings	17	1.319.419	7.302.928
Dividends paid	16	-	(1.979.875)
Payments of lease liabilities		(583.378)	(431.030)
Net cash from/ (used in) in financing activities		2.223.414	5.153.936
Net increase in cash and cash equivalents		(2.582.838)	(1.892.030)
Cash and cash equivalents at 1 January (including Advance for payment of dividends)		4.492.337	6.384.367
Cash and cash equivalents at 31 December (including Advance for payment of dividends)		1.909.499	4.492.337

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 and 2023
(expressed in RON, unless otherwise specified)

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

These consolidated financial statements for the financial year ended on December 31, 2024 are prepared for 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.

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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 and 2023 (expressed in RON, unless otherwise specified)

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

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

	December 31, 2024	December 31, 2023
Number of employees	73	62

The composition of the Board of Directors at the end of the 2023 and 2024 financial years is:

Board of Directors

Victor Gansac	President
Alexandru Mihailciuc	member
Mircea Varga	Member

b) Safetech Innovations Global Services Limited

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

Number of employees at the end of 2024: 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.

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 financial year ended December 31, 2024 and notes which include a summary of significant accounting policies and other explanatory information.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 and 2023
(expressed in RON, unless otherwise specified)

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

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

Fair value is the price that could be received to sell an asset or paid to transfer a liability in the normal course of a transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using 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 IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

The main accounting policies adopted are presented below.

2.2 Going concern

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

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

2.3 Accounting principles, policies and methods

The accounting policies for the preparation of the financial statements have been applied consistently by the Group in 2023 and 2024.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 and 2023
(expressed in RON, unless otherwise specified)

➤ **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.

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

Date	Euro	USD	GBP	SAR
December 31, 2023	4,9746	4,4958	5,7225	1,2016
December 31, 2024	4,9741	4,7768	5,9951	1,2796

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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 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.

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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.

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:

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- 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.

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 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.

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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.

In 2024, the value added tax rates depending on the country of origin of the companies within the Group are:

Romania	Rate
Standard VAT rate	19%
Reduced VAT rate	9%
Reduced VAT rate	5%
United Kingdom	
Standard VAT rate	20%
Reduced VAT rate	5%
Kingdom of Saudi Arabia	
Standard VAT rate	11%

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:

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

Subsequent evaluation

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

Depreciation of fixed assets

Depreciation is calculated using:

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

Useful life of assets

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

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

	<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.

Right of use asset

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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, 2024, the Group has no short-term leasing contracts or leasing contracts for which the underlying asset has a low value.

The Group applies IFRS 16 for the recognition of leased cars and for office space leases.

In 2024, the group company SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED entered into a one-year lease agreement that was considered short-term, as IFRS 16 was not applied.

➤ 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

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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.

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

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financial position and transferred to profit or loss for a period. Systematic and rational basis over the useful life of the related assets.

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

➤ **Inventories**

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

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

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

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

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

➤ **Depreciation of non-financial assets**

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

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

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

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would have had if it had not been previously depreciated. Such reversal is recognized in the profit and loss account unless the asset has been revalued, in which case the reversal is treated as a revaluation increase.

➤ *Cash and short-term deposits*

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

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

➤ *Provisions*

General

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

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

Provisions for litigation

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

➤ *Pensions and other post-employment benefits*

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

➤ *Related parties*

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

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

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

➤ *Results carried forward*

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

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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 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.

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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.

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 life spans 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

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Sales discounts for estimated returns, discounts

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

4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF THE STANDARDS

New IFRS accounting standards and amendments to existing standards issued, adopted by the EU

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

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

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

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

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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.

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 2024, 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 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.

	December 31, 2024	December 31, 2023
Internal sales	42.010.919	30.977.193
External Sales	866.465	149.723
Total turnover	42.877.384	31.126.916
Income from services	14.811.572	9.763.856
Sales of goods:	28.065.812	21.320.202
Finished goods	18.988.012	10.343.155
Goods sales	9.077.800	10.977.048

External sales consist of cyber security services provided.

