

# Current report regarding the results of the General Shareholder Meeting

## Ordinary Meeting

The Ordinary General Meeting of Shareholders of BITTNET SYSTEMS took place on 25<sup>th</sup> of April 2018, 11.00 o'clock (Romanian time) at the Company's offices: Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, 061331 - district 6, being conducted by the Sole Administrator of the Company - as Meeting President

In accordance with:

1. The Convening notice published on the Company's website (<http://www.bittnetsystems.ro/investors/>) on 23rd of March 2018 and in the Romanian Official Gazette, part IV, no. 1203 from the 23rd of March 2018 and in Ziarul Bursa of March 23rd 2018;
2. The Companies' Law no. 31/1990, republished (Law no. 31/1990);
3. The Capital Markets' Law no. 297/2004 ;
4. The Issuers Law - number 24 / 2017
5. The National Securities Commission Regulation no.1/2006 on issuers and trading of securities (Regulation 1/2006);
6. The National Securities Commission Regulation no. 6/2009 on the exercise of certain rights of shareholders in general shareholders meetings of the companies;

The shareholders have decided upon the items on the OGM agenda as it follows:

## Item 1:

In the presence of the shareholders representing 64.9174% of the share capital and 64.9174% of the total voting rights, with the affirmative vote of the shareholders representing 64.9174% of the share capital and 100% of casted votes,

**Approves the financial statements for the financial year 2017, the Report of the Administrator and the Independent Auditor's Report, and the proposed profit distribution as follows:**

Destination	Amount (lei)
Profit to distribute:	1.590.290,94
Legal Reserves	95.411,05
Capital Increase	249.546,67
Dividends	0
Other reserves	1.245.333,22

**According to the Law, the administrator - Mr Mihai Logofatu - has abstained from the vote.**

## Item 2:

In the presence of the shareholders representing 64.9174 % of the share capital and 64.9174 % of the total voting rights, with the affirmative vote of the shareholders representing 64.9174 % of the share capital and 100% (\*) of casted votes

**Approves the discharge of liability of the administrator for the financial year 2017.**

\*According to the Law, the administrator - Mr Mihai Logofatu - has abstained from the vote.

## Item 3:

In the presence of the shareholders representing 91.5658 % of the share capital and 91.5658 % of the total voting rights, with the affirmative vote of the shareholders representing 91.5658 % of the share capital and 100% of casted votes

**Approves the 2018 Income and Expenditure Budget of the Company.**

## Item 4:

In the presence of the shareholders representing 64.9174% of the share capital and 64.9174% of the total voting rights, with the affirmative vote of the shareholders representing 64.9174% of the share capital and 100% (\*) of casted votes

**Approves the extension of the administrator contract for Mr. Mihai Logofatu until 30 June 2021 and the extension of the management contract no. 4578 from 27.05.2016, in the form presented to the Assembly.**

\*According to the Law, the administrator - Mr Mihai Logofatu - has abstained from the vote.

## Item 5:

In the presence of the shareholders representing 64.3548% of the share capital and 64.3548% of the total voting rights, with the affirmative vote of the shareholders representing 64.3548% of the share capital and 100% (\*) of casted votes

**Approves a two year extension of the financial director contract for Mr. Cristian Logofatu and the extension of the management contract no. 4577 from 27.05.2016, in the form presented to the Assembly.**

\*According to the Law, Mr Cristian Logofatu - has abstained from the vote.

## Item 6:

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves the registration date of 15.05.2018 and the ex-date of 14.05.2018 according to art. 86, pct. 1 of the Law 24/2017 on issuers of financial instruments and market operations and according to art. 2 letter e) and f) of the CNVM Regulation no. 6/2009. Since there are no dividends established, there is no payment date to be set.**

## Item 7:

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves mandating, with the possibility of substitution, the Administrator, Mr. MihaiAlexandru-Constantin Logofatu, to sign the shareholder meetings decisions as well as any other documents related to these, as well as the mandating to fulfill any procedures or formalities required by law in order to put in action the decisions of the shareholders, including but not limited to the formalities of publishing and registering the decisions with the Trade Registry or any other public institution**

## ExtraOrdinary Meeting

The Extraordinary General Meeting of Shareholders of BITTNET SYSTEMS took place on **25<sup>th</sup> of April 2018, 12.00** o'clock (Romanian time) at the Company's offices: Bucharest, Bd. Timisoara no. 26, "Plaza Romania Offices" Building, et. 1, 061331 - district 6, being conducted by the Sole Administrator of the Company - as Meeting President

