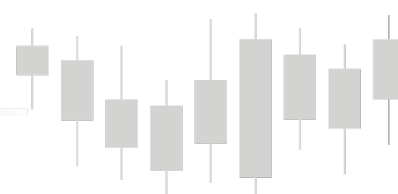


Quarterly Report According to

Annex no. 13 from ASF Regulation nr.  
5/2018

For Financial Period	01.01.2020 - 31.03.2020
Report date	15 May 2020
Issuer Name	BITTNET SYSTEMS S.A.
Registered Office	Str. Șoimuș nr. 23, bl 2, ap. 24, Sector 4, Bucharest
Correspondence Address / Working Point	Bd. Timișoara, Nr. 26, Plaza Romania Offices, 1 <sup>st</sup> Floor, Sector 6, Bucharest
Telephone / Fax Number	021.527.16.00 / 021.527.16.98
Unique Registration Code	21181848
Trade Registry Number	J40/3752/2007
Market on which the securities are traded	AeRO SMT Premium
Subscribed and paid-up share capital	12.724.984,70 lei
Main characteristics of the securities	127.249.847 shares with a nominal value of 0.10 lei per share
Symbol	BNET - shares BNET22, BNET23, BNET23A, BNET23C - bonds
ISIN Code	ROBNETACNOR1
Contact	<a href="mailto:investors@bittnet.ro">investors@bittnet.ro</a>



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„Excellence is the gradual  
result of always striving to do  
better.“

Pat Riley



## Letter from the CEO

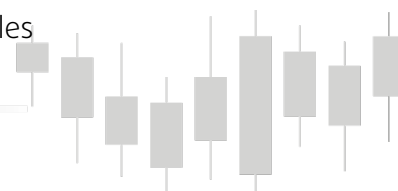
Our very first Q1 report coincides with a genuinely distinctive period at a global and local scale. We have started 2020 full of energy and new projects which we didn't abandon even in the context of the COVID-19 pandemic. In a way, being in the IT sector, we are one of the few companies that were not only well prepared to move to the remote working model swiftly but also to help our clients and partners in making this process as painless and as effective as possible.

Today, for the first time in Bittnet's history, we are publishing quarterly results. Over the years, we, alongside many investors and global managers, have expressed our concerns if the quarterly results bring any value to investors. The significant risk that quarterly reports rise is the fact that it shifts the focus of both the management and the shareholders from the long-term vision, to very short-term vision and reaching quarterly objectives.

Historically, given the seasonality of the budgets and spending patterns in the IT&C sector in Romania and globally, Bittnet's most significant results were always registered in the last months of the year. The first quarter, on the other hand, traditionally always represents a period with the lowest revenue and the lowest profit in a year (or rather, a loss). As an indication, looking at the historical results, the results from the first quarter have contributed between 10-15% to the total consolidated revenue generated in a year. This is caused by the fact that we work with large, very large and even gigantic companies, which operate with annual budgets, which are never approved and ready to be executed as of January 1st.

We are delighted with the results we present to you today as we are proud to say that we have had the best first quarter in the history of Bittnet. At the same time, we hope that all our stakeholders will realize that for a growth company such as Bittnet, the quarterly results might bring some new information, but at the same time might provide more „noise” rather than „signals”.

The Education Division had by far the best Q1 in history. Revenues from the two organizations, Bittnet Training and Equatorial Gaming, are about 112% higher than in the first quarter of 2019. The increase is due to sales



of Bittnet Training's own curriculum and multi-annual "re-skilling" campaigns carried out with the main sellers in the portfolio.

With the announcement of the state of emergency in Romania mid-March, all courses and seminars delivered by Bittnet Training were migrated to live-virtual format. We found openness from our customers so that the number of classes postponed or cancelled in the second half of March was just below 10% out of the total.

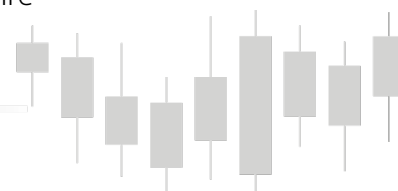
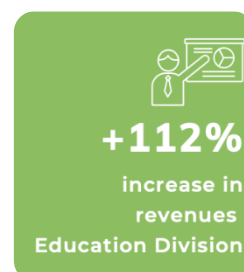
The state of emergency had a more prominent effect on the activity of Equatorial Gaming as due to the restrictions imposed by the state of emergency all soft-skills courses being cancelled or postponed. Through a team effort, however, we managed to adapt and transfer in live-virtual format the most relevant courses for the current situation by the end of March. We are confident that we will be able to resume sales and revenue generation for Equatorial in the second week of Q2.

Also, in the first quarter, we initiated the procedures for building a system of exams and certifications for our own curriculum. It is a project that we have been thinking about for some time and we are convinced that this approach will bring added value and up-sell opportunities in the second half of the year and will help us recover the potential decline in Q2.