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

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

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

5.2. Raw materials and consumables used

Raw materials and consumables used	December 31, 2024	December 31, 2023
Raw materials	13.641.875	6.973.650
Fuel materials and spare parts	39.101	30.540
Products	8.624.413	9.959.197

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Raw materials and consumables used	December 31, 2024	December 31, 2023
Supplies	43.401	53.032
Inventory items	40.805	79.438
Others	9.946	7.132
Total	22.399.541	17.102.989

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

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

In 2024, the Group presents the following operating income:

	December 31, 2024	December 31, 2023
Operating subsidy income	821.880	543.626
Investment subsidy income	84.559	338.199
Revenue/(expenses) from asset sales	-	338.402
Revenue from damages/fines	12.900	-
Other operating income	84.279	409.209
Total other operating income	1.003.618	1.629.436

6.2 Other operating expenses

Raw materials and consumables used	December 31, 2024	December 31, 2023
Services	3.380.041	4.298.913
Telecommunication services	116.343	144.640
Sponsorship	311.939	238.183
Insurance	228.831	116.381
Utilities	167.698	107.425
Travel expenses	442.037	232.177
Training	120.944	89.829
Maintenance	31.629	32.473
Other	517.167	464.826
Total	5.316.629	5.699.791

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.

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

6.3 Financial expenses

Financial expenses	December 31, 2024	December 31, 2023
Interest expense	125.963	103.982
Expenses with exchange rate differences	197.989	243.182
Other financial expenses	-	17.689
Total	323.951	364.853

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

6.4 Financial income

Financial income	December 31, 2024	December 31, 2023
Gains on exchange rate differences	98.435	130.665
Interest income	596	39.440
Total	99.031	170.105

6.5 Employee benefit expenses

Salary expenses	December 31, 2024	December 31, 2023
Salaries	15.931.611	14.419.900
Payroll taxes	544.396	678.000
Salaries benefits (meal vouchers)	29.467	472.040
Total	16.505.474	15.569.939

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

According to the Decisions of the Company's Board of Directors dated 04.10.2022 and 17.02.2023, the plan was limited to 1.600.000 shares related to the 2 years of the plan and depended on the achievement of individual objectives. For the year 2024, there were 59 employees enrolled in the SOP

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plan. Of these, under the SOP, 1 employee received 256.823 shares, an operation confirmed by the Decision of the Board of Directors dated 03.07.2024, and another 51 employees received 662.148 shares, an operation confirmed by the Decision of the Board of Directors dated 14.11.2024. A number of 17.201 shares available for the SOP program and which were not distributed to employees enrolled in the program on the date of granting the shares, were distributed as a benefit to 2 employees, on 14.11.2024.

6.6 Marketing and advertising expenses and protocol

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

7. CURRENT AND DEFERRED PROFIT TAX

On December 31, 2024, the companies included in the consolidation perimeter present the following component of current and deferred profit tax:

➤ **The Parent Company**

Income tax expense	December 31, 2024	December 31, 2023
Current profit tax	1.826.731	1.298.143
Deferred tax (expense (income))	(8.707)	(20.990)
Total	1.818.024	1.277.153

The elements that generated the deferred tax on 31.12.2024 were:

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

Deferred tax asset balance as of 31.12.2023: 62.792 lei

Deferred tax asset balance as of 31.12.2024: 71.499 lei

Total deferred tax income for the year 2024: 8.707 lei

➤ **Safetech Innovations Global Services Limited**

On December 31, 2024, the company records a loss:

	Amount
Total income	1.106.854
Total expenses	5.016.469
Loss	3.909.615

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8. RESULT PER ACTION

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

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

The number of shares related to the period ended on December 31, 2024 is 162.717.653.