In accordance with:

1. The Convening notice published on the Company's website (<http://www.bittnetsystems.ro/investors/>) on the 23rd of March 2017 and in the Romanian Official Gazette, part IV, no. 1203 from the 23th of March 2018 and in Ziarul Bursa of March 23th 2018;
2. The Companies' Law no. 31/1990, republished (Law no. 31/1990);
3. The Capital Markets' Law no. 297/2004 ;
4. The Issuers Law - number 24 / 2017
5. The National Securities Commision Regulation no.1/2006 on issuers and trading of securities (Regulation 1/2006);
6. The National Securities Commision Regulation no. 6/2009 on the exercise of certain rights of shareholders in general shareholders meetings of the companies;

The shareholders have decided upon the items on the OGM agenda as it follows:

## Item 1

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights,

- with the affirmative vote of the shareholders representing 14.6058% of the share capital and 15.9512% of casted votes,
- with the negative vote of the shareholders representing 71.0003% of the share capital and 77.5402% of casted votes,
- with votes voted 'abstension' representing 5.9597% of the share capital and 6.5086% of casted votes,

**Rejects changing of the name of the company from "Bittnet Systems SA" to "Bittnet SA".  
Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 2

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

Approves changing of the main activity domain of the company CAEN Code

- from: 465 Wholesale of the IT and telecommunications equipment and of the main activity CAEN Code: 4652 Wholesale of electronic and telecommunication components and equipment
- to: CAEN Code 620 Service activities in information technology, respectively CAEN Code 6202 - Information technology consultancy activities 6202.

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 3

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves the amendments to Articles 9.12, 9.13, 9.19 and 18.1.k of the Articles of Incorporation, as follows:**

**3.1. Considering the provisions of Law no. 24/2017 on Issuers of Financial Instruments and Market Operations, Art. 9.12 and art. 9.13 shall be amended and shall have the following content:**

*9.12. In the case of the increase of the share capital by cash contribution, the raising of the preference right of the shareholders to subscribe to the new shares must be decided in the extraordinary general meeting of the shareholders, attended by shareholders representing at least 85% of the subscribed share capital and by the vote shareholders holding at least 3/4 of the voting rights. Following the withdrawal of the shareholders' pre-emption right to subscribe for the new shares, they will be offered for subscription to the public in compliance with the provisions on public offerings under Title II and the regulations issued in their application.*

*9.13. The increase of the share capital by contribution in kind is approved by the extraordinary general meeting of shareholders, attended by shareholders representing at least 85% of the subscribed share capital, and with the vote of the shareholders representing at least 3/4 of the voting rights. In-kind contributions can only consist of new and performing assets necessary to achieve the business of the issuing company.*

**3.2. Considering the present value of the Company's equity, art. 9.19 shall be amended and shall have the following content:**

*9.19 The Administrator is authorized to decide for the period between the date of registration of this updated Articles of Association and the date of 30.06.2021 to increase the subscribed share capital by one or several share issues up to a value that does not exceed half of the subscribed share capital existing at the time of authorization. The value thus calculated of the authorized share capital is 15,222,129 shares or 1,522,212.90 lei. Exclusively for the purpose of increasing the share capital under the aforementioned conditions, for each of the capital increases made up to the level of the authorized capital, the administrator shall be entitled to decide to restrict or lift the preference right of the existing shareholders at the date of the respective share capital increase.*

**3.3 Given the partnerships of technology producers and development opportunities across the country, Art. 18.1 lit. k) shall be modified and shall have the following content:**

*18.1. k) decides, represents the company with full powers, concludes and signs legal acts regarding operations with term deposits and certificates of deposit with commercial banks, investments, fund units of the Open Investment Funds, direct operations or on the Capital Market, money market operations, government securities operations, derivatives operations.*

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018**

## **Item 4**

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves a capital increase with the amount of RON 1.826.655,40 by issuing 18.266.554 new shares with nominal value of RON 0.1 per share to be distributed to the registered shareholders mentioned in the Shareholders Register held by the Central Depository at the registration date which will be determined by GMS . The allocation ratio of newly issued shares will be 3 bonus shares for 5 shares held. Fractions are not compensated.**

The share capital increase will be achieved by using the following sources:

- capitalization of undistributed net profits of the years 2016 in the amount of RON 896.861,19 ,
- capitalization of share premiums in the amount of RON 680.247,54 ,
- capitalization of the amount of RON 249.546,67 from the undistributed profit of the fiscal year 2017.

