



SAFETECH
INNOVATIONS

H1 2026 FINANCIAL REPORT



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

BVB: SAFE

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Disclaimer: The financial figures presented in the descriptive part of the report, expressed in millions of lei, are rounded to the nearest whole number and may lead to small differences in regularization.

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Half-year report – H1 2026
For financial period	01.01.2026 – 30.06.2026
Report publishing date	24.08.2026
According to	Annex 14 of ASF Regulation 5/2018

ISSUER INFORMATION

Name	SAFETECH INNOVATIONS S.A.
Fiscal code	28239696
Trade registry number	J2011003550405
Registered office	12-14 Frunzei Street, District 2, Bucharest

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital	32,543,530.6 lei
Market on which the securities are traded	Bucharest Stock Exchange, Main Segment, Standard Category
Total number of shares	162,717,653 shares
Symbol	SAFE

CONTACT DETAILS FOR INVESTORS

Phone number	+40 754 908 742
E-mail	investors@safetech.ro
Website	www.safetech.ro

The interim financial results as of June 30th, 2026, presented on the following pages **are not audited**.

H1 2026 Results Conference Call

24.08.2026 | 12:00 PM



Join the H1 2026 results conference call with Safetech Innovations management to discuss the performance in the first six months of 2026 as well as the prospects for the remainder of the year.

The teleconference will be held in Romanian language and will take place at 12:00 PM, Bucharest time (11:00 AM CEST | 10:00 AM UK).

Register [HERE](#) to receive your ZOOM login details.

MESSAGE FROM BoD CHAIRMAN

Dear shareholders,

The first half of 2026 was a very strong period for Safetech Innovations, both in terms of financial performance and commercial and operational development. Despite a challenging economic and geopolitical environment, the increasing frequency and sophistication of cyberattacks continue to drive sustained demand for cybersecurity services and solutions. The performance achieved during this period confirms the recovery of our business and its return to a solid growth trajectory, as well as the Company's ability to capitalize on favorable market trends while maintaining a high level of profitability.



During the first six months of the year, Safetech Innovations generated consolidated revenue of RON 25.7 million, up 34% compared to the same period in 2025. Consolidated operating profit increased by 52% to RON 10.4 million, gross profit reached RON 10 million, representing a 51% year-on-year increase, while consolidated net profit amounted to RON 8.5 million, up 53% compared to H1 2025.

At the individual level, revenue increased by 36% to RON 25.2 million, with cybersecurity services and cybersecurity solution implementation projects contributing approximately equally. This balanced business mix allows us to combine the stability provided by recurring contracts with the growth potential of projects involving the delivery and implementation of equipment, licenses and specialized solutions.

Revenue growth was achieved while the Company's team increased by only two employees compared to the end of the first half of 2025. The integration of artificial intelligence-based tools into the Company's internal processes, including recurring activities, has helped streamline workflows, increase productivity and optimize the use of resources. As a result, individual operating profit increased by 44% to RON 10.4 million, while individual net profit reached RON 8.6 million, up 42% compared to H1 2025.

The positive momentum in our commercial activity continued both during and after the reporting period. In May, Safetech Innovations signed one significant contract, followed by a second contract in July, each with a 36-month term and valued at RON 4.34 million and EUR 2.7 million, respectively, excluding VAT, for the provision of cybersecurity services and solutions. In addition, the Company entered into a 48-month framework agreement with the Romanian Digitalization Authority for the provision of cybersecurity assessment services required for the migration of applications to the Government Private Cloud. These contracts strengthen our portfolio and enhance the visibility of future revenues.

Our European business also continued to develop. Revenue generated from European contracts is increasing, supported both by projects carried out under the European Commission's FREIA framework agreement and by the strategic partnerships Safetech has established with major international systems integrators. These collaborations enable us to participate in larger and more complex projects and gradually increase the contribution of international contracts to the Group's revenue.

In the United Kingdom, Safetech UK is strengthening its position in the local cybersecurity market. As the subsidiary builds its market recognition, track record and portfolio of references,

it is attracting growing interest from organizations seeking security testing services. Its accumulated experience also enables it to participate in a broader range of local tenders, including smaller-value projects for private- and public-sector clients.

In H1 2026, Safetech UK generated revenue of approximately RON 974 thousand, 30% above the level recorded in the same period last year, and added four new clients, primarily for cybersecurity services. At the same time, the subsidiary reduced its operating costs by 12%, bringing revenue and expenses to nearly the same level. The loss recorded during the first half of the year amounted to approximately RON 13 thousand. One project initially scheduled for this period was postponed to the third quarter; however, based on current commercial and operational developments, we expect Safetech UK to generate a profit in Q3 2026.

The next stage of development will focus on expanding the local team and gradually transferring additional operational and commercial responsibilities to employees in the United Kingdom. The objective is to strengthen local service delivery capabilities and deepen direct relationships with clients.

ThreatEcho, the threat intelligence and digital risk protection platform developed by Safetech UK, is also gaining increasing visibility in the market. The platform gives small and medium-sized enterprises access to threat intelligence, digital risk monitoring and brand protection services, addressing a segment that remains underserved by specialized providers. Backed by Safetech Innovations' expertise, Safetech UK is positioning itself as a credible competitor and an alternative to larger, established providers in the British market.

Internationally, our participation in Romania Industry Day, held at NATO Headquarters in Brussels, gave us the opportunity to present the Company's capabilities to representatives of specialized NATO structures and agencies and to explore potential areas of cooperation. In addition, hosting the Capture the Flag hacking competition at the Connected Africa Summit 2026 in Nairobi enabled us to initiate discussions with officials and government representatives from several African countries regarding potential cybersecurity partnerships.

From a capital markets perspective, in July we completed the first stage of our share buyback program by acquiring 600,000 shares at an average price of RON 0.9290 per share. The total amount paid was approximately RON 557 thousand, excluding brokerage fees and other related costs. The shares were repurchased for the purpose of cancellation and reduction of the share capital, in accordance with the shareholders' resolution.

Looking ahead to the second half of the year, our ongoing recurring contracts, the significant projects signed in recent months, the growth of revenue generated by European contracts, our strategic partnerships with major systems integrators and the continued development of our UK operations provide a solid foundation for further positive performance.

Our priorities remain the implementation of awarded projects, the expansion of our recurring contract portfolio, the pursuit of international opportunities, achieving profitability at Safetech UK, and continued investment in proprietary products and operational efficiency. The results achieved in the first half of the year, together with the commercial developments recorded after the reporting period, give us confidence in Safetech Innovations' prospects for the full year 2026.

Next, I invite you to read in the following pages more details about Safetech's performance in the first six months of 2026, another good semester for our company. In case of any questions related to our activity since the beginning of the year, whether it is about the business or the company's activity on the capital market, please do not hesitate to contact us at investors@safetech.ro.

Victor Gânsac
Founder and Chairman of the Board of Directors

H1 2026 KEY INDICATORS (CONSOLIDATED)



TURNOVER
RON 25.7 MILLION
+34% vs. H1 2025



GROSS RESULT
RON 10 MILLION
+51% vs. H1 2025



NET RESULT
RON 8.5 MILLION
+53% vs. H1 2025



Key indicators are presented at the **consolidated level**.

H1 2026 KEY INDICATORS (INDIVIDUAL)



TURNOVER

RON 25.2 MILLION

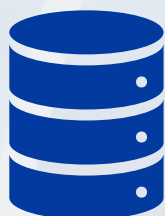
+36% vs. H1 2025



GROSS RESULT

RON 10.1 MILLION

+42% vs. H1 2025



NET RESULT

RON 8.6 MILLION

+42% vs. H1 2025



Key indicators are presented at the **individual level**.

ABOUT SAFETECH INNOVATIONS

Safetech Innovations S.A. ("Safetech") is a company with a unique profile on the Romanian market, characterized by its ability to deliver a full range of cybersecurity solutions and services. Safetech offers a *one-stop shop* capable of supporting organizations of any size to achieve and maintain the desired level of cyber resilience. Throughout its history, the company has specialized in integrating complex cybersecurity projects and securing critical infrastructures.

Safetech's mission is to provide its customers with the means and capabilities necessary to achieve and maintain their cybersecurity objectives. To fulfill its mission, the company uses products with state-of-the-art technology, with which it delivers to customers, from its security operations center, a comprehensive set of solutions and services. Safetech brings together human and artificial intelligence within its portfolio of comprehensive cyber security services, internationally accredited and developed based on proven methodologies in the field.

Safetech is consistently recognized, both locally and internationally, for its well-trained and certified staff, innovative research programs, and unique expertise and experience in solving the most complex cybersecurity problems. The main areas of expertise of the company are:

- Outsourcing the operations of monitoring and responding to cybersecurity incidents,
- Delivery and implementation of technical means and solutions for addressing cybersecurity risks,
- Implementation of organizational and technical controls to address information security risks and maintain the compliance with applicable security regulations,
- Securing critical IT and OT infrastructures (information technology and operational technologies),
- Training in cybersecurity,
- Security testing and auditing,

Safetech Innovations had 78 full-time employees as of 30.06.2026, an increase with 2 new employees compared to the same period last year (76 employees).

DIRECTORS AND EXECUTIVE TEAM

The company is managed by a Board of Directors, consisting of three members elected with a mandate valid until 30.04.2028. The Board of Directors was elected by the Ordinary General Meeting of Shareholders held on 22.10.2025. At the time of preparing this report, the Board of Directors of Safetech Innovations consists of the following members:

- **Victor Gansac** – President of the Board of Directors
- **Alexandru Mihailciuc** – Independent and non-executive member
- **Margareta Mucibabici** – Independent and non-executive member

The executive team consists of:

- **Ionuț – Vasile Georgescu** - CEO
- **Victor Gansac** – Executive Director
- **Paul Rusu** – CFO

SAFE SHARES ON THE BUCHAREST STOCK EXCHANGE

Safetech Innovations (SAFE) shares were admitted to trading on the SMT segment of the Bucharest Stock Exchange on 29.01.2021 and on 06.02.2023 the Company's shares started to be

traded on the regulated market managed by Bucharest Stock Exchange. On 30.06.2026, the company's shareholding structure was as follows:

Shareholder	Shares	%
Victor Gânsac	46,936,814	28.8455%
Paul Rusu	46,901,136	28.8236%
Free float	68,879,703	42.3309%
TOTAL	162,717,653	100%

On 30.06.2026 the Company held 311,433 treasury shares.

KEY EVENTS IN Q2 2026 AND AFTER CLOSING OF THE REPORTING PERIOD

LAUNCH OF THE SHARE BUYBACK PROGRAM

On **April 21, 2026**, Safetech Innovations informed the market regarding the launch of the first stage of its share buyback program, which will take place between April 21, 2026 and September 21, 2026. In accordance with EGMS Resolution No. 12/22.10.2025, this stage of the program concerns the repurchase by the Company of a maximum number of 600,000 shares, at a minimum price of RON 0.2 per share and a maximum price of RON 2 per share, for the purpose of cancelling the repurchased shares and reducing the share capital.

More information [HERE](#).

PARTICIPATION IN THE “ROMANIA INDUSTRY DAY” ORGANIZED AT NATO HEADQUARTERS

On **April 20, 2026**, Safetech Innovations informed the market regarding the Company's participation in the “Romania Industry Day” event, organized for the first time at NATO headquarters in Brussels. The event brought together companies operating in fields such as cybersecurity, technology and the defense industry and included presentation sessions and meetings with representatives of NATO structures and specialized agencies. Safetech Innovations' participation aimed to showcase the Company's capabilities, explore potential collaboration opportunities, and gain a better understanding of the requirements applicable to projects carried out within the Alliance, including security and compliance standards.

More information [HERE](#).

OGMS AND EGMS HELD ON APRIL 24, 2026

On **April 24, 2026**, the Ordinary and Extraordinary General Meetings of Shareholders of the Company took place. The legal and statutory quorum for the meetings was met at the first convening.

The key resolutions approved during the two meetings included:

- (i) Approval of the financial statements for the year 2025 and of the allocation of the profit recorded during that year;
- (ii) Discharge of liability of the Board of Directors for the financial year ended December 31, 2025;
- (iii) Appointment of Baker Tilly Klitou And Partners S.R.L. as the Company's auditor for a mandate valid until April 30, 2028;
- (iv) Approval of the Revenue and Expenditure Budget for 2026.
- (v) Approval of a stock option plan for the members of the Board of Directors and the Company's directors, to be carried out during 2026–2028, aiming to grant rights to acquire free of charge a determined number of shares representing a maximum of 1,000,000 shares (500,000 shares for each year of the SOP Plan, with the possibility of using in the second year the shares unused in the first year), to the Company's administrators and/or directors for the purpose of retaining and motivating them;
- (vi) Updating the purposes of the Company's share buyback program approved by Extraordinary General Meeting of Shareholders Resolution No. 12/22.10.2025, without modifying the other conditions of the program, so that the Company may also use the repurchased shares for the implementation of stock option plans.

More information [HERE](#).

ORGANIZATION OF A HACKING COMPETITION IN AFRICA

On **May 4, 2026**, Safetech Innovations informed the market regarding the organization, for the first time outside Romania, of the “Capture the Flag” hacking competition within the Connected Africa Summit 2026, held in Nairobi, Kenya, between April 27–30, 2026. The event brought together participants from academic and institutional environments and aimed to identify and encourage young talents in the field of cybersecurity. Participation in the summit also provided the Company with the opportunity to hold discussions with officials and government representatives from several African states regarding potential collaborations in cybersecurity and the development of new business directions on international markets.

More information [HERE](#).

CONCLUSION OF A SIGNIFICANT CONTRACT

On **May 11, 2026**, Safetech Innovations informed the market regarding the conclusion of a significant contract for the provision of CERT/CSIRT (Computer Emergency Response Team / Computer Security Incident Response Team) services, the value of which exceeds 10% of the total revenue reported in the latest annual financial statements. The contract, with a total value of RON 4.34 million excluding VAT, was concluded with an entity in Romania that is not affiliated with the Company and has a duration of 36 months. Its object consists of providing cybersecurity incident response services, including the delivery of security solutions.

More information [HERE](#).

CONCLUSION OF A SIGNIFICANT CONTRACT

On **July 22, 2026**, the Company informed the market about the conclusion of a significant contract for the supply of products and services, the value of which exceeds 10% of the total revenue reported in the latest annual financial statements. The contract, with a total value of EUR 2.7 million (excluding VAT), was concluded with a Romanian entity that is not affiliated with the Company and has a duration of 36 months. The subject matter of the contract consists of: (i) the provision of cybersecurity services, (ii) the sale of the Company's proprietary cybersecurity monitoring solution, and (iii) the sale of other cybersecurity solutions.

More information [HERE](#).

CONCLUSION OF A FRAMEWORK AGREEMENT

On **July 27, 2026**, Safetech Innovations informed the market about the conclusion of a framework agreement for the provision of cybersecurity assessment services, following a public procurement procedure organized by the Romanian Authority for Digitalization. The framework agreement, concluded with the Romanian Authority for Digitalization, covers the provision of cybersecurity assessment services for the migration of applications to the Romanian Government Private Cloud through the execution of subsequent contracts, under the terms and within the limits set out in the framework agreement. The agreement has a duration of 48 months.

Considering the legal nature of the framework agreement, the value of the subsequent contracts to be awarded to the Company cannot be determined as of the signing date. The Company will inform the market of any subsequent contracts or firm purchase orders concluded under the framework agreement, should their value exceed or approach the threshold of 10% of the total revenue reported in the latest annual financial statements.

More information [HERE](#).

COMPLETION OF THE FIRST STAGE OF THE SHARE BUYBACK PROGRAM

On **July 31, 2026**, Safetech Innovations informed the market about the completion of the first stage of the share buyback program, initiated on April 21, 2026, in accordance with EGMS Resolution no. 12/22.10.2025.

During this stage, the Company repurchased 600,000 own shares at an average price of RON 0.9290/share, for a total consideration of RON 557,388.69, excluding brokerage fees and other acquisition costs. The share buyback program was managed by BT Capital Partners, which independently of the Company made the trading decisions regarding the timing of the acquisition of the Company's shares.

The shares were repurchased for the purpose of reducing the Company's share capital through their cancellation, in accordance with EGMS Resolution no. 12/22.10.2025 and the applicable legal provisions.

More information is available [HERE](#).

ANALYSIS OF THE FINANCIAL RESULTS

CONSOLIDATED P&L ANALYSIS

The consolidated results for H1 2026 include the financial performance of Safetech Innovations S.A., Safetech Innovations Global Services Limited ("Safetech UK"), an entity operating in the United Kingdom in which Safetech Innovations S.A. holds a 67% stake, and Safetech Innovations LLC ("Safetech KSA"), an entity operating in the Kingdom of Saudi Arabia in which Safetech Innovations S.A. holds a 100% stake.

In H1 2026, the Company recorded consolidated revenue of RON 25.7 million, up 34% compared to the same period of 2025. During the same period, the UK subsidiary generated revenue of approximately RON 974 thousand, 30% above the level recorded in H1 2025, and reported a loss of approximately RON 13 thousand. The subsidiary's result was temporarily affected by the postponement of one of the projects initially scheduled for the first half of the year to the third quarter.

Regarding the consolidated results, in addition to the performance recorded at the standalone level, Safetech UK's revenue growth and the 12% reduction in its operating costs contributed to the 52% year-on-year increase in consolidated operating profit. The measures implemented at the subsidiary, the expansion of its client base and the strengthening of its commercial activity have brought it very close to breakeven. Based on current developments, we expect Safetech UK to report a profit in the third quarter.

Furthermore, in H1 2026, Safetech KSA recorded administrative expenses totaling approximately 56 thousand lei. As a result of the developments described above, the consolidated gross result for H1 2026 amounted to 10 million lei, representing a 51% increase compared to the same period of the previous year. Profit tax increased by 42% to 1.5 million lei in H1 2026. Thus, the net result for the first half of 2026 amounted to 8.5 million lei, representing a 53% increase compared to the same period of the previous year.

Furthermore, the data available at the date of publication of this financial report indicate favorable prospects for the Company's business development during 2026, supported both by the ongoing recurring contracts and by the expansion of activities on foreign markets, while the FREIA framework agreement continues to represent an important element in supporting future revenues.

In this context, the Company anticipates maintaining a positive development trend despite an economic environment that remains characterized by volatility and investment caution. For the second half of the year, management expects the continuation of the favorable trend observed during the first six months of the year, supported by the current project portfolio and by the opportunities generated by the ongoing international contracts.

CONSOLIDATED PROFIT AND LOSS ACCOUNT STATEMENT (RON)	30.06.2026	30.06.2025	Δ %
Turnover	25,689,502	19,213,613	34%
Operating result	10,372,398	6,802,217	52%
Gross result	10,027,722	6,629,150	51%
Net result	8,495,035	5,551,450	53%

INDIVIDUAL P&L ANALYSIS

In the first six months of 2026, the Company's turnover amounted to 25.2 million lei, representing a 36% increase compared to the same period of 2025. This evolution was driven both by the growth in cybersecurity solution implementation projects and by the expansion of the recurring

cybersecurity services business, with the two business lines contributing equally to total turnover, at approximately 50% each.

Other operating income decreased significantly in H1 2026, to 89 thousand lei, compared to 743 thousand lei in H1 2025. In the first half of 2025, the majority of this income represented investment grants transferred to income, corresponding to the depreciation recorded for the Company's proprietary solutions.

Income from the production of fixed assets increased by 36% in the first six months of 2026, reaching 10.1 million lei. These revenues reflect investments in intangible assets and the development of proprietary cybersecurity solutions financed both through European funds and the Company's own resources.

Regarding operating expenses, in H1 2026, the largest contribution came from employee benefit expenses, which increased by 6% compared to the same period of the previous year, reaching RON 8.7 million. This increase was driven both by salary adjustments and by the expansion of the team, which grew by two employees. At the same time, the implementation of artificial intelligence-based solutions across service delivery processes contributed to higher labor productivity and improved operational efficiency, thereby supporting the company's profitability.

Raw materials and consumables expenses decreased by 1% in H1 2026, to 4.7 million lei. At the same time, costs related to goods sold increased by 168%, to 7.2 million lei, as a result of the higher share of projects involving the delivery of cybersecurity equipment and licenses.

Other operating expenses increased by 22% in the first six months of 2026, reaching 3 million lei. This category includes third-party services, royalties, management leases and rent, as well as postal and telecommunications expenses. The increase was mainly driven by higher third-party service costs and the additional expenses associated with the expansion of operational activity.

Depreciation and amortization expenses increased by 2% in H1 2026, reaching 1.4 million lei, following the continued investments in proprietary cybersecurity solutions and in the infrastructure required to support the Company's operations. The provisions category, with a positive value of 129 thousand lei, represents the reversal of provisions related to unused vacation days.

Under these circumstances, the individual operating result reached 10.4 million lei in the first six months of 2026, representing a 44% increase compared to the same period of the previous year, supported by the growth in turnover and the maintenance of an efficient operational structure.