	2024	2023
Net profit	11.073.097	3.830.575
Average number of shares	94.583.210	66.500.000
Earnings per share	0,12	0,058

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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 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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	Right of use buildings	Building improvements	Machines, machinery and Equipment	Furniture, office equipment, protective equipment	Fixed assets in progress	Total
Gross value on January 1, 2023	1.978.668	11.985	3.380.522	478.313	-	5.849.488
Additions	371.901	403.610	525.024	132.245	383.062	1.815.842
Revaluation						
Outputs			(441.824)		(383.62)	(824.886)
Transfers			(465.536)	(7.700)	0	(473.236)
Gross value on December 31, 2023	2.350.569	415.595	2.998.185	602.858	0	6.367.208
Amortization and depreciation on January 1, 2023	807.873	5.532	2.875.567	384.794		4.073.766
Amortization in the year	288.908	57.243	446.054	44.251	-	836.456
Outputs			(417.525)			(417.525)
Transfers			(27.079)			(27.079)
Amortization and depreciation on December 31, 2023	1.096.781	62.774	2.877.016	429.045		4.465.617
Net worth December 31, 2023	1.253.788	352.821	121.169	173.813		1.901.591

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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.

The accounting value of the rental debt and the movements recorded in this category during 2024:

	Lei	Lei
At 1 January 2024/1 January 2023	1.389.518	1.340.775
Additions during the period	533.223	371.901
Interest associated with lease liability	124.613	102.416
Lease payments	583.378	431.030
Remeasurement of liability	(7.126)	5.456
At 31 December 2024/31 December 2023	1.456.852	1.389.518

Additions during the period are represented by:

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

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

	December 31, 2024	December 31, 2023
Depreciation of right-of-use assets	367.169	288.908
Interest expense on leasing debt	124.613	102.416
Total expenses recognized in the profit and loss account	491.782	391.325

	December 31, 2024	December 31, 2023
Short-term leasing debt	553.917	307.068
Long-term lease debt	902.935	1.082.451
Total leasing debt	1.456.852	1.389.518

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10. INTANGIBLE ASSETS

	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
	Development expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs on January 1, 2023	23.372.547	114.429	7.681.738	31.168.714
Additions	14.159.375	-	1.169.692	15.329.068
Disposals	-	-	-	-
Transfers	-	-	-	-
Costs as at 31 December, 2023	37.531.922	114.429	8.851.431	46.497.782
Amortization and depreciation on January 1, 2023	0.00	114.429	4.123.084	4.237.513
Amortization in the year	-	-	1.620.601	1.620.601
Disposals	-	-	-	-
Amortization and depreciation on December 31, 2023	-	114.429	5.743.685	5.858.114
Net Value at December 31, 2023	37.531.922	-	3.107.746	40.639.667

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

iSAM - In March 2019, Safetech launched its first cybersecurity product - iSAM, 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 2024 important developments were made to the iSAM solution, in amount of RON 2.323 thousands, mainly representing software development employee costs, and subcontractors' costs.

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

In 2024, the project continued in accordance with the development plan for the durability period, with expenses amounting to 5.690 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. During the period January –

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December 2024, developments worth RON 3.179 thousand were carried out, mainly representing the costs of software development employees.

IPRadar – research and development project launched in August 2024, financed under the National Research, Development and Innovation Plan for the Period 2022 - 2027 (PNCDI IV) by the Executive Unit for Financing Higher Education, Research, Development and Innovation (UEFISCDI). Contractor: National Cyber Security Directorate; Partners: Safetech Innovations S.A., Certsign SA, “Ștefan cel Mare” University of Suceava, Military Technical Academy, National University of Science and Technology Politehnica Bucharest; Total contract value: 13.000.000 lei (non-reimbursable funds) of which the budget assigned to the Company represents 7.000.000 lei (approximately 53% of the total contract value); Subject of the contract: System for scanning and mapping IP resources in Romania, with the aim of early detection of cyber threats; Contract duration: 2 years from the date of signing the contract. Upon completion of the project, the intellectual property rights will allow SAFETECH INNOVATIONS SA to capitalize on the contribution to the development of the product through subscription licenses or its use to provide its own cybersecurity services. During the period August - December 2024, research and development activities worth 2.240 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

SAFECyberRange - Cyber Range software platform, developed with own resources during 2021 - 2024, the platform that allows training in awareness, prevention, identification, classification, countering possible cyber attacks, by offering fast viable solutions and, at the same time, to provide a collaborative and competitive environment for training, testing and dissemination of information, following competitions held between various teams, according to the instructor's instructions.

