



## **Informative notes for the items on the agenda of the Extraordinary General Meeting of Shareholders convened for July 19<sup>th</sup>, 2021**

### **1. Approval of the share capital increase**

Safetech Innovations intends to raise approximately 8 million lei from Bucharest Stock Exchange investors to finance its expansion on the British and American market.

The motivation to open the subsidiary in the UK is the fact that its local cybersecurity market is worth over 9 billion pounds, and 62% of companies outsource their cybersecurity activity. It is a mature market where 57% of small and medium-sized companies regularly update their Board of Directors on cybersecurity status, and 52% of them performs penetration testing. Moreover, over 30% of UK-based SMEs run annual cyber risk assessments, and most of the companies have some sort of digital print. Furthermore, the UK government is offering numerous incentives for R&D activities, and there is strong cooperation between the public and private sector in the cybersecurity domain.

In Reston, Virginia, is located Innovation Cluster comprising 8,700 technology companies and where are based over 530 cybersecurity companies. Reston is located in close proximity to the Washington DC metropolitan area, which ranks first in the US in terms of the number of security analysts, with more than 105,000 employees working in the field of information security. Safetech plans to develop an extensive distribution network in the US by collaborating with other cybersecurity companies and local SMEs, and large integrators. The goal for the next three years is for the Safetech network to reach at least 20 resellers in the USA.

Safetech Innovations intends to reach turnover on the foreign markets of 6 million euro in the next three years, split equally between the two markets. The company's key products on the US market are the iSAM platform of Safetech Innovations and 24/7 cybersecurity monitoring solutions delivered through Safetech's Computer Emergency Response Team (CERT).

To finance the expansion, Safetech intends to issue 1 million new shares, from 15,625,000 shares to 16,625,000 shares with a nominal value of 0.2 lei. The share capital increase operation is expected to begin in September 2021, after the company pays stock and cash dividend to its shareholders on July 27<sup>th</sup>, 2021. The new shares will be offered to investors in two stages. In the first stage, the existing shareholders will be provided with the preference rights based on which they will buy newly issued SAFE shares with a 25% discount. All the shareholders who hold SAFE shares on the registration date of August 31<sup>st</sup>, 2021, will receive preference rights equal to the number of shares held. To purchase one new SAFE share, shareholders will need to have 15.625 preference rights. Shares that remain unsubscribed in the first phase will be offered to 149 investors during a private placement. In the private placement, the shares will be provided at 105% of the price from stage 1.

### **2. Empowerment of the Sole Administrator to carry out the steps related to the share capital increase operation**

This point ensures the delegation of the powers to Sole Administrator in order to carry out the share capital increase, as described under point 1. Their key powers delegated to Sole Administrator are specified in the convening notice.



### **3. Record Date and Ex-Date for the share capital increase operation**

The Record Date, the Ex-Date and the Credit Date are proposed in accordance with provisions of Law no. 24/2017 on issuers of financial instruments and market operations and of the Financial Supervisory Authority Regulation no. 5/2018 on issuers of financial instruments and market operations.

### **4. Credit Date for the share capital increase operation**

The credit date refers to the date on which the preference rights will be charged to the accounts of investors holding Safetech Innovations shares on the “registration date” that serves to identify the shareholders affected by the decisions of the Extraordinary General Meeting of Shareholders.

### **5. Approval of setting up two companies**

With the capital raised during the share capital operation, to be voted by the shareholders in the same AGEA, under point 1, Safetech plans to establish two subsidiaries – one in London, United Kingdom, and another in Reston, Virginia, USA. The establishment of these subsidiary entities requires the approval of the shareholders. In both of these entities, Safetech Innovations S.A. will own 67% of the share capital while the rest of the share capital will be held by a limited liability company registered in the United Kingdom of Great Britain and Northern Ireland, Astaria Sec Ltd. Astaria Sec Ltd is a local start-up owned by Anca Stancu, who will lead the operations of Safetech International abroad.

In the UK entity called Safetech International Ltd, Safetech will directly hold 67% in shares. In the US entity, Safetech will indirectly hold 67% stake. Safetech International Ltd will hold 100% stake in the US entity in order to benefit from different support measures aimed for promoting cooperation between UK and USA.

### **6. Approval of the amendment of the Articles of Association**

At the current moment, the quorum required for the validity of AGEA at first convocation is presence of shareholders holding minimum 75% at the first convocation, and minimum 50% at the second convocation. This is an extremely high quorum that can be challenging to meet in the future at first convocation, as the company increases its free-float through share capital increase operations with cash contributions. Therefore, the management proposes to shareholders to lower these levels to minimum 50% at the first convocation and 25% at the second convocation.

### **7. Empowerment of the Sole Administrator to perform any formalities related to the EGMS**

It is proposed that the Sole Administrator be empowered to perform all formalities necessary to implement and register the resolutions of the EGMS, including the formalities with the Trade Registry and the Financial Supervisory Authority.