Financial expenses increased by 95% compared to H1 2025, reaching 351 thousand lei. At the same time, financial income increased by 16%, to 23 thousand lei. Consequently, the gross result for the first half of 2026 amounted to 10.1 million lei, up 42% compared to the same period of the previous year. Income tax expense increased by 42%, reaching 1.5 million lei. Therefore, the net result for the first six months of 2026 amounted to 8.6 million lei, representing a 42% increase compared to H1 2025.

INDIVIDUAL PROFIT AND LOSS ACCOUNT STATEMENT (RON)	30.06.2026	30.06.2025	Δ %
Turnover	25,170,710	18,466,456	36%
Operating result	10,425,407	7,261,728	44%
Gross result	10,096,623	7,100,701	42%
Net result	8,563,936	6,023,001	42%

CONSOLIDATED BALANCE SHEET ANALYSIS

At consolidated level, as of June 30, 2026, fixed assets amounted to 87.6 million lei, representing a 16% increase compared to December 31, 2025, while current assets reached 13.8 million lei, up 9%, largely as a result of the individual developments described below.

Long-term liabilities amounted to 24.6 million lei, representing a 14% increase compared to the end of 2025, mainly driven by the increase in lease liabilities and long-term loans. At the same time, current liabilities increased by 10% compared to December 31, 2025, reaching 24 million lei, against the backdrop of higher trade payables and profit tax liabilities.

Equity reached 52.8 million lei at the end of the first half of 2026, representing a 17% increase compared to the end of 2025, mainly supported by the 58% increase in retained earnings, which reached 22.4 million lei.

BALANCE SHEET (RON)	30.06.2026	31.12.2025	Δ %
Fixed assets	87,607,120	75,662,622	16%
Current assets	13,825,322	12,692,824	9%
Total assets	101,432,442	88,355,446	15%
Equity	52,799,389	45,007,196	17%
Non-current liabilities	24,636,161	21,533,164	14%
Current liabilities	23,996,892	21,815,086	10%
Total liabilities	48,633,053	43,348,250	12%
Total equity and liabilities	101,432,442	88,355,446	15%

INDIVIDUAL BALANCE SHEET ANALYSIS

As of June 30, 2026, total assets amounted to 105.9 million lei, representing a 14% increase compared to the level recorded at the end of 2025. This development was mainly driven by the increase in fixed assets, which rose by 15%, reaching 90.2 million lei, against the backdrop of continued investments in the development of proprietary cybersecurity solutions.

The increase in fixed assets was mainly supported by a 13% rise in intangible assets, which reached 82 million lei at the end of the first half of 2026. These reflect the Company's investments in the development of proprietary cybersecurity products, financed through both European and national funds, as well as the Company's own resources. In accordance with the applicable accounting regulations, these expenses are recorded as intangible assets in progress and reflect the stage of completion of the proprietary products.

At the same time, the right-of-use asset related to the building increased significantly, reaching 2.7 million lei as of June 30, 2026, compared to 185 thousand lei at the end of 2025, following the new lease agreement signed starting January 1, 2026, classified under IFRS as a lease contract.

Current assets are primarily composed of trade receivables and other receivables, which reached 12.4 million lei as of June 30, 2026, representing a 19% increase compared to December 31, 2025. The increase in trade receivables was driven by new contracts delivered and invoiced during the first six months of 2026, which had not yet reached maturity, as well as by receivables that had already reached maturity but for which collection delays were recorded. Part of these receivables is expected to be collected in the following quarter.

Cash and short-term deposits amounted to 489 thousand lei as of June 30, 2026, representing a 72% decrease compared to December 31, 2025. The decrease in cash availability was mainly caused by delays in the collection of amounts due from clients, as well as by the use of liquidity to support operating activities and investments in the development of proprietary solutions. A significant share of recurring contracts is due for collection at the beginning of each month. At the same time, the company has not yet collected the amounts related to European-funded projects, which have been financed from its own sources pending reimbursement, with the latest reimbursement having been received in November 2025. The expenses incurred from the company's own sources in connection with these projects are not recorded as trade receivables, while the reimbursement applications have already been submitted and are pending approval.

There is no risk that these amounts will not be collected, and the outstanding amounts are expected to be collected in the fourth quarter.

As of June 30, 2026, shareholders' equity reached 66.8 million lei, an increase of 14% compared to the end of 2025, mainly as a result of a 36% increase in retained earnings, which reached 31.4 million lei, supported by the net profit recorded in the first six months of the year.

Long-term liabilities increased by 14% compared to December 31, 2025, reaching 24.6 million lei. This evolution was mainly driven by the increase in lease liabilities, which amounted to 2.5 million lei as of June 30, 2026, compared to 164 thousand lei at the end of the previous year, following the new lease agreement for the Company's headquarters.

Regarding long-term loans, these increased by 38% compared to the end of 2025, reaching 2.1 million lei. Investment grants remained at a relatively constant level of approximately 20.1 million lei, representing non-reimbursable financing related to ongoing projects.

Current liabilities reached 14.5 million lei as of June 30, 2026, representing a 14% increase compared to December 31, 2025. This development was mainly driven by the increase in trade and related payables, which rose by 16%, reaching 9.1 million lei, amid intensified commercial activity and increased purchases of equipment and licenses required for project implementation.

Income tax liabilities increased by 94%, reaching 916 thousand lei, in line with the strong profitability recorded in the first half of 2026. At the same time, short-term lease liabilities increased to 332 thousand lei, as a result of the new lease agreement related to the Company's headquarters.

Regarding provisions, these were fully reversed to income during the first six months of 2026, compared to the amount of 129 thousand lei recorded at the end of 2025, representing provisions related to unused vacation days.

INDIVIDUAL BALANCE SHEET (RON)	30.06.2026	31.12.2025	Δ %
Fixed assets	90,195,548	78,388,036	15%
Current assets	15,736,188	14,438,367	9%
Total assets	105,931,736	92,826,403	14%
Equity	66,835,491	58,561,313	14%
Non-current liabilities	24,631,809	21,533,164	14%
Current liabilities	14,464,436	12,731,926	14%
Total liabilities	39,096,245	34,265,090	14%
Total equity and liabilities	105,931,736	92,826,403	14%

TRANSACTIONS WITH AFFILIATED PARTIES

In the first semester of 2026, no intra-group transactions were carried out between the entities Safetech Innovations S.A. (Romania), Safetech Innovations Global Services Limited (Safetech UK), Safetech Innovations US, Inc. (Safetech US), Safetech Cybersecurity Limited Cyber Risk Management Services L.L.C. (Safetech UAE) and Safetech Innovations LLC (Safetech Saudi Arabia).

CONSOLIDATED PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	30.06.2026	30.06.2025	Δ %
Turnover	25,689,502	19,213,613	34%
Other operating revenues	89,276	742,677	-88%
Income from the production of fixed assets	10,102,649	7,452,691	36%
Raw materials and consumables	(4,746,367)	(4,809,716)	-1%
Merchandise	(7,253,009)	(2,770,051)	162%
Personnel expenses	(9,057,052)	(8,785,470)	3%
Depreciation and amortization	(1,504,214)	(1,409,645)	7%
Rental	(17,422)	(14,224)	22%
Marketing and advertising expenses	(50,219)	(38,069)	32%
Provisions	128,783	166,586	-23%
Other operating expenses	(3,009,530)	(2,946,175)	2%
Operating result	10,372,398	6,802,217	52%
Financial income	19,714	18,364	7%
Financial expenses	(364,389)	(191,430)	90%
Gross result	10,027,722	6,629,150	51%
Income tax	(1,532,687)	(1,077,700)	42%
Net result	8,495,035	5,551,450	53%
Attributable to:			
Equity holders of the parent company	8,499,114	5,674,832	50%
Non-controlling interests	(4,079)	(123,382)	-97%

CONSOLIDATED BALANCE SHEET

BALANCE SHEET INDICATORS (RON)	30.06.2026	31.12.2025	Δ %
Fixed assets			
Tangible assets	535,021	586,880	-9%
Right of use assets	2,748,479	219,266	1153%
Intangible assets	82,929,085	73,543,141	13%
Financial investments	508,200	486,108	5%
Other non-current assets	860,934	801,008	7%
Deferred income tax	25,401	26,219	-3%
Total fixed assets	87,607,120	75,662,622	16%
Current assets			
Inventories	228,196	147,743	54%
Trade receivables and other receivables	12,925,567	10,525,737	23%
Other current financial assets	159,705	269,064	-41%
Cash and cash equivalents	511,854	1,750,281	-71%
Total current assets	13,825,322	12,692,824	9%
Total assets	101,432,442	88,355,446	15%
Equity and liabilities			
Subscribed and paid-up capital	32,543,531	32,543,531	0%
Treasury shares	(256,423)	(191,724)	34%
Legal and other reserves	3,116,132	3,116,132	0%
Retained Earnings / (Losses)	22,413,469	14,143,211	58%
Translation differences	(454,157)	(183,750)	147%
Non-controlling interests	(4,563,164)	(4,420,205)	3%
Total equity	52,799,389	45,007,196	17%
Non-current liabilities			
Subsidies for investments	20,106,252	19,869,269	1%
Deferred income	4,352	-	100%
Long-term borrowings	2,066,467	1,499,998	38%
Liabilities related to leasing contracts	2,459,090	163,897	1400%
Total non-current liabilities	24,636,161	21,533,164	14%
Current liabilities			
Trade and other payables	8,970,602	8,009,746	12%
Corporate tax liabilities	916,068	471,886	94%
Short-term borrowings	9,352,110	8,674,685	8%
Liabilities related to leasing contracts	332,000	94,365	252%
Other current liabilities	4,426,113	4,435,621	0%
Provisions	-	128,783	-100%
Total current liabilities	23,996,892	21,815,086	10%
Total liabilities	48,633,053	43,348,250	12%
Total equity and liabilities	101,432,442	88,355,446	15%

CONSOLIDATED CASH FLOW

	30.06.2026	30.06.2025
Cash flows from operating activities		
Profit before tax	10,027,722	6,629,150
Depreciation and amortization	1,279,896	1,157,277
Depreciation related to RUA	224,318	252,368
Income from capitalizations	(10,102,649)	(7,452,691)
Movements in provisions	(128,783)	(166,586)
Gain/loss on disposal of property, plant and equipment	(13,033)	-
Translation difference	(142)	(9,333)
Interest revenues	(704)	(102)
Interest expenses	277,463	127,385
Operating profit before working capital changes	1,564,087	537,468
Change in inventories	(80,453)	74,806
Change in trade and other receivable	(2,399,831)	(2,117,867)
Change in trade and other payable	1,075,919	(1,997,838)
Change in deferred income tax	818	26,654
Cash generated from/ (used in) operations	160,540	(3,476,777)
Interest paid	(267,436)	(127,385)
Income tax paid	(1,088,505)	(810,564)
Payments for internally constructed fixed assets	10,102,649	-
Net cash from/ (used in) operating activities	8,907,248	4,414,726
Cash flows from investing activities		
Proceeds from sale of non-current assets	(59,926)	(217,619)
Purchases of intangibles	(10,597,227)	(115,471)
Purchase of property, plant and equipment	(54,688)	(44,246)
Investment payments – company acquisition	-	(482,580)
Interest received	704	102
Net cash used in investing activities	(10,711,137)	(859,814)
Cash flows from financing activities		
Treasury shares	(225,059)	-
Subsidies	236,983	4,529,307
Movements in loans and borrowings	(391,990)	35,658
Bank loans	1,178,774	1,500,000
Payments of lease liabilities	(233,245)	(314,534)
Net cash from/ (used in) in financing activities	565,463	5,750,432
Net increase in cash and cash equivalents	(1,28,426)	475,892
Cash and cash equivalents at 1 January	1,750,281	1,909,499
Cash and cash equivalents at 31 December	511,854	2,385,391

KEY FINANCIAL RATIOS (CONSOLIDATED)

The main financial indicators are presented at the consolidated level.

Current ratio as of 30.06.2026

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{13,825,322}{23,996,892} = 0.58$$

Debt to equity ratio as of 30.06.2026

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{2,066,467}{52,799,389} \times 100 = 4\%$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{2,066,467}{54,865,856} \times 100 = 4\%$$

Borrowed capital = Credits over 1 year

Employed capital = Borrowed capital + Equity

Fixed assets turnover as of 30.06.2026

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{25,689,502}{87,607,120} = 0.29$$

INDIVIDUAL PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT (RON)	30.06.2026	30.06.2025	Δ %
Turnover	25,170,710	18,466,456	36%
Other operating income	89,276	742,677	-88%
Income from the production of fixed assets	10,102,649	7,452,691	36%
Raw materials and consumables used	(4,746,367)	(4,809,716)	-1%
Merchandise	(7,193,945)	(2,681,916)	168%
Employee benefits expenses	(8,728,588)	(8,266,469)	6%
Depreciation, amortization	(1,355,076)	(1,322,749)	2%
Marketing and advertising expenses	(44,151)	(32,679)	35%
Rental expenses	(12,381)	(10,698)	16%
Provisions	128,783	166,586	-23%
Other expenses	(2,985,503)	(2,442,455)	22%
Operating result	10,425,407	7,261,728	44%
Financial income	22,658	19,578	16%
Financial expenses	(351,442)	(180,605)	95%
Gross result	10,096,623	7,100,701	42%
Income tax	(1,532,687)	(1,077,700)	42%
Net result	8,563,936	6,023,001	42%

INDIVIDUAL BALANCE SHEET

BALANCE SHEET INDICATORS (LEI)	30.06.2026	31.12.2025	Δ %
Non - current assets			
Property, plant and equipment	477,951	524,316	-9%
Right of use assets	2,748,479	185,112	1385%
Intangible assets	81,959,358	72,728,774	13%
Investments in related companies	4,103,981	4,103,981	0%
Other non - current assets	860,934	801,008	7%
Deferred tax assets	44,845	44,845	0%
Total non-current assets	90,195,548	78,388,036	15%
Current assets			
Inventories	228,196	147,743	54%
Trade and other receivables	12,383,427	10,421,337	19%
Other current assets - loans	2,635,389	2,128,909	24%
Cash and cash equivalents	489,176	1,740,378	-72%
Total current assets	15,736,188	14,438,367	9%
Total assets	105,931,736	92,826,403	14%
Equity and liabilities			
Subscribed and paid-up capital	32,543,531	32,543,531	0%
Treasury shares	(256,423)	(191,724)	34%
Legal and other reserves	3,116,132	3,116,132	0%
Retained Earnings / (Losses)	31,432,251	23,093,374	36%
Total equity	66,835,491	58,561,313	14%
Non-current liabilities			
Investment subsidies	20,106,252	19,869,269	1%
Bank loans	2,066,467	1,499,998	38%
Liabilities related to leasing contracts	2,459,090	163,897	1400%
Total non-current liabilities	24,631,809	21,533,164	14%
Current liabilities			
Trade and other payables	9,123,750	7,895,794	16%
Corporate tax liabilities	916,068	471,886	94%
Liabilities related to leasing contracts	332,000	54,731	507%
Other current liabilities	4,092,618	4,180,732	-2%
Provisions	-	128,783	-100%
Total current liabilities	14,464,436	12,731,926	14%
Total liabilities	39,096,245	34,265,090	14%
Total equity and liabilities	105,931,736	92,826,403	14%

INDIVIDUAL CASH FLOW

	30.06.2026	30.06.2025
Cash flows from operating activities		
Profit before tax	10,096,623	7,100,701
Depreciation and amortization	1,164,911	1,145,742
Depreciation related to RUA	190,165	177,007
Income from capitalization	(10,102,645)	(7,452,691)
Movements in provisions	(128,783)	(166,586)
Gain/loss on disposal of property, plant and equipment	(13,033)	
Interest revenues	(704)	(102)
Interest expenses	265,176	120,870
Operating profit before working capital changes	1,471,706	924,941
Change in inventories	(80,453)	74,806
Change in trade and other receivable	(1,962,090)	(1,727,631)
Change in trade and other payable	1,128,343	(1,691,962)
Change in deferred income tax	-	26,654
Cash generated from/ (used in) operations	557,506	(2,393,192)
Interest paid	(255,683)	(120,870)
Income tax paid	(1,088,505)	(810,564)
Payments for internally constructed fixed assets	10,102,649	
Net cash from/ (used in) operating activities	9,315,967	(3,324,626)
Cash flows from investing activities		
Payment for acquisition of non-current assets	(59,926)	(217,619)
Purchases of intangibles	(10,332,377)	(115,471)
Purchase of property, plant and equipment	(54,688)	(44,246)
Interest received	704	102
Net cash used in investing activities	(10,446,286)	(377,234)
Cash flows from financing activities		
Buy-back shares	(255,059)	-
Loans granted	(506,480)	(1,523,683)
Subsidies	236,983	4,529,307
Bank loans	566,469	1,500,000
Payments of lease liabilities	(192,796)	(239,262)
Net cash from/ (used in) in financing activities	(120,883)	4,266,362
Cash and cash equivalents at 1 January	1,740,378	1,765,456
Cash and cash equivalents at 30 June	489,176	2,329,958

KEY FINANCIAL RATIOS (INDIVIDUAL)

The main financial indicators are presented at the individual level.

Current ratio as of 30.06.2026

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{15,736,188}{14,464,436} = 1.09$$

Debt to equity ratio as of 30.06.2026

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 = \frac{2,066,467}{66,835,491} \times 100 = 3\%$$

$$\frac{\text{Borrowed capital}}{\text{Employed capital}} \times 100 = \frac{2,066,467}{68,901,958} \times 100 = 3\%$$

Borrowed capital = Credits over 1 year

Employed capital = Borrowed capital + Equity

Fixed assets turnover as of 30.06.2026

$$\frac{\text{Turnover}}{\text{Fixed assets}} = \frac{25,170,710}{90,195,548} = 0.28$$

OUTLOOK FOR 2026

On **April 24th, 2026**, the Company's shareholders approved, during the Ordinary General Meeting, the Income and Expense Budget for the year 2026, in the form presented below:

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

Considering the results recorded by the company in the first half of the year, the management is maintaining the budget for 2026, as presented above.

KEY RISKS FOR H2 2026

The risk related to scaling the business

The Issuer has recorded growth and increased demand for its products and services in recent years. As a result, the number of employees has increased significantly in recent years, and the Issuer expects it to continue this trend in the next year. For example, from the end of the first semester of 2025 to the end of the first semester of 2026, the number of employees increased by 2. In addition, as the Company developed, the number of end clients also increased significantly, and the Issuer managed more and more product and service systems implementations. The growth and expansion of the business, its products, services, and the level of support it provides to clients place significant pressure on the management, operational and financial resources. To effectively manage any future growth, the Issuer must continue to improve and expand its financial and information technology infrastructure, improve and expand its operational and systems infrastructure as well as operational control and administrative, and its capacity to manage assets, capital, and processes effectively, all of which may be more difficult to achieve as the Issuer's employees continue to work remotely.

Operating results may vary significantly from period to period and may be unpredictable

The Issuer's operating results may vary significantly from period to period and may be unpredictable, which could cause the market price of the Shares to decline. Although operating results, particularly revenues, gross margins, operating margins, and operating expenses, have shown increases in the prior period, they may vary as a result of several factors, many of which are beyond the control of the Issuer and may be difficult to predict, including:

- the Issuer's ability to attract and retain new end clients or to sell additional products and/or services to existing end clients;
- budget cycles, seasonal purchasing patterns, and purchasing practices of end clients, including the likelihood of a slowdown in technology spending due to the global economic slowdown;
- changes in the requirements of end clients, distributors or resellers, or market needs;
- price competition;
- the timing and success of the introduction of new products and services by the Issuer or its competitors or any other change in the competitive landscape of the industry in which the Issuer operates, including consolidation among its competitors or end clients and strategic changes, partnerships concluded by to and between the Issuer's competitors;
- the Issuer's ability to successfully and continuously expand its business nationally and internationally, particularly given the current global economic slowdown;
- changes in the growth rate of the cybersecurity industry;
- the Issuer's inability to complete or effectively integrate any acquisitions it may undertake;
- the increase in expenses or unforeseen liabilities and any impact on the operational results of the Issuer as a result of any acquisitions it makes;
- the ability of the Issuer to increase the scope and productivity of the distribution channel;
- decisions by potential end clients to purchase cybersecurity solutions from larger, internationally recognized security vendors or their primary network equipment vendors;

- the risk of insolvency or credit difficulties faced by end clients, which could increase due to the global economic situation, adversely affecting their ability to purchase or pay promptly or not at all for the Issuer's products and services, or the difficulties that the Issuer's key suppliers are facing, including its sole suppliers, which could disrupt the Issuer's supply chain;
- any disruption in the distribution channel or termination of the relationships that the Issuer has with important distribution partners, including due to the consolidation among distributors and resellers of cybersecurity solutions;
- the Issuer's inability to honor end client orders due to supply chain delays or events affecting the Issuer's suppliers and partners or their suppliers, which may be adversely affected by the effects of the global economic situation;
- the cost and results of potential litigation, which could have a significant adverse effect on the Issuer's business;
- seasonality or cyclical fluctuations of the market in which the Issuer operates;
- political, economic, and social instability caused by the military conflict initiated by the Russian Federation in Ukraine, the continuation of hostilities in the Middle East, terrorist activities, any disruptions caused by a pandemic or general health crisis that may occur and any disruption on what these events could cause in the global industrial economy; and
- the general macroeconomic conditions, both nationally and in the foreign markets where the Issuer is present, which could have an impact on some or all regions in which the Issuer operates, including the expected slowdown in global economic growth, the increased risk of inflation and the potential for global recession;

Any of the above factors or the cumulative effect of some of the above factors may result in significant fluctuations in the Issuer's financial and other operating results. This unpredictability could result in the Issuer's failure to meet its expectations regarding revenues, margins, or other operating results.

