

Safetech Innovations plans to raise 8 million lei from BVB investors to finance expansion in the UK, the USA

Bucharest, 15 June 2021 – Safetech Innovations, a Romanian cybersecurity company listed on the AeRO market of the Bucharest Stock Exchange, announces intention to raise 8 million lei from Bucharest Stock Exchange investors to finance its expansion on the British and American market. The decision to carry out a share capital increase will be put to shareholders vote at the General Meeting of Shareholders scheduled for July 19th, 2021.

"The health crisis has taught us that we can achieve everything we set out to do with a well-established plan and strategy. We have adopted and implemented all technical and organizational measures during this time so that 95% of cybersecurity services and solutions in the company's portfolio can be provided and implemented remotely. This means that we are fully capable of serving clients across Romania and anywhere in the world. Since our listing on the AeRO market, we have been approached by numerous international investment funds willing to finance our international expansion. We consider this a sign that there is a significant opportunity in the market, but we want to let the local investors reap the benefits coming from this development," said Victor Gansac, CEO of Safetech Innovations.

With the capital raised, Safetech plans to establish two subsidiaries – one in London, United Kingdom, and another in Reston, Virginia, USA.

In both companies, at least 67% of the share capital will be owned by Safetech Innovations SA, and 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 first phase, Safetech will open a subsidiary in the UK, where the 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 the second phase, Safetech will open a subsidiary in Reston, in Virginia, where 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.

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

27th, 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 31st, 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.

In the first three months of 2021, Safetech Innovations recorded operating revenues of 6.5 million lei (+162%), turnover of 4.4 million lei (+116%) and a net profit of 284 thousand lei (+190%). The increase in the revenues in the first quarter of 2021 was driven primarily by a 343% increase in revenue from security solutions – maintenance, support, and implementation of security solutions. Revenue from security services increased by 11%, reaching 1.6 million lei. The company estimates that the turnover in 2021 will reach 20 million lei, with net profit reaching a historical high of 4.5 million lei in the context of the growing demand for cybersecurity solutions.

About Safetech Innovations

Established in 2011, Safetech Innovations is currently the only dedicated information security company on the Romanian market, specialized in cybersecurity and implementation of cybersecurity solutions. Safetech Innovations' services include data protection, identification of vulnerabilities and risks, implementation of cybersecurity solutions and measures, response to cybersecurity incidents through STI CERT - Safetech Cyber Security Incident Response Center, and creating an organizational culture oriented towards safety. The company has a broad portfolio of clients, having worked with more than ten key institutions from the local financial banking sector, international players, as well as local companies from the energy, FMCG, telecom, IT&C and transportation sectors. Safetech Innovations (SAFE) is listed on the AeRO market of the Bucharest Stock Exchange market. www.safetech.ro