Presentation of Preliminary Financial Results BITTNET SYSTEMS SA – 2017 fiscal year

Company name	**BITTNET SYSTEMS S.A.**
Registered office	Soimus Street No. 23, Building 2, Apartment 24, District 4, Bucharest, Romania
Point of business contact	Timisoara Boulevard No. 26, 1st floor, "Plaza Romania Offices" Building, District 6, Bucharest, Romania
Telephone/Fax number	021.527.16.00 / 021.527.16.98
Sole Registration Code	21181848
Trade Register Number	J40/3752/2007
Market where issued securities are traded	AeRO ATS
Ticker	BNET - shares
	BNET19, BNET22 - bonds
Subscribed and paid up share capital	3.044.425,8 RON
Main characteristics of the securities issued by the company	30,444,258 common shares with nominal value of 0.10 RON each

Table of contents

BITTNET Systems SA, Timisoara Blvd., no. 26, 1st floor, District 6, 061331, Bucharest
Share capital: 3.044.425,8 RON, RO21181848, J40/3752/2007,
W: www.bittnet.ro, E: askformore@bittnet.ro, T: +4021.527.1600, F: +4021.527.1698
Company listed on Bucharest Stock Exchange, symbol BNET

Page 2 from 34

Message from the CEO

Just like it was in previous years, I feel the need to start this letter by sharing my enthusiasm when looking back at the latest fiscal year and affirming, yet again, that '*last year, was the best year in the history of the company*'. Surely, there will come a day when we will no longer be able to make this statement, but the management, together with the whole team, is dedicated to delaying such moment as much as possible. Jeff Bezos, the founder of Amazon.com, synthesized through an excellent metaphor the mentality that we share: '*It will always be »Day 1« here at Bittnet*'. In line with that, we keep the company's values young and growing, maintaining a start-up mentality, seeing the potential for continued accelerated development. All this despite the fact that we could dare to say that today, we are a mature company that has surpassed the average life of a Romanian business and that is the market leader in the field in which it operates. We believe that all of the previous results come as a consequence of our efforts and are important, but it is more important to focus on the future, because the Bittnet story has much more 'ahead' than 'behind'.

If we look only at 2017, last year has brought an organic growth of 60% to Bittnet's business as compared to 2016, which in turn generated, as expected, an increase in company's profitability as Bittnet's net profit reached nearly 1.5 million lei. The evolution is even more spectacular when compared to the results from two or five years ago, the latter being the moment Bittnet received its first 'outside' investment. As far as 2015 goes, the company has doubled, and compared to 2012 we are talking today of an increase of 5.7 times.

It goes without any doubt, that the most outstanding project of 2017 was the acquisition of GECAD NET from Romanian entrepreneur, Radu Georgescu. We believe that the IT market needs to be strengthened, and I have shared this idea many times in recent years. In the course of 2017, we identified the first opportunity to act in this direction: a company with a long tradition, with a great name and reputation, with a team whose human and professional values are similar to those of Bittnet, and, perhaps most importantly, owned by a shareholder willing to sell. We have to thank the members of the GecadNet and Bittnet teams without whose help this smooth transition would not be possible. The positive experiences gathered during this operation prove us, yet again, that human capital remains the core value for our company and without the skilled and capable team, we would not be able to accomplish the impressive results we are presenting to you today.

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Company listed on Bucharest Stock Exchange, symbol BNET

Page 3 from 34

In order to finance the acquisition of GECAD NET, following the approval of the Extraordinary Shareholders Meeting from April 2017, Bittnet has made a new issuance of corporate bonds, listed on the AeRO market of the BVB under the BNET22 symbol, under conditions similar to those of the BNET19 bonds. The funds raised during this second issuance were primarily used for the acquisition of GECAD NET.

This project is definitely one that is the most challenging in the history of the company, simply because it is the first project of this type and size. We have a reason to believe that we will be able to make a success story out of this acquisition, despite the fact that it is a turnaround process. We have carefully analysed this opportunity while taking into consideration the general failure statistics of M&A processes and we are nevertheless confident that we have correctly identified the reasons why we can make this specific acquisition a success, as well as the mechanisms and the opportunity to change the destiny of the company.

The first signs are good - even though GECAD NET has been under Bittnet's management for only three months, the cost savings and increased supply of high value-added products and services resulted in 2017 being the first fiscal year in the past 3 years that the company ended with a profit. GECAD NET closed 2017 with a turnover of 21.5 million lei and a net profit of 145,000 lei. The company also saw significant increases for major business lines (17% increase for Microsoft products and 20% increase on assisted product line). In the specific case of GECAD NET, the history of past losses also created a tax advantage, given the fact that until the sum of 950,000 lei, the gross profits will be equal to the net profits.

It is a good signal that gives us confidence, but as the process is a long one, we cannot yet say that it is already successful. We continue to allocate resources, attention and energy to the integration of operations of the two companies. If in 2017 the focus was on the immediate reduction of all the costs that could be reduced in terms of keeping the turnover, in 2018 our primary goal is integration of IT systems (we have integrated the CRM and ERP, migrating to a solution that will allow us to enjoy economies of scale), procedures and how to address customers and suppliers, under the motto *'One Single Organization'*.

The integration of teams, procedures and vision is a long process, but it is compatible with the Kaizen philosophy that we already apply at Bittnet. We think that the change is good, that it is an element that defines us and that the agility as well as the ability to continually evolve in a fast manner is what our clients have always appreciated in us in all these years of our activity.

We recognize that our key opportunity is to continue the organizational approach based on constant evolution, since we operate in a general economic environment characterized by the speed and thrill of change. Also, our industry, IT, is perhaps the most powerful representative of these ever-changing paradigms. This means that the expectations of our clients and partners are constantly changing and our organization has been successful so far mostly because we have been able to meet these ever-newer expectations at all times. The key expectation that never changes though is to continuously offer relevant solutions, to be a reliable partner whose performance and technical expertise can be depended upon and to always deliver better than promised. Fitting within the budgets and deadlines was, is and will always be appreciated by the clients, being our 'signature' as a valuable partner.

In this regard, throughout 2017, we have launched a series of internal automation processes using roboti software (RPA), and in December we have already had in use 11 of such robots that now assist the team in their current work, performing automated tasks. We intend to extend this initiative significantly over the course of 2018, based on a motto from another Romanian company, Ui Path, that envisages: *'one robot for each member of the team'*.

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Company listed on Bucharest Stock Exchange, symbol BNET

If we analyse Group's consolidated business, the acquisition of GECAD NET combined very well with Bittnet's organic results, helping us to move to a new league as this year, we exceeded the business threshold of EUR 9 million (more than 43 million lei consolidated turnover). We are evolving towards a medium-sized organization that has managed to continue to grow steadily and continuously on solid business principles and cultural values like honesty, transparency and flexibility in terms of performance and competence.

Already in the third year of our activity as a public company, we are proud to be one of the most active companies on the Bucharest Stock Exchange when it comes to financing our growth with the help of the local capital market. In 2017, we have continued to finance our development through the second issuance of corporate bonds, which was primarily used for financing the takeover of Gecad, as well as through the capital increase that we have realized in December. 2017 was also the eleventh year of our activity, a very important milestone for both us and for the IT entrepreneurship in Romania.

Ourselves, we actively pursue the goal of promoting the highest standards of communication and transparency in the capital market. We are very pleased of the constant recognition in the area of shareholder relations as we follow Warren Buffet's principle of '*we want to give our owners the financial information and commentary we would wish to receive if our roles were reversed*'. This simple principle guides our communication with the shareholders and we are glad that it is appreciated both by them, and by independent organizations. In line with that, we are proud that we were the only company from AeRO market that has collaborated with the Bucharest Stock Exchange during the 3rd evaluation of *Whitebook on Communication of Listed Companies*, ensuring that our website and the information there published is always up to date and in accordance with the highest, corporate governance standards. We continue our close collaboration with the market operator, also through our involvement in initiatives such as *Made in Romania*, a project in which we were recognized by BVB as the ambassador of the AeRO market, a distinction for actively promoting local capital market as the alternative source of financing for Romania's entrepreneurial companies.

Apart from delivering financial results to our shareholders, we are also committed to building a societal impact around Bittnet. As Cisco's networking programme, Netacad, is celebrating this year 20 years of activity, we are proud to have been involved in carrying out of Academia Credis courses, for the benefit of middle school and high school students from the whole country. We are excited about continuing our involvement and contributing to the development of IT skills amongst Romania's youth by providing the highest quality training courses to them, as part of our CSR initiative.

When compared to previous years, in 2017 we outperformed in terms of both financial and operational results, thus recording the best year in company's history. This confirms the long-term plans communicated and the growth strategies pursued in recent years, of strengthening our position on the market as a leader and top integrator with a 'cloud first' approach. Year 2017 was therefore a year of continued accelerated transition efforts:

- From a local company to a one with a national footprint, focused on the latest technology trends, such as: cloud, cybersecurity, virtualization and mobility. In this sense, in 2017, we opened two new regional offices - in Iasi and in Timisoara. We chose those cities because they are the pillars of economic development of Romania and because we have found there, after long searches, partners with whom we trust to build a regional success, together.

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Company listed on Bucharest Stock Exchange, symbol BNET

- From the classic model of selling integration projects to the 'managed services' typology: we launched more than 20 managed services in 2017 in both cloud service and cybersecurity areas. These projects are relevant for two reasons – on one hand, they are what we believe is the future of the IT consumption paradigm in the world, and on the other, are the reconfirmation of the company's technical and organizational capacities. In essence, 'managed services' projects mean that we receive from our client the complete trust to deliver and maintain operational turnkey solutions. Thus, responsibility for the functioning of a technical solution rests entirely on us, as the customer receives everything as a service in exchange for a monthly fee.

- From a company that mainly operates in Romania to a company that aims for 'regional development and cooperation' beyond the borders of Romania. In this regard, we have a dedicated position of Inside Sales Representative for Western Europe as well as we adhere to LLPA – the alliance of the largest and the most representative IT training partners in Europe. In line with the above, in 2017, exports continued the upward trend reaching EUR 520,000, up by 75% as compared to 2016. At the same time, in October, Bucharest hosted one of the most successful summits of Microsoft Education Partners, LLPA Summit, which Bittnet organized. Following the event, the company has identified new partners within the European Union. In fact, the first work was already delivered to those partners, earlier in 2018.

The interest accorded to us by all the investors who in 2017 have entrusted us with their capital, continue to prove that Bittnet is a trustworthy investment destination. Since we listed in April 2015 on Bucharest Stock Exchange's AeRO market, our valuation has increased 5 times, from EUR 1.5 million at the time of the listing to EUR 7.3 million on December 31st, 2017. In 2017, Bittnet shares were traded in total of 244 trading sessions; over 16% of the shares changed their owners during this period, with the average daily traded volume being 14,815 shares. We have also continued increasing our shareholders base, which has been continuously growing since 2015, having overpassed 400 shareholders on December 31st, 2017. We also found it extremely rewarding that two-thirds of our team members and active collaborators have decided to personally purchase Bittnet shares and are currently our shareholders. We are proud that throughout the 11 years history of our company, we have always found ourselves surrounded by people who believed in the viability of our business model as well as attractiveness of our company. We thank all those who have expressed their vote of confidence, a vote that reassures our trust in the plans we have communicated as well as in the team that builds, every day, the Romanian brand of reference that is Bittnet.

We intend to continue the organic development strategy in the next period of 2018-2020, as the growth engines identified in 2016-2017 have confirmed their viability. We will continue to focus on reference projects, tracking and rewarding the gross profitability of each of them. Our overall decision-making framework aims at favouring long-term growth over short-term successes. We will continue to withdraw from projects that we identify as having a high degree of risk, even, if they seem to provide us with a significant revenue.

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Company listed on Bucharest Stock Exchange, symbol BNET

We believe that in 2018 trends that we have identified in the past two years, such as: cloud, cybersecurity, managed-services projects and export, will continue to be the source of business growth. We plan to focus our efforts and resources in order to be identified as a key IT partner in those areas. We have two goals: firstly, to continue consolidation of the one-stop-shop position that has given us market leadership in IT training field and secondly, to implement the same strategy in the integration of business services, paying special attention to providing high value-added services – cloud consulting and migration, ensuring IT security, and providing IT solutions in managed services. Acquisition of GECAD NET is essential in this respect, since the company is the only integrator with a multi-cloud offering as well as the only Romanian integrator certified at the highest technological levels ('gold', 'platinum', etc.), both on hardware infrastructure solutions as well as for software and cloud licensing.

Both business lines, training as well as the integration and cloud migration, have yielded revenues and rising profits, a detailed analysis being presented in the attached report.

We do not exclude any further acquisitions or consolidation opportunities if they prove to be consistent with the company's model and values. In 2017, we took the first step in this direction, and the results accomplished so far, are satisfying. We have identified several possible projects that would allow us to continue the growth process through acquisitions alongside the organic growth that we are expecting in 2018. At the same time, we continue to pay special attention to our organic growth, day-to-day operational excellence and continuous improvement as sources of ongoing, accelerated development!