A network or data security incident may allow unauthorized access to the Issuer's network or data, harm its reputation, create additional liability issues, and adversely impact financial results

Companies are subjected to a wide variety of attacks on their networks constantly, with increasing frequency. In addition to traditional attacks led by "hackers," malicious code (such as viruses and worms), phishing attempts, theft, or employee misuse, sophisticated actors engage in intrusions and attacks (including advanced persistent attacks) that increase risks to the Issuer's internal networks and client-facing environments, as well as the information they store and process.

The incidence of cybersecurity breaches has increased. Despite significant efforts to create security barriers to such threats, it is practically impossible for the Issuer to mitigate these risks entirely. The Issuer and third-party service providers may face security threats and attacks from various sources. The Issuer's data, corporate systems, third-party systems, and security measures may be breached due to actions of third parties, employee error, malicious act, a combination of these factors, or otherwise, and, as a result, an unauthorized party may gain access to the Issuer's data.

In addition, as an established provider of security solutions, the Issuer may be a more attractive target for such attacks. A breach in the security of the Issuer's data or an attack against the availability of its services or its service providers could affect the Issuer's networks or secure product networks and create interruptions or slowdowns in the systems and the exploitation of

security vulnerabilities of the Issuer's products, as well as information stored on its networks or those of its service providers. This data could be accessed, publicly disclosed, altered, lost, or stolen, which could cause financial harm.

Although the Issuer has not yet suffered significant damage as a result of unauthorized access by a third party to its internal network, any actual or perceived breach of the security of the Issuer's systems or networks could result in damage to its reputation, negative publicity, loss of partners, clients, and sales, loss of competitive advantages over its competitors, increased costs of remediating any problems and incident response, regulatory investigations and law enforcement actions, costly litigation, and other liabilities.

Seasonality may cause fluctuations in the Issuer's revenue

The Issuer believes that important seasonal factors may cause the fourth fiscal quarter to record higher revenues than the fiscal year's first period. The Company believes that this seasonality results from several factors, including but not limited to the following:

- final clients whose fiscal year ends on December 31 and who choose to spend the remaining unused portions of their available budgets until the end of the fiscal year;
- seasonal reductions in commercial activity in July and August in the United States, Europe, and certain other regions, which could result in a negative impact on the Issuer's revenues; and
- the final client's budget planning at the beginning of the calendar year, which may lead to a delay in spending in the first part of the year, negatively impacting the Issuer's revenue in the first part of the fiscal year.

As the Issuer continues to develop, seasonal or cyclical variations in its operations may become more pronounced, and the Issuer's business, operating results, and financial position may be adversely affected.

Changes in tax laws or interpretations, as well as unfavorable decisions by tax authorities, may have a material adverse effect on the Issuer's results of operations and cash flows

Tax laws and regulations in Romania may be subject to change, and there may be changes in the interpretation and application of tax legislation. These changes in tax legislation and/or the interpretation and application of tax law may be rapidly adopted/applied by the authorities, challenging to anticipate. Therefore, the Issuer may not be prepared for these changes. As a result, it is possible that the Issuer may face increases in due taxes in the event of changes in tax rates or if tax laws or regulations are amended by the relevant authorities in a manner that disadvantages the Issuer, which may have a material adverse effect on the cash flows, business, prospects, results of operations and financial condition for any affected reporting period.

Currently, there is a risk that the Issuer will face the elimination of the tax exemption from income tax for employees in the IT field (as a result of some steps at the government level to eliminate the exemptions granted to certain industries), and even increases in the taxes due in the event of changes in tax rates or in the event that tax laws or regulations are amended or reinterpreted by the relevant authorities in a manner that disadvantages the Issuer, which could have a material adverse effect on its cash flows, business, prospects, of the results of operations and financial position for any affected reporting period.

The upward trend of the inflation rate may produce significant negative consequences on the Issuer's financial performance

The unpredictability of the inflation rate can have adverse effects on the Issuer's activity by increasing the difficulty of the Issuer's estimation of the total costs related to the activities carried out by it and the creation of a potential mismatch between the prices charged by the Issuer concerning its clients and the Issuer's costs, with a significant adverse effect. An essential difference between the expected inflation rate in a certain period and the value actually recorded in that period can significantly negatively influence the way the Issuer's resources are allocated, thus influencing its activity, financial availability, prospects, and profitability.

Moreover, an unpredictable increase in the inflation rate can bring imbalances at the macroeconomic level, characterized by the increase in interest rates, the decrease in the standard of living, and, in general, the slowdown of the development of the economy in Romania, imbalances that can contribute to the decline in demand in the cybersecurity field.

DECLARATION OF THE MANAGEMENT

Bucharest, August 24th, 2026

I confirm to the best of my knowledge that the unaudited individual and consolidated financial results for the six-month period ended June 30th, 2026, give a true and fair view of Safetech Innovations' assets, liabilities, financial position and profit and loss, as required by the applicable accounting standards, and that the Director's Report gives a true and fair view of important events during the first six months of 2026 and their impact on the company's financial statements.

Victor Gansac

Chairman of the Board of Directors

Safetech Innovations S.A.



SAFETECH INNOVATIONS S.A.

CONSOLIDATED FINANCIAL STATEMENTS AS OF June 30, 2026

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

Date: 21.08.2026

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SAFETECH INNOVATIONS S.A.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

		June 30, 2026	June 30, 2025
Turnover	Note 5.1	25.689.502	19.213.613
Other operating income	6.1	89.276	742.677
Revenue from fixed asset production		10.102.649	7.452.691
Expenses on raw materials and consumables	5.2	(4.746.367)	(4.809.716)
Expenses related to goods	5.2	(7.253.009)	(2.770.051)
Personnel expenses	6.5	(9.057.052)	(8.785.470)
Depreciation and amortisation	9	(1.504.214)	(1.409.645)
Rental expenses		(17.422)	(14.224)
Marketing and advertising expenses		(50.219)	(38.069)
Provisions		128.783	166.586
Other expenses	6.2	(3.009.530)	(2.946.175)
Operating profit		10.372.398	6.802.217
Financial Income	6.4	19.714	18.364
Financial Expenses	6.3	(364.389)	(191.430)
Profit/(Loss) before tax		10.027.722	6.629.150
Income Tax	7	(1.532.687)	(1.077.700)
Net profit for the financial year		8.495.035	5.551.450
Other elements of the overall result			
Attributable			
To the equity holders of the parent company		8.499.114	5.674.832
To minority interests		(4.079)	(123.382)
Number of shares		162.717.653	162.717.653
Basic result		0.05	0.034
Net diluted earnings per share		0.05	0.034

Validated by the Board of Directors on 21.08.2026.

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Note	June 30, 2026	December 31, 2025
Non - current assets			
Property, plant and equipment	9	535.021	586.880
Right of use assets	9	2.748.479	219.266
Intangible assets	10	82.929.085	73.543.141
Financial investments		508.200	486.108
Other non - current assets		860.934	801.008
Deferred tax assets		25.401	26.219
Total non-current assets		87.607.120	75.662.622
Current assets			
Inventories	11	228.196	147.743
Trade and other receivables	12	12.925.567	10.525.737
Other current financial assets		159.705	269.064
Cash and cash equivalents	13	511.854	1.750.281
Total current assets		13.825.322	12.692.824
Total assets		101.432.442	88.355.446
Equity and liabilities			
Issued share Capital		32.543.531	32.543.531
Own actions		(256.423)	(191.724)
Legal and other reserves		3.116.132	3.116.132
Retained earnings / (Accumulated Losses)		22.413.469	14.143.211
Translation differences		(454.157)	(183.750)
Non-controlling interests		(4.563.164)	(4.420.205)
Total equity	14	52.799.389	45.007.196
Long-term debts			
Subsidies	10	20.106.252	19.869.269
Advance income		4.352	-
Long-term borrowings		2.066.467	1.499.998
Liabilities related to leasing contracts		2.459.090	163.897
Total long-term debt		24.636.161	21.533.164
Current liabilities			
Trade accounts payable	16	8.970.602	8.009.746
Income taxes payable		916.068	471.886
Short-term borrowings	17	9.352.110	8.674.685
Current term lease liability		332.000	94.365
Other current liabilities	16	4.426.113	4.435.621
Provisions		-	128.783
Total current liabilities		23.996.892	21.815.086
Total liabilities		48.633.053	43.348.250
Total equity and liabilities		101.432.442	88.355.446

Validated by the Board of Directors on 21.08.2026.

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Share Capital	Share premium	Own shares	Reserves	Retained earnings	Translation differences	Total equity attributable to the group	Minority Interests	Total
Initial balance January 1, 2026	32.543.531	-	(191.724)	3.116.132	14.143.211	(183.750)	49.427.401	(4.420.205)	45.007.196
Profit for the year	-	-	-	-	8.499.114	-	8.499.114	(4.079)	8.495.035
Translation differences	-	-	-	-	(3.797)	(270.407)	(274.204)	(138.880)	(413.084)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-
Constitution of legal reserve	-	-	-	-	-	-	-	-	-
Increase in share premium	-	-	-	-	-	-	-	-	-
Shares granted	-	-	-	-	-	-	-	-	-
Increase in the acquisition of own shares	-	-	(64.706)	-	-	-	(64.706)	-	(64.706)
Share buyback	-	-	-	-	(225.059)	-	(225.059)	-	(225.059)
Impairment of revaluation reserve	-	-	-	-	-	-	-	-	-
Deferred tax revaluation reserve	-	-	-	-	-	-	-	-	-
Other corrections	-	-	7	-	-	-	7	-	7
Final balance June 30, 2026	32.543.531	-	(256.423)	3.116.132	22.413.469	(454.157)	57.362.553	(4.563.164)	52.799.389

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Share Capital	Share premium	Own shares	Reserves	Retained earnings	Translation differences	Total equity attributable to the group	Minority Interests	Total
Initial balance January 1, 2025	32.543.531	-	(191.711)	2.437.610	5.032.885	(322.740)	39.499.576	(4.312.645)	35.186.931
Profit for the year	-	-	-	-	11.436.868	-	11.436.868	(186.854)	11.250.013
Translation differences	-	-	-	-	(20.845)	138.990	118.145	79.295	197.440
Other comprehensive income	-	-	-	-	-	-	-	-	-
Increase in share capital	-	-	-	-	-	-	-	-	-
Constitution of legal reserve	-	-	-	678.522	(678.522)	-	-	-	-
Increase in share premium	-	-	-	-	-	-	-	-	-
Shares granted	-	-	-	-	-	-	-	-	-
Increase in the acquisition of own shares	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	(1.627.177)	-	(1.627.177)	-	(1.627.177)
Impairment of revaluation reserve	-	-	-	-	-	-	-	-	-
Deferred tax revaluation reserve	-	-	-	-	-	-	-	-	-
Other corrections	-	-	(13)	-	2	-	(11)	-	(11)
Final balance December 31, 2025	32.543.531	-	(191.724)	3.116.132	14.143.211	(183.750)	49.427.401	(4.420.205)	45.007.196

SAFETECH INNOVATIONS S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

		June 30, 2026	June 30, 2025
Cash flows from operating activities			
Profit before tax		10.027.722	6.629.150
Depreciation and amortisation	9	1.279.896	1.157.277
Depreciation related to RUA	9	224.318	252.368
Income from capitalizations		(10.102.649)	(7.452.691)
Movements in provisions		(128.783)	(166.586)
Gain / loss on sale of property, plant and equipment		(13.033)	-
Translation difference		(142)	(9.333)
Interest revenues	6.4	(704)	(102)
Interest expenses	6.3	277.463	127.385
		1.564.087	537.468
Operating profit before working capital changes			
Change in inventories	11	(80.453)	74.806
Change in trade and other receivable	12	(2.399.831)	(2.117.867)
Change in trade and other payable	16	1.075.919	(1.997.838)
Change in deferred income tax	7	818	26.654
Cash generated from/ (used in) operations		160.540	(3.476.777)
Interest paid		(267.436)	(127.385)
Income tax paid		(1.088.505)	(810.564)
Payments related to internally generated fixed assets		10.102.649	-
Net cash from/ (used in) operating activities		8.907.248	(4.414.726)
Cash flows from investing activities			
Proceeds from sale of non-current assets		(59.926)	(217.619)
Purchases of intangibles		(10.597.227)	(115.471)
Purchase of property, plant and equipment	9, 10	(54.688)	(44.246)
Investment payments – company acquisition		-	(482.580)
Interest received		704	102
Net cash used in investing activities		(10.711.137)	(859.814)
Cash flows from financing activities			
Increase in share capital			
Increase in share premium			
Redeemed shares		(225.059)	
Subsidy increases		236.983	4.529.307
Movement in loans	17	(391.990)	35.658
Dividends paid		1.178.774	1.500.000
Payments of lease liabilities	16	-	
Increase in share capital		(233.245)	(314.534)
Cash from (used in) financing activities		565.463	5.750.432
Net increase (decrease) in cash		(1.28.426)	475.892
Cash and cash equivalents at January 1		1.750.281	1.909.499
Cash and cash equivalents at June 30		511.854	2.385.391

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

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

These consolidated financial statements ended on June 30, 2026 are prepared for SAFETECH INNOVATIONS S.A. and its subsidiaries (collectively, the Group).

CONSOLIDATION TABLE OF THE GROUP

Company	Country of origin	Percentage of control owned	Control type	The consolidation method
SAFETECH INNOVATIONS SA	Romania	THE PARENT COMPANY		
SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED	Great Britain	67%	Exclusively by law	Global integration
SAFETECH INNOVATIONS LLC	Kingdom of Saudi Arabia	100%	Exclusively by law	Global integration

a) Safetech Innovations SA – The parent company

The headquarters of Safetech Innovations S.A. ("The Company") is located in Frunzei Street, no. 12-14, floor 1 - 2, Sector 2, Bucharest.

The main activity of the Company is the sale of cyber security solutions and services (main CAEN code 6203). Throughout its history, the company has specialized in the integration of complex cyber security projects.

The company was established as a limited liability company (SRL) in 2011. On September 25, 2020, the company was transformed into a joint-stock company (SA), with a share capital of 500.000 lei, divided into 2.500.000 shares with a nominal value of 0.2 lei, owned by two shareholders and co-founders, Victor Gânsac and Paul Rusu, each with 50% of the share capital.

On August 26, 2021, Safetech Innovations received the Cyber Security Auditor accreditation for operators of essential services, based on Law 362/2018 on ensuring a common high level of security of networks and IT systems from the National Center for Response to Incidents of Cyber Security (CERT-RO). CERT-RO is the national competent authority for network and information systems security. Consequently, Safetech Innovations S.A. was registered in the National Register of Cyber Security Auditors, IDASC: QC-2B1721, with a validity period between 26.08.2021 and 25.08.2024. In 2024 the certificate was extended until 25.08.2027.

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

In January 2022, Safetech Innovations SA successfully completed a capital increase operation, attracting 10.665.990,70 lei.

On February 6, 2023, Safetech Innovations shares, stock symbol SAFE, debuted on the Main Market of the Bucharest Stock Exchange, the LEI code being 984500ED4DGA7884C439.

On 17.04.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 316.540, from RON 13.300.000 to RON 13.616.540, through the issuance of 1.582.700 new shares with a nominal value of RON 0.2 per share, following the incorporation of RON 316.540 from the reserves related to 2022, for the benefit of all shareholders registered in the Shareholders' Register kept by the Central Depository on the registration date established by the EGMS.

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

	June 30, 2026	December 31, 2025
Number of employees	78	78

The composition of the Board of Directors as of June 30, 2026 is:

Board of Directors

Victor Gansac	President
Alexandru-Florin Mihailciuc	Membru
Maria-Margareta Mucibabici	Membru

a) Safetech Innovations Global Services Limited

The company was founded in 2022. The registered office is in London, Paul Street no. 86-90.
Number of employees as of June 30, 2026: 2

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

b) 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.

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

c) 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.

a) 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. BAZELE INTOCMIRII SITUATIILOR FINANCIARE CONSOLIDATE

2.1 Declarație de conformitate

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 six-month period ended June 30, 2026 and notes comprising a summary of significant accounting policies and other explanatory information.

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

Presentation and functional currency

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

Basis of evaluation

Fair value is the price that could be received to sell an asset or paid to transfer a liability in the normal course of a transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a another evaluation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability in the market that participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope

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

For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

of of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

The main accounting policies adopted are presented below.

2.2 Going concern

The present 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 Politici contabile semnificative

2.3 Accounting principles, policies and methods

The accounting policies for preparing the financial statements were consistently applied by the Group in 2025 and 2026.

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.

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

- **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

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

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
June 30, 2025	5.0777	4.3329	5.9329	1.2267
December 31, 2025	5.0985	4.3417	5.8335	1.1574
June 30, 2026	5.2438	4.6010	6.0897	1.21

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.

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

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.

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.

SAFETECH INNOVATIONS S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

IFRS 9 Financial instruments

Financial assets

The financial assets of the Group are represented by trade receivables and other receivables, cash and cash equivalents.

Initial recognition: The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Group's business model regarding their management. With the exception of commercial receivables that do not contain a significant financing component or for which the Group has applied the practical method, the Group initially evaluates a financial asset at its fair value plus transaction costs in the case of a financial asset that is not evaluated at fair value, through profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical cost are valued at the transaction price determined according to IFRS 15.

Subsequent evaluation: The Group measures financial assets at amortized cost if the following conditions are cumulatively met:

- i) The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows and;
- ii) The contractual terms of the financial asset give rise at the specified dates to cash flows that represent exclusively payments of principal and interest from the principal amount in circulation (SPPI).

Financial assets at amortized cost are subsequently valued based on the effective interest method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or depreciated.

Derecognition: A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- i) The rights to receive cash flows arising from the asset have expired;
- ii) The Group transferred its rights to receive the cash flows arising from the asset or assumed an obligation to pay the cash flows collected in full, without significant delays, to a third party, based on a commitment with identical flows; and (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has not transferred and retained substantially all the risks and rewards of the asset, but has transferred control over the asset;
- iii) The Group has transferred its rights to receive the cash flows from an asset or entered into a commitment with identical flows and has neither transferred nor retained significantly all the risks and rewards related to the asset, but neither has transferred control over the asset, the asset is recognized proportionally to the continuation of the Group's involvement in the respective asset. In this case, the Group also recognizes an associated debt.
- iv) The transferred asset and the associated debt are evaluated on a basis that reflects the rights and obligations that the Group has retained. The continuation of the involvement that takes the form of a guarantee regarding the transferred asset is evaluated at the lower value between the initial accounting value of the asset and the maximum value of the consideration that could be imposed on the Group to reimburse it.

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

For the 6-month period ended June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

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.

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

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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

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combination and, at the date of the transaction, does not affect either accounting profit or taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow recovery of the deferred tax asset.

Deferred tax assets and liabilities are valued at the tax rates expected to be applied for the period in which the asset is realized or the debt is settled, based on the tax rates (and tax regulations) that have been adopted or to a large extent adopted up to reporting date.

Deferred tax on items recognized outside profit and loss is recognized outside profit and loss. The elements regarding the deferred tax are recognized in correlation with the transaction supporting other elements of the global result or directly in the equity.

Deferred tax receivables and liabilities are offset if there is a legal right to offset current tax receivables with current profit tax liabilities and deferred taxes refer to the same taxable entity and the same fiscal authority.

VAT

Revenues, expenses and assets are recognized net of VAT, except for:

- The case in which the sales tax applicable to the purchase of assets or services is not recoverable, in this case the sales tax being recognized as part of the asset acquisition cost or as part of the expense element, as the case may be;
- Receivables and payables presented at a value including sales tax.

The net value of the sales tax recoverable from or paid to ANAF is included as part of receivables and payables in the statement of financial position.

As of June 30, 2026, the value added tax rates depending on the country of origin of the companies within the Group are:

Until 30.06.2026:

Romania	Romania	Rate
Standard VAT rate	Cota standard de TVA	21%
Reduced VAT rate	Cota redusa de TVA	11%
United Kingdom	Marea Britanie	
Standard VAT rate	Cota standard de TVA	20%
Reduced VAT rate	Cota redusa de TVA	5%
Kingdom of Saudi Arabia	Regatul Arabiei Saudite	
Standard VAT rate	Cota standard de TVA	15%

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Tangible assets

Initial assessment

Tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if applicable.