**Approves the registration date (defined as the date serving to identify the shareholders to which the judgment is addressed) : 29.06.2018 and date ex-date: 28.06.2018 and payment date: 02.07.2018.**

## **Item 5**

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves a capital increase with new cash contributions from shareholders registered in the Shareholders' Register held by the Central Depository at the registration date that will be determined by GMS. The capital increase is subject to approval by the GMS notwithstanding the provisions of art .12.6 and art.18.1 lit. j ) . The increase will take place in the following conditions:**

- a. The number of new shares issued will be 3,044,426 each with a nominal value of RON 0.1 / share and an issue premium to be decided by the GMS ( 0.85 RON per share ).
- b. The share capital increase is achieved by offering new shares for subscription, within the preference rights to:
  - i. shareholders who were registered in the Shareholders' Register at the registration date, at the moment of share capital increase, and have not alienated their preference rights during the trading period and
  - ii. persons who acquired preference rights during the trading period.
- c. After the period for exercising the preference rights for newly issued shares expires, unsubscribed shares will be offered for subscription in a private placement at a price at least equal to the price offered to shareholders under article a) above.
- d. The preference rights will be tradable in the relevant market administered by Bucharest Stock Exchange, according with the specific regulations of the capital market.
- e. The number of preference rights issued will be equal to the number of shares issued by the Company, registered in the Shareholders' Register, each shareholder, registered in the Shareholders' Register at the registration date of capital increase, will receive a number of preference rights equal with the number of shares held.
- f. For the subscription of one new share under the preference right, a shareholder must hold 10 preference rights. A shareholder of the Company at the registration date which has not alienated their rights may purchase a maximum number of newly issued shares calculated by dividing the number of subscription rights held by that shareholder, on the registration date, to the number of preference rights necessary to subscribe one new share. In the case that the maximum number of shares that can be subscribed during the preference right (resulting from the above calculation) is not a natural number, the maximum number of shares that can actually be subscribed will be rounded-down to the next inferior natural number.
- g. The period for exercising the right of preference will be one month from the date established in the proportioned prospectus / offer prospectus and will begin at a later registration date corresponding to the share capital increase and the date of publication of the decision in the Official State Gazette (Monitorul Oficial).
- h. Shares remaining unsubscribed after offering them within a private placement will be canceled by decision of the Administrator which finds the actual results of the capital increase and approves the relevant amendments to the Articles of Incorporation, following the value of the capital increase to be determined by reference to shares actually written in the stages mentioned in the points above.
- i. The share capital increase is done to ensure the implementation of the development plans of the Company.
- j. The Administrator is authorized to undertake any necessary steps, procedures and actions to ensure the fulfilling of the capital increase decision, including but not limited to:



- i. Contracting the necessary services to compile the relevant documentation (including but not limited to the preference rights presentation document, the offer document / proportioned prospectus for exercising preference rights) as well as the actual implementation of the share capital increase;
- ii. The subscription period and the payment methods;
- iii. The details for trading the preference rights on the relevant market administered by the Bucharest Stock Exchange;
- iv. Deciding the technique of actual delivery for the private placement (using the BVB system or the direct method with the Central Depository);
- v. Cancellation of the unsubscribed shares after the last step of the issue;
- vi. Adopting any decisions necessary to implement the capital increase;
- vii. Modifying the Articles of Incorporation to reflect the results of the capital increase

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018 and payment date for the preference rights: 16.05.2018.**

## **Item 6**

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves to establish legal entities abroad, in order to benefit from the technology vendors partnership programs and the opportunities for territorial expansion. For the establishment of foreign legal entities, a capitalization of each of them with up to one million Euros is approved, as well as the lawful transfer of a relevant business quota in relation to each such entity, in order to optimize the relations with the suppliers and the clients of the company. Mandates the administrator, with the possibility of substitution , to represent the Company with full powers to negotiate and establish the conditions for the establishment of each legal entity, to negotiate and obtain the necessary financing, as well as to sign all necessary documents and to register them to the competent institutions, according to the applicable legal provisions in force.**