All in all, our focus is clear – we are devoted to offering quality services to our clients, delivering transparency and financial results to our shareholders as well as promoting and inciting the best practices – for the benefit of the whole market. As a listed company we are the proudest of having delivered to our shareholders what we have promised them, since our 2015-2017 strategy that we have adopted when listing on AeRO, was fulfilled entirely. Now, we look with excitement towards 2018, which should be another year of growth and new developments for us.

As we remain committed to values such as transparency and openness towards investors, I would like to use this opportunity to extend to you - our shareholders as well as future investors – an invitation to Bittnet's Investor Day 2018, which we have scheduled for April. We hope you will accept this invitation and together with the colleagues from Bittnet and GECAD NET, we look forward to welcoming you all at our new head office and bringing you yet one step closer to our universe.

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Company listed on Bucharest Stock Exchange, symbol BNET

Information about the evolution of shares and bonds on the stock exchange

2017 was a year of continued efforts to strengthen the status of a highly transparent public company (included in the "Premium" category of the AeRO market), which uses stock exchange mechanisms for attracting capital and financing its activities.

- In 2016, we recorded two premieres. In July 2016 we successfully placed the first bond issuance in Romania, of an IT company - we attracted almost 1 million euros from 40 private investors. At the same time, the first capital increase operation in Romania was carried out through the mechanisms of the Stock Exchange (POFX) and distributed through all intermediaries!
- In 2017, we continued operations on the local capital market, following the patented success model of issuers such as Banca Transilvania, Impact or Albalact, a model, which combines capitalization of profits through distribution of free shares and offering investors new shares at a favourable price. The General Shareholders Meeting from April 2017 approved such a combined operation, which was carried out with the help of the Central Depository and the Stock Exchange, in two stages:
    - On July 3rd, 2017, shares distributed free of charge (one free share for each share held) were charged to shareholders' trading accounts;
    - On January 4th, 2018, we have finalized a share capital increase with new contributions - an operation which offered 100% return to investors and a 5% dilution of non-subscribed shareholders.

Throughout 2017, Bittnet shareholders registered an increase in the value of the investment well above the market average (as indicated on the graph below by the evolution of BET index).

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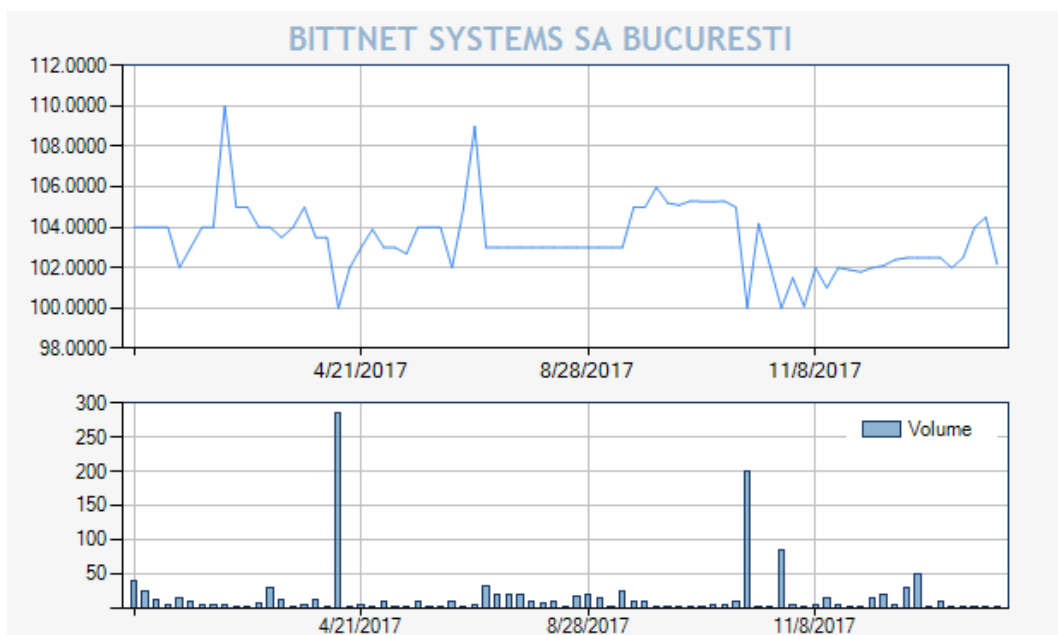
Page 8 from 34

We also consider very relevant the fact that Bittnet shares were traded in 244 sessions, with a total volume of more than 3.6 million. This situates us in the top 10 most traded issuers by the number of transactions.

Symbol / ISIN	Company	Value	Volume	Trades	Price	Var. (%)
DBK DE0005140008	DEUTSCHE BANK AG	25,652,515.72	349,370	4,751	65.5500	-20.64 ▾
METV ROMETVACNOR1	METAV SA BUCURESTI	17,233,464.70	2,689,844	24	11.3000	41.25 ▴
CHOB ROCHOBACNOR8	CHIMCOMPLEX BORZESTI SA ONESTI	9,675,088.67	6,971,367	157	1.4500	90.79 ▴
AVUT ROAVUTACNOR2	AVIATIA UTILITARA BUCURESTI SA	9,329,600.00	3,332,000	2	2.8000	0.00
RCHI ROCHIOACNOR3	COMPANIA HOTELIERA INTERCONTINENTAL ROMANIA SA BUCURESTI	9,173,972.57	95,078,985	783	0.1450	32.42 ▴
LCSI ROLCSIACNOR6	LCS IMOBILIAR SA CLUJ NAPOCA	8,546,047.16	822,484	67	11.4000	320.66 ▴
BNET ROBNETACNOR1	BITTNET SYSTEMS SA BUCURESTI	6,447,314.98	4,573,222	4,849	1.2400	-22.01 ▾
PRIB ROPRIBACNOR1	PRIMCOM SA BUCURESTI	5,131,825.92	1,279,442	126	7.1500	-27.78 ▾
DAI DE0007100000	DAIMLER A.G.	4,036,881.65	13,157	484	330.0000	6.11 ▴
SCDM ROSCDMACNOR5	UNIREA SHOPPING CENTER SA Bucuresti	3,946,389.30	94,295	1,555	44.0000	-33.13 ▾

Attention: the variation (%) presented in the above table is erroneous, since it does not take into account the increases with free shares.

In September 2016, the corporate bonds issued by Bittnet in July 2016, with the BNET19 symbol, were listed on Bucharest Stock Exchange's AeRO market for bonds. Throughout 2017, BNET19 bonds were traded in 84 sessions, with a total volume of 1,305 bonds - 31% of the total issue - at a weighted average price of 102.07%, meaning 1,027.1 RON/bond (BNET19 bonds have a nominal value of 1,000 RON). The company is up to date with the coupons payment - 2.25% quarterly - through the Central Depository System.

BITTNET SYSTEMS SA BUCURESTI

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Company listed on Bucharest Stock Exchange, symbol BNET

Page 9 from 34

Moreover, starting with November 28th, 2017, the BNET22 corporate bonds have entered into trading, with maturity in September 2022, annual interest 9% payable quarterly, and a nominal value of 100 RON.

In December 2017, thus the only month when the bonds were available on AeRO, they were traded in a number of 5 trading sessions, with a total volume of 736 bonds, which represents an annualized liquidity of 19.62%. The average weighted price for BNET22 bonds was 102.24%.
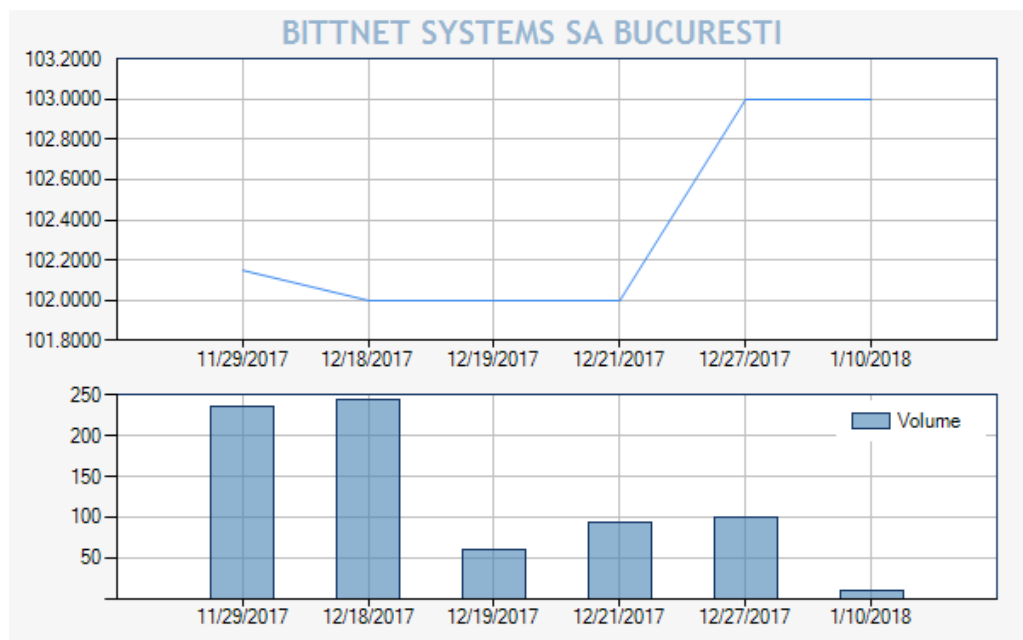
In 2018, we intend to continue after the same success model - with the full capitalization of profits in parallel with the increase with new contributions, in order to continuously strengthen company's financial position.

At the request of some shareholders, we reproduce the values of Price to Sales indicators, in the short history of the company as a public company:

Results per fiscal year	2015	2016	2017
Number of shares	4,504,123	14,514,123	30,444,258
Consolidated Revenues (Including GecadNet) – RON thousands	9,992	13,695	43,100
Consolidated Net Profit (including GecadNet) – RON thousands	1,033	1,158	1,807
Consolidated EPS (cash)	23	8	6
Price per Share (cash) – beginning of February	157	160	121
Price per Share (cash) – beginning of May	310	179	
Market Cap at the time of results announcement	7,071,473	23,222,597	36,837,552
Market Cap – beginning of May	13,962,781	25,980,280	
PER – beginning of February	7	20	20
PER – beginning of May	14	22	
Price to Sales – beginning of February	0.71	1.70	0.85
Price to Sales – beginning of May	1.40	1.90	

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Company listed on Bucharest Stock Exchange, symbol BNET

General information about the company

Bittnet was founded in 2007 by Mihai and Cristian Logofatu, as a continuation of the growth story of a young and enthusiastic team of IT professionals, who started working together between 2000-2004, providing Cisco Networking Academy and Microsoft Academy courses to students and pupils.

The company is registered with the Trade Register Number J40/3752/2007. In February 2009, the company changed its legal status into a joint-stock company, following an increase of share capital, using profits generated in 2008.

In 2012, the company had another capital infusion through a "Business Angel" alike action, received from Razvan Capatina.

In 2015, the company attracted a fresh capital from a Polish investment fund Carpathia Capital SA and became a listed company at the Bucharest Stock Exchange's AeRO (ATS market) with BNET symbol, becoming the first Romanian IT company listed on a Stock Exchange.

Throughout 2016, the company fully capitalized the profits from previous years, distributing 2 free shares for each share held by the shareholders at the date of registration. This way, the total number of shares increased to 13,513,149. At the same time, the company carried out a share capital increase through the Stock Exchange's mechanisms, which increased the number of shares to 14,514,123. Last but not least, in 2016, the company launched the first issue of corporate bonds of a Romanian IT company listed on the Bucharest Stock Exchange.

Throughout 2017, the company followed the patented success model of Banca Transilvania, distributing to the shareholders the accrued profits in the form of free shares, with the total number of shares doubling on July 3rd and reaching 29,028,246. At the end of 2017, the company managed to attract new capital through the Stock Exchange mechanisms, starting in 2018 with a share capital of 30,444,258 shares.

With the acquisition of GECAD NET from Romanian entrepreneur Radu Georgescu, in 2017, Bittnet became the only "multi-cloud" integrator, consolidating its position as a highly certified company by the world's leading IT vendors, focusing on cloud and cyber security.

From the very beginning, the company has focused on delivering It training and integrated network solutions, based on the technologies of the market leaders like Cisco, Microsoft, Dell, Oracle, HP, VMware, Google, Amazon Web Services, etc.

Starting from 2015, the company has identified a global technology trend regarding the migration of IT infrastructures from their own data centres to public cloud providers such as AWS, Azure and Google. Generally, the Romanian market is following the global trends with a 2 to 3 years delay, but only last year we have identified enough opportunities to share the conviction that between 2018-2020, the demand for such services will explode in Romania as well. Throughout 2017, the number of projects involving cloud migration services increased significantly - up to 60, a trend which we expect to continue in the 2018-2020 period.