This cost includes the replacement cost of the respective tangible fixed asset at the time of replacement and the cost of borrowing for long-term construction projects, if the recognition criteria are met.

When significant parts of tangible assets must be replaced at certain intervals, the Group recognizes the respective parts as individual assets with a specific useful life and depreciates them accordingly. Also, when carrying out a general inspection, its cost is recognized in the accounting value of tangible assets as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the profit and loss account when incurred. The present value of the expected costs for scrapping the asset after its use is included in the cost of the respective asset if the criteria for recognizing a provision are met.

The cost of a tangible asset consists of:

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

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

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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

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.

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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 June 30, 2026, the Group has no short-term leases or leases for which the underlying asset has a low value.

The Group applies IFRS 16 for the recognition of cars purchased under lease and for office space rental contracts.

➤ *Intangible assets*

Separately acquired intangible assets are valued at initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expense is reflected in the profit and loss account at the time the expense is incurred.

The useful lives of intangible assets are assessed as determinable.

Intangible assets with a determined useful life are amortized over their economic life and assessed for impairment whenever there are indications of impairment of the intangible asset. The amortization period and amortization method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or in the expected rate of consumption of the future economic benefits incorporated in the assets are accounted for by changing the method or the amortization period, as the case may be, and are treated as changes in accounting estimates. The expense of amortization of

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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.

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➤ **Government subsidies**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the related conditions and that the grants will be received. Government subsidies are recognized in profit or loss systematically over the periods in which the Group recognizes as expenses the related costs for which the subsidies are intended to compensate. Specifically, government grants whose main condition is that the Group purchases, constructs or otherwise acquires fixed assets (including tangible and intangible fixed assets) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss for a period. Systematic and rational basis over the useful life of the related assets.

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

➤ **Inventories**

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

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

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

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

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

➤ **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

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method mentioned below is used. In case generated revenue exceeds 20%, then there is no need to adjust for depreciation.

When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and asset-specific risks. When determining the fair value minus the costs associated with the sale, recent market transactions are taken into account, if any. If such transactions cannot be identified, an appropriate valuation model is used.

The loss from the depreciation of continuing activities, including the depreciation of stocks, is recognized in the profit and loss account in the expense category consistent with the function of the depreciated asset, except for a property that was previously revalued and the revaluation was accounted for in other elements of the comprehensive result. In this case, the impairment is also recognized in other elements of the overall result up to the value of any previous revaluation.

In each reporting period, an assessment is made to determine if there are indicators that previously recognized impairment losses no longer exist or have decreased. If there is such an indication, the Company estimates the recoverable value of the asset or the treasury generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited, so that the accounting value of the asset does not exceed its recoverable value and does not exceed the accounting value that the asset would have had if it had not been previously depreciated. Such reversal is recognized in the profit and loss account unless the asset has been revalued, in which case the reversal is treated as a revaluation increase.

➤ *Cash and short-term deposits*

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

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

➤ *Provisions*

General

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

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

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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.

➤ ***Retained earnings***

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

The distribution of the profit is carried out accordingly in the following financial year, after the approval of the distribution in the General Meeting of Shareholders, eg: the value of the approved dividends and other reserves according to legal regulations.

3.SIGNIFICANT ACCOUNTING 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

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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 Company capitalized development costs of 14 million lei related to software, based on the fact that management believes that these costs are clearly associated with identifiable products that will be controlled by the Company and will have a profitable benefit that exceeds the cost beyond one year.

The capitalized 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.

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The lifetimes for fixed assets and the depreciation method

The Group estimates the useful life for the items of tangible assets in accordance with the rate of consumption / wear and tear for the respective assets.

The Group considers and uses the following depreciation methods:

- the linear method for buildings, fixed assets purchased in financial leasing and for equipment that are not related to production capacity
- the accelerated method for fixed assets representing equipment that are related to the production capacity

Sales discounts for estimated returns, price discounts

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

4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF THE STANDARDS

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

Changes made starting January 1, 2026:

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

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

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

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

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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.

The management objective is always to pursue profit, not revenue, and this can be achieved through an appropriate sales and marketing strategy, covering multiple sectors and markets. In the second quarter of 2026, given the market demand but also the legislative context, the business strategy was focused on increasing the number of new customers and implicitly profitability.

The Group's management monitors operational activities and resource allocation to maximize performance. Performance is evaluated based on operating profit or loss, gross profit or loss.

The group monitors sales according to their type - services and sales of goods and by destination - domestic sales and exports.

	<u>June 30, 2026</u>	<u>June 30, 2025</u>
Internal sales	25.477.862	18.981.905
External Sales	211.640	231.708
Total turnover	<u>25.689.502</u>	<u>19.213.613</u>
 Income from services	 <u>10.241.789</u>	 <u>9.829.581</u>
 Sales of goods:	 <u>15.447.713</u>	 <u>9.384.032</u>
Finished goods	7.656.830	6.675.297
Goods sales	7.790.883	2.708.735

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.

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5.2. Expenses for raw materials and consumables used

Raw materials and consumables used	June 30, 2026	June 30, 2025
Raw materials	4.703.135	4.751.530
Fuel materials and spare parts	16.040	15.949
Products	7.253.009	2.770.051
Supplies	2.340	1.618
Inventory items	24.642	37.718
Others	210	2.901
Total	11.999.376	7.579.767

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

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

6. OTHER INCOME / EXPENSES AND ADJUSTMENTS

6.1 Other operating revenues

As of June 30, 2026, the Group presents the following operating income:

	June 30, 2026	June 30, 2025
Operating subsidy income	43.975	725.181
Investment subsidy income	-	
Revenue/(expenses) from asset sales	13.033	
Revenue from damages/fines	-	4.630
Other operating income	32.268	12.866
Total other operating income	89.276	742.677

6.2 Other operating expenses

Raw materials and consumables used	June 30, 2026	June 30, 2025
Services	2.031.508	1.900.239
Telecommunication services	62.310	59.321
Sponsorship	113.200	100.000
Insurance	66.273	202.662
Utilities	71.544	71.565
Travel expenses	251.879	234.987

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Raw materials and consumables used	June 30, 2026	June 30, 2025
Training	17.709	13.595
Maintenance	5.219	14.982
Marketing and protocol expenses	50.219	
Other	389.888	254.047
Total	3.059.749	2.851.398

Utilities mainly refer to energy and water expenses.

Service expenses include a wide variety of services: legal consulting, marketing, capital market consulting, subcontracting expenses for some programming services.

Repair services include special fleet repair services.

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

6.3 Financial expenses

Financial expenses	June 30, 2026	June 30, 2025
Interest expenses	277.463	127.385
Foreign exchange expenses	86.927	64.045
Total	364.390	191.430

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

6.4 Financial income

Financial income	June 30, 2026	June 30, 2025
Gains on exchange rate differences	704	102
Interest income	19.010	18.262
Total	19.714	18.364

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6.5 Personal expenses

Salary expenses	June 30, 2026	June 30, 2025
Salaries	8.554.270	8.531.209
Payroll taxes	193.686	242.501
Salaries benefits	309.096	11.760
Total	9.057.052	8.785.470

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 June 30, 2026 the companies included in the consolidation scope present the following component of current and deferred income tax:

➤ **The Parent Company**

Income tax expense	June 30, 2026	June 30, 2025
Deferred tax (expense (income))	1.532.687	1.051.046
Current income tax	-	26.654
Total	1.532.687	1.077.700

➤ **Safetech Innovations Global Services Limited**

On June 30, 2026 the company records a loss:

	Amount
Total income	973.859
Total expenses	986.221
Loss	(12.362)

Also, the company has a deferred tax liability of 18.759 lei as of June 30, 2026.

➤ **Safetech Innovations Llc**

On June 30, 2026, the company recorded a loss:

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	Amount
Total income	-
Total expenses	56.539
Loss	56.539

8. EARNINGS PER SHARE

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

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

The number of shares for the period ending June 30, 2026 is 162.717.653.

	June 30, 2026	June 30, 2025
Net profit for the financial year	8.495.035	5.551.450
Weighted average number of shares	162.717.653	162.717.653
Basic and diluted earnings per share	0,05	0,034

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

	Right of use buildings	Building improvements	Machines, machinery and Equipment	Furniture, office equipment, protective equipment	Total
Gross value as of January 1, 2026	667.716	436.930	3.098.858	655.762	4.859.266
Additions	2.753.531		48.556	6.132	2.808.219
Revaluation	-	-	-	-	-
Outputs	-	-	-	-	-
Transfers	-	-	-	-	-
Gross value as of June 30, 2026	3.421.247	436.930	3.147.414	661.895	7.667.486
Depreciation and impairment as of January 1, 2026	448.450	65.542	3.011.078	528.051	4.053.121
Amortization in the year	224.318	691	39.197	28.724	292.930
Outputs			37.934		37.934
Transfers	-	-	-	-	-
A Depreciation and impairment as of June 30, 2026	672.768	66.233	3.088.209	556.775	4.383.985
Net worth June 30, 2026	2.748.479	370.697	59.205	105.119	3.283.500

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

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The group recognized in the category of "Assets related to the right of use" the lease contract of the space where the Mother Company operates and financial leasing contracts regarding the purchase of passenger cars.

The parent company has a rental contract that includes extension and termination options. These options are negotiated by the Company's management to provide flexibility in the management of the portfolio of leased assets and to align with the Company's business needs. The management of the Company exercises significant judgment to determine whether there is reasonable certainty for the extension or termination of the contract. Leasing contracts are concluded for a fixed period of five years.

Carrying amount of the lease liability and movements recorded within this category as of June 30, 2026:

	Lei	Lei
On January 1, 2026/ January 1, 2025	258,262	1.456.852
Additions during the period	2,753,531	1.954.643
Interest associated with lease liability	10,027	232.577
Early termination of contracts	-	(2.747.023)
Lease payments	233,245	632.990
Debt revaluation	2,515	(5.795)
As of June 30, 2026/December 31, 2025	<u>2,791,090</u>	<u>258.262</u>

The additions during the period consist of the execution of an addendum to the lease agreement for the premises where the parent company conducts its business.

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

	June 30, 2026	June 30, 2025
Depreciation of right-of-use assets	224.318	252.368
Interest expense on leasing debt	10.027	121.493
Total expenses recognized in the profit and loss account	<u>234.345</u>	<u>373.861</u>

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	June 30, 2026	June 30, 2025
Short-term leasing debt	332,000	94.365
Long-term lease debt	2,459,090	163.897
Total leasing debt	2,791,090	258.262

10. INTANGIBLE ASSETS

	Establishment expenses	Development expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs as of January 1, 2026	323.700	51.125.043	114.429	13.090.473	64.653.645
Additions	-	15.164.344	-	3.741.125	18.905.469
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Costs as of June 30, 2026	323.700	66.289.387	114.429	16.831.598	83.559.114
Depreciation and amortization as of January 1, 2026	323.700	-	114.429	7.368.023	7.806.152
Amortization in the year	-	-	-	2.209.821	2.209.821
Disposals	-	-	-	-	-
Amortization and depreciation as of June 30, 2026	323.700	-	114.429	9.577.844	10.015.973
Net worth as of June 30, 2026	-	66.289.387	-	7.253.54	73.543.141

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	Establishment expenses	Development expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs as of January 1, 2025	323.700	51.125.043	114.429	13.090.473	64.653.645
Additions	-	15.164.344	-	3.741.125	18.905.469
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Costs as of December 31, 2025	323.700	66.289.387	114.429	16.831.598	83.559.114
Depreciation and amortization as of January 1, 2025	323.700	-	114.429	7.368.023	7.806.152
Amortization in the year	-	-	-	2.209.821	2.209.821
Disposals	-	-	-	-	-
Amortization and depreciation as of December 31, 2025	323.700	-	114.429	9.577.844	10.015.973
Net worth as of December 31, 2025	-	66.289.387	-	7.253.54	73.543.141

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, Information Security Automation Manager. iSAM allows companies' information security managers to better manage cybersecurity within their organization by automating certain processes, providing real-time updates on the level of cybersecurity protection and enabling early detection of cybersecurity threats. Safetech holds the registration certificate in the National Registry of Computer Programs 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

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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.

In the first half of 2026, important developments were made to the iSAM solution, worth RON 280.373, mainly representing the costs of software development employees and subcontractor costs.

ToR-SIM (research project completed in 2020) - Capitalization in the form of either a perpetual license or subscription (annual "on premises" service) to the Integrated Software Platform for Malware Analysis of Mobile Terminals (Acronym: ToR-SIM). The software platform that integrates, in a unified way, the malware analysis procedures for most of the equipment currently on the market, in order to strengthen the security of terminals and networks, identify the operational requirements and capabilities necessary for the development and security of solutions for mobile devices and applications that ensure, through a partnership between responsible government factors, academia and industry, the increase in the efficiency of cyber protection solutions. The platform is developed at the prototype level, validated with a single beneficiary (the one established by the research project, which has accepted that the product was developed according to the project requirements). The product development to commercial product level continues.

In the first semester of 2026, developments of the ToR-SIM solution were carried out, worth 262,385 lei, mainly representing the costs of software development employees and the costs of subcontractors.

SafePic - It aims to increase the response capacity of STI-CERT to cyber security attacks and incidents, through automation and interoperability with similar structures at national and international level, but also the development organizational by carrying out a set of design actions and implementing measures to improve the components of the management system (strategy, structure, information system, decision-making system, methodological system), aimed at increasing the performance and competitiveness of the organization.

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The project ran from June 2020 to July 2023, with a durability period of 3 years from completion (July 2026). The company is obliged to maintain the entire system developed within the project.

In the first semester of 2026, the project continued in accordance with the development plan for the sustainability period, with expenses amounting to 3.088 thousand lei.

BCM – project started at the beginning of 2023, financed from own resources, with the aim of developing a software application for business continuity management. Upon completion of the project, the resulting product will be capitalized through subscription licenses.

Between January and June 2026, developments worth RON 153.694 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 January - June 2026, research and development activities worth 2.393 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

HRIA – "Romanian Artificial Intelligence Hub", research and development project launched in March 2025, financed under the Smart Growth, Digitalization and Financial Instruments Programme 2021-2027 (PoCIDIF), financed by the European Regional Development Fund (ERDF), SMIS code: 334906. SAFETECH INNOVATIONS SA is a partner in this project.

The general objective of the project is to create and operationalize the Romanian Artificial Intelligence Hub for research, development and innovation in the field of Artificial Intelligence (AI) by developing an attractive and competitive research ecosystem that brings together the efforts of the academic and economic environment for the purpose of carrying out original cutting-edge scientific research, transferring research results to industry and society, developing new products and services, and generating a core of knowledge and development in Artificial Intelligence integrated into the European Research Area (ERA).

The project is implemented in partnership with six nationally representative universities: Technical University of Cluj-Napoca, West University of Timișoara, “Gheorghe Asachi” Technical University of Iași, Politehnica University of Timișoara, University of Bucharest, “Babeș Bolyai” University of Cluj-Napoca and 8 innovative SMEs, selected through a competitive and transparent process.

The project is implemented between March 1, 2025 and December 31, 2029. The total value of the project is 336.336.127,46 lei, the total eligible value is 335.117.109,06 lei and the non-refundable financial assistance is 324.775.349,99 lei. The total value allocated to SAFETECH

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INNOVATIONS SA is 6.532.861,50 lei, the eligible value is 6.468.540,54 lei and the non-refundable financial assistance is 4.828.571,63 lei.

Upon completion of the project, the intellectual property rights will allow SAFETECH INNOVATIONS SA to capitalize on the contribution in the development of the product through subscription licenses or its use to provide its own cybersecurity services.

Between January and June 2026, research and development activities worth 1,477 lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

11. INVENTORIES

Inventories	June 30, 2026	December 31, 2025
Raw materials	71.386	-
Consumables	62.055	55.880
Advances for stocks	2.893	-
Goods	91.862	91.863
Total	228.196	147.743

The Group does not hold any inventories mortgaged in favor of third parties as of June 30, 2026 and December 31, 2025 respectively.

12. TRADE RECEIVABLES AND OTHER / CURRENT RECEIVABLES

Trade receivables and other receivables	June 30, 2026	December 31, 2025
Total net trade receivables of which:	12.272.403	9.683.572
Trade receivables, of which	7.563.715	6.170.716
<i>Trade receivables with affiliated companies</i>	-	-
Uncertain trade receivables	280.281	280.281
Clients invoices to be drawn up	4.454.368	3.267.006
Other receivables	254.320	245.850
Minus	-	-
Adjustments for expected losses on receivables	(280.281)	(280.281)
	-	-
Total other receivables of which:	653.165	842.165
Different debtors	423.997	414.308
Prepayments	211.155	375.195
Other current assets	18.013	52.662

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

Total receivables as of June 30, 2025	0 - 30 days	30 - 60 days	60-120 days	120-365 days
7.563.715	5.039.843	1.852.593	350.924	320.354

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

13. CASH AND SHORT-TERM DEPOSITS

	June 30, 2026	December 31, 2025
Cash at the bank in RON	510.145	483.163
Cash at the bank in foreign currency	1.709	11.968
Deposits	-	1.255.150
Total	511.854	1.750.281

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

14. CAPITAL AND RESERVES

Authorized Shares/ Social Parties	June 30, 2026	December 31, 2025
Ordinary shares of 0.2 RON each	162.717.653	162.717.653

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Ordinary shares issued and paid in full	Number	Value
As of June 30, 2026	162.717.653	32.543.531
As of December 31, 2025	162.717.653	32.543.531

Share capital	June 30, 2026	December 31, 2025
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	32.543.531
Total share capital	32.543.531	32.543.531

On 18.09.2020 the Parent Company decided on the transformation from a Limited Liability Company to a Joint Stock Company and the share capital was set at 500.000 RON and 2.500.000 shares with a nominal value of 0.2 RON.

The registration date for the share capital increase was 31.08.2021, ex-date 30.08.2021, and 01.09.2021 was the date when the pre-emptive rights were loaded into the shareholders' accounts. In the same AGM, the establishment of two companies, one in Great Britain and one in the USA, partly owned by the Company, as an associate with a percentage of at least 67% of the share capital, was also approved.

In the first half of 2022, the parent company recorded an increase in the share capital, thus the number of shares increases to 66.500.000 shares, totaling 13.300.000 lei. The nominal value of the shares is 0.2 RON/share.

During the period August - December 2022, the Company repurchased a number of 433.703 own shares, worth 1.153.990,43 lei. For the repurchased shares, the Company signed option agreements in November 2022.

In November 2023, part of the option agreements were exercised and part were granted free of charge as a bonus to the entity's key personnel, so that on December 31, 2023 all of the Company's own shares were distributed.

On 17.04.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by RON 316.540, from RON 13.300.000 to RON 13.616.540, through the issuance of 1.582.700 new shares with a nominal value of RON 0.2 per share, following the incorporation of RON 316.540 from the reserves related to 2022, for the benefit of all shareholders registered in the Shareholders' Register kept by the Central Depository on the registration date established by the EGMS.

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

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As of June 30, 2026 the shareholding structure of the parent company is as follows:

Ownership structure	<u>Number of shares</u>	<u>Percentage</u>
Victor Gansac	46.936.814	28,8455%
Paul Rusu	46.901.136	28,8236%
Individuals	64.432.348	39,5977%
Legal entities	4.447.355	2,7332%
Total	162.717.653	100%

Reserves

Total other reserves included in capital components:	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Reserves	3.116.132	3.116.132
Retained earnings	22.413.469	14.143.211
Total other reserves	<u>25.529.601</u>	<u>17.259.343</u>

Legal Reserves

The parent company establishes legal reserves in accordance with the law of commercial companies, which stipulates that 5% of the annual profit before tax be transferred to "Legal reserves" until the reserve reaches the threshold of 20% of the share capital. Legal reserves are not distributable.

Other Reserves

Other reserves include distributions of profits related to the years prior to 2026. These reserves are available for distribution in the form of dividends.

15. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

As detailed in the accounting policies, the Parent Company applies a defined employee benefit plan. The plan requires the company to pay the social insurance contribution for employees, in the public pension fund.

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

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Retirement benefits: The Collective Labor Agreement does not provide for any benefits that the Company must grant to employees upon retirement based on seniority within the Parent Company and that could have an impact on the financial statements.