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

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

- Creating and providing a simulation environment for IT infrastructures in a controlled environment to achieve a high level of flexibility, scalability, isolation and portability. The platform allows the creation of virtual networks with operating systems, applications and network devices that simulate real-world systems.
- Conducting simultaneous training sessions in the form of cybersecurity games/competitions complemented by a participant evaluation. The platform allows instructors to create training scenarios and learners to engage in training sessions through the simulated virtual environment provided by the platform.

The book value of the software platform is 2.900 thousand lei and was put into operation in September 2024.

11. INVENTORIES

Inventories	December 31, 2024	December 31, 2023
Raw materials	131.039	269.429
Merchandise	91.863	131.271
Supplies	54.080	-
Total	276.982	400.699

The Group does not hold stocks mortgaged in favor of third parties on December 31, 2024 and respectively on December 31, 2023.

The Group has no slow-moving inventory.

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12. TRADE RECEIVABLES AND OTHER / CURRENT RECEIVABLES

Trade receivables and other receivables	December 31, 2024	December 31, 2023
Total net trade receivables of which:	7.767.182	6.731.899
Trade receivables, of which	5.844.292	6.428.921
<i>Trade receivables with affiliated companies</i>		-
Uncertain trade receivables	280.281	186.104
Clients invoices to be drawn up	1.676.933	248.733
Other receivables	245.957	54.245
Minus		
Allowances for expected losses on receivables	(280.281)	(186.104)
Total other receivables of which:	566.019	498.252
Different debtors	394.363	198.541
Prepayments	138.133	141.323
Other current assets	33.523	158.389

Total receivables as of December 31, 2024	0 - 30 days	30 - 60 days	60-120 days	120-365 days	Older than 1 year
5.844.292	5.630.965	93.308	7.106	112.413	500

Total receivables as of December 31, 2023	0 - 30 days	30 - 60 days	60-120 days	120-365 days	Older than 1 year
6.428.921	5.724.608	610.810	0	24.749	68.755

13. CASH AND SHORT-TERM DEPOSITS

	December 31, 2024	December 31, 2023
Cash at the bank in RON	1.657.836	3.361.741
Cash at the bank in foreign currency	251.663	1.130.596
Total	1.909.499	4.492.337

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

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14. CAPITAL AND RESERVES

Authorized Shares/Social Parties	December 31, 2024	December 31, 2023
Ordinary shares of 0.2 RON each	162.717.653	66.500.000
Ordinary shares issued and paid in full	Number	Value
At December 31, 2023	66.500.000	13.300.000
At December 31, 2024	162.717.653	32.543.531
Share capital	December 31, 2024	December 31, 2023
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	13.300.000
Total share capital	32.543.531	13.300.000

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

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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.

Description	Date	Number of shares	Share Capital (LEI)
Opening balance sheet	01.01.2024	66.500.000	13.300.000
Increase in share capital employee scheme (SOP)	AGEA 17.04.2024	1.582.700	316.540
Increase in share capital shareholder remuneration	AGEA 18.09.2024	94.634.953	18.926.991
Closing balance sheet	31.12.2024	162.717.653	32.543.531

At December 31, 2024, the shareholding structure of the parent company is as follows::

Ownership structure	<u>Number of shares</u>	<u>Percentage</u>
Victor Gansac	46.936.814	28,8456%
Paul Rusu	46.901.136	28,8236%
Individuals	65.011.370	39,9535%
Legal entities	3.868.333	2,3773%
Total	162.717.653	100%

Reserves

Total other reserves included in capital components:	December 31, 2024	December 31, 2023
Legal reserves	2.437.610	1.670.846
Reported result	5.032.885	9.768.321
Total other reserves	7.470.495	11.439.167

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. On December 31, 2024, a legal reserve was established in the amount of 766.764 RON (2022: 550.780 RON).

Other Reserves

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

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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.