Starting from 2016, we have created a new area of competence and a category of consultancy services and cloud migration. We have launched client-engaging actions strictly for this range of services, targeting clients with a slightly different profile than those whom we usually service. During 2017, we have continued to invest in increasing and diversifying the technical competencies specific to AWS and Azure in order to be able to respond to incoming requests.

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Company listed on Bucharest Stock Exchange, symbol BNET

In 2016 we successfully implemented 3 full-cloud migration projects of companies' infrastructures (2Parale, Equatorial and Getfit Shop), becoming in this way "the first movers" in the market. In 2017, we successfully delivered nearly 60 new cloud projects and we continued our collaboration with the previous year's customers.

GECAD NET is a company specialized in commercializing and implementing software applications, which provides appropriate licensing options, integrated IT services and professional security solutions. Founded by Romanian entrepreneur, Radu Georgescu, the company has a tradition of over 25 years in the IT field, having gained over the years numerous awards and certifications from the world's leading software vendors.

GECAD NET currently has a base of over 12,000 clients active in fields such as telecommunications, finance, banking, construction, energy, oil and gas, and more. GECAD NET is one of the few companies certified in Romania at the Microsoft Licensing Solution Provider level - the highest level of certification for partners, which sell Microsoft platforms, and has Gold certifications for implementing Microsoft's Software as a Service solutions, as well as for implementation of cloud infrastructure solutions - Microsoft Azure.

IT Training

Bittnet is the IT training market leader in Romania, with a growing team, more than 15 years of experience and over 15,000 trained students. Throughout these years, Bittnet has delivered more than 50,000 hours of IT training. The company has the largest team of trainers in Romania, which is an important part of its competitive advantage. Furthermore, Bittnet is continuously recruiting new talents and developing human capital resources.

Bittnet offers a wide range of IT courses. Each course can be held in two, flexible ways: intensive (5 days/week, for 8 hours/day) or in a mixed format (courses of 2/4/6 hours depending on the clients' needs). Each student receives access to a set of dedicated equipment, the official curriculum as well as online and offline exams.

We offer the largest training portfolio on the market, which consists of more than 1,500 courses. From this portfolio the most important trainings are for the major vendors: Cisco, Microsoft, Microsoft Office, Amazon Web Services, ITIL, Linux, VMware, Oracle, Citrix, IBM, RedHat, Adobe, Avaya, Dell - SonicWall, EMC, HP, Juniper, etc.

The business training portfolio holds project management, ITIL & IT services management, business intelligence, CRM, ERP, Agile and others. Being able to deliver trainings in both English and Romanian, the company operates in a strategic partnership with Global Knowledge, the worldwide leader in IT training.

Starting with 2016, Bittnet has joined the largest association of Microsoft training partners – LLPA, which allows the company to strongly expand both export earnings and delivery of courses in any language, anywhere in Europe. Also, as a result of Oracle effectively closing its training division, some of the partners that previously could only resell Oracle courses, received authorization to fully deliver these courses (trainers and own location), benefiting from Oracle's sales team for training. If we follow the tested examples by Microsoft and ITIL (types of services that Bittnet was initially reselling and only afterwards started to internally provide), we estimate that the position 1 of 2 companies which can deliver Oracle authorized courses in Romania, is favourable. In 2017 the number of students significantly increased compared to the previous year, trend which we expect to continue in 2018.

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Company listed on Bucharest Stock Exchange, symbol BNET

IT solutions

Our IT Integrator business line means that we provide customers with the IT services and solutions that they need from initial assessment, to design phase, implementation and testing, resulting in turnkey projects for companies with various IT needs:

- Network infrastructure (routing, switching, Wi-Fi assessment, optimization, consultancy);
- Cybersecurity (network security, data center security, endpoint security, IPS, Advanced Malware Protection, Next Generation Firewall, Web and email Security);
- Network management (monitoring and alerts, centralized management, traffic analysis);
- Cloud services and migration (private, public or hybrid clouds, from one version to another, step-by step migration or relocation);
- Datacenter and virtualization (computing, storage, networking, backup, power, virtualization platforms, VDI);
- Employee's mobility including Bring Your Own Device – BYOD;
- Unified communications and collaboration (IP telephony, DECt phones, instant messaging, on-line presence, web-conference);
- Video conference including telepresence (for desktop, for board-room, for conference-room, for smartphones, tablets, notebooks or workstations, integration with smartboards);
- Software licenses (Microsoft, Adobe, Cisco, Bitdefender, Dell, VMware, Veeam);
- General consultancy;
- Maintenance and support services;
- Hands-on, customized trainings for specific solutions.

Bittnet is ready to offer their customer also cloud-based services:

- Microsoft Office 365
- Microsoft cloud provisioning (Azure)
- Cisco cloud infrastructure (Meraki)
- Cisco cloud video-conference (Webex)
- Cisco cloud web security (ScanSafe)
- Cisco cloud energy management (Joulex)
- Google Apps

Bittnet's competencies are certified and acknowledged by vendors. The company's certifications include:

- Cisco Learning Partner
- Cisco Certified Silver Partner
- Cisco Advanced Collaboration Architecture Specialization
- Cisco Advanced Data Center Architecture Specialization
- Cisco Advanced Enterprise Networks Architecture Specialization
- Cisco Advanced Security Architecture Specialization
- Microsoft Silver Learning Partner

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Company listed on Bucharest Stock Exchange, symbol BNET

Page 13 from 34

- Microsoft Cloud Partner
- Microsoft Silver Datacenter Partner
- Dell SonicWall Preferred Partner
- Citrix Silver Solution Advisor
- Citrix Authorized Learning Center
- Google Apps Authorized Reseller
- Oracle Authorized Education Reseller
- Oracle Silver Partner
- HP Silver Partner
- Jabra Registered Partner
- Veeam System Integrator
- VMware Solution Provider Partner
- IBM training Provider - via Global Knowledge
- Amazon Web Services Authorized training Partner

GECAD NET certifications include:

- Microsoft Gold Cloud Productivity
- Microsoft Gold Cloud Platform
- Microsoft Gold Small and Midmarket Cloud Solutions
- Microsoft Silver Data Analytics
- Microsoft Silver Datacenter
- Autodesk Gold Partner
- Kaspersky Platinum Partner
- Adobe Gold Partner

Microsoft Partner

Microsoft

Gold Cloud Productivity
Gold Cloud Platform
Gold Small and Midmarket Cloud Sol
Silver Data Analytics
Silver Datacenter

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Company listed on Bucharest Stock Exchange, symbol BNET

Overview of results with profit allocation proposal

The financial results of the company confirm the management's approach to running the company according to the specificities of the business. Bittnet is active in the knowledge business, which requires a great team of professionals, both on the sales, operations and technical implementation sides. This approach leads to a relatively high fixed costs structure. However, after the gross margin generated by the business surpasses the fixed costs threshold, most of the new gross margin generated, instantly becomes profits. This is why the company has been successfully pursuing the 'high growth' model. In 2015 vs 2014, a 35% increase in total revenues (given similar gross margin percentages compared to 2014) had, as expected, resulted in a much faster increase in gross profits. The numbers provided below are expressed in RON, thousands:

	2015	2016	2017	Evolutie
Revenues (of which)	9,992	13,695	21,700	58%
IT integration	6,950	8,251	12,078	46%
IT training	3,690	5,405	8,063	49%
Cloud		1,603	404	297%
Total costs (of which)	(10,100)	(12,466)	(20,095)	61%
Total COGS	(6,309)	(6,315)	(11,400)	81%
Indirect costs	(2,570)	(5,505)	(7,611)	38%
Operational profit	919	1,825	2,822	55%
Interest	(173)	(328)	(832)	154%
Amortization	(153)	(114)	(82)	-28%
Financial profit: revenues from listing on BVB in 2015	630			
Gross Profit	1,221	1,383	1,908	38%
Net profit	1,033	1,158	1,652	43%
Consolidated net profit (including GecadNet)	1,033	1,158	1,807	56%
Consoludated revenues (Including GecadNet)	9,992	13,695	43,100	215%
Shares	4,504,123	14,514,123	30,444,258	

Management's proposal for allocating these profits is reinvestment, as outlined in the business plan included in the Information Memorandum published at the time of listing on AeRO. Therefore, the management will propose to the shareholders that the company increases its capital using the profits retained from 2016, and issues bonus from the capital increase completed in January 2018 - by issuing free shares to be distributed to shareholders from the reference date.

We intend to pursue the same aggressive growth strategy in 2018, based on the same three pillars of growth:

- expansion of the geographic coverage;
- product portfolio expansion: upsell and cross-sell, strategy strongly powered by the GECAD NET acquisition;
- capitalizing on industry trends: cloud, cybersecurity and "everything as a service".

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Company listed on Bucharest Stock Exchange, symbol BNET

In 2018 we have strengthened the findings of 2015 - that we have a very good opportunity to penetrate the western markets both with the training services and consultancy / implementation services focused on high profile areas like data centre, virtualization and cloud. We have expanded the idea of 'regional development' beyond the borders of Romania and in this regard, we have a dedicated position of Inside Sales Representative for Western Europe. We also joined LLPA – the alliance of the largest and the most representative IT training partners in Europe. As a result thereof, we have participated in a series of events and fairs, identifying new projects and opportunities. Moreover, in 2017, Bittnet has organized in Romania the annual summit of the LLPA partners, an event which attracted 55 participants on the CxO level, from each of LLPA members, along with representatives from Microsoft, AWS and Logical Operations.

Cloud services will be a big focus for the entire team and we aim to provide much more cloud-related services in 2018, including actually delivering "as a Service", solutions based on an owned or rented IT infrastructure as opposed to just providing customers with hardware solutions. We intend to pursue a migration towards a "managed services" approach.

In order to be able to stay at the forefront of technological development, and as such to continue to be relevant to partners, Bittnet's strategy is to ensure a good financial stability of the company's finances. Management intends to propose to shareholders a number of solutions that will help deliver this objective, such as: issuing of corporate bonds with a maturity of 3-5 years, issuing of preferential shares as well as empowering the administrator to reach new agreements and access new financing products from our banking partners.

Significant events

2017 started with the final steps in the capital increase operation established within the EGSM Resolution from 28.04.2016, followed by the registration of the new capital. On March 10th, 2017, the Central Depositary notified the Company that it had registered the new number of shares in the shareholders' accounts. With this operation, the company increased its share capital from RON 1,351,314.90 to RON 1,451,412.30.

On 21st February 2017, the Company informed the shareholders about the prolongation of the **Cisco Certified Gold Partner** status. In order to extend this status, Bittnet has undergone the audit process that has verified the skills of the technical and sales teams. The status of the "Cisco Certified Gold Partner" is valid for one year with the possibility of prolongation every year, following the audit. At the time of this report, Cisco Systems reconfirmed Bittnet Systems' partnership and "Cisco Certified Gold Partner" status until February 2019.

Information about **crossing significant shareholding thresholds**: on May 16th, 2017, Bittnet Systems was informed about the following holding thresholds in the Company's ownership: Mr. Capatina Grosanu Razvan - sale - crossing below 20% and Emotion Concept SRL - purchase - crossing over 5%. On June 6th, 2017, Mr. Alexe Marian Marius - purchased BNET shares, which resulted in him reaching over 5% in shareholders equity.

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Company listed on Bucharest Stock Exchange, symbol BNET

CIVM Release from ASF: Bittnet Systems informed shareholders that the Financial Supervisory Authority (ASF) issued the Certificate of Registration of Securities no. AC-4149-4 dated 03.07.2017 as a result of the registration of the share capital increase operation of the Company with 14,514,123 free shares, according to the EGM Decision of 26.04.2017. The Central Depository uploaded the shareholders' trading accounts on July 5th, 2017. The value of the increased share capital after this operation was RON 2,902,824.60.

Information takeover GECAD NET SRL: Bittnet Systems has informed shareholders about the successful conclusion of the negotiations for the acquisition of GECAD NET SRL, and the signing of the sale-purchase agreement, on August 21st, 2017. the transaction was settled according to the mandate given to the Sole Administrator by the EGSM decision no. 6 of 26 April 2017. The negotiations between parties took place over several months. In the first stage, Bittnet participated in the share capital increase of GECAD NET SRL. In order to complete the acquisition, Bittnet Systems carried out a private placement of corporate bonds in September 2017.

Improvement of financing structure: On August 25th, 2017, Bittnet informed shareholders about the improvement of the financing structure by conducting several bank operations:

- repayment of the working capital credit from Banca Transilvania SA: RON 1 million;
- closing the financing ceiling from Patria Bank SA: RON 2 million;
- maturity and repayment of ProCredit Bank loan: initial balance (from 2014) – RON 350,000;
- returning of the loans to the founding shareholders: RON 83,718.97.