16. TRADE AND OTHER LIABILITIES (CURRENTS)

Trade and other liabilities	June 30, 2026	December 31, 2025
Local trade debts	6.389.374	6.360.011
Foreign trade debts	2.519.809	1.548.010
Liabilities for purchases of fixed assets	43.192	98.178
Advances received and other liabilities	18.228	3.547
Lease liabilities	2.791.090	258.262
Total	11.761.693	8.268.008

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

Other current liabilities	June 30, 2026	December 31, 2025
Salaries	705.402	783.156
Contributions and taxes wages	1.448.337	1.625.390
VAT	1.808.174	1.281.879
Dividends	15.446	15.958
Revenues registered in advance	136.655	74.278
Other liabilities	312.098	654.960
Total	4.426.112	4.435.621

The terms and conditions of the financial liabilities mentioned above:

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

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

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17. LOANS

In 2024, the Company, part of the SAFETECH INNOVATIONS GLOBAL SERVICES LIMITED group, contracted two loans from individuals, the total loan as of June 30, 2026 being 9.134.550 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 as of June 30, 2025 and Decembrie 31, 2025:**

<u>Company name</u>	<u>Nature of relationship</u>	<u>Transaction type</u>	<u>Country</u>	<u>Headquarters</u>
Safetech Intelligence SRL	Affiliated company	No transactions	Romania	București
Betamont Infrastructure G.E.L.E.	Affiliated company	No transactions	Romania	București
SAFETECH INNOVATIONS US, SAFETECH CYBERSECURITY LIMITED CYBER RISK MANAGEMENT SERVICES L.L.C. in United Arab Emirates	Affiliated company	No transactions	United States United Arab Emirates	United States United Arab Emirates

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

The Group has debts to individuals, affiliated parties:

Creditor	30.06.2026	31.12.2025
Individuals	9.134.550	8.750.251

Compensation granted to the Parent Company's key management personnel

Administrators, directors and the supervisory committee

The Parent Company paid the following amounts to administrators, directors, which include compensation, dividends and taxes.

	June 30, 2026	December 31, 2025
Expenses	507.366	373.739
Total	507.366	373.739

As of June 30, 2026, the Parent Company had a remunerated Board of Directors, with the Chairman of the Board of Directors being part of the executive management.

As of June 30, 2026, the Parent Company had no obligation to pay pensions to former associates or members of the executive management.

At the end of the financial year, there are no guarantees or future obligations assumed by the Parent Company on behalf of the administrators or directors.

In 2026, the Parent Company approved the implementation of a plan to reward and motivate the key personnel of the Parent Company by granting free shares in the future. Among the key personnel who will benefit from this plan are also the members of the board of directors.

19. COMMITMENTS AND CONTINGENCIES

Commitments under financing agreements:

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).

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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.

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

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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

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.

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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,

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which in previous years contributed a significant share of revenues, but instead had a small profit margin. Thus, since 2017, the company has adjusted its model, focusing on the delivery of value-added services and increasing profitability. Given the nature of Safetech's business, the risk of commoditization of the business, i.e. the risk of the service or technology becoming very widespread and widely adopted, is reduced because the company relies heavily on the skills of its team of ethical hackers. Since the cost of hiring qualified IT professionals is very high not only in Romania, but also in the whole world, the risk that a competitor could force the company to lower the price of services in order to maintain its position in the market is relatively low. However, the management actively monitors the local and international markets to be able to always provide value-added services and maintain a leading position in the local market.

Cash-flow risk – this represents the risk that the company will not be able to honor its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of trade and other payables. Thanks to this business model, which includes providing monitoring services for a fixed monthly fee, the company manages to maintain a healthy cash flow.

Credit risk – this is the risk that a third party natural or legal entity will not fulfill its obligations under a financial instrument or under a customer contract, thus leading to a financial loss. The Company is exposed to credit risk from its operating activities and its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company manages this risk by carefully selecting customers and having a strict procedure for documenting orders and the provision of services or delivery of goods.

Liquidity risk – liquidity risk is associated with holding immovable or financial assets. The company's activity does not depend on holding immovable or financial assets and turning them into liquid assets. The company does not own any financial assets. The fixed assets of the company, mainly technological equipment, are used in the current activity of providing services.

Currency risk – the possibility of recording losses from international commercial contracts or other economic relationships, due to changes in the exchange rate of the currency in the period between the conclusion of the contract and its maturity. As the company plans to expand into other international markets, from Europe or the US, it will be exposed to this type of risk.

Personal data protection risk – in the course of its business, the company collects, stores and uses data that is protected by personal data protection laws. Although the issuer takes precautionary measures to protect customer data, in accordance with the legal requirements regarding the protection of privacy, especially in the context of the implementation of the General Data Protection Regulation (EU) 2016/79 and in Romania (starting from May 25, 2018), data leakage risks cannot be completely eliminated. The Company considers this risk and takes precautions to protect customer data in accordance with applicable legal requirements. The Issuer takes all necessary precautions in this area, but there is a possibility that, considering that it carries out commercial relations with various contractual partners, they

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may not fully comply with the relevant contractual terms and all the data protection obligations imposed on them.

Competition risk - the entry of new competitors into the market, especially from outside Romania, will intensify competition and put pressure on the company's activity, with the risk of recording a decrease in profit and even its insolvency.

The risk of loss of reputation - is a risk inherent in the company's activity, reputation being particularly important in the business environment, especially in its field of activity, cyber security. Reputational risk is inherent in Safetech's business. The ability to retain and attract new customers also depends on the recognition of the Safetech brand and its reputation for service quality in the market. A negative public opinion of the company could result from actual or perceived practices in the cybersecurity market in general, such as negligence during the provision of services or even the way Safetech conducts or is perceived to conduct its business.

General economic risks - the issuer's activities are sensitive to economic cycles and general economic conditions. Both international financial crises and the unstable economic environment can have significant negative effects on the activity, operational results and financial position of the issuer. Socio-political turmoil can also impact the company's business. The international financial markets felt the effects of the global financial crisis that started in 2008. These effects were also felt on the Romanian financial market in the form of the low liquidity of the capital market, as well as through an increase in medium-term financing interest rates, because of the global liquidity crisis. In the future, such a scenario could be repeated and possible significant losses suffered by the international financial market, with major implications on the local market, could affect the Issuer's ability to obtain new loans or financing, under sustainable conditions.

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

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

Other risks - potential investors should consider that the risks presented above are the most significant risks of which the company is aware at the time of writing this report. However, the risks presented in this section do not necessarily include all those risks associated with the activity of the issuer, and the company cannot guarantee that it includes all relevant risks. There may be other risk factors and uncertainties of which the company is not aware at the time of writing the report and which may change the actual results, financial conditions, performance and achievements of the issuer in the future and may lead to a decrease in the price of the company's shares. Investors should also undertake the necessary due diligence in order to make their own assessment of the investment opportunity.

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

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

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Ris 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 foreign exchange risk (due mainly to EUR, USD and GBP) is not significant, thus the Company does not use hedging instruments.

June 30, 2026	EUR	USD	GBP	SAR	AUD	RON	Total
Trade receivables	211.640	16.104	537.416		0	6.798.556	7.563.715
Cash and cash equivalents	881	279	16.884	6.342	0	487.468	511.854
Total assets (1)	212.521	16.382	554.300	6.342	0	7.286.024	8.075.568
Liability	2.389.459	130.349	120.887		0	6.329.905	8.970.601
Short term loans	-	-	9.352.110		0	0	9.352.110
Lease liabilities	62.045	-	-		0	269.955	332.000
Other current liabilities			306.179	27.317	0	4.092.618	4.426.114
Total debts (2)	2.451.504	130.349	9.779.176	27.317	0	10.692.478	23.080.824
Difference (1) – (2)	(2.238.983)	(113.967)	(9.224.876)	(20.975)	0	(3.406.455)	(15.005.256)

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

	June 30, 2026	December 31, 2025
Trade receivables	7.563.715	6.170.716
Cash and cash equivalents	511.854	1.750.281
Total assets (1)	8.075.568	7.920.997
Liabilities	8.970.602	8.009.746
Short-term borrowings	9.352.110	8.674.685
Lease liabilities	332.000	94.365
Other current liabilities	4.426.114	4.435.621
Total liabilities (2)	23.080.825	21.214.417

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Difference (1) – (2)	(15.005.257)	(13.293.420)
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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 June 30, 2026, the Company has contracted a long-term loan in the amount of 2.066.467 lei.

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

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In June 30, 2026	<u><30 days</u>	<u>30 – 60 days</u>	<u>60 - 120 days</u>	<u>>120 days</u>	<u>Total</u>
Trade and other receivables	5.039.843	1.852.593	350.924	320.354	7.563.715
Cash and cash equivalents	511.854	0	0	0	511.854
Total Assets	<u>5.551.697</u>	<u>1.852.593</u>	<u>350.924</u>	<u>320.354</u>	<u>8.075.568</u>
Trade payables	6.435.927	665.372	1.621.270	248.032	8.970.602
Short-term loans	-	-	-	9.352.110	9.352.110
Leasing payables	56.832	22.574	45.507	207.087	332.000
Other debts	4.426.114				4.426.114
Total liabilities	<u>10.918.874</u>	<u>687.947</u>	<u>1.666.777</u>	<u>9.807.228</u>	<u>23.080.825</u>

20. SUBSEQUENT EVENTS

CONCLUSION OF A SIGNIFICANT CONTRACT

On July 22, 2026, the Company informed the market about the conclusion of a significant contract for the provision of products and services, the value of which exceeds 10% of the total revenue related to the latest annual financial statements. The contract, with a total value of 2.7 million euros (excluding VAT), was concluded with an entity in Romania, not affiliated with the Company, and has a duration of 36 months. Its object consists of (i) the provision of cybersecurity services, (ii) the sale of the Company's own cybersecurity monitoring solution and (iii) the sale of other cybersecurity solutions.

CONCLUSION OF A FRAMEWORK AGREEMENT

On July 27, 2026, Safetech Innovations informed the market about the conclusion of a framework agreement for the provision of cybersecurity assessment services, following a public procurement procedure organized by the Romanian Digitalization Authority. The framework agreement, concluded with the Romanian Digitalization Authority, aims to provide cybersecurity assessment services for the migration of applications to the Romanian Government Private Cloud, through the conclusion of subsequent contracts, under the conditions and limits provided for in the framework agreement. It has a duration of 48 months.

Given the legal nature of the framework agreement, the value of the subsequent contracts that will be awarded to the Company cannot be determined at the date of signing. The Company will inform the market about the subsequent contracts or firm orders concluded under the framework agreement, to the extent that their value will exceed or approach the threshold of 10% of the total revenue related to the latest annual financial statements.

COMPLETION OF THE FIRST STAGE OF THE SHARE BUY-BACK PROGRAM

On July 31, 2026, Safetech Innovations informed the market about the completion of the first stage of the share buyback program, initiated on April 21, 2026, in accordance with EGMS Decision No. 12/22.10.2025.

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During this phase, the Company repurchased 600.000 of its own shares, at an average price of 0.9290 lei/share, the total amount paid being 557.388,69 lei, excluding brokerage fees and other acquisition costs. The repurchase program was administered by BT Capital Partners, which made the trading decisions regarding the timing of the share acquisition independently of the Company.

The shares were repurchased for the purpose of reducing the Company's share capital, by canceling them, in accordance with EGMS Decision no. 12/22.10.2025 and the applicable legal provisions.

SAFETECH INNOVATION SA
INDIVIDUAL FINANCIAL STATEMENTS
for a period of 6 months ending on June 30, 2026

In accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards

Date: 21.08.2026

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

		June 30, 2026	June 30, 2025
	Note	RON	RON
Turnover	5.1	25.170.710	18.466.456
Other operating income	6.1	89.276	742.677
Changes in inventories of finished goods and work in progress	10	10.102.649	7.452.691
Expenses for raw materials and consumables	5.2	(4.746.367)	(4.809.716)
Merchandise	5.2	(7.193.945)	(2.681.916)
Personnel expenses	6.5	(8.728.588)	(8.266.469)
Depreciation, amortisation	9	(1.355.076)	(1.322.749)
Marketing and advertising expenses		(44.151)	(32.679)
Rental expenses		(12.381)	(10.698)
Provisions		128.783	166.586
Other expenses	6.2	(2.985.503)	(2.442.455)
Operating profit		10.425.407	7.261.728
Financial Income	6.4	22.658	19.578
Financial Expenses	6.3	(351.442)	(180.605)
Profit/(Loss) before tax		10.096.623	7.100.701
Income Tax	7	(1.532.687)	(1.077.700)
Profit/(Loss) after tax		8.563.936	6.023.001
Other comprehensive income		8.563.936	6.023.001
Number of shares		162.717.653	162.717.653
Basic result		0,053	0,037
Net diluted earnings per share		0,053	0,037

Validated by the Board of Directors on 21.08.2026

SAFETECH INNOVATIONS S.A.
STATEMENT OF FINANCIAL POSITION

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Notes	June 30, 2026	December 31, 2025
Non - current assets			
Property, plant and equipment	9	477.951	524.316
Right of use assets	9	2.748.479	185.112
Intangible assets	10	81.959.358	72.728.774
Investments in related companies	11	4.103.981	4.103.981
Other non - current assets		860.934	801.008
Deferred tax assets		44.845	44.845
Total non-current assets		90.195.548	78.388.036
Current assets			
Inventories	12	228.196	147.743
Trade and other receivables	13	12.383.427	10.421.337
Other current assets – loans		2.635.389	2.128.909
Cash and cash equivalents	14	489.176	1.740.378
Total current assets		15.736.188	14.438.367
Total assets		105.931.736	92.826.403
Equity and liabilities			
Issued share Capital		32.543.531	32.543.531
Own actions		(256.423)	(191.724)
Share premium at nominal value		-	-
Legal and other reserves		3.116.132	3.116.132
Retained earnings / (Accumulated Losses)		31.432.251	23.093.374
Total equity	14	66.835.491	58.561.313
Long-term debts			
Subsidies	10	20.106.252	19.869.269
Long-term loans		2.066.467	1.499.998
Long term lease liabilities		2.459.090	163.897
Total Non - Current Liabilities		24.631.809	21.533.164
Current liabilities			
Trade accounts payable	17	9.123.750	7.895.794
Income taxes payable		916.068	471.886
Current term lease liability		332.000	54.731
Other current liabilities	17	4.092.618	4.180.732
Provisions		-	128.783
Total current liabilities		14.464.436	12.731.926
Total liabilities		39.096.245	34.265.090
Total equity and liabilities		105.931.736	92.826.403

SAFETECH INNOVATIONS S.A.

STATEMENT OF CHANGES IN EQUITY

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Share capital	Own shares	Reserves	Retained earnings	Total
Balance as of January 1, 2026	32.543.531	(191.711)	3.116.132	23.093.374	58.561.313
Net profit			-	8.563.936	8.563.936
Increase in share capital	-	-	-	-	-
Establishment of legal reserve	-	-	-	-	-
Increase in share premium	-	-	-	-	-
The increase from the purchase of own shares	-	(64.706)	-	-	(64.706)
Share buyback	-	-	-	(225.059)	(225.059)
Allocation to dividends	-	-	-	-	-
Depreciation reserve from revaluation	-	-	-	-	-
Deferred tax reserve revaluation	-	-	-	-	-
Final balance June 30, 2026	32.543.531	(256.423)	3.116.132	31.432.251	66.835.491

SAFETECH INNOVATIONS S.A.
STATEMENT OF CHANGES IN EQUITY

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

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

CASH FLOW STATEMENT

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Notes	June 30, 2026	June 30, 2025
Cash flows from operating activities			
Profit before tax		10.096.623	7.100.701
Depreciation and amortization		1.164.911	1.145.742
Depreciation related to RUA		190.165	177.007
Income from capitalizations		(10.102.645)	(7.452.691)
Movements in provisions		(128.783)	(166.586)
Gain/ loss on sale of property, plant and equipment		(13.033)	-
Interest revenues	6.4	(704)	(102)
Interest expenses	6.3	265.176	120.870
Operating profit before changes in working capital items		1.471.706	924.941
Change in inventories	12	(80.453)	74.806
Change in trade and other receivable	13	(1.962.090)	(1.727.631)
Change in trade and other payable	17	1.128.343	(1.691.962)
Change in deferred income tax	7	-	26.654
Cash generated from/ (used in) operations		557.506	(2.393.192)
Interest paid		(255.683)	(120.870)
Income tax paid		(1.088.505)	(810.564)
Payments related to internal fixed assets		10.102.649	-
Net cash from/ (used in) operating activities		9.315.967	(3.324.626)
Cash flows from investing activities			
Proceeds from sale of non-current assets		(59.926)	(217.619)
Purchases of intangibles	10	(10.332.377)	(115.471)
Purchase of property, plant and equipment	9	(54.688)	(44.246)
Interest received		704	102
Net cash used in investing activities		(10.446.286)	(377.234)
Cash flows from financing activities			
Redeemed shares		(255.059)	-
Dividends awarded		-	-
Loans granted		(506.480)	(1.523.683)
Subsidies		236.983	4.529.307
Bank loans		566.469	1.500.000
Payments of lease liabilities		(192.796)	(239.262)
Net cash from/ (used in) in financing activities		(120.883)	4.266.362
Net increase in cash and cash equivalents		(1.251.202)	564.502
Cash at the beginning of the period January 1, 2026/ January 1, 2025		1.740.378	1.765.456
Cash at the end of the period June 30, 2026/ June 30, 2025		489.176	2.329.958

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

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

1. COMPANY INFORMATION

The headquarters of Safetech Innovation S.A. is located in Funzei Street, no. 12-14, floor 1 - 2, District 2, Bucharest.

The main activity of the Company is the sale of cyber security solutions and services (main CAEN code 6203). Throughout its history, the company has specialized in the integration of complex cyber security projects.

The company was established as a limited liability company (SRL) in 2011. On September 25, 2020, the company was transformed into a joint-stock company (SA), with a share capital of 500.000 lei, divided into 2.500.000 shares with a nominal value of 0,2 lei, owned by two shareholders and co-founders, Victor Gânsac and Paul Rusu, each with 50% of the share capital.

On October 19, 2020, the company launched and closed the private placement for its shares on the first day. A total of 625.000 shares, respectively 20% of the company's share capital, with a nominal value of 0.2 lei per share were sold to investors. Safetech Innovations (SAFE) shares were admitted to trading on the SMT segment of the Bucharest Stock Exchange on January 29, 2021.

On August 26, 2021, Safetech Innovations received the Cyber Security Auditor accreditation for operators of essential services, based on Law 362/2018 on ensuring a common high level of security of networks and IT systems from the National Center for Response to Incidents of Cyber Security (CERT-RO). CERT-RO is the national competent authority for network and information systems security. Consequently, Safetech Innovations S.A. was registered in the National Register of Cyber Security Auditors, IDASC: QC-2B1721, with a validity period between 26.08.2021 and 25.08.2024. In 2024 the certificate was extended until 25.08.2027.

In January 2022, Safetech Innovations successfully completed a capital increase operation, attracting 10.665.990,70 lei.

In 2022, the company established Safetech Innovations Global Services Limited in the United Kingdom.

On February 6, 2023, Safetech Innovations shares, stock symbol SAFE, debuted on the Main Market of the Bucharest Stock Exchange, the LEI code is 984500ED4DGA7884C439.

In 2024, the share capital was increased, its value as of December 31, 2024 being 32.543.531 divided into 162.717.653 ordinary shares with a value of 0,2 Ron each.

In 2024, the Company establishes the company SAFETECH INNOVATIONS LLC in the Kingdom of Saudi Arabia, fully owned and having a participation of 150.000 SAR.

	June 30, 2026	December 31, 2025
Number of employees	78	78

The composition of the Board of Directors as of June 30, 2026 is:

Board of Directors

Victor Gansac	President
Alexandru-Florin Mihailciuc	Member
Maria-Margareta Mucibabici	Member

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Declaration of conformity

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

These provisions are in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union, with the exception of the provisions of IAS 21 The effects of the variation of exchange rates regarding the functional currency, the provisions of IAS 20 Accounting for government subsidies regarding the recognition of income from green certificates , with the exception of IFRS 15 - Revenues from contracts with customers regarding the revenues from connection fees to the distribution network and with the exception of the treatment of interim distribution of dividends.

Presentation and functional currency

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

Basis of evaluation

Fair value is the price that could be received to sell an asset or paid to transfer a liability in the normal course of a transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a another evaluation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability in the market that participants would consider when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of of IFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

The main accounting policies adopted are presented below.

2.2 Going concern

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

As of June 30, 2026, the Company's current assets exceed current liabilities by RON 1.271.752 (as of December 31, 2025, current assets exceeded current liabilities by RON 1.706.441). On the same date, the Company recorded a comprehensive result of RON 8.563.936 (December 31, 2025: RON 11.920.551).

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

2.3 Adoption for the first time of the International Financial Reporting Standards (IFRS 1)

The Company adopted the International Financial Reporting Standards for the first time on December 31, 2021. Therefore, the Company restated the financial position for two previous years, 2019 and 2020, previously reported in accordance with Order No. 1802 of December 29, 2014 - Part I for the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements (GAAP).

Consequently, the first financial statements of the Company included:

- three financial position statements
- three statements of profit or loss and other elements of the comprehensive result
- three cash flow statements
- three statements of changes in equity and
- related notes, including comparative information as set forth below.

2.4 Significant accounting policies

The accounting policies for the preparation of the financial statements have been applied consistently by the Company.