Moving our attention to the Technology Division, it confirms what we communicated two months ago, on the occasion of the publication of the 2019 Preliminary Report - that the processes of aligning and integrating our teams were fundamental. Its successful completion will significantly improve the results of the Group in the years to come.

From Dendrio's perspective, the activity was focused on operational optimization, closing the opportunities generated in the previous year as well as on generating new opportunities - in this quarter practically doubling the volume of margin generated from new, non-recurring businesses.

The installation of the state of emergency in mid-March caught the company ready for a migration of the entire operation in the virtual environment. From the very first moments, we decided that over 90% of the team would operate remotely, in order to minimize both the team's exposure and the operational risks at the level of the entire company.



Moreover, given Dendrio's expertise in digital collaboration, we launched the #WorkFromHome initiative in March, providing our customers and partners with free access to Microsoft and Cisco platforms alongside with technical expertise from Dendrio. More than 40 companies applied to this offer between March and April.

At Elian we continued to gain new clients both in Romania and abroad, thus ensuring a high load of resources for the next period. From the perspective of the challenges posed by the transition to working in the virtual environment, Elian achieved two ultimate premieres: the first project delivery but also the first analysis of requirements fully met in the virtual environment (through digital collaboration platforms).

In connection with the numbers reached, in the first quarter of 2020, at the consolidated level, Bittnet has registered revenues of approximately 19.3 million lei, which is more than a cumulated revenue register by us in the first 7 years of our activity (from 2007, until end of 2013). Q1 2020 result is also just a bit lower than the total revenue registered by Bittnet over the full year 2017. Comparing to the analogical period of the last year, Q1 2020 has brought a 21% increase in consolidated revenues and a doubling of the gross margin. This means that for the very first time in our history, we have managed to overpass the threshold of operational profitability already in the first quarter. We consider it a good signal, especially given the turbulences from March 2020.

Analyzing the business lines and individual results registered by the companies from the Group, in the first quarter, all the companies have registered positive and significant increases compared to the same period of last year. More precisely:

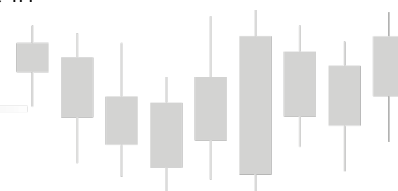
- Bittnet Training has doubled the revenues while the gross margin grew by with 1.3 million lei compared to Q1 2019, thus increasing the operating profit with over 700,000 lei;
- Dendrio's revenues grew by 12%, but thanks to the focus on the services with the value-added the gross margin has increased by impressive 190%, generating operating profit larger with 1,4 million lei than in Q1 2019;
- Revenues of Elian have increased by over 60%, as the company has evolved from 150,000 lei loss in Q1 2019 to 100,000 profit in Q1 2020;



Technology Division  
revenues



Technology Division  
operating profit



- Equatorial registered revenues like those from Q1 2019, but lowered by almost half the administrative costs, generating an operating result better with 200,000 lei in Q1 2020 than in the same period of last year.

While we talk about the results, it is essential to underline that in the course of Q1, Bittnet Group has won and secured contracts in the value of over 30 million lei, out of which delivered and invoiced were only services worth 19.3 million lei. This is something that we expect always to see repeating through the year, as the activity of the sales team "precedes" the activity of delivering products and services to customers.

As a policy, we do not push our team to close and deliver projects faster, before the end of a reporting period, to be able to show better results at a quarterly or half-year basis. We believe such behaviour would significantly impede the business principles on which we have built Bittnet, namely creating value for the clients, providing them with tools and IT solutions that can help their transformation and evolution. I think like this, we can genuinely build a long-lasting relationship with our clients, and as a direct result, bring benefits to the shareholders on the medium to long-term. This is already well-proven through the fact that many of our clients are with us for many years, generating recurrent revenues even if the products or services that we deliver are not, in fact, recurrent.

Speaking of recurrent revenues, the transformation that Bittnet undergone in the past years has helped us to secure already at the beginning of 2020, a recurrent revenue of an estimated 25 million lei for this year. This helps us deliver the goal we have self-assumed, of growing at an average annual rate of over 50%.

In conclusion, these results make us hopeful and excited about 2020, but, in line with the „Day 1“ philosophy of Jeff Bezos, we do not stop here, we are dedicated to continuing the processes of continuous improvement each day and where we are today, is just a starting point.

The development model that we promised to investors aims at the one hand the accelerated growth of the business but at the same time the construction of a "financial fortress" that can withstand shocks and even excel in difficult times for others. Thus, the capital market is a central



element along with the focus on operational excellence and attention to the needs of the team and customers.