Also on 25th August, the Company informed about signing of a new revolving overdraft contract with ProCredit Bank in amount of RON 4,5 million. the financing agreement has a fixed interest rate under 3% per year and a 2 years maturity. The guarantees set up were:

- 10% cash deposit;
- personal guarantees from founding shareholders Mihai Logofatu and Cristian Logofatu;
- guarantee under the "SME Initiative" program funded by the European Union through ERDF and "Horizon 2020" and by the European Investment Fund and the European Investment Bank.

The credit line was contracted for financing current activity, working capital and the development plans of the company.

Legal Entity Identifier (LEI) code: The company has informed shareholders about obtaining the legal entity identification code - the LEI code - as part of the process of alignment with the requirements imposed on capital market participants by the most recent European measures (MAD/MAR and MIFID II/MIFIR), applicable also to the issuers of financial instruments. The Legal Entity Identifier (LEI index) is a 20-digit, code based on the ISO:17442:2012 standard developed by the International Organization for Standardization (ISO), that enables clear and unique identification on a global level of legal entities participating in financial transactions. The LEI code for Bittnet Systems is the following: 315700VUUQHM9VEDRO36.

Registration of the new working headquarter: On August 28, 2017, the Company informed shareholders about the registration of the new offices in Bucharest at the address: Bd. Timisoara nr. 26 "Plaza Romania Offices" building, PRO-01 Space, 1st floor, district 6. At the same time, the Company has erased from the Trade Register the former offices from Bd. Iuliu Maniu no. 7-11, district 6.

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Company listed on Bucharest Stock Exchange, symbol BNET

Page 17 from 34

Successful offer of corporate bonds: On September 8th, 2017, Bittnet Systems informed shareholders about the successful undertaking of a sales offer via private placement of corporate bonds, according to the Resolution no. 5 of the Extraordinary Shareholders Meeting from April 26, 2017. During private placement, the company issued 45,000 bonds, raising RON 4.5 million. It was the maximum number of shares that could be subscribed in accordance with the decision of the Unique Administrator and the Offer Document. BNET22 bonds have a face value of 100 lei, a maturity of 5 years and an annual interest rate of 9%, payable quarterly. They were subscribed by 19 individual investors. Capital raised was used to fund the acquisition of GECAD NET SRL and to secure its working capital.

Registration of GECAD NET shares transfer: on September 21st, 2017, Bittnet informed investors about registration, by the Trade Register, of the shares transfer of GECAD NET SRL, with Bittnet becoming its Sole Associate.

Microsoft Gold Certified Partner status extention for GECAD NET SRL: On November 2nd, 2017, Bittnet informed shareholders about GECAD NET "Microsoft Gold Certified Partner" status prolongation, following the audit by the US technology vendor, Microsoft. The audit verified the processes and procedures standardized at GECAD NET level, dealing with projects and clients, selling skills on both licensing projects and complex solutions as well as maintenance skills for these services. Important elements in obtaining certification extensions were customer feedback, Microsoft project management, documentation of proposed solutions, business practices, and the ability to integrate solutions such as Windows and Devices, Data Analytics, Collaboration and Content, Midmarket Solution Provider, Datacenter, Cloud Productivity, Small and Midmarket Cloud Solutions, Software Asset Management. The "Microsoft Gold Certified Partner" status is valid for one year and can be extended or withdrawn by Microsoft based on the competencies of each gold certified partner.

Listing BNET22 bonds: On 21st November 2017, Bittnet Systems received from the Bucharest Stock Exchange the agreement on the admission to trading of BNET22 bonds. The first trading day was November 28th.

On 11th December 2017, the Company informed shareholders about the extension of "**Autodesk Gold Manufacturing**" Certification and the renewal of the "Adobe Gold Partner" status for GECAD NET SRL, thereby certifying the technical and sales teams' skills in relation to Autodesk and Adobe vendors.

Certificate of the capital increase (CIVM): On December 21st, 2017, Bittnet Systems informed shareholders about receiving the Securities Registration Certificate no. AC-4149-5 / 20.12.2017, following the registration of the share capital increase process. As a result thereof, a number of, 1,416,012 new shares were issued by the company, according to Resolution no. 2 of the EGSM of 26.04.2017. According to the decision of the Unique Administrator, registration date was set as 03.01.2018, and the payment date (the date on which the newly issued shares will be available for trading) was set for 04.01.2018.

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Company listed on Bucharest Stock Exchange, symbol BNET

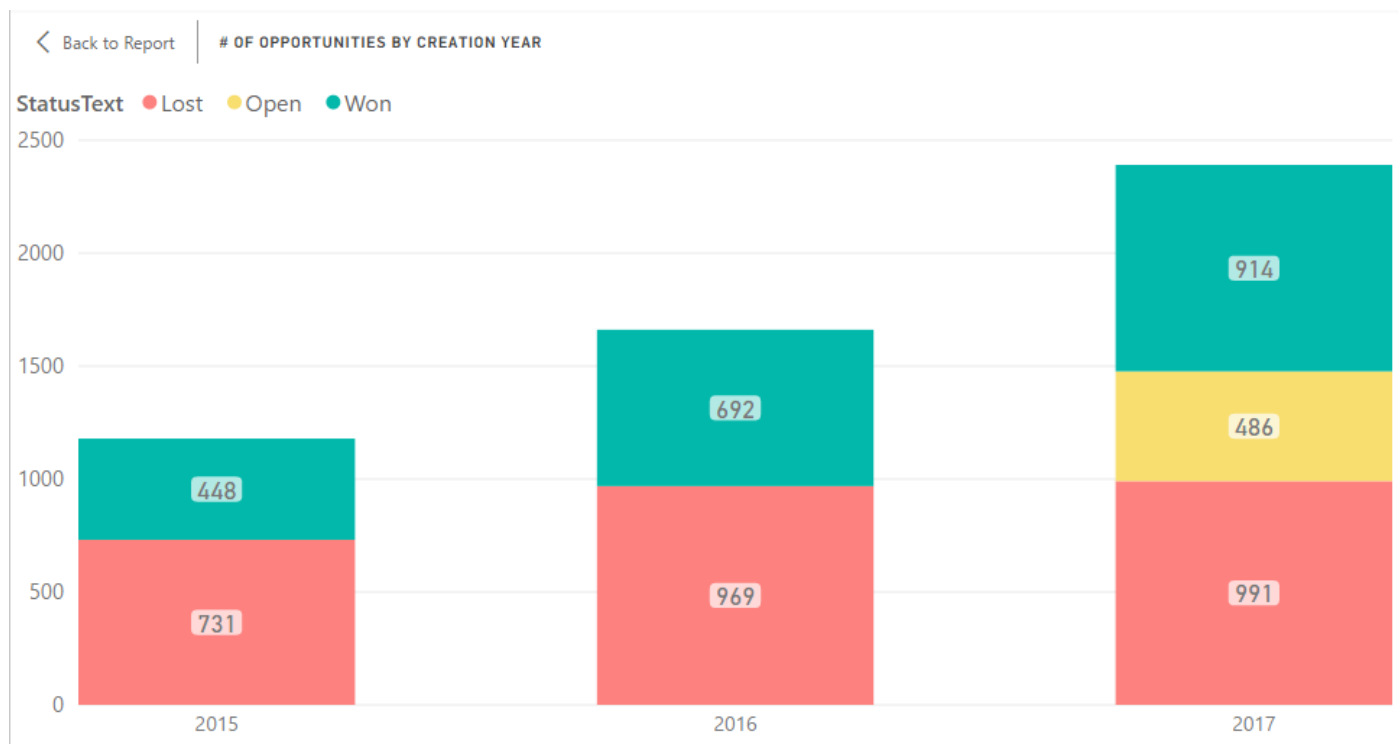# Analysis of the activity: Key Points and Highlights

Sales Team

Bittnet finished 2017 with 4 additional colleagues in the sales team (out of whom 2 are in Bucharest and 2 in the regional offices), however, collaboration with one of the members recruited in 2015 in Brasov was ended. We have strengthened our national presence by opening offices in Timisoara and Iasi, as part of Bittnet's expansion strategy for big cities with business potential.

Throughout 2017, we have continued to standardize the CRM processes and integrate with NAV to ease and automate workflows in order to reduce the risk of operational errors that could generate unwanted additional costs. This is a continuous process as monthly we optimize the processes that will support the growth approaches under conditions of operational efficiency in 2018. For the 2018-2020 period, we forecast a volume of projects at least twice as big as in the previous period, therefore we consider the operational efficiency efforts a priority.

We have continued to implement technical competencies and growth actions for the sales team, in order to support their role of trusted advisor for infrastructure and cloud solutions. Therefore, in 2017, between 5-10% of the time of sales staff was allocated to various training sessions led either internally, or by representatives of technology partners and vendors. This process will continue in 2018.

As a result, the sales team has improved both the number of opportunities identified ("opened" in the CRM), an increase of 44%, reaching a total of almost 2,400 "worked" opportunities in 2017:

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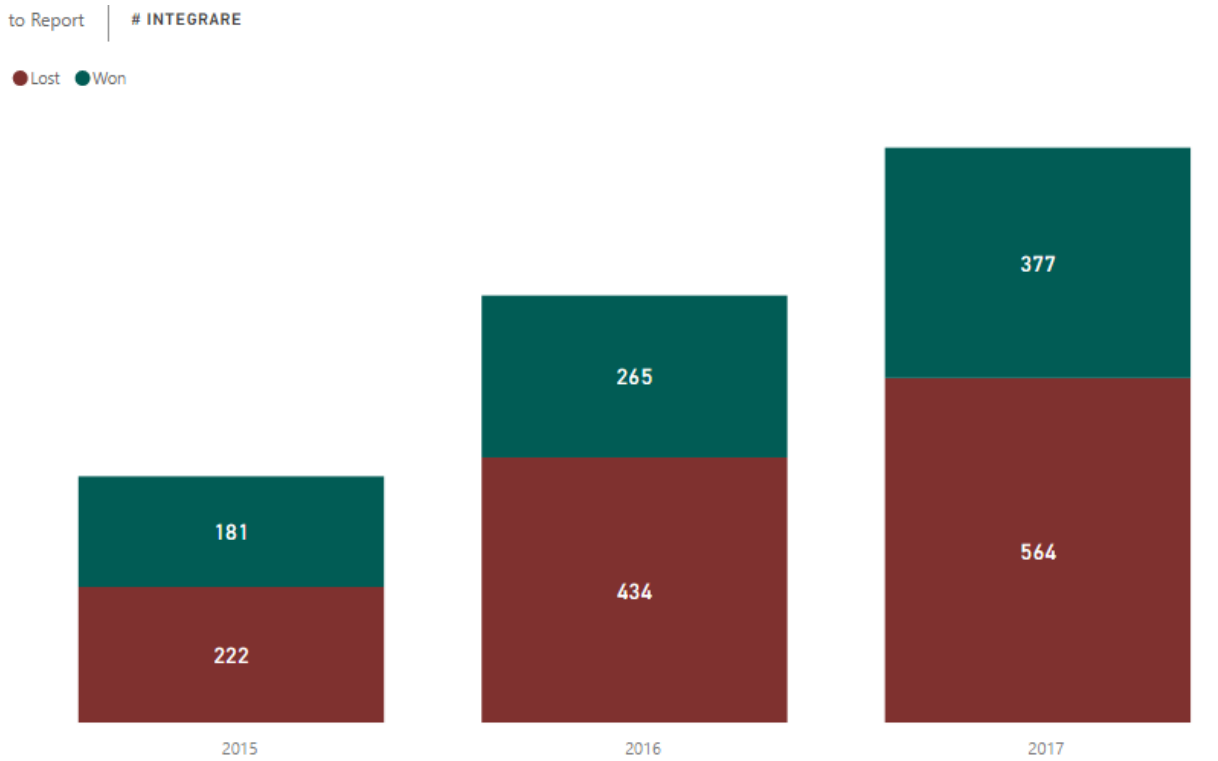Company listed on Bucharest Stock Exchange, symbol BNET

However, what is important is that we have maintained the percentage of opportunities won (43% in 2017 vs 41% in 2016), resulting in a significant increase in "won" opportunities: from almost 700 to nearly 1,000!