The Company has also adopted the Presentation of Accounting Policies (Amendments to IAS 1 and Statement of IFRS Practice 2) effective January 1, 2023. Although the amendments did not result in changes to accounting policies, they affected the information regarding accounting policies presented in the financial statements. The amendments require the presentation of “material” rather than “significant” accounting policies. The amendments also provide guidance on the application of materiality in the presentation of accounting policies, helping entities to provide useful, entity-specific information that users need to understand other information in the financial statements.

Management has reviewed the changes regarding the application of materiality in the presentation of significant accounting policies, and the information is consistent with the significant accounting policies of the previous reporting period.

The significant accounting policies applied by the Company in the preparation of its financial statements are described below.

➤ **Currency conversions**

The Company's financial statements are presented in RON, which is also the functional currency.

Foreign currency transactions are converted into RON using the exchange rate valid on the date of the transaction. Monetary assets and liabilities expressed in foreign currency at the end of the period are valued in RON using the exchange rate valid at the end of the financial year. Realized or unrealized gains and losses are recorded in the profit and loss account. The exchange rate was as follows:

Date	Euro	USD
June 30, 2025	5.0777	4.3329
December 31, 2025	5.0985	4.3417
June 30, 2026	5.2438	4.6010

Exchange rate differences, favorable or unfavorable, between the exchange rate from the date of recording the receivables or liabilities in foreign currency or the exchange rate at which they were reported in the previous financial statements and the exchange rate from the date of the end of the financial year, are recorded under financial income or expenses, as the case.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers establishes a five-step model for recognizing and recording revenue resulting from contracts with customers. In accordance with IFRS 15, revenue is recognized in the amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to the customer.

Sales of goods

In accordance with IFRS 15, revenue is recognized when a customer obtains control of the goods. The company delivers goods under contractual conditions based on internationally accepted delivery conditions. The moment when the customer obtains control of the assets is considered to be substantially the same for most of the Company's contracts under IFRS 15. The Company believes that revenue should be recognized when control of the asset is transferred to the customer, generally upon delivery of the goods.

Revenue recognition from distinct performance obligations

The company analyzed its contracts with customers to determine all its performance obligations, and did not identify any new performance obligations that should be accounted for separately in accordance with IFRS 15.

The company provides monitoring, support and audit services regarding information security as its main activity. Income is valued at the expected value of the consideration received or to be received. In accordance with IFRS 15, the total consideration from service contracts is allocated to all services based on their individual selling prices. Individual sales prices are established based on the list prices at which the Company provides the respective services in separate transactions. Based on the Company's assessment, the value allocated based on the relative individual selling prices of the services and the individual selling prices of the services are largely similar. Therefore, the application of IFRS 15 does not result in significant differences regarding the timing of revenue recognition for these services.

Equipment maintenance - Included in the transaction price for the sale of equipment is an after-sales service.

This service refers to maintenance work that may be required to be performed on the equipment for a period of one to three years after sale. This period can then be extended if the customer requires additional years of maintenance services. Renewal of services after the three-year period will be for the price at which they are sold by the Company to all its customers on the date of renewal, regardless of the existence of a renewal option. Accordingly, the option to extend the renewal period does not provide any benefit to customers when they terminate the initial contract, and therefore no revenue has been deferred related to this renewal option. The maintenance service is considered to be a distinct service because it is regularly provided by the Company to other customers independently and is available to customers from other providers in the market. Therefore, a portion of the transaction price is allocated to maintenance services based on the stand-alone selling price of those services. Revenues related to maintenance services are recognized over time. The transaction price allocated to these services is recognized as a contract liability at the time of the initial sales transaction and is amortized on a straight-line basis over the service period (ie, one to three years when the services are purchased together with the underlying equipment).

The recognition and measurement requirements in IFRS 15 also apply to the recognition and measurement of any gains or losses arising from the disposal of non-financial assets (such as property, plant, and equipment and intangible assets), when such a disposal is not in the ordinary course of business. However, upon transition, the effect of these amendments is not material for the Company.

Variable consideration

Some contracts with customers include trade price discounts or the right of return for quality defects. Currently, the revenues obtained from these sales are recognized based on the price specified in the contract, net of revenue reductions, commercial discounts recorded under accrual accounting when a reasonable estimate of revenue adjustments can be made.

According to IFRS 15, it is necessary to estimate the variable consideration at the beginning of the contract. Revenues are recognized to the extent that it is probable that a significant reversal of the value of the cumulative revenues recognized will not occur. Consequently, for those contracts for which the Company is unable to make a reasonable estimate of the discounts, the income is recognized earlier than when the return period passes or when a reasonable estimate can be made. In order to estimate the variable consideration to which it would be entitled, the

Company applied the expected value method. At the same time, the cases of quality complaints (rights of return) are isolated and insignificant, based on information from past periods.

Considerations related to the action in one's own name and as an intermediary

In accordance with IFRS 15, the assessment is based on the criterion of whether the Company controls the specific goods before transferring them to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

The company concluded that it acts in its own name in most of the contractual sales relationships, because it is the main provider in all revenue contracts, it has the right to set the price and it is exposed to the risks related to stocks. In the specific case of those contractual arrangements in which the Company does not control the goods before transferring them to the final customer, it has the capacity of an intermediary

IFRS 9 Financial instruments

Financial assets

The financial assets of the Company are represented by trade receivables and other receivables, cash and cash equivalents.

Initial recognition: The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the Company's business model regarding their management. With the exception of commercial receivables that do not contain a significant financing component or for which the Company has applied the practical method, the Company initially evaluates a financial asset at its fair value plus, in the case of a financial asset that is not evaluated at fair value, through profit or loss transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical cost are valued at the transaction price determined according to IFRS 15.

Subsequent evaluation: The company measures financial assets at amortized cost if the following conditions are cumulatively met:

- i) The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows and;
- ii) The contractual terms of the financial asset give rise at the specified dates to cash flows that represent exclusively payments of principal and interest from the principal amount in circulation (SPPI).

Financial assets at amortized cost are subsequently valued based on the effective interest method (EIR) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or depreciated.

Derecognition: A financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- i) The rights to receive cash flows arising from the asset have expired;

- ii) The company transferred its rights to receive the cash flows arising from the asset or assumed an obligation to pay the cash flows collected in full, without significant delays, to a third party, based on a commitment with identical flows; and (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred and retained substantially all the risks and rewards of the asset, but has transferred control over the asset;
- iii) The company has transferred its rights to receive the cash flows from an asset or entered into a commitment with identical flows and has neither transferred nor retained significantly all the risks and rewards related to the asset, but neither has transferred control over the asset, the asset is recognized proportionally to the continuation of the Company's involvement in the respective asset. In this case, the Company also recognizes an associated debt.
- iv) The transferred asset and the associated debt are evaluated on a basis that reflects the rights and obligations that the Company has retained. The continuation of the involvement that takes the form of a guarantee regarding the transferred asset is evaluated at the lower value between the initial accounting value of the asset and the maximum value of the consideration that could be imposed on the Company to reimburse it.

Impairment of financial assets: The Company recognizes a provision for expected credit losses for all financial assets attached to liabilities that are not held at fair value through profit or loss. For trade receivables and contractual assets, the Company applies a simplified approach in calculating expected losses. Therefore, the Company does not track changes in credit risk, but recognizes, instead, a provision based on the expected lifetime loss data at each reporting date. The company analyzes the receivables individually and takes into account the effect of the financial guarantees received from the insurers in the calculation of expected losses from lending. For more information, see Note 12 – Trade receivables and other receivables.

Financial debts

Initial recognition: Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and credits or derivatives designated as hedging instruments within an effective hedge, as the case may be. The company determines the classification of its financial liabilities upon initial recognition.

Subsequent evaluation: The company evaluates financial debts according to their classification, as follows:

- i) Loans and credits: interest-bearing loans are subsequently evaluated at amortized cost using the effective interest rate method. Gains and losses are recognized in the profit and loss account when debts are derecognized, as well as during the amortization process at the effective interest rate. The amortized cost is calculated taking into account any discount or purchase premium and any commissions and costs that are an integral part of the effective interest rate. Amortization at the effective interest rate is included in the profit and loss account at financing costs.
- ii) Financial guarantee contracts: The company initially recognizes financial guarantee contracts as a debt at fair value, adjusted to the costs related to the transaction that are directly attributable to the issuance of the guarantee. Subsequently, the debt is

valued at the higher value of the best estimate of the expenditure necessary to settle the obligation present at the reporting date and the recognized value minus accumulated depreciation.

Derecognition: The company derecognizes a financial debt when the obligation related to the debt is extinguished, is canceled or expires. If a financial debt is replaced by another debt from the same creditor under substantially different conditions, or if the terms of an existing debt change substantially, this exchange or change is treated as a derecognition of the original debt and a recognition of new debts. The difference between the related accounting values is recognized in the profit and loss account.

Clearing of financial instruments

Financial assets and financial liabilities are offset and the net value reported in the statement of financial position only if there is currently both a legal right to offset the recognized amounts and an intention to settle on a net basis or to capitalize the assets and settle the debts simultaneously.

Interest income

The interest income generated by a financial asset is recognized when it is probable that the Company will obtain economic benefits and when that income can be reliably measured. Interest income is accumulated over time, by reference to the principal and the applicable effective interest rate, i.e. the rate that exactly updates the estimated future cash receipts over the anticipated period of the financial asset to the net book value of the asset at the date of initial recognition. Interest income is included in the profit and loss account under financial income.

Tax

Current profit tax

Current income tax receivables and payables for the current period are valued at the amount expected to be recovered from or paid to the tax authorities. The tax rates and fiscal laws used to calculate the amounts are those adopted or to a large extent adopted at the reporting date by Romanian legislation.

The current profit tax related to the elements recognized directly in equity is recognized directly in equity, not in the profit and loss account. The management periodically evaluates the positions presented in the fiscal declarations regarding the situations in which the applicable tax regulations are subject to interpretation and constitute provisions if necessary.

Deferred tax

Deferred tax is presented applying the variable ratio method regarding the temporary differences between the tax bases of assets and liabilities and their accounting value for the purpose of financial reporting at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, unless:

- i) The deferred tax liability arises from the initial recognition of goodwill or a net asset or liability in a transaction that is not a business combination and, at the date of the transaction, affects neither accounting profit nor taxable profit or loss ;
- ii) Deferred tax assets are recognized for all deductible temporary differences, unused tax credit carryforwards and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and credit carryforwards can be utilised. unused tax credits and any unused tax losses, unless;
- iii) The deferred tax asset related to deductible temporary differences arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the date of the transaction, does not affect either accounting profit or taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer likely that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be used. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow recovery of the deferred tax asset.

Deferred tax assets and liabilities are valued at the tax rates expected to be applied for the period in which the asset is realized or the debt is settled, based on the tax rates (and tax regulations) that have been adopted or to a large extent adopted up to reporting date.

Deferred tax on items recognized outside profit and loss is recognized outside profit and loss. The elements regarding the deferred tax are recognized in correlation with the transaction supporting other elements of the global result or directly in the equity.

Deferred tax receivables and liabilities are offset if there is a legal right to offset current tax receivables with current profit tax liabilities and deferred taxes refer to the same taxable entity and the same fiscal authority.

VAT

Revenues, expenses and assets are recognized net of VAT, except for:

- The case in which the sales tax applicable to the purchase of assets or services is not recoverable, in this case the sales tax being recognized as part of the asset acquisition cost or as part of the expense element, as the case may be;
- Receivables and payables presented at a value including sales tax.

The net value of the sales tax recoverable from or paid to ANAF is included as part of receivables and payables in the statement of financial position.

Tangible assets

Initial assessment

Tangible assets are valued at cost, net of accumulated depreciation and/or accumulated impairment losses, if applicable.

This cost includes the replacement cost of the respective tangible fixed asset at the time of replacement and the cost of borrowing for long-term construction projects, if the recognition criteria are met.

When significant parts of tangible assets must be replaced at certain intervals, the Company recognizes the respective parts as individual assets with a specific useful life and depreciates them accordingly. Also, when carrying out a general inspection, its cost is recognized in the accounting value of tangible assets as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the profit and loss account when incurred. The present value of the expected costs for scrapping the asset after its use is included in the cost of the respective asset if the criteria for recognizing a provision are met.

The cost of a tangible asset consists of:

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

Subsequent evaluation

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

Depreciation of fixed assets

Depreciation is calculated using:

- the linear method for buildings and equipment that are not related to production capacity
- the accelerated method for fixed assets representing equipment that are related to the production capacity- in accordance with OG 101/2020

Duration of use

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

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

	<u>Years</u>
Fixed assets for production	2-8
Transport vehicles	6

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting from the derecognition of an asset (calculated as the difference between the net proceeds on disposal and the accounting value of the item) is included in the profit and loss account when the asset is derecognised.

The residual values, lifetimes and depreciation methods of fixed assets are reviewed at the end of each financial year and adjusted accordingly.

➤ *Leasing*

The company evaluates whether a contract is or includes a leasing contract, at the initiation of the contract, that is, if that contract grants the right to control the use of an identified asset for a period of time in exchange for a consideration.

The company as lessee

The company applies a single recognition and valuation approach for all leasing contracts, except for short-term leasing contracts and leasing contracts for which the underlying asset has a low value. The company recognizes leasing liabilities for making lease payments and right-of-use assets that represent the right to use the underlying assets.

Right-of-use assets

The company recognizes a right-of-use asset on the date the lease contract commences (ie the date the underlying asset is available for use). Right-of-use assets are valued at cost, less any accumulated depreciation and accumulated impairment losses and adjusted for any revaluation of lease liabilities. The cost of the asset related to the right of use includes the value of the initial evaluation of the rent liability, the initial direct costs incurred and the related rent payments made on or before the start date of the development, less the incentives received under the rental contract.

Right-of-use assets are depreciated using the shorter of the lease term and the estimated useful life of the assets, as follows:

- Buildings 8 years

The right-of-use asset is also subject to impairment in accordance with the policy for impairment of non-financial assets described below.

Lease liabilities

On the date of commencement of the leasing contract, the Company recognizes the leasing debt at the updated value of the leasing payments that must be made during the duration of the leasing contract. Lease payments include fixed payments (including fixed payments in the fund) less any lease incentives to be received, variable lease payments that depend on an index or a rate and amounts expected to be paid based on residual value guarantees. Leasing payments also include the exercise price of a purchase option, if the Company has reasonable certainty that it will exercise the option, as well as the payment of the penalties for terminating the leasing contract, if the duration of the leasing contract reflects the Company's exercise of a termination options. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or context that triggers this payment occurs.

When calculating the updated value of the leasing payments, the Company uses the marginal loan rate from the start date of the leasing contract, if the implicit interest rate in the leasing contract cannot be determined immediately. After the start date, the value of the lease liabilities is increased to reflect the interest and reduced by the value of the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there is a change, a change in the lease term, a change in lease payments (for example, changes in future lease payments resulting from a change in an index or rate used for determining those payments) or a change in the valuation of a call option on the underlying asset.

➤ *Intangible assets*

Separately acquired intangible assets are valued at initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expense is reflected in the profit and loss account at the time the expense is incurred.

The useful lives of intangible assets are assessed as determinable.

Intangible assets with a determined useful life are amortized over their economic life and assessed for impairment whenever there are indications of impairment of the intangible asset. The amortization period and amortization method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful lives or in the expected rate of consumption of the future economic benefits incorporated in the assets are accounted for by changing the method or the amortization period, as the case may be, and are treated as changes in accounting estimates. The expense of amortization of intangible assets with a useful life is recognized in the profit and loss account in the expense category in accordance with the function of intangible assets.

	<u>Years</u>
Computer programs	2-3
Research and development expenses	5

Gains or losses resulting from the derecognition of an intangible asset are calculated as the difference between the net disposal proceeds and the accounting value of the item and is recognized in the profit and loss account when the asset is derecognised.

Research and development expenses

Research costs are recognized as an expense when incurred. The expenses related to the development of an individual project are recognized as intangible assets when the Company can demonstrate:

- The technical feasibility required to complete the intangible asset so that it is available for use or sale;
- His intention to complete the intangible asset and the ability to use or sell it;
- The way in which the intangible immobilization will generate future economic benefits;
- Availability of resources to complete the immobilization;
- Its ability to reliably evaluate the expenses during the development of the immobilization.

After the initial recognition of the development expense of an asset, the cost model is applied, which provides for the accounting of assets at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation of fixed assets begins when the development is completed and the asset is available for sale/use. It is amortized over the period of the expected future benefit. Depreciation is recognized in the cost of goods sold. During the development period, the asset is tested annually for impairment.

Patents, licenses, trademarks

Patents, licenses, trademarks are recognized as intangible assets and evaluated according to the useful life period (definite - amortized, indefinite period - tested for impairment).

Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses resulting from the derecognition of an intangible asset, assessed as the difference between the net proceeds from the sale and the net book value of the asset, are recognized in profit and loss when the asset is recognisable.

➤ *Government subsidies*

Government grants are not recognized until there is reasonable assurance that the Company will comply with the related conditions and that the grants will be received. Government subsidies are recognized in profit or loss systematically over the periods in which the Company recognizes as expenses the related costs for which the subsidies are intended to compensate. Specifically, government grants whose main condition is that the Company purchases, constructs or otherwise acquires fixed assets (including tangible and intangible fixed assets) are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss for a period. Systematic and rational basis over the useful life of the related assets.

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

➤ Inventories

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

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

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

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

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

➤ Depreciation of non-financial assets

The Company assesses at each reporting date whether there are any indications of impairment of an asset. If there are any indications or if an annual test for impairment of an asset is required, the Company estimates the recoverable amount of the respective asset. The recoverable amount of an asset is the higher of the fair value of an asset (or a cash-generating unit) less costs to sell and its value in use. It is determined for an individual asset, except when the asset does not generate cash inflows that are largely independent of those of other assets or groups of assets. When the carrying amount of an asset or a cash-generating unit is greater than its recoverable amount, the asset is considered impaired and its carrying amount is reduced to its recoverable amount.

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

When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and asset-specific risks. When determining the fair value minus the costs associated with the sale, recent market transactions are taken into account, if any. If such transactions cannot be identified, an appropriate valuation model is used.

The loss from the depreciation of continuing activities, including the depreciation of stocks, is recognized in the profit and loss account in the expense category consistent with the function of the depreciated asset, except for a property that was previously revalued and the revaluation was accounted for in other elements of the comprehensive result. In this case, the impairment is also recognized in other elements of the overall result up to the value of any previous revaluation.

In each reporting period, an assessment is made to determine if there are indicators that previously recognized impairment losses no longer exist or have decreased. If there is such an indication, the Company estimates the recoverable value of the asset or the treasury generating unit. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited, so that the accounting value of the asset does not exceed its recoverable value and does not exceed the accounting value that the asset would have had if it had not been previously depreciated. Such reversal is recognized in the profit and loss account unless the asset has been revalued, in which case the reversal is treated as a revaluation increase.

➤ *Cash and short-term deposits*

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

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

➤ *Provisions*

General

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

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

Provisions for litigation

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

➤ *Pensions and other post-employment benefits*

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

➤ *Related parties*

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

➤ *Retained earnings*

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

The distribution of the profit is carried out accordingly in the following financial year, after the approval of the distribution in the General Meeting of Shareholders, eg: the value of the approved dividends and other reserves according to legal regulations.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Company's financial statements requires the management to make judgments, estimates and assumptions that affect the reported values for revenues, expenses, assets and liabilities, as well as the presented information that accompanies them, and to present the contingent liabilities at the end of the reporting period. However, the existing uncertainty related to these estimates and assumptions could result in a significant future adjustment of the accounting value of the affected asset or liability in future periods. Estimates and associated assumptions are based on historical experience and other factors that are deemed relevant. Actual results may differ from these estimates. The underlying estimates and assumptions are reviewed on an ongoing basis.

The following are the critical judgments, other than those involving estimates (which are presented separately below), that the Company's management made in the process of applying the Company's accounting policies and which have a significant effect on the amounts recognized in the financial statements.

Judgments

During the application of the Company's accounting policies, the management made the following considerations, which have the greatest effect on the amounts recognized in the financial statements:

- Reasoning in determining the fulfillment of enforcement obligations

In making their judgment, the directors have considered the detailed revenue recognition criteria set out in IFRS 15 and, in particular, whether the Company has transferred control of the assets to client. Following the detailed quantification of the Company's liability regarding the rectification works, and the agreed limitation on the customer's ability to request additional work or to request the replacement of goods, the directors are satisfied that control has been transferred and that the recognition of income in the current year is appropriate, together with the recognition of an appropriate warranty provision for rectification costs

- Reasoning regarding the capitalization of expenses as an intangible asset

In accordance with IAS 38, the capitalization of expenses as intangible assets regarding research, start-up costs, pre-exploitation and pre-opening, training, advertising and promotion, moving and relocation previously recognized in GAAP as assets are de-recognized in the position opening situation financial IFRS. Following a detailed analysis of the Company's expenses regarding the recognition of intangible assets, the Company's management considered that the recognition of assets in the reported period is appropriate.