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 7

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves an investment - from own sources, or bank financing, or funding from corporate bond issues – to acquire 55% of the shares of the Company ELIAN SOLUTIONS SRL - a Romanian legal person, based in Bucharest, Str. Putul lui Zamfir Nr. 39E, Etaj 1, sectorul 1, Registration No.: J40/255/2008 , Fiscal Code: 23037351 and 55% of the entire goodwill and business, for a maximum price of 120,000 Euro and mandating the administrator with full powers to represent the Company in order to negotiate and establish the conditions for this acquisition, negotiation and obtaining necessary funds and to sign all necessary documents and registration to the competent institutions, according with the rule of Law.**

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 8

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves an investment - from own sources, or bank financing, or funding from corporate bond issues – to acquire 25% of the shares of the Company EQUATORIAL GAMING SRL - a Romanian legal person, based in Bucharest, Str. Cezar Bolliac, Nr. 8, Parter, Camera 2, Sectorul 3, Registration No.: J40/2586/2015 , Fiscal Code: 30582237, 25% of the entire goodwill and business, for a maximum price of 100,000 Euro. Approval of additional financing of Equatorial Gaming SRL with a convertible share loan of up to EUR 400,000 for a period of 3 years. The convertibility of the loan will be the creditor's option, the convertibility rate being calculated according to the company's financial results.**

Mandates the administrator with full powers to represent the Company in order to negotiate and establish the conditions for this acquisition, negotiation and obtaining necessary financing funds and to sign all necessary documents and registration to the competent institutions, according with the rule of Law.

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 9

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves the issuance of convertible corporate bonds** and authorizes the Administrator for the period between the publication date of the EGM resolutions in the Official Gazette Part IV and the date of 31.12.2020 to decide upon one or more of bond issues in lei, with a maximum value of RON 50,000,000 (50 million RON), each bond being issued with a nominal value of RON 100 per bond with a maturity of minimum 3 years and maximum of 5 years, with a yearly coupon of a maximum of 9%. The Administrator is mandated to decide about the details of each issuance as well as to sign any documents related to the issuance, including the type of the placement (public or private), writing of the bonds prospectus or any other documents necessary for listing the bonds on the relevant market operated by the BVB, and any other documents that might be needed in relation to the fulfilling of the current decision.

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 10

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves the issuance of non-convertible corporate bonds** and authorizes the Administrator for the period between the publication date of the EGM resolutions in the Official Gazette Part IV and the date of 31.12.2020 to decide upon one or more of bond issues in lei, with a maximum value of RON 50,000,000 (50 million RON), each bond being issued with a nominal value of RON 100 per bond with a maturity of minimum 3 years and maximum of 5 years, with a yearly coupon of a maximum of 9%. The Administrator is mandated to decide about the details of each issuance as well as to sign any documents related to the issuance, including the type of the placement (public or private), writing of the bonds prospectus or any other documents necessary for listing the bonds on the relevant market operated by the BVB, and any other documents that might be needed in relation to the fulfilling of the current decision.

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 11

In the presence of the shareholders representing 64.91747% of the share capital and 64.91747% of the total voting rights,

- with the affirmative vote of the shareholders representing 64.6162% of the share capital and 100% of casted votes
- with the negative vote of shareholders representing 0.1642% of the share capital and 0.2530% of the casted votes
- with a total of 'abstention' votes of 0.1369% of the share capital and 0.2110% of the casted votes

**Approves for the company to only submit in 2018 the periodical reports that are mandatory by the law.**

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 12

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves of an incentive plan for the key personnel by offering an option to purchase shares in the maximum amount of 5% of the total number of shares of the Company at a preferential price - a Stock Option Plan ("Plan"), in the form presented at the EGSM.**

**Approves the registration date (defined as the date serving to identify the shareholders to whom the resolution applies) : 15.05.2018 and ex-date: 14.05.2018.**

## Item 13

In the presence of the shareholders representing 91.5658% of the share capital and 91.5658% of the total voting rights, with the affirmative vote of the shareholders representing 91.5658% of the share capital and 100% of casted votes

**Approves mandating, with the possibility of substitution, of the Administrator, Mr. Mihai-Alexandru-Constantin Logofatu, to sign the GSM decisions, the updated version of the Articles of Incorporation as well as any other documents related to these, as well as the mandating to fulfill any procedures or formalities required by law in order to put in action the decisions of the shareholders, including but not limited to the formalities of publishing and registering the decisions with the Trade Registry or any other public institution.**