Looking at the annual evolution, it might be easy to forget 'where we started' and thus, below we include in the chart presenting 2015 results, which shows a doubling of the company's activity over the course of 2 years.
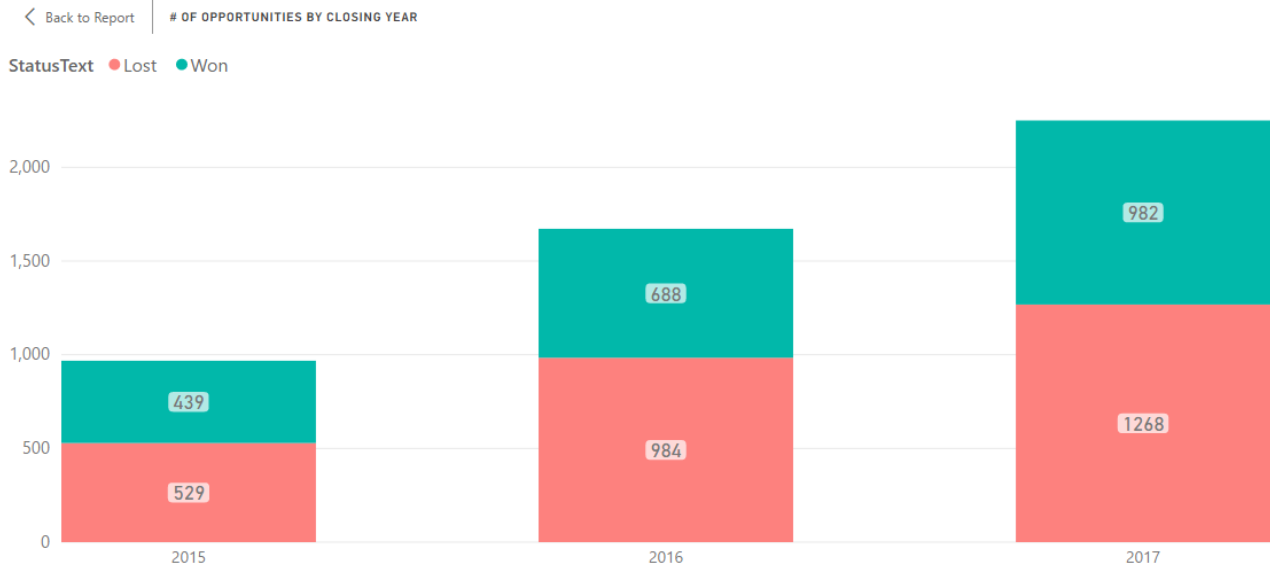
If we analyse opportunities per type of project, the evolution of the project's winning rates are the following:

Integration

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Training

● Lost ● Won

	2015	2016	2017
Won	245	406	546
Lost	173	539	688
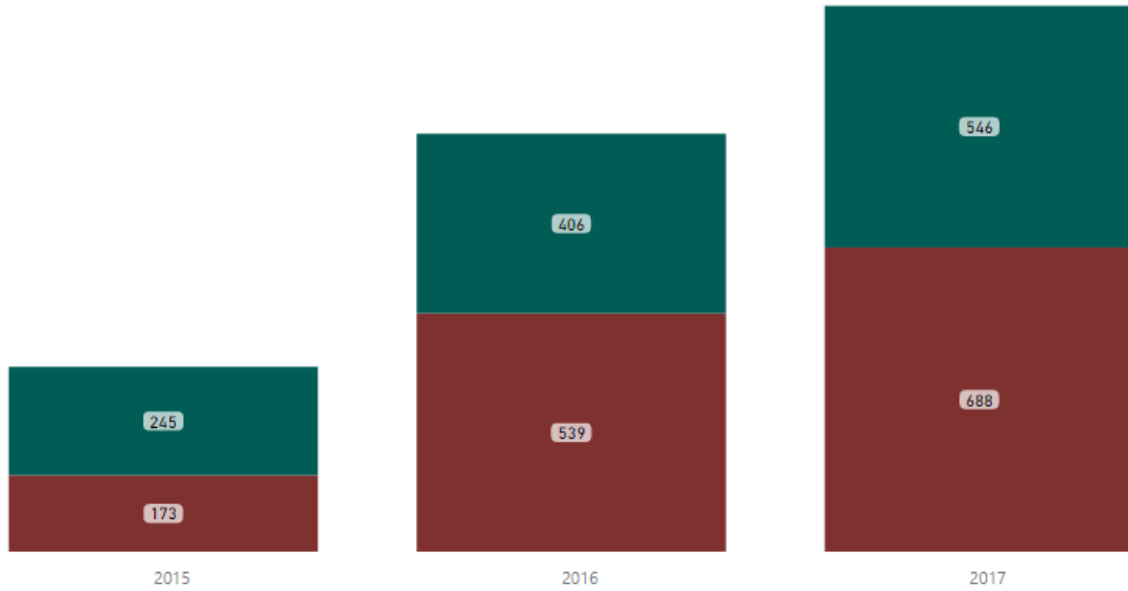
Cloud

StatusText ● Lost ● Won

	2016	2017
Won	8	59
Lost		22
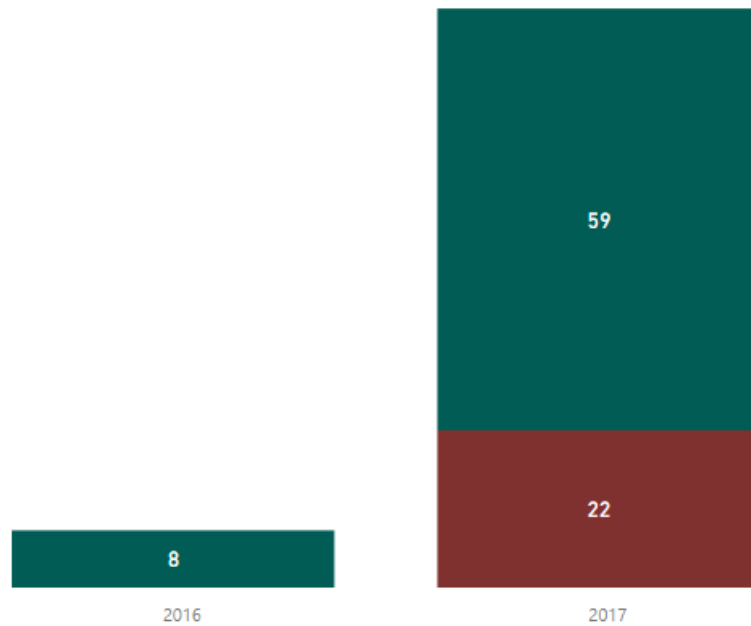
In 2017, Bittnet attracted 14 new clients from abroad, reaching 27 foreign clients, from a total of 19 countries:
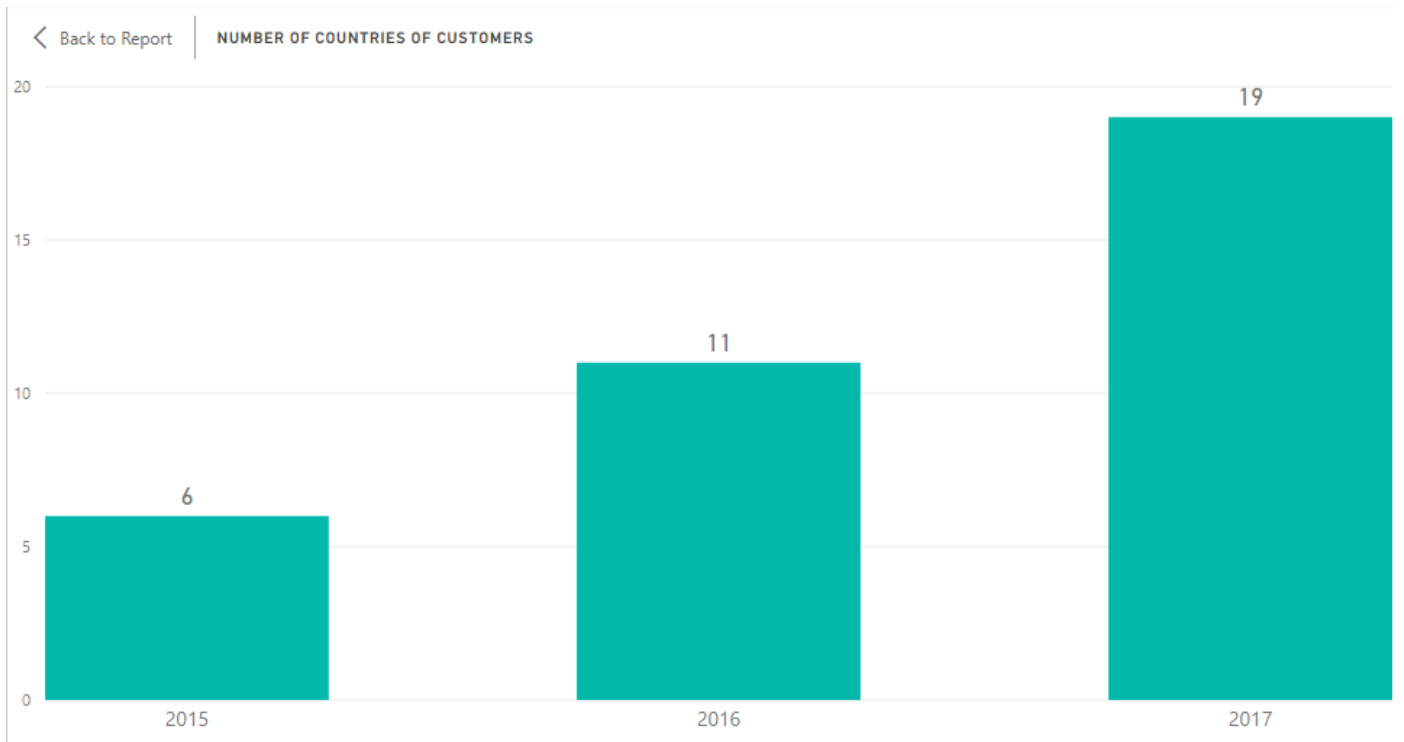
The below graph presents distribution of customers across countries in years 2015, 2016 and 2017:

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Company listed on Bucharest Stock Exchange, symbol BNET

Page 22 from 34
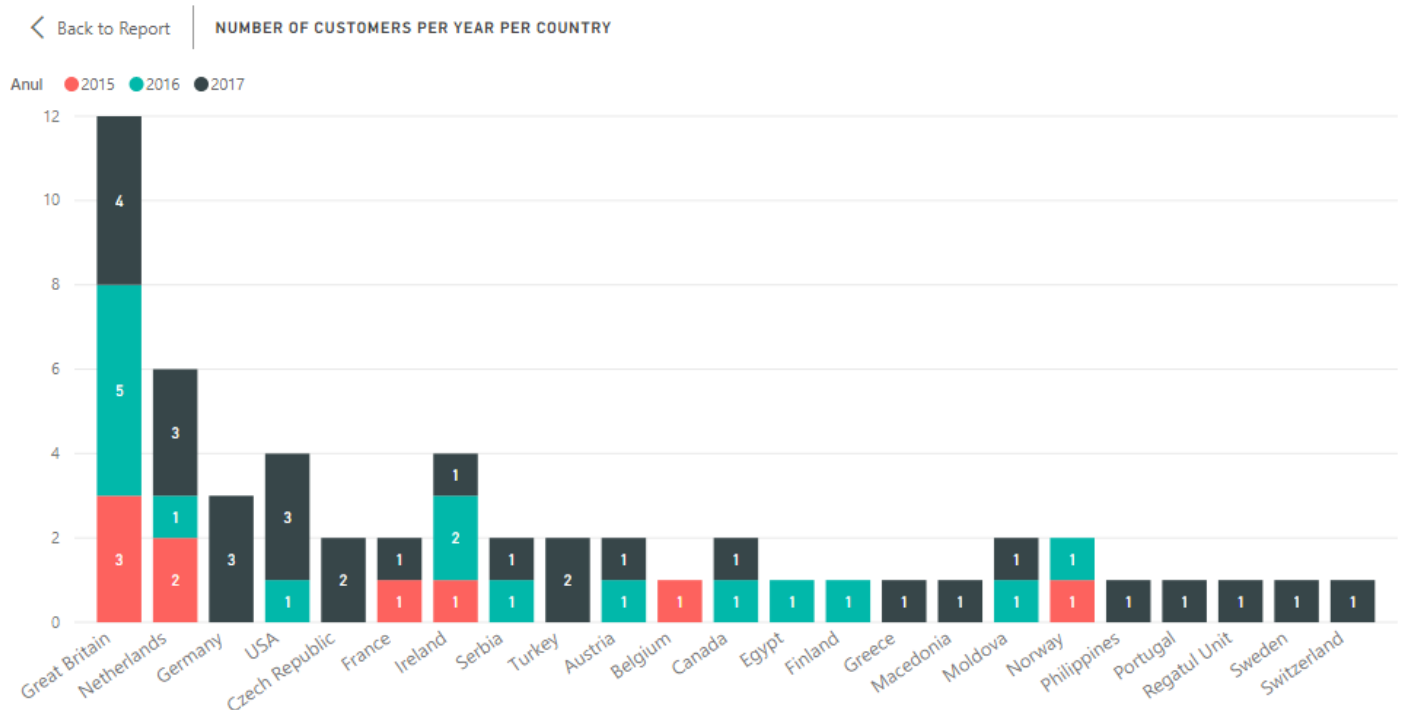
GECAD NET Evolution

GECAD NET's business continued its upward trend, reaching RON 20.5 million (EUR 4.8 million) - a maximum of the last 5 years. The major growth engines remain Microsoft products (+17% versus 2016) and Autodesk Assisted Design applications (+20% versus 2016). Interesting case is the increase in sales of Azure Cloud Solutions, which grew by 135% in 2017, compared to 2016.