During the current year, the Company capitalized development costs of 14 million lei related to software, based on the fact that management believes that these costs are clearly associated with identifiable products that will be controlled by the Company and will have a profitable benefit that exceeds the cost beyond one year.

The capitalized costs related to three main software products, as presented in Note 10.

As mentioned above, in capitalising these development costs, management considered that the criteria in IAS 38, Intangible Assets (IAS 38) is met and development expenditure that does not meet the above criteria are recognised as an expense in profit or loss as these are incurred

Estimates and assumptions

The main assumptions regarding the future and other important causes of the uncertainty of estimates at the reporting date, which present a significant risk of causing a significant adjustment of the accounting values of assets and liabilities in the next financial year, are presented below.

Taxes, fees and tax provisions

There are uncertainties regarding the interpretation of complex fiscal regulations, changes in fiscal legislation and the value and timing of future taxable profit.

All amounts owed to state authorities have been paid or ascertained at the balance sheet date. The Romanian fiscal system is undergoing a consolidation process and is in the process of being harmonized with European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation which may lead to additional taxes and penalties. If the state authorities find fiscal violations and related regulations, it may lead to: confiscation of the amounts in the case; additional tax obligations; fines and penalties (which are applied to the outstanding amount). As a result, the tax penalties resulting from the violation of the legal provisions can lead to a significant debt.

At the end of each financial year, the Company makes an estimate of the potential fiscal risks to which it may be subjected and determines the level of potential risk, using the best available estimates, and consequently, if necessary, recognizes a specific provision in the financial statements.

Inventories

Finished products and goods are recorded at the lower of cost and net realizable value. The management analyzes the age of the stocks, the expiration date of the products, the quality of the products and possible non-conformity issues, the products that cannot be sold later or that are rejected based on quality problems, and takes into account their implications in determining the net realizable value of the stocks old.

The net realizable value is the sale price under normal business conditions, less completion, marketing and distribution costs, considering the future evolution of sale prices.

The management analyzed the net realizable value of the finished products monthly, taking into account the selling prices of the market as well as the regulations specific to the industry in which it operates.

For the raw materials, specific analyzes are carried out taking into account the age, expiration date, possible quality problems of the elements in the balance.

All assumptions are reviewed annually.

Provisions for litigation

The company recognizes provisions for litigation related to the risks identified in connection with certain lawsuits pending before the courts, the outcome of which is not certain.

Useful life for fixed assets and the depreciation method

The company estimates the life spans for the items of tangible assets in accordance with the rate of consumption / wear and tear for the respective assets.

The company considers and uses the following depreciation methods:

- the linear method for buildings, fixed assets purchased in financial leasing and for equipment that are not related to production capacity

- the accelerated method for fixed assets representing equipment that are related to the production capacity

Sales discounts for estimated returns, price reductions

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

4. STANDARDS, AMENDMENTS AND NEW INTERPRETATIONS OF THE STANDARDS

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

Changes made starting January 1, 2026:

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

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

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

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

5. SALES OF GOODS AND SERVICES AND EXPENSES WITH RAW MATERIALS AND CONSUMABLES**5.1 Turnover**

The Company has only one reportable segment, which is the sale of cybersecurity products and services.

The management objective is always to pursue profit, not revenue, and this can be achieved through an adequate sales and marketing strategy, covering multiple sectors and markets. In the first half of 2026, considering market demand and the legislative context, the business strategy is focused on increasing the number of new customers and, implicitly, profitability.

The Company's management monitors operational activities and resource allocation to maximize performance. Performance is evaluated based on operating profit or loss, gross profit or loss.

The company monitors sales according to their type - services and sales of goods.

	June 30, 2026	June 30, 2025
Internal sales	24.959.070	18.234.748
External sales	211.640	231.708
Total turnover	25.170.710	18.466.456

5.2. Expenses for raw materials and consumables used

Expenses for raw materials and consumables used	June 30, 2026	June 30, 2025
Raw materials	4.703.135	4.751.530
Fuel materials and spare parts	16,040	15.949
Merchandise	7.193.945	2.681.916
Supplies	2.340	1.618
Inventory items	24.642	37.718
Others	210	2.901

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

Expenses for raw materials and consumables used	June 30, 2026	June 30, 2025
Total	11.940.312	7.491.632

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

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

6. OTHER INCOME/ EXPENSES AND ADJUSTMENTS

6.1 Other operating revenues

In the first semester of 2026, the Company presents the following operating income:

	June 30, 2026	June 30, 2025
Operating subsidy income	43.975	725.181
Revenue from asset sales	13.033	-
Revenue from damages/fines	-	4.630
Other operating income	32.268	12.866
Total other operating income	89.276	742.677

6.2 Other operating expenses

Other operating expenses	June 30, 2026	June 30, 2025
Services	2.114.881	1.567.107
Telecommunication services	62.310	59.321
Sponsorship	113.200	100.000
Insurance	36.845	173.703
Utilities	66.593	69.196
Travel expenses	235.194	200.513
Training	17.709	13.595
Maintenance	5.219	14.982
Marketing and protocol expenses	44.151	-

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

Other operating expenses	June 30, 2026	June 30, 2025
Other	333.552	244.038
Total	3.029.654	2.442.455

Utilities mainly refer to energy and water expenses.

Service expenses include a wide variety of services: legal consulting, marketing, capital market consulting, subcontracting expenses for some programming services.

Repair services include special fleet repair services.

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

6.3 Financial expenses

Financial expenses

	June 30, 2026	June 30, 2025
Interest expense	265.176	120.870
Expenses with exchange rate differences	86.266	59.735
Total	351.442	180.605

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

6.4 Financial income

Financial income

	June 30, 2026	June 30, 2025
Gains on exchange rate differences	704	102
Interest income	21.954	19.476
Total	22.658	19.578

6.5 Personnel expenses**Personnel expenses**

	June 30, 2026	June 30, 2025
Wages	8.534.902	8.060.140
Payroll taxes	193.686	206.329
Total	8.728.588	8.266.469

6.6 Marketing and advertising expenses and protocol

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

7. CURRENT AND DEFERRED PROFIT TAX

Income tax expense	June 30, 2026	June 30, 2025
Current profit tax	1.532.687	1.051.046
Deferred tax (expense /income)	-	26.654
Total	1.532.687	1.077.700

8. EARNINGS PER SHARE

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

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

The number of shares for the period ended June 30, 2026 is 162,717,653 shares.

	June 30, 2026
Net profit	8.563.936
Average number of shares	162.717.653
Earnings per share	0.053

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

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

Property, plant, and equipment

	Buildings with right of use	Building improvements	Machines, machinery and Equipment	Furniture Office Protective equipment	Total
Gross value on January 1, 2026	371.900	436.930	3.098.858	552.492	4.460.181
Additions	2.753.531	-	48.556	6.132	2.808.219
Revaluation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Gross value on June 30, 2026	3.125.432	436.930	3.147.414	558.624	7.268.400
Amortization and depreciation on January 1, 2026	186.788	65.542	3.011.078	487.344	3.750.753
Amortization in the year	190.165	691	39.197	23.231	253.284
Disposals	-	-	37.934	-	37.934
Transfers	-	-	-	-	-

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Buildings with right of use	Building improvements	Machines, machinery and Equipment	Furniture Office Protective equipment	Total
Amortization and depreciation on June 30, 2026	376.953	66.234	3.088.209	510.575	4.041.970
Net value on June 30, 2026	2.748.479	370.697	59.205	48.049	3.226.430
	Buildings with right of use	Building improvements	Machines, machinery and Equipment	Furniture Office Protective equipment	Total
Gross value on January 1, 2025	2.587.977	436.930	3.124.961	524.039	6.673.908
Additions	1.954.643	-	49.840	28.453	2.032.936
Revaluation		-	-	-	-
Disposals	(4.170.720)	-	(75.943)	-	(4.246.663)
Transfers		-	-	-	-
Gross value on December 31, 2025	371.900	436.930	3.098.858	552.492	4.460.181

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Buildings with right of use	Building improvements	Machines, machinery and Equipment	Furniture Office Protective equipment	Total
Amortization and depreciation on January 1, 2025	1.486.797	64.158	2.987.672	448.661	4.987.288
Amortization in the year	354.014	1.384	99.350	38.683	493.431
Disposals	(1.654.023)	-	(75.943)	-	(1.729.966)
Transfers	-	-	-	-	-
Amortization and depreciation on December 31, 2025	186.788	65.542	3.011.078	487.344	3.750.753
Net Value December 31, 2025	185.112	371.388	87.780	65.148	709.428

The company recognized in the category of "Assets related to the right of use": rental contracts and financial leasing contracts regarding the purchase of cars.

The company has a rental contract that includes extension and termination options. These options are negotiated by the Company's management to provide flexibility in the management of the portfolio of leased assets and to align with the Company's business needs. The management of the Company exercises significant judgment to determine whether there is reasonable certainty for the extension or termination of the contract. Leasing contracts are concluded for a fixed period of five years.

In January 2026 the company concluded a new lease agreement.

The carrying amount of the lease liability and the movements recorded within this category during the period January 2026- June 2026:

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

	Lei	Lei
On January 1, 2026/January 1, 2025	218.628	1.261.074
Additions	2.753.531	1.954.643
Interest associated with the leasing debt	9.493	222.657
Derecognition	-	(2.747.023)
Lease payments	192.796	480.897
Debt revaluation	2.234	8.174
On June 30, 2026/ December 31, 2025	<u>2.791.090</u>	<u>218.628</u>

The additions during the period are represented by the conclusion of an addendum to the rental contract of the space where the company operates.

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

	31.06.2026	31.06.2025
Depreciation of right-of-use assets	190.165	88.503
Interest expense on leasing debt	9.493	114.978
Total expenses recognized in the profit and loss account	<u>199.658</u>	<u>203.481</u>

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

	June 30, 2026	December 31, 2025
Short-term lease liability	332.000	54.731
Long-term lease liability	2.459.090	163.897
Total lease liability	2.791.090	218.628

10. INTANGIBLE ASSETS

	Establishment expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs on January 1, 2026	66.289.387	114.429	16.002.844	82.406.660.
Additions	7.702.649	-	2.629.727	10.332.377
Disposals	-	-	-	-
Transfers	-	-	-	-
Cost on June 30, 2026	73.992.036	114.429	18.632.571	92.739.036
Amortization and depreciation on January 1, 2026	-	114.429	9.563.457	9.677.886
Amortization in the year			1.101.792	1.101.792
Disposals	-	-	-	-
Amortization and depreciation on June 30, 2026	-	114.429	10.665.249	10.779.678
Net value on June 30, 2026	73.992.036	-	7.967.322	81.959.358

	Establishment expenses	Concessions, patents and other rights	Other intangible assets	Total
Costs on January 1, 2025	51.125.043	114.429	13.073.112	64.312.584
Additions	15.164.344	-	2.929.732	18.094.076
Disposals	-	-	-	-
Transfers	-	-	-	-
Costs as at 31 December, 2025	66.289.387	114.429	16.002.844	82.406.660.
Amortization and depreciation on January 1, 2025	-	114.429	7.359.037	7.473.466
Amortization in the year	-	-	2.204.420	2.204.420
Disposals	-	-	-	-

	Establishment expenses	Concessions, patents and other rights	Other intangible assets	Total
Amortization and depreciation on December 31, 2025	-	114.429	9.563.457	9.677.886
Net book value at December 31, 2025	66.289.387	-	6.439.387	72.728.774

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.

In the first half of 2026, important developments were made to the iSAM solution, worth RON 280.373, mainly representing the costs of software development employees and subcontractor costs.

ToR-SIM (research project completed in 2020) - Capitalization in the form of either a perpetual license or subscription (annual "on premises" service) to the Integrated Software Platform for Malware Analysis of Mobile Terminals (Acronym: ToR-SIM). The software platform that integrates, in a unified way, the malware analysis procedures for most of the equipment currently on the market, in order to strengthen the security of terminals and networks, identify the operational requirements and capabilities necessary for the development and security of solutions for mobile devices and applications that ensure, through a partnership between responsible government factors, academia and industry, the increase in the efficiency of cyber protection solutions. The platform is developed at the prototype level, validated with a single beneficiary (the one established by the research project, which has accepted that the product was developed according to the project requirements). The product development at the commercial product level follows.

In the first semester of 2026, developments of the ToR-SIM solution were carried out, worth 262.385 lei, mainly representing the costs of software development employees and the costs of subcontractors.

SafePic - It aims to increase the response capacity of STI-CERT to cyber security attacks and incidents, through automation and interoperability with similar structures at national and international level, but also the development organizational by carrying out a set of design actions and implementing measures to improve the components of the management system (strategy, structure, information system, decision-making system, methodological system), aimed at increasing the performance and competitiveness of the organization.

The project ran from June 2020 to July 2023, with a durability period of 3 years from completion (July 2026). The company is obliged to maintain the entire system developed within the project.

In the first semester of 2026, the project continued in accordance with the development plan for the sustainability period, with expenses amounting to 3.088 thousand lei.

BCM – project started at the beginning of 2023, financed from own resources, with the aim of developing a software application for business continuity management. Upon completion of the project, the resulting product will be capitalized through subscription licenses.

Between January and June 2026, developments worth RON 153.694 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 January - June 2026, research and development activities worth 2.393 thousand lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

HRIA – "Romanian Artificial Intelligence Hub", research and development project launched in March 2025, financed under the Smart Growth, Digitalization and Financial Instruments Programme 2021-2027 (PoCIDIF), financed by the European Regional Development Fund (ERDF), SMIS code: 334906. SAFETECH INNOVATIONS SA is a partner in this project.

The general objective of the project is to create and operationalize the Romanian Artificial Intelligence Hub for research, development and innovation in the field of Artificial Intelligence (AI) by developing an attractive and competitive research ecosystem that brings together the efforts of the academic and economic environment for the purpose of carrying out original cutting-edge scientific research, transferring research results to industry and society, developing new products and services, and generating a core of knowledge and development in Artificial Intelligence integrated into the European Research Area (ERA).

The project is implemented in partnership with six nationally representative universities: Technical University of Cluj-Napoca, West University of Timișoara, “Gheorghe Asachi” Technical University of Iași, Politehnica University of Timișoara, University of Bucharest, “Babeș Bolyai” University of Cluj-Napoca and 8 innovative SMEs, selected through a competitive and transparent process.

The project is implemented between March 1, 2025 and December 31, 2029. The total value of the project is 336.336.127,46 lei, the total eligible value is 335.117.109,06 lei and the non-refundable financial assistance is 324.775.349,99 lei. The total value allocated to SAFETECH INNOVATIONS SA is 6.532.861,50 lei, the eligible value is 6.468.540,54 lei and the non-refundable financial assistance is 4.828.571,63 lei.

Upon completion of the project, the intellectual property rights will enable SAFETECH INNOVATIONS SA to capitalize on its contribution to product development through subscription-based licenses or by using the product to provide its own cybersecurity services.

Between January and June 2026, research and development activities worth 1.477 lei were carried out, mainly representing the costs of software development employees and cybersecurity experts.

11. INVESTMENTS IN AFFILIATED ENTITIES

As of June 30, 2026, the Company holds interests in Safetech Innovations Global Services Limited and Safetech Innovation Limited.

Investments in affiliated entities	Holding	June 30, 2026	December 31, 2025
Participations - Safetech Innovations Global Services Limited (UK)	67%	3.912.041	3.912.041
SAFETECH INNOVATIONS LLC(KSA)	100%	191.940	191.940
Total investments		4.103.981	4.103.981

12. INVENTORIES

Inventories	June 30, 2026	December 31, 2025
Raw materials	71.386	-
Goods	91.862	91.863
Supplies	62.055	55.880
Advances on inventory	2.893	-
Total	228.196	147.743

13. TRADE RECEIVABLES AND OTHER RECEIVABLES / CURRENT**Trade and other receivables**

	June 30, 2026	December 31, 2025
Total net trade receivables of which:	11.734.987	9.590.026
Trade receivables	7.026.299	6.077.170
Uncertain trade receivables	280.281	280.281
Clients invoices to be drawn up	4.454.368	3.267.006
Other receivables	254.320	245.850
Minus		
Allowances for expected losses on receivables	(280.281)	(280.281)
Total other receivables of which:	648.440	831.311
Different debtors	423.997	414.308

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

Trade and other receivables

	June 30, 2026	December 31, 2025
Prepayments	206.430	364.341
Other current assets	18.013	52.662

Total receivables as of June 30, 2026	0 - 30 days	30 - 60 days	60-120 days	120-365 days	Older than 1 year
7.026.299	5.045.950	1.309.900	350.796	319.653	0

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

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

14. CASH AND SHORT-TERM DEPOSITS

	June 30, 2026	December 31, 2025
Cash at the bank in RON	487.467	483.163
Cash at the bank in foreign currency	1.709	2.065
Deposits	-	1.255.150
Total	489.176	1.740.378

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

15. CAPITAL AND RESERVES

Authorized Shares/Social Parties	June 30, 2026	December 31, 2025
Ordinary shares of 0,2 RON each	162.717.653	162.717.653
Ordinary shares issued and paid in full	Number	Value
On December 31, 2025	162.717.653	32.543.531
On June 30, 2026	162.717.653	32.543.531
Share capital	June 30, 2026	December 31, 2025
Subscribed and unpaid social capital	-	-
Subscribed and paid-up capital	32.543.531	32.543.531
Total share capital	32.543.531	32.543.531

On 18.09.2020 the Company decided on the transformation from a Limited Liability Company to a Joint Stock Company and the share capital was set at 500.000 RON and 2.500.000 shares with a nominal value of 0,2 RON.

On October 19, 2020, the General Shareholders' Meeting approved the decision to increase the Company's share capital by the maximum amount of 125.000 RON, by cash contribution, from the amount of 500.000 RON to the maximum amount of 675.000 RON, by issuing a number of 1.125.000 new shares ("New Shares"), with a nominal value of 0,2 RON / share ("Social Capital Increase") through private placement.

On April 16, 2021, the General Shareholders' Meeting approved the decision to increase the Company's share capital by a maximum amount of 2.500.000 RON, through a cash contribution, from the amount of 625.000 RON to a maximum amount of 3.125.000 RON, by issuing a number of 12.500.000 new shares ("New Shares"), with a nominal value of 0,2 RON / share ("Share Capital Increase") offered for subscription to the shareholders registered in the Company's shareholder register held by the Central Depository TO.

On July 17, Safetech received the Certificate of Registration of Financial Instruments (CIIF) from the Romanian Supervisory Authority which certifies the registration of the increase of the share capital with 12.500.000 new shares that were issued following the Resolution of the Extraordinary General Meeting of Shareholders of Safetech Innovations from 16.04.2021.

After registration with the Central Depository on July 21, shareholders received free shares in their trading accounts at the rate of four (4) newly issued shares for every one (1) share held. Following the increase of the share capital, the share capital of Safetech Innovations S.A. of 3.125.000 lei is divided into 15.625.000 registered shares with a nominal value of 0,2 lei per share.

On July 22, 2021, the Extraordinary General Meeting of Shareholders took place. The legal and statutory quorum related to the meeting was constituted at the first convocation. During the AGEA, the shareholders voted in favor of increasing the Company's share capital by the amount of 200,000 RON, by issuing a maximum number of 1.000.000 new shares, each with a nominal value of 0.2 RON / share. The share capital increase was carried out in order to expand the activity of the issuer, by establishing two new companies in the United Kingdom of Great Britain and Northern Ireland and in the United States of America, entities that will be responsible for the promotion and sale of Safetech Innovations solutions and services on foreign markets.

The registration date for the share capital increase was 31.08.2021, ex-date 30.08.2021, and 01.09.2021 was the date when the pre-emptive rights were loaded into the shareholders' accounts. In the same AGM, the establishment of two companies, one in Great Britain and one in the USA, partly owned by the Company, as an associate with a percentage of at least 67% of the share capital, was also approved.

In the first semester of 2022, the company registered an increase in the share capital, thus the number of shares increases to 66.500.000 shares, totaling 13.300.000 lei. The nominal value of the shares being 0,2 RON/share.

During the period August - December 2022, the Company repurchased a number of 433.703 own shares, worth 1.153.990,43 lei. For the repurchased shares, the Company signed option agreements in November 2022.

In November 2023, part of the option agreements were exercised and part were granted free of charge as a bonus to the entity's key personnel, so that on December 31, 2023, all of the Company's own shares were distributed.

On 17.04.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 316.540, from RON 13.300.000 to RON 13.616.540, through the issuance of 1.582.700 new shares with a nominal value of RON 0,2 per share, following the incorporation of RON 316.540 from the reserves related to 2022, for the benefit of all shareholders registered in the Shareholders' Register kept by the Central Depository on the registration date established by the EGMS.

The distribution of newly issued shares will be made in a proportion of 0,0238 free share per 1 share held.

The purpose of the capital increase is to issue available shares so that the Company can fulfill its obligations assumed through the free share allocation plan at the Company level ("SOP

Plan"), approved by the decision of the Extraordinary General Meeting of Shareholders dated 21.07.2022, shareholders having the option:

- either to receive the free shares to which they are entitled, according to the allocation index mentioned above,
- or to receive nominal value for each of these entitled shares, in the case of this last option, the shares will be loaded by the Central Depository into the Company's treasury account.