In 2022, the company approved the implementation of a plan to reward and motivate the Company's key personnel by granting free shares in the future. Details regarding this can be found in note 6.5.

16. TRADE AND OTHER LIABILITIES (CURRENTS)

Trade and other liabilities	December 31, 2024	December 31, 2023
Local trade debts	4.176.696	5.771.843
Foreign trade debts	2.056.616	38.644
Liabilities for purchases of fixed assets	7.431	369.896
Advances received and other liabilities	3.547	3.547
Lease liabilities	553.917	307.068
Total	6.798.207	6.490.998

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

Other current liabilities	December 31, 2024	December 31, 2023
Salaries	659.195	496.058
Contributions and taxes wages	946.683	751.760
VAT	1.044.359	338.543
Dividends	3.529	3.529
Revenues registered in advance	71.468	-
Other liabilities	200	37.094
Total	2.725.434	1.626.983

The terms and conditions of the financial debts mentioned above:

Commercial debts do not bear interest and are usually settled within 30 - 90 days.

For explanations of the Company's liquidity risk management processes, see the information below.

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17. SHORT-TERM LOANS

In 2024, the Company, part of the SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED group, contracted two short-term loans from individuals, the total loan as of December 31, 2024 being 8.970.234 lei.

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

An entity is affiliated to another entity if:

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

➤ **Details about other affiliated parties in 2024 and 2023:**

Company name	Nature of relationship	Transaction type	Country	Headquarters
Safetech Intelligence SRL	Affiliated company	No transactions	Romania	Bucharest
Betamont Infrastructure G.E.L.E.	Affiliated company	No transactions	Romania	Bucharest
Safetech Innovation US	Affiliated company	No transactions	United States	United States
Safetech Innovations LLC	Affiliated company	Loan	United Arab Emirates	United Arab Emirates

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

➤ **Receivables and debts from/to affiliated entities / other related parties:**

The Group has debts to individuals, affiliated parties:

Creditor	December 31, 2024	December 31, 2024
Individuals	8.970.234	7.302.928

Compensation granted to the Parent Company's key management personnel

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Administrators, directors and the supervisory committee

In the years 2024 and 2023, the Company paid the following amounts to administrators, directors which include allowances, dividends and taxes:

	Year end December 31, 2024	Year end December 31, 2023
	522.040	1.184.014
Total	522.040	1.184.014

On December 31, 2024, the Parent Company had a remunerated Board of Directors, the President of the Board of Directors being part of the executive management.

On December 31, 2024, the Parent 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 Parent Company on behalf of the administrators or directors.

In 2024, the company approved the implementation of a stock option plan to reward and motivate the Parent Company's key personnel by granting free shares in the future. Among the people included in the key personnel who will benefit from this plan are also the members of the board of directors.

19. COMMITMENTS AND CONTINGENCIES**Commitments from financing contracts:**

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

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

- Looking at supporting ROI, Safetech Innovations has obtained expressions of interest / pre-orders from interested companies, confirming market interest in the product.
- In preparing the financial forecasts, the principle of prudence was especially taken into account - revenues being estimated in a slightly pessimistic manner;
- The financial sustainability of the project presupposes its ability to support itself from this point of view (in the worst case assuming the relationship income = expenses). The way in which the activity after the termination of the non-reimbursable financing is conceived and thought also takes into account the obtaining of profit (Revenue-Profit = Expenses). Thus, possible slightly erroneous estimates such as oversized revenues or undersized expenses would not make the company's activity unsustainable, diminishing the estimated profit to begin with.

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

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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 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

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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 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

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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-

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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.

Geopolitical Risk – Safetech operates in a globalized market and, therefore, its business and revenues are interdependent on global macroeconomic conditions. International efforts to limit the spread of COVID-19 have had a significant negative effect on global macroeconomic conditions, which continue to cause economic uncertainty. In addition, the military conflict generated by the Russian Federation in

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Ukraine, instability in global credit markets, rising prices of essential commodities (oil, electricity, etc.), changes in public policies, such as domestic and international ones, such as regulations, taxes or international trade agreements, international trade disputes, change of governments, geopolitical unrest and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions. Management estimates that the war currently does not have an impact on the financial statements. The long-term impact cannot be predicted, however, at the date of these financial statements, the Group continues to meet its obligations as they fall due and, therefore, continues to apply the going concern basis of preparation.