Venituri GECAD NET, EUR
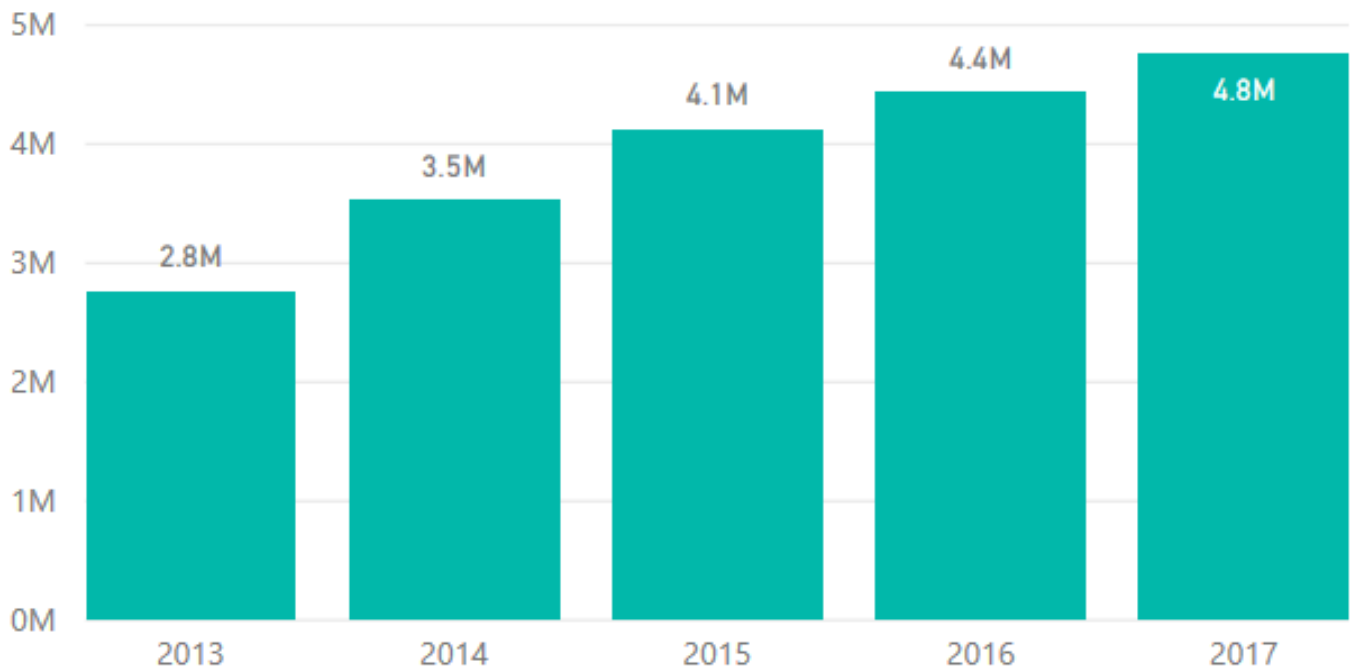
Last but not least, the company continued to build complex projects and solutions in the field of security and compliance services, having currently 3 signed projects for the technical implementation of the General Data Protection Regulation (GDPR) compliance component for companies with national coverage.

Technical Team

Bittnet's technical department, the second largest team, is responsible for consultancy, integration and training projects. Through this unique combination of responsabilities, we have the advantage of bringing experience gained during implementation projects directly to the training class. Through this model, we can also provide our integration customers the advantage of having a well-spoken engineer the projection and design phases.

2017 was a year of consolidation and confirmation of investments in technical resources made over the course of last two years. Experiences gained during this period has allowed Bittnet to increase the number of integration projects and the number of trainings delivered by the same technical team.

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Company listed on Bucharest Stock Exchange, symbol BNET

- Almost 380 integration projects;
- Over 15 management services projects (cloud and security), in line with one of the strategic directions of the company's development;
- Over 6,000 consultancy, support and implementation hours.

Throughout 2017, the company continued to invest in developing the technical team by maintaining and expanding certifications. This way, Bittnet team can keep up with the technological progress and can be aware of all the information and new technologies that appear in the dynamic environment.

This way we gained the following certifications:

- CCIE recertification
- AWS – Certified solution architect- professional level
- AWS – certified sysops administrator – associate level
- AWS – certified developer – associate level
- CCNP voice
- CCNA voice
- Accreditation of a new AWS trainer

2017 continued to be a challenging year for the IT work market. However, Bittnet has managed to co-opt in the technical department a resource that has experience in DevOps, automation and Microsoft cloud technologies, and we have enlarged our team with a new member.

Other milestones of the technical department in 2017, were:

- maintaining the Cisco Gold Partner status
- continuing the internship program, which resulted in extension of Bittnet's technical team with a promising junior member;
- participating with demonstrations and technical presentations at IT events of reference - Cisco Connect, Microsoft Summit, IMWorld;
- signing a partnership with Forcepoint and diversification of our security solutions portfolio;
- strengthening partnership with Checkpoint and delivering the first integration projects including equipment;
- delivering the first Microsoft Azure Stack workshop in Romania (April 2017);
- installing and configuring 400 access points in 72 stores in less than 2 months;
- developing and implementating a 24x7 HelpDesk service.

Following the relacation to the new office in 2017, there was a need for a technological refreshment. The project marked several technical landmarks, without any functional disruption to services offered by the company:

- A number of 300 ports of 1Gb in 7 training rooms;
- Almost 10 km of cable;
- A new room booking system integrated with cloud calendars (Google Apps and Office 365);
- Implementation of Cisco NGFW, ISE and Umbrella security solutions;
- Implementation of an infrastructure management system using Cisco Prime Infrastructure;
- Implementation of the Cisco Spark collaboration solution;
- WiFi solution upgrade - to the 802.11ac Wave 2 standard;
- Migrating the Microsoft Dynamic NAV solution in Azure and as a result, creating a resilient and scalable, infinite solution that, thanks to partnership with Microsoft, costs nothing.

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Company listed on Bucharest Stock Exchange, symbol BNET

Additionally, in 2017 we started a process of automating certain procedures within the company, currently having a number of 11 software robots that automatically perform the following actions:

1. "Hungry man" - catering orders for trainings.
2. "Wanna study" – ordering books for trainings.
3. Analysis of the available information for each confirmed course class and notification of the operations department about the classes where missing information is needed for the other robots
4. "One week notice" - notification for the trainers to prepare courses.
5. "House rules" - notification for the trainers on organizational rules at Bittnet headquarters.
6. "Nice guy" - notification for the sales team to add students to classes.
7. "Bodyguard" - notification to the security firm / mall access control company on the list of students attending courses every week for fast access cards allocation.
8. "Pretty woman" - inviting students to the course, sending all the important data (duration, course, trainer, location information, parking, wi-fi, etc.) and setting a reminder in their personal calendars.
9. "Source of truth" - Automatic synchronization between ERP - CRM systems - Website of the course calendar and trainer information.
10. Automated customer information on support tickets and resource load analysis - all information comes from the ticketing system.
11. Automatic reservation of the classrooms, with the confirmation of classes by the training department.

Another important metric that shows the performance of the technical team is the very high percentage of returning customers. This larger number of returning customers has characterized Bittnet since its early days. The below result shows that the procedures and the culture of the company are a strong and are a real differentiator that makes the Bittnet brand valuable.

NEW VS RETURNING CUSTOMERS ANALYSIS
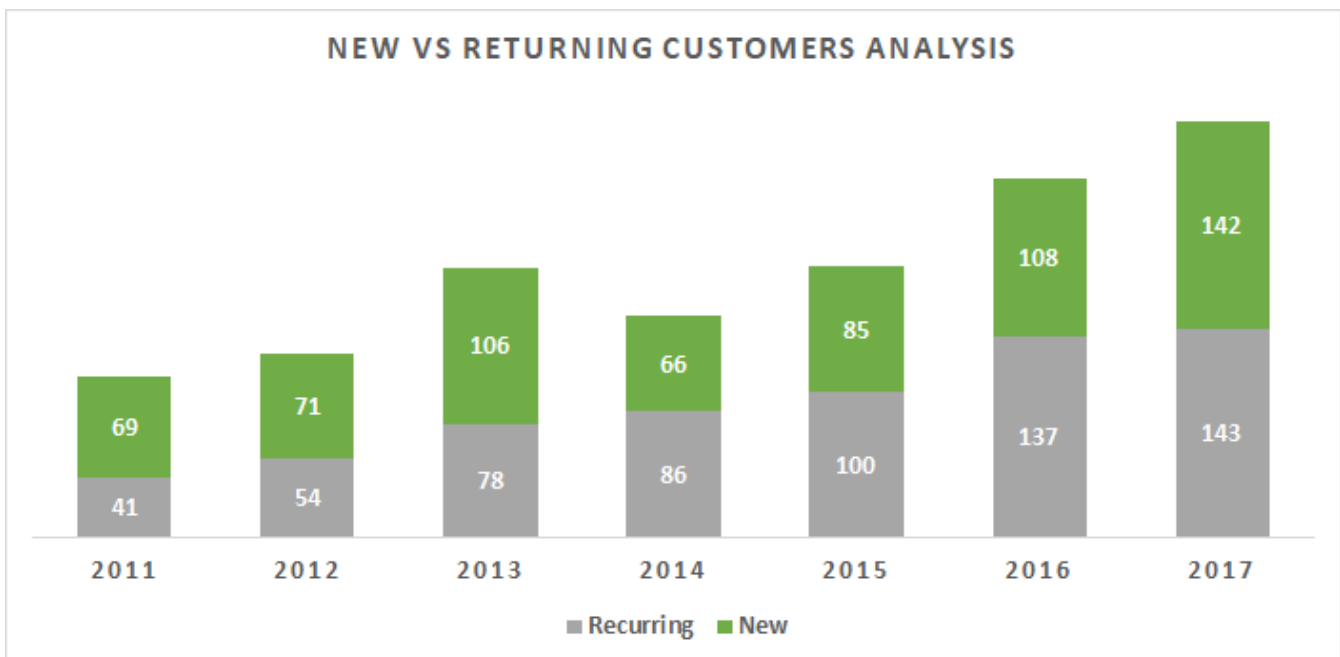
An interesting trend, which manifested in 2017, was bringing a larger number of new clients to the cloud area. The trend was to be expected, as with the opening of this business line, we were able to "target" clients that are smaller than whom we traditionally targetted (that is the 'enterprise' clients). We believe that this trend, and opportunity, will continue to manifest in 2018 as we accelerate our cloud efforts.

Project Type ▾	New Customers	Recurring Customers
Cloud	44	16
Integrare	107	279
Training	148	403

As previously observed, the returning customers have developed trust in our services. On top of that, numbers indicate that they generally spend more when they return. In 2017, this trend has continued, with the average yearly revenue for returning customers being EUR 20.000 vs. EUR 15.000 average from 2016. The general revenue breakdown between Returning and New customers remained in line with the general expectations. The increase in number and revenue percentage from New customers is mainly due to the expansion of the sales team, combined with the expansion of marketing activities, which naturally generate new customers.