On 18.09.2024, the Extraordinary General Meeting of Shareholders took place, in which the shareholders voted in favor of increasing the Company's share capital by the amount of RON 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.

As of June 30, 2026, the shareholding structure is as follows:

Ownership structure	<u>No. of shares</u>	<u>Percentage</u>
Victor Gansac	46.936.814	28,8455%
Paul Rusu	46.901.136	28,8236%
Individuals	64.432.348	39,5977%
Legal entities	4.447.355	2,7332%
Total	162.717.653	100%

Reserves

Total other reserves included in capital components:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Legal reserves	3.086.350	3.086.350
Other reserves (other funds)	29.782	29.782
The result of the exercise	8.563.936	11.920.551
Profit sharing	-	(678.522)
Reported result	22.868.315	11.851.345
Total other reserves	34.458.383	26.209.506

Legal reserves

The company establishes legal reserves in accordance with the law of commercial companies, which stipulates that 5% of the annual profit before tax be transferred to "Legal reserves" until the reserve reaches the threshold of 20% of the share capital. Legal reserves are not distributable.

Other reserves

Other reserves include distributions of profits related to the years prior to 2026. These reserves are available for distribution in the form of dividends.

16. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

As detailed in the accounting policies, the Company applies a defined employee benefit plan. The plan requires the company to pay the social insurance contribution for employees, in the public pension fund.

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

Retirement benefits: The Collective Labor Agreement does not provide for any benefits that the Company must grant to employees upon retirement based on seniority within the Company and that could have an impact on the financial statements.

In 2022, the company approved the implementation of a plan to reward and motivate the Company's key personnel by granting free shares in the future.

17. TRADE AND OTHER LIABILITIES (CURRENTS)

Trade and other liabilities	June 30, 2026	December 31, 2025
Local trade debts	6.542.523	6.246.059
Foreign trade debts	2.519.809	1.548.010
Liabilities for purchases of fixed assets	43.192	98.178
Advances received and other liabilities	18.228	3.547
Lease liabilities	2.791.090	218.628
Total	11.914.842	8.114.422

Other current liabilities	June 30, 2026	December 31, 2025
Wages	678.737	773.437
Contributions and taxes wages	1.243.533	1.428.358
VAT	1.842.931	1.317.189
Dividends	15.446	15.958
Other liabilities	311.969	645.790

Other current liabilities	June 30, 2026	December 31, 2025
Total	4.092.616	4.180.732

Terms and conditions of the financial liabilities mentioned above:

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

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

18. RELATED PARTIES

18.1 Nature of transactions with affiliated entities and other related parties I

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:

Company name	Nature of relationship	Transation 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 Global Services Limited	Affiliated company	Loan	Londra	United Kingdom
Safetech Innovations LLC	Affiliated company	Loan	Riyadh	KSA

18.2 Amounts due and receivable from affiliated entities and other related parties legate**Receivables and debts from/to affiliated entities / other related parties**

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Loan to Safetech Innovations LLC	527.694	505.662
Loan to Safetech Innovations Global Services Limited	2.227.695	1.623.247

Compensation granted to the Company's key management personnel***Administrators, directors and the supervisory committee***

The company paid the following amounts to administrators, directors which include compensation, dividends and taxes:

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Costs	507 366	373.739
Total	<u><u>507 366</u></u>	<u><u>373.739</u></u>

As of June 30, 2026, the Company had a remunerated Board of Directors, with the Chairman of the Board of Directors being part of the executive management.

As of June 30, 2026, the Company had no obligation to pay pensions to former associates or members of the executive management.

At the end of the financial year, there were no guarantees or future obligations assumed by the Company on behalf of the administrators or directors.

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

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

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

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

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

Over the entire analyzed time horizon, the cash flow is positive.

The applicant's ability to support itself financially in the period after implementation is also supported by the financial results that the company has had from a financial point of view since the beginning of its establishment, results obtained through effective financial management. Thus, the company's turnover over the period 2011-2014 evolved from 1.288.644 lei to 9.115.976 lei, maintaining an upward trend throughout the period.

Given the overall evolution of the company, the risk that the company will not be able to meet its objectives regarding the expected return on investment is low. From the point of view of technical sustainability, the main objective is to maintain the innovative cybersecurity solution in optimal functional conditions.

The main measures (without being the only ones taken) undertaken by the company's management in this regard are the following:

- Keeping all staff in the operating team, staff selected on the basis of competence and skills criteria, details given in chapter C of the business plan; for a good performance of the operation stage, the ideal way of working is for the personnel who were involved in the implementation stage to ensure the continuity of the activity during the sustainability period.
- 4 new jobs for qualified personnel in the field of cyber security, covering any current gap in the company in terms of technical requirements;
- The training of the personnel who will subsequently ensure the maintenance of the product developed through the project, as well as the training of trainers who will ensure the training of the personnel to whom the product is directly addressed;
- Ensuring continuous training for all members of the operating team;
- Developing a manual with procedures for using the developed product;
- Carrying out the technical audit is an additional measure to ensure sustainability from a technical point of view. Considering the measures taken, it can be stated that the sustainability of the results of the project proposed for financing will be supported both

administratively, technically and financially. In addition, the existence of pre-orders and letters of interest confirm the market validation of the product developed by the project.

According to both financing contracts, the Company has the obligation to submit annual Sustainability Reports, after submitting the financial statements to ANAF, for the entire duration of the project, starting with the first calendar year following the year in which the implementation was completed.

Sustainability reports shall contain at least the following types of data and information regarding:

- a. changes to the beneficiary's status and identification data;
- b. how and where infrastructures, equipment and assets are used;
- c. how infrastructure investment or productive investment continues to generate results.

According to the financing agreements, in the case of projects that include productive or infrastructure investments and that are not co-financed from the ESF, the sustainability period of the project is a minimum of 3 years for the beneficiaries in the SME category, respectively a minimum of 5 years for the other categories of beneficiaries upon making the final payment under this contract or the period provided for in the state aid regulations, whichever is greater. If the project includes investments in infrastructure or production, the beneficiary (unless the beneficiary is an SME) has the obligation not to relocate the production activity outside the European Union, within 10 years of making the final payment. If the contribution from the ESI funds takes the form of state aid, the 10-year period is replaced by the deadline applicable according to the rules on state aid.

The sustainability analysis of the project is carried out by the OIC based on the Sustainability Reports prepared by the beneficiary and the monitoring visits, in order to ensure the sustainability of the projects, as well as the fact that all contributions from the funds are attributed only to projects that, within 3/5 years after their conclusion, were not affected by any change in the category of those stated below, respectively:

- i. a substantial change affecting their nature, objectives or conditions of achievement and which would cause their original objectives to be undermined;
- ii. a change in the ownership of an infrastructure element that gives an unjustified advantage to an enterprise or a public body;
- iii. termination or relocation of a productive activity outside the eligible area.

Other commitments and contingencies:

Tax - All sums owed to the State for fees and taxes have been paid or recorded at the balance sheet date.

The company considers that it has paid on time and in full all the fees, taxes, penalties and penalty interest, to the extent that it is the case.

The Romanian tax authorities did not carry out checks.

In Romania, the fiscal year remains open for checks for a period of 5 years.

Transfer price - In accordance with the relevant tax legislation, the tax assessment of a transaction made with related parties is based on the concept of the market price related to that transaction. Based on this concept, transfer prices must be adjusted to reflect market prices that would have been established between entities that do not have an affiliation relationship and that act independently, based on "normal market conditions".

During the reporting period, there were no transactions with related parties and there is a transfer price risk.

The Board of Directors reviews and agrees to the management policies for each of these risks which are briefly presented below.

Business plan risk – Safetech operates in what can still be considered a niche market, especially in Romania. The company aims for sustainable growth, based primarily on legislative changes at the level of the European Union, which will require companies in important sectors of activity, such as energy, utilities, critical infrastructure or in the financial-banking sector, to implement strict security measures cybernetics. However, in the past, the entry into force of such laws has been delayed in Romania, and management cannot predict or influence such situations in the future, which may have a direct impact on the realization of forecasts.

Geopolitical Risk – Safetech operates in a globalized market and, therefore, its business and revenues are interdependent on global macroeconomic conditions. The military conflict generated by the Russian Federation in Ukraine, as well as the conflict in the Middle East, instability in global credit markets, rising prices of essential commodities (oil, electricity, etc.), changes in public policies, such as domestic and international ones, such as regulations, taxes or international trade agreements, international trade disputes, change of governments, geopolitical unrest and other disruptions to global and regional economies and markets continue to add uncertainty to global economic conditions. Management estimates that the war currently does not have an impact on the financial statements. The long-term impact cannot be predicted, however, at the date of these financial statements, the Company continues to meet its obligations as they fall due and, therefore, continues to apply the going concern basis of preparation.

Key personnel risk – the success and ability to deliver projects to clients is highly dependent on staff skills, motivation and loyalty. The Romanian IT market is very competitive and there are risks that employees may leave the company. To manage these risks, Safetech has adapted a number of measures: offering a competitive compensation package and promotion opportunities, constant recruitment even when there are no ongoing projects just to be able to always meet the growing demand from customers. In addition, the company actively recruits early-career IT specialists, offering them training and development opportunities. Due to this aspect, the share of salaries in the general costs of doing business is the most significant, but this helps the company to maintain its competitiveness. However, it is not guaranteed that Safetech will always be able to find the necessary number of qualified personnel, especially in the field of ethical hacking, which is highly specific and requires very specific skills.

The risk associated with making forecasts – financial forecasts start from the premise of fulfilling the business development plan. The company aims to periodically issue forecasts regarding the evolution of the main economic-financial indicators in order to provide potential investors and the capital market with a true and complete picture of the current situation and the future plans envisaged by the company, as well as current reports detailing the comparative elements between the forecasted data and the actual results obtained. The forecasts will be part of the annual reports, and the forecasting policy is published on the company's website [HERE](#). Forecasts are made in a prudent manner, but there is a risk of their non-fulfilment, therefore, the data to be reported by the company may be significantly different from those forecasted or estimated, as a result of factors that were not previously foreseen or whose negative impact could not be counteracted or anticipated.

Price risk - in 2016, in order to reduce price risk, the management decided to change the business strategy and focus on value-added services to the detriment of the sale of hardware, which in previous years contributed a significant share of revenues, but instead had a small profit margin. Thus, since 2017, the company has adjusted its model, focusing on the delivery of value-added services and increasing profitability. Given the nature of Safetech's business, the risk of commoditization of the business, i.e. the risk of the service or technology becoming very widespread and widely adopted, is reduced because the company relies heavily on the skills of its team of ethical hackers. Since the cost of hiring qualified IT professionals is very high not only in Romania, but also in the whole world, the risk that a competitor could force the company to lower the price of services in order to maintain its position in the market is relatively low. However, the management actively monitors the local and international markets to be able to always provide value-added services and maintain a leading position in the local market.

Cash-flow risk – this represents the risk that the company will not be able to honor its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of trade and other payables. Thanks to this business model, which includes providing monitoring services for a fixed monthly fee, the company manages to maintain a healthy cash flow.

Credit risk – this is the risk that a third party natural or legal entity will not fulfill its obligations under a financial instrument or under a customer contract, thus leading to a financial loss. The Company is exposed to credit risk from its operating activities and its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company manages this risk by carefully selecting customers and having a strict procedure for documenting orders and the provision of services or delivery of goods.

Liquidity risk – liquidity risk is associated with holding immovable or financial assets. The company's activity does not depend on holding immovable or financial assets and turning them into liquid assets. The company does not own any financial assets. The fixed assets of the company, mainly technological equipment, are used in the current activity of providing services.

Currency risk – the possibility of recording losses from international commercial contracts or other economic relationships, due to changes in the exchange rate of the currency in the period between the conclusion of the contract and its maturity. As the company plans to expand into other international markets, from Europe or the US, it will be exposed to this type of risk.

Personal data protection risk – in the course of its business, the company collects, stores and uses data that is protected by personal data protection laws. Although the issuer takes precautionary measures to protect customer data, in accordance with the legal requirements regarding the protection of privacy, especially in the context of the implementation of the General Data Protection Regulation (EU) 2016/79 and in Romania (starting from May 25, 2018), data leakage risks cannot be completely eliminated. The Company considers this risk and takes precautions to protect customer data in accordance with applicable legal requirements. The Issuer takes all necessary precautions in this area, but there is a possibility that, considering that it carries out commercial relations with various contractual partners, they may not fully comply with the relevant contractual terms and all the data protection obligations imposed on them.

Competition risk - the entry of new competitors into the market, especially from outside Romania, will intensify competition and put pressure on the company's activity, with the risk of recording a decrease in profit and even its insolvency.

The risk of loss of reputation - is a risk inherent in the company's activity, reputation being particularly important in the business environment, especially in its field of activity, cyber security. Reputational risk is inherent in Safetech's business. The ability to retain and attract new customers also depends on the recognition of the Safetech brand and its reputation for service quality in the market. A negative public opinion of the company could result from actual or perceived practices in the cybersecurity market in general, such as negligence during the provision of services or even the way Safetech conducts or is perceived to conduct its business.

General economic risks - the issuer's activities are sensitive to economic cycles and general economic conditions. Both international financial crises and the unstable economic environment can have significant negative effects on the activity, operational results and financial position of the issuer. Socio-political turmoil can also impact the company's business. The international financial markets felt the effects of the global financial crisis that started in 2008. These effects were also felt on the Romanian financial market in the form of the low liquidity of the capital market, as well as through an increase in medium-term financing interest rates, because of the global liquidity crisis. In the future, such a scenario could be repeated and possible significant losses suffered by the international financial market, with major implications on the local market, could affect the Issuer's ability to obtain new loans or financing, under sustainable conditions.

Pandemic risk - although ignored in the last decades, this risk (especially the risk of global epidemics, respectively the risk of pandemics) has returned to the public's attention. Although for some companies these may become opportunities, at least in the short term, the overall economic impact is considered to be negative. Thus, there are opinions that, depending on the nature and severity of the pandemic, it can induce recessions lasting a quarter, or even several

years. In conditions where the reactions of the public authorities and/or the medical community would not be the right ones, there is even a risk of a depression that would lead to important reductions in economic activity and in the price of most assets. For example, in the first months of 2020, a coronavirus pandemic (SARS-COV-2), known as COVID-19, emerged. This pandemic has resulted in declines of more than 25% from their most recent highs for major stock indices globally. This has similarly influenced the local capital market. Moreover, internationally, most major asset classes have been severely negatively impacted, even those that traditionally function as havens for investors.

Fiscal and legal risk - the issuer is governed by Romanian legislation and even if Romanian legislation has been largely harmonized with European Union legislation, subsequent changes may occur, respectively new laws and regulations may be introduced, which may produce effects on the company's activity. Legislation in Romania is often unclear, subject to different interpretations and implementations and frequent changes. Both the modification of fiscal and legal legislation, as well as possible events generated by their application, can materialize in possible fines or lawsuits filed against the company, which can impact the activity of the issuer.

The risk associated with other types of litigation - in the context of the performance of its activity, the issuer is subject to a risk of litigation, among others, as a result of changes and development of legislation. The issuer may be affected by other contractual claims, complaints and litigation, including from counterparties with whom it has contractual relationships, customers, competitors or regulatory authorities, as well as any adverse publicity that such an event attracts. At the time of writing this report, Safetech Innovations S.A. was not involved in any litigation in an active or passive procedural capacity.

Risk of garnishment of the issuer's accounts - garnishment is an enforcement measure that can be applied to a company. Thus, the issuer's accounts may be blocked as a result of the seizure, if the issuer's creditors request this measure to recover their claims. The garnishment of the Company's accounts entails the blocking of the amounts in the garnished accounts and may lead to the difficulty or impossibility of the Company to honor its subsequent obligations, in the agreed terms.

Risk associated with insolvency and bankruptcy - Romanian bankruptcy and enforcement legislation does not offer the same level of rights, remedies and projections enjoyed by creditors under the legal regimes of other European Union jurisdictions. In particular, Romanian bankruptcy and enforcement law and practice may make the company's recovery of amounts related to secured and unsecured claims in Romanian courts much more difficult and time-consuming compared to other countries.

Risks related to investments in Romania, in an economic and political context - Romania's economy is vulnerable in conditions of regional or international recession, financial and economic problems at a general level can be felt more acutely in certain markets or 28 sectors. Also, political and social changes can be an unpredictable factor. Romania does not possess all the business, legal and regulatory infrastructure that would exist in a developed economy. The legislation is subject to varying interpretations and is frequently amended.

Other risks - potential investors should consider that the risks presented above are the most significant risks of which the company is aware at the time of writing this report. However, the

risks presented in this section do not necessarily include all those risks associated with the activity of the issuer, and the company cannot guarantee that it includes all relevant risks.

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

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

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

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

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

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

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

	June 30, 2026	December 31, 2025
Trade receivables	7.026.299	6.077.170
Cash and cash equivalents	489.176	1.740.378
Total assets (1)	7.515.475	7.817.548
Liabilities	9.123.750	7.895.794
Leasing liabilities	332.000	54.731
Other current liabilities	4.092.618	4.180.732
Total liabilities (2)	13.548.618	12.131.257
Difference (1) - (2)	(6.032.893)	(4.313.709)

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 Company, subject to the established policy; however, the Company considers that the credit risk on the receivables is small. The receivables balance is monitored at the end of each reporting period and any major delivery to a customer is analysed. Impairment indicators are analyzed at each reporting date. The company assesses the risk concentration regarding trade receivables as low.

Financial instruments and cash deposits

The credit risk resulting from balances at banks and financial institutions is managed by the Company's treasury department, according to the Company's policies. The Company's maximum exposure to credit risk for the components of the financial position statement is represented by the accounting values illustrated in Note 12.

Liquidity risk

The company monitors its risk of facing a shortage of funds using a recurring liquidity planning tool.

On June 30, 2026, the Company has contracted a long-term loan in the amount of 2.066.467 lei.

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

On June 30,2026	<30 days	30 – 60 days	60 - 120 days	>120 days	Total
Trade and other receivables	5.045.950	1.309.900	350.796	319.653	7.026.299
Cash and cash equivalents	489.176	-	-	-	489.176

For the six-month period ending June 30, 2026 (all amounts are expressed in LEI, unless otherwise stated)

On June 30, 2026	<30 days	30 – 60 days	60 - 120 days	>120 days	Total
Total Assets	5.535.126	1.309.900	350.796	319.653	7.515.475
Trade payables	6.698.302	630.337	1.621.142	173.969	9.123.750
Other payables	4.092.618	-	-	-	4.092.618
Leasing payables	56.832	22.574	45.507	207.087	332.000
Total liabilities	10.847.752	652.911	1.666.649	381.056	13.548.368

20. SUBSEQUENT EVENTS

CONCLUSION OF A SIGNIFICANT CONTRACT

On July 22, 2026, the Company informed the market about the conclusion of a significant contract for the provision of products and services, the value of which exceeds 10% of the total revenue related to the latest annual financial statements. The contract, with a total value of 2.7 million euros (excluding VAT), was concluded with an entity in Romania, not affiliated with the Company, and has a duration of 36 months. Its object consists of (i) the provision of cybersecurity services, (ii) the sale of the Company's own cybersecurity monitoring solution and (iii) the sale of other cybersecurity solutions.

CONCLUSION OF A FRAMEWORK AGREEMENT

On July 27, 2026, Safetech Innovations informed the market about the conclusion of a framework agreement for the provision of cybersecurity assessment services, following a public procurement procedure organized by the Romanian Digitalization Authority. The framework agreement, concluded with the Romanian Digitalization Authority, aims to provide cybersecurity assessment services for the migration of applications to the Romanian Government Private Cloud, through the conclusion of subsequent contracts, under the conditions and limits provided for in the framework agreement. It has a duration of 48 months.

Given the legal nature of the framework agreement, the value of the subsequent contracts that will be awarded to the Company cannot be determined at the date of signing. The Company will inform the market about the subsequent contracts or firm orders concluded under the framework agreement, to the extent that their value will exceed or approach the threshold of 10% of the total revenue related to the latest annual financial statements.

COMPLETION OF THE FIRST STAGE OF THE SHARE BUY-BACK PROGRAM

On July 31, 2026, Safetech Innovations informed the market about the completion of the first stage of the share buyback program, initiated on April 21, 2026, in accordance with EGMS Decision No. 12/22.10.2025.

During this phase, the Company repurchased 600.000 of its own shares, at an average price of 0.9290 lei/share, the total amount paid being 557.388,69 lei, excluding brokerage fees and other

acquisition costs. The repurchase program was administered by BT Capital Partners, which made the trading decisions regarding the timing of the share acquisition independently of the Company.

The shares were repurchased for the purpose of reducing the Company's share capital, by canceling them, in accordance with EGMS Decision no. 12/22.10.2025 and the applicable legal provisions.