Other risks - potential investors should consider that the risks presented above are the most significant risks of which the company is aware at the time of writing this report. However, the risks presented in this section do not necessarily include all those risks associated with the activity of the issuer, and the company cannot guarantee that it includes all relevant risks.

There may be other risk factors and uncertainties of which the company is not aware at the time of writing the report and which may change the actual results, financial conditions, performance and achievements of the issuer in the future and may lead to a decrease in the price of the company's shares. Investors should also undertake the necessary due diligence in order to make their own assessment of the investment opportunity.

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

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

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

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

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

December 31, 2024	EUR	USD	SAR	GBP	AUD	RON	Total
Trade receivables	348.684	-		88.639	-	5.406.969	5.844.292
Cash and cash equivalents	101.105	546	85.541	58.492	176	1.660.640	1.909.499
Total assets (1)	452.789	546	85.541	147.131	176	7.067.609	7.753.791
Liability	2.035.871	20.746	55.790	-	-	4.131.884	6.244.290
Short term loans	-	-	-	8.970.234	-	-	8.970.234
Lease liabilities	44.745	-	-	155.046	-	354.127	553.917
Other current liabilities	-	-	-	433.070	-	2.292.364	2.725.434
Total debts (2)	2.080.615	20.746	55.790	9.558.350	-	6.778.375	18.493.875
Difference (1) - (2)	(1.627.826)	(20.200)	29.751	(9.411.219)	176	289.235	(10.740.084)

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

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	December 31, 2024	December 31, 2023
Trade receivables	5.844.292	6.731.899
Cash and cash equivalents	1.909.499	4.492.337
Total assets (1)	7.753.791	11.224.237
Liabilities	6.244.290	6.183.930
Short-term borrowings	8.970.234	7.302.928
Lease liabilities	2.725.434	307.068
Other current liabilities	553.917	1.626.982
Total liabilities (2)	18.493.875	15.420.908
Difference (1) - (2)	(10.740.084)	(4.196.672)

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 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, 2024, the Group has no long-term financing (neither from commercial partners, nor debts to financial institutions).

All the Group's debts on December 31, 2024 will be due in less than 1 year, with the exception of the leasing debt.

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

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On December 31, 2024	<30 days	30 – 60 days	60 - 120 days	>120 days	Total
Trade and other receivables	5.630.965	93.308	7.106	112.913	5.844.292
Cash and cash equivalents	1.909.499	-	-	-	1.909.499
Total Assets	7.540.464	93.308	7.106	112.913	7.753.791
Trade payables	5.450.384	79.988	274.812	439.107	6.244.290
Financial debts	-	-	-	8.970.234	8.970.234
Lease liabilities	44.388	44.710	90.361	374.459	553.917
Short term loans	2.725.434	-	-	-	2.725.434
Total liabilities	8.220.206	124.697	365.173	9.783.799	10.740.084

20. SUBSEQUENT EVENTS

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

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

On February 26, 2025, the Company informed the market about the signing of a significant contract whose value exceeds 10% of the total revenues related to the last annual financial statements, having as technical assistance services. The contract has a total value of 4.275.000 lei (excluding VAT) and was concluded for a period of 36 months from the date of conclusion of the contract.

On March 10, 2025, the Company informed the market about the signing of a significant contract whose value exceeds 10% of the total revenues related to the last annual financial statements, the contract being part of a research and development project within the Romanian HUB of Artificial Intelligence – HRIA. The contract has a total value of 6.532.861,50 lei, of which 4.828.571,63 lei non-refundable and was concluded for a period of 36 months from the date of conclusion of the financing contract.

21. AUDIT FEES EXPENSES

In 2024, the Group's auditor was Baker Tilly Klitou and Partners SRL, with a fee established according to contract no. 311/20.04.2022.