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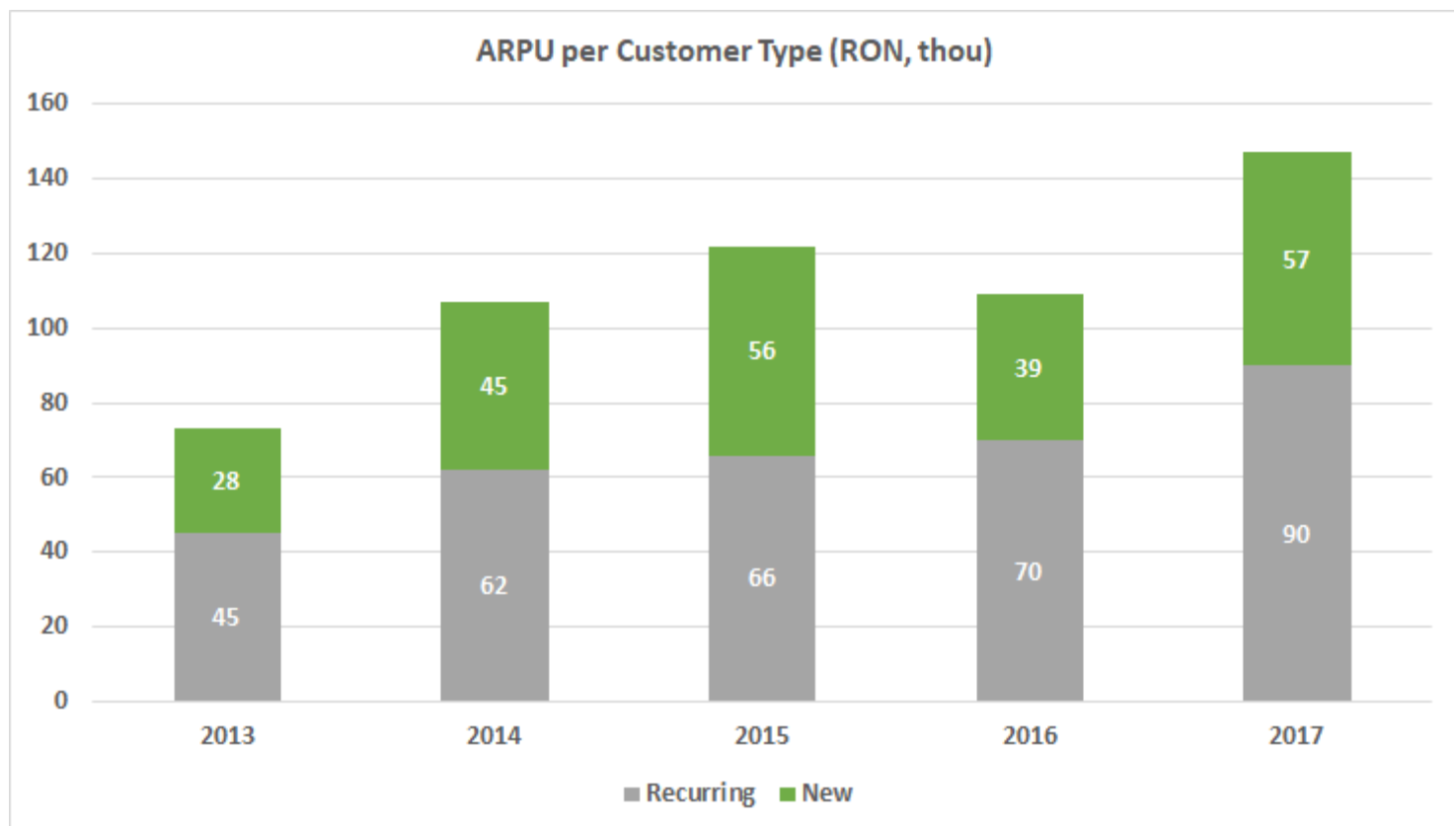
Marketing Team

We operate according to the Business to Business ("B2B") model, characterized by long sales cycles of our products and services, and a dependence between the sales team and the relationship established by them with the clients. The marketing department has the role to facilitate and improve the work of the sales department, by finding and engaging new customers. Furthermore, the marketing department has to ensure a good visibility of Bittnet through organization of own events and PR activities on the market, with a goal to place the company in the "top of mind" position when customers think of a trusted IT partner (in terms of both training and IT integration).

2017 marked the peak in the number of B2B events addressed to the IT professionals (organized both by Bittnet and third parties) that we took part in. In order to increase our visibility, to get in touch with new potential customers, to educate the market and to increase the cloud technology adoption, in 2017 we participated in 21 (half-day, one day, two or one-week) events. The events we participated in include: IT Training Fest Bucharest and Cluj, AWSome Day Bucharest and Cluj, Cisco Connect Romania, Microsoft Summit, Bucharest Technology Week, Internet & Mobile World, HR Play tech, TeCOMM Cluj, LLPA Summit (which reunited 44 delegates from 27 countries to the fifth edition of the event organized with The Leading Learning Partner Association, an organization that includes market leaders in IT training field, coming from 29 countries across EMEA, India and Australia). We also participated in half-day workshops meet-ups aiming to present cloud technologies: 4 sessions dedicated to Microsoft Azure and 6 sessions dedicated to Amazon Web Services.

The efforts to organize and participate in these events have helped us get in touch with over 700 potential customers that we have already approached or who will be approached together with the sales team through marketing campaigns, in order to generate leads. This is one of the ways through which the Marketing department aims to supporting the company's continuous strive for portfolio diversification. Through our presence at these events we make sure that our current as well as potential clients are aware of our expanding expertise and certifications.

The events were and still are a basic component of Bittnet's marketing strategy. They help us to have ongoing access to current and potential clients, to have a better exposure towards the IT professionals and companies they work for, to educate the market where there is still little information about a particular technology, to be opinion makers and trendsetters. In general, events provide a more informal and relaxed context to get in touch with clients, to talk to them in order to identify needs and problems they are facing, but also to develop trusted relationships in the medium and long term.

In 2017 we especially focused the marketing team's efforts on promotion and increasing knowledge, especially in the area of cloud adoption by companies in the Romanian business landscape. Cloud technologies are a strong focus for the Bittnet team, having a number of AWS and Microsoft Azure certifications that recommend us and prove high technical expertise in this direction. The experience gained over the past 2 years in the migration projects we managed, together with the technical certifications of the team, positions us as the first multi-cloud company in Romania. In order to exploit these resources and competitive advantages, we have organized events such as AWSome Day Bucharest, Cluj, Bucharest Technology Week, TeCOMM Cluj, we included cloud sessions in IT Training Fest Bucharest and Cluj, and we held meet-up sessions dedicated to the Amazon Web Services cloud and Microsoft Azure in Bucharest and Iasi. These steps, of education and development of cloud knowledge in the market, will continue ihroughout 2018.

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Company listed on Bucharest Stock Exchange, symbol BNET

As previously communicated, in 2017 we have also focused our marketing efforts online, as we tried to maximize the potential of Bittnet website website. In line with that, in fall we ran a Google AdWords campaign for 3 months, promoting Bittnet courses. Due to the campaign, traffic on www.bittnet.ro website has increased as well as the number of online leads.

2017 continued to bring significant improvements to the performance metrics of the site, as can be seen below:

- An increase of + 98.22% in the number of sessions accessed;
- An increase of + 78.56% in users who visited the site and as the bouce rate increased only by 3.74%;
- An increase of + 81.38% in sessions accessed by new users;
- An increase of +110.42% in the number of viewed pages;
- An increase of +6.15% in the opened pages per session (an average of 2.69 opened pages by user per session in 2017);
- An increase in the average time per session spent by a user on our site, up to 1 minute and 57 seconds.

In 2017, the indicators that illustrate the traffic and activity on the website were influenced by the following elements: organic traffic generated by internal marketing activity (sending newsletters and other communications, social networking, PR activity, follow-up events), but also paid traffic generated by Google AdWords campaigns. For 2018, we aim to continue running online promotion campaigns, in order to try new approaches to promote portfolio products. These activities have had a positive impact in the recent years on both Bittnet's image online and sales, so that is why we will continue to dedicate human and financial effort to online marketing activities, in order to generate new leads.

Marketing Department Results 2015 - 2017

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Company listed on Bucharest Stock Exchange, symbol BNET
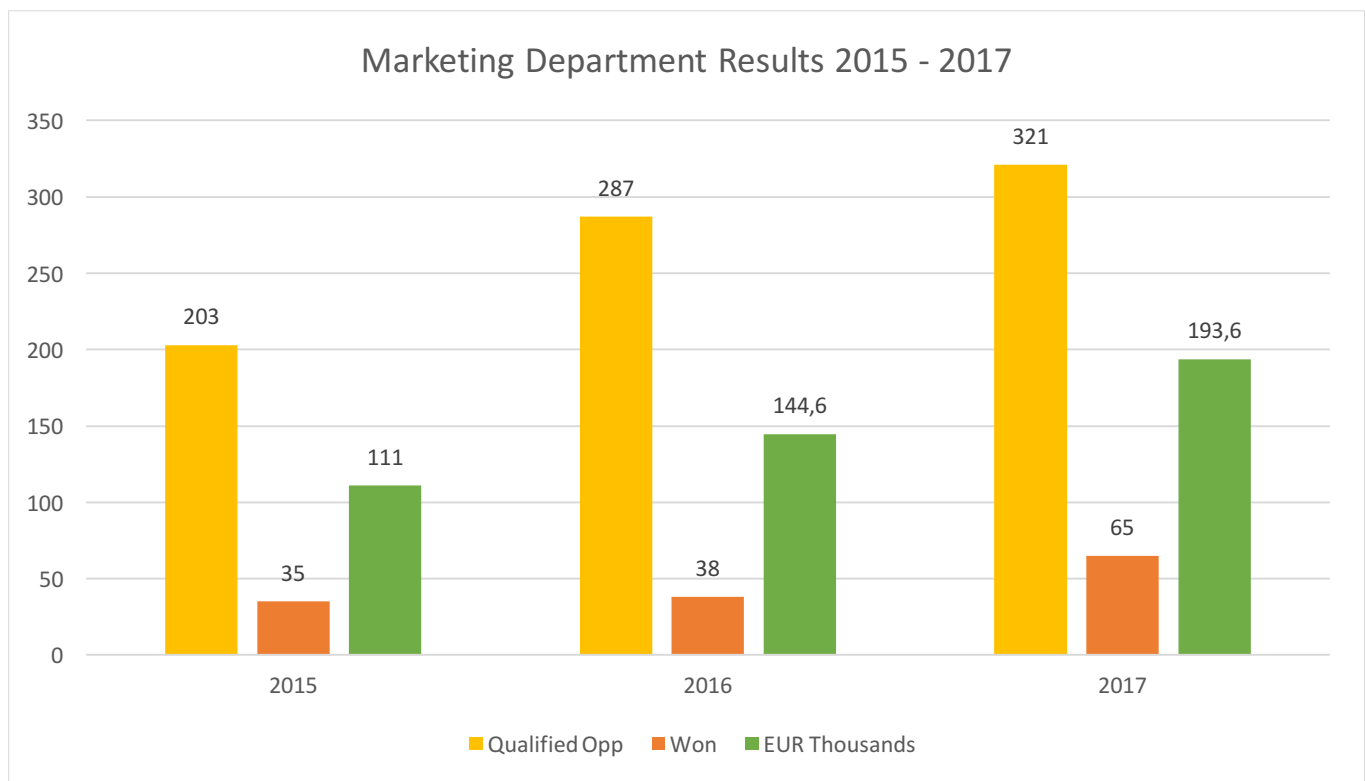
The marketing team's contribution in 2017 can be seen through the figures generated by the sales team. The following results were generated by the marketing team's efforts:

- A total of 321 leads qualified and converted into opportunities for the sales team, which means that about 13.3% of the sales pipeline was generated by the marketing department through the mix of activities carried out, the largest share being from the website traffic;
- 65 of these opportunities were won by the sales team (about 20% of the total number of opportunities generated by the marketing team)
- The total amount, expressed in euro, of the won opportunities in 2017 was approximately EUR 193,620, compared to EUR 144,625 in 2016
- The team is still working on 54 of the opportunities generated in 2017 which are having the "Open" status (about 17% of the total opportunities generated). They have an estimated value of EUR 169K.

Beyond the number generation, the main goal of the marketing department is to innovate, listen to the customers and help the sales team by addressing their needs, through proactivity and flexibility, openness and memorable experiences.

HR activity

Bittnet's HR department is charged with two main missions:

- continuous talent attraction, of competent people with potential for development and suitable for open roles;
- development and maintenance of a healthy organizational culture that leads to increased retention, engagement, and lower staff fluctuations.

In 2017, the HR activity was dedicated to these two major objectives. Regarding recruitment projects, we have constantly deployed recruitment processes to ensure that we have a large flow of candidates for various jobs available. The results include:

- Recruitment of 11 new team members in the sales, technical, training, financial and administrative operations departments;
- Development of the database and portfolio of external trainers and collaborators in the following segments: Microsoft, Oracle database management, AWS, Cisco, programming languages.

The recruitment for permanent positions was one of quality, not volume, since the key objective was to bring into the team well-prepared people, compatible from both professional and personal point of view with our company's profile. We generally used many channels of recruitment and direct search for candidate and we focused on our own resources to attract the right people for the team, without using external recruiting firms. Like in previous years, we also organized internship programs in the technical team, with one of the participants ending up with a full-time employment at Bittnet. The company has encouraged such internship programs over time because through them, we have a chance to invest in a junior, who can later turn into a technically valuable specialist. It is also important that we have an opportunity to very well evaluate potential development during a 3-month internship.

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Company listed on Bucharest Stock Exchange, symbol BNET

In the area of activities that aim to develop organizational culture, a several activities were organized in oder to stimulate cohesion and teamwork among department members, as well as to encourage positive, desirable behaviours. Examples of such activities include:

- 2 team-buildings, one in spring and the other one in fall of 2017. The first one was spontaneous and a result of a mountain excursion proposed by our colleagues, which in the end, turned into a weekend at Cheia. The costs of this event were fully supported by the company. For the second team-building, we have collaborated with a band of improvisation actors, for a team development program through theatre improvisation. Both team-buildings enjoyed high participation from colleagues, including those who are based outside of our head office in Bucharest.
- Bittnet 10 years - marking the 10th anniversary of the company's establishment, through a party organized for the whole team, on February 22nd.
- The surprize on March 1st for the women in the team: massage sessions at the office, organized with the help of a specialized company.
- Marathon and triathlon competitions in Bucharest, with many members (almost half) of our team joining, a tradition that began several years ago and evolved as a company-led initiative. It is an example of activity in the well-being area that encourages a healthy lifestyle.
- Secret Santa and the Christmas party. In 2017 we organized a year-end party at an external location as well as a Secret Santa, at the office. Both initatives were welcomed by the team.
- Bittnet Awards Ceremony (second edition), an initiative through which we encourage positive behaviours of team members, and reward the positive attitudes manifested throughout the year. The winners were selected based on team members and collaborators votes, which were casted in 10 different categories.

After the acquisition of GECAD NET, together with Trend Consult, we performed a diagnosis of the sales culture in the combined teams. The "Sales Culture Scanner" was a questionnaires with 134 items, which was completed online. The scanner provided us with an analysis of the cultural factors that can influence the performance of our sales team. In addition, we have obtained concrete data on their impact on the level of stress and commitment of team members. Among the conclusions of the research, we mention a few:

- at the team level, there are common best practices shared, common beliefs about what is effective and inefficient in the art of convincing clients;
- we have high levels of professional sales expertise;
- we enjoy an alignment of the sales styles;
- within the sales team, there is a growth culture similar to most sales teams; we have the human potential still unexploited, account managers being largely oriented towards continuous improvement and a growing mindset.

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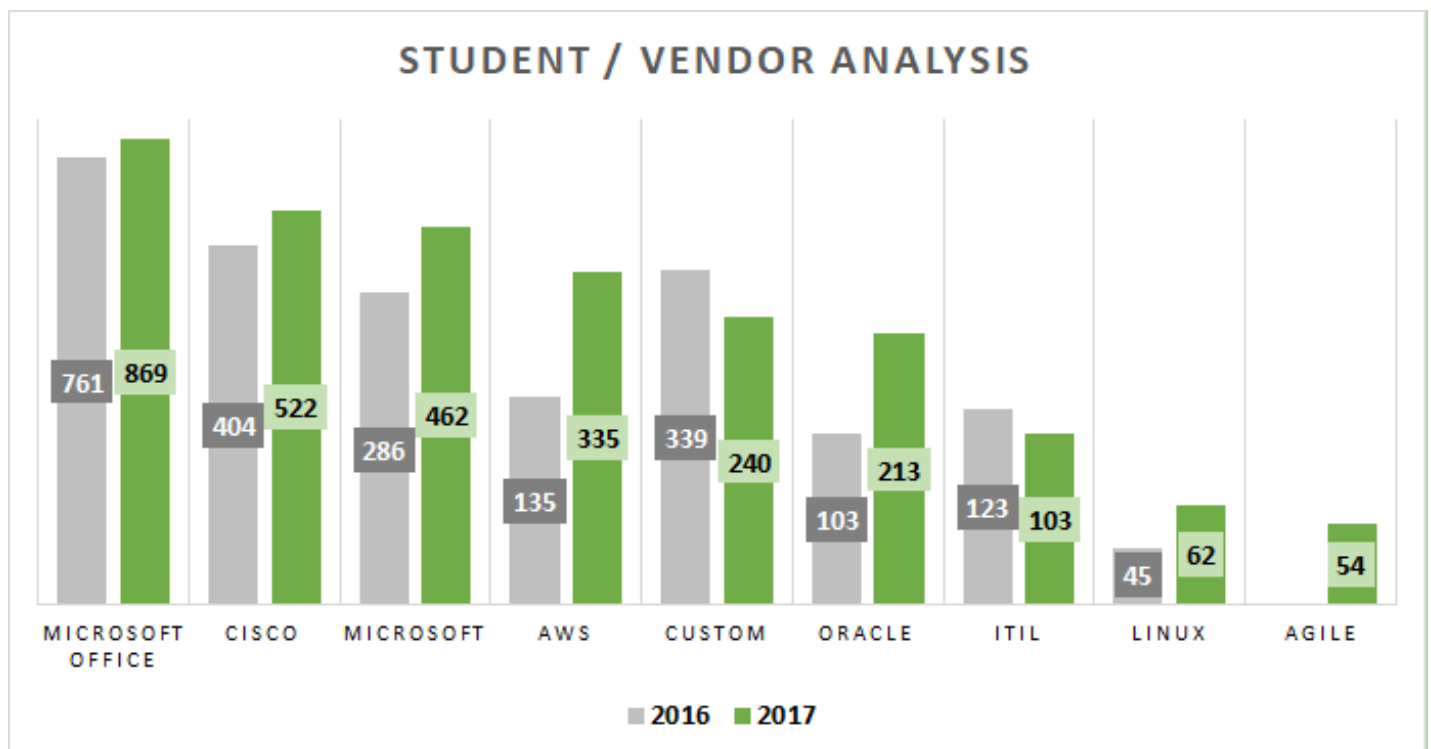Company listed on Bucharest Stock Exchange, symbol BNET

Page 30 from 34

IT Training Centre Achievements

New vendors and renewals:

- In 2017, we have renewed our partnerships with all the large technology vendors: Microsoft, Amazon Web Services, Cisco , Oracle, Citrix and APMG (for ITIL courses).
- 2017 marked some important additions to the portfolio by adding testing technologies: IStQB, but also project management along with numerous software development projects and methodologies on subjects like: Dokker, Python, Angular JS, and web technologies such as Scrum, Waterfall Project Management and Agile Project Management.

Student count

- The total number of trained students was 3048 - an increase of 25% vs. 2016. Their distribution on major vendors and technologies is reproduced in the chart below, which also captures their evolutions as compared to 2016.

STUDENT / VENDOR ANALYSIS

	MICROSOFT OFFICE	CISCO	MICROSOFT	AWS	CUSTOM	ORACLE	ITIL	LINUX	AGILE
2016	761	404	286	135	339	103	123	45	
2017	869	522	462	335	240	213	103	62	54

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Page 31 from 34

Below is presented, in tabular for, the list of technologies and vendors that are not among the top 10:

Vendor	2016	2017
Agile	26	54
Other		47
Python	-	30
WMware	25	20
PMP	1	18
IBM	0	16
IStQB	0	16
RedHat	71	14
Prince2	1	13
Checkpoint	4	8
Citrix	13	6

A very important event in 2017 was the relocation to new offices, in Timisoara Boulevard, no. 26, "Plaza Romania Offices" Building, floor 1. The new facility, located in an "A" class building has over 1,000 square meters, and has triple the delivery capacity compared to the old training centre.

From a 4+1 training rooms centre, we have moved to 7+2 training rooms. 6 of these each have 16 student stations. The 7th training (conference) room is the largest one since it has 40 seats. This brings the total of seats to 152, up almost threefold from 56 in the old HQ. The new headquarters also include a larger cafeteria, with 60 seats. All these amenities make Bittnet the most modern IT training facility in the country.
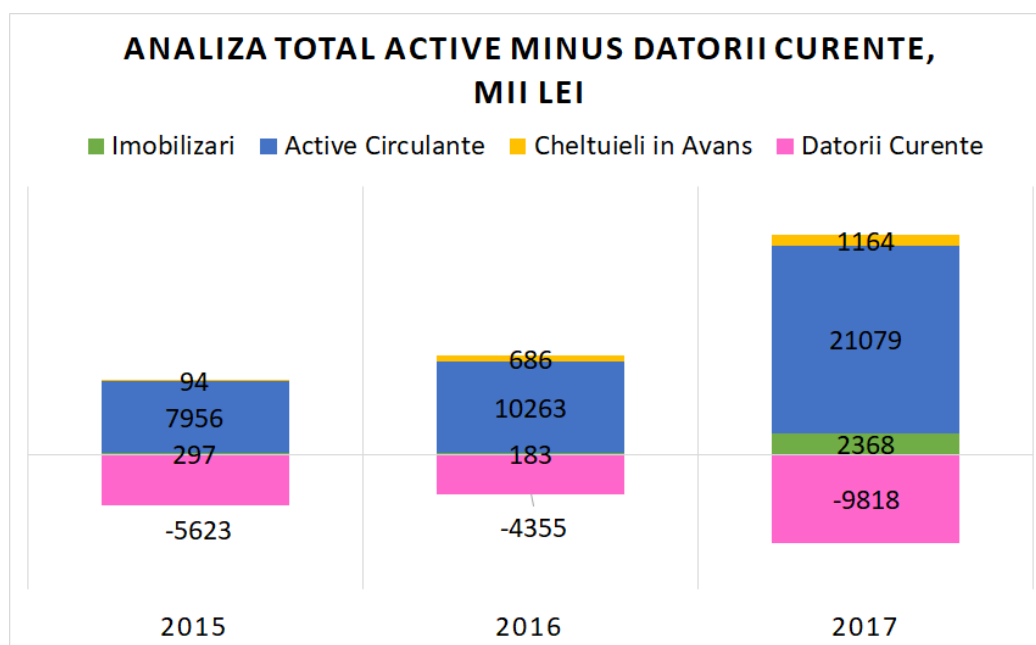
Financial highlights

The main factors of income growth in the training activity were:

- Oracle training: +100% vs. 2016
- Amazon training: +166% vs. 2016
- Microsoft training: +70% vs. 2016
- Project management training: +100% vs. 2016

The main factors of revenue growth in the integration activity were:

- Implementation services: +86% vs. 2016
- Network infrastructure: +50% vs. 2016
- Software licences: +120% vs. 2016
- Telepresence solutions: +100% vs. 2016
- Network equipment Layer 0: +400%, but also server components: +400% vs. 2016

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Company listed on Bucharest Stock Exchange, symbol BNET

Balance sheet highlights

ANALIZA TOTAL ACTIVE MINUS DATORII CURENTE, MII LEI

■ Imobilizari ■ Active Circulante ■ Cheltuieli in Avans ■ Datorii Curente

	2015	2016	2017
Cheltuieli in Avans	94	686	1164
Active Circulante	7956	10263	21079
Imobilizari	297	183	2368
Datorii Curente	-5623	-4355	-9818

Net assets increased from 7.5 million RON to 16.2 million RON, supported by the increase in financial assets (acquisition of GECAD NET), the increase of 300% in the availability of banks (from long-term loans) and 30% in receivables on customers.
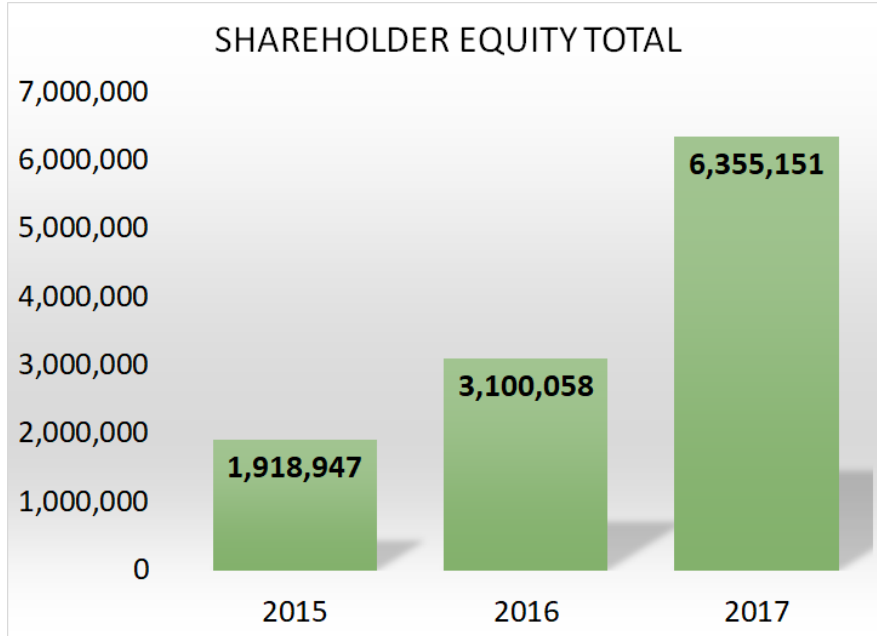
Current assets recorded a positive evolution, based especially on the 4 times increase in cash and the 40% increase in receivables from customers.

Analiza Evolutie Active Circulante, mii, lei

	2015	2016	2017
IV. CASH	3,000	2,354	10,349
II. CREANȚE	4,815	7,499	10,598
I. STOCURI	132	409	132

■ I. STOCURI ■ II. CREANȚE ■ IV. CASH

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Shareholder equity

As a result of a profitable year, shareholder's equity has increased 2.2 times, from RON 3,100,000 to RON 6,355,000. Management's intention is to fully capitalize retained earnings, in order to strengthen the capital base of the company and to improve company's financial stability.

The details on shareholder equity are presented below:

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