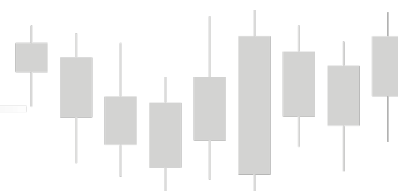
During the first 4 months of this year, we finalized a capital increase operation through which we attracted over 9 million lei. Thus, at the date of publication of this report, we have equity of over 20 million lei, long-term borrowed capital, available until 2023, amounting to 28 million lei, and an effective cash position of over 25 million lei. We believe that this position will make it easier for us to navigate the uncertainties related to the economic evolution of 2020, which, combined with the completion of operational integrations within Dendrio, allows us to refocus on M&A projects.

I thus renew the invitation to any Romanian IT companies to join us in our plan to build a representative player for Central and Eastern Europe based on this platform that we have developed and whose operation we have already validated in the last 5 years!

At the date of publication of this report, we are running the last meters of a marathon that started in December 2018, whose *finish line* is the transfer of BNET shares on the BVB Regulated Market. We have submitted for admission to the ASF the prospectus for admission, together with the supporting documentation, and we estimate that the end of May or the beginning of June will mark this evolution for our group.

In the following pages, you can find the consolidated, unaudited financial statements, in IFRS format, for the 1st quarter of 2020. As always, we look forward to receiving your feedback on the information provided in this report at the email address [investors@bittnet.ro](mailto:investors@bittnet.ro).

Mihai Logofătu



## Brief presentation of the results

### Sales activity

The process of generating shareholder value starts with the sales team searching, identifying, negotiating, and contacting projects to be delivered by the company. The first quarter of the current year brought a significant increase in sales activity compared to last year



18% increase in the projects signed was generated by a 35% increase in contracts for the integration business line and a 28% increase in contracts for the training business line. Some of these contracts were delivered in Q1 and some in Q2, Q3, or later, according to the information presented in the table below (next chapter).



## CONSOLIDATED STATEMENT OF THE OVERALL RESULTS

The increase of the load of the technical team, obtained by increasing the services delivered to the customers generates a decrease of the hourly cost (per billable hour) of the technical team, which generates the significant increase of the gross margin registered for both business lines.

At the same time, the modification of the sales activity compensation models in the sense of decreasing fixed costs and increasing variable revenues in the total amounts that can be collected by the sales team generated a reallocation of the cost of this team from administrative expenses to sales expenses. In other words, this more flexible model allows us to "pay for what we produce together."

Additionally, to the two business lines, the listed company, Bittnet), also registers income and expenses related to the holding activity - interest, financial income, expenses with stock option plan (SOP - according to IFRS2), earnings from equities. Adding these elements, the comparison between the two quarters looks like this, in terms of income and expenditure:

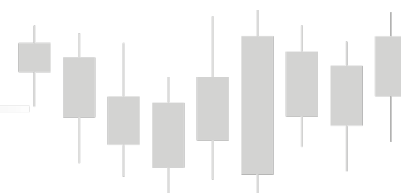
	Total	Total	Evolutie vs an anterior
	31/Mar/20	31/03/2019	
<b>Venituri din contracte cu clienții</b>	<b>19,251,540</b>	<b>15,975,833</b>	21%
Venituri din prestarea de servicii	6,567,238	4,571,489	44%
Vânzarea de mărfuri	12,684,303	11,404,343	11%
<b>Costul vânzărilor</b>	<b>(14,921,119)</b>	<b>(14,905,220)</b>	0%
Mărfuri	(12,377,405)	(10,664,195)	16%
Ore-0m	(2,543,714)	(4,241,025)	-40%
<b>Marja bruta</b>	<b>4,330,421</b>	<b>1,070,612</b>	304%
<b>Alte venituri</b>	<b>99,133</b>	<b>679,599</b>	
<b>Cheltuieli de vânzare/distribuție</b>	<b>(2,629,446)</b>	<b>(1,344,858)</b>	96%
<b>Cheltuieli administrative</b>	<b>(1,790,861)</b>	<b>(2,590,115)</b>	-31%
<b>Profit Operațional</b>	<b>9,247</b>	<b>(2,184,761)</b>	
Amortizare	597,310	631,947	-5%
SOP	364,037	141,663	157%
<b>EBIT</b>	<b>(952,100)</b>	<b>(2,958,371)</b>	
Dobânzi	(1,251,597)	(670,436)	
Câștig titluri puse în echivalență	(152,332)	(138,953)	
<b>Profit Brut</b>	<b>(2,356,029)</b>	<b>(3,767,760)</b>	



## Analysis per Segments

The most important elements to consider are the increase by 3.2 million lei of the gross margin generated by the group in Q1 2020 versus Q1 2019, which includes the positive evolution of 1.3 million lei in training and 1.9 million lei in integration activity. Combining this factor with keeping fixed (sales and administrative) expenses under control, Bittnet Group achieved a positive operating profit in the first quarter of 2020, which is a premiere. Compared to Q1 2019, the operating profit is 2.2 million lei higher (0.7 million profit increase in training activity and 1.5 million profit increase in IT integration activity).

	Educatie	Educatie	Evolutie		Tehnologie	Tehnologie	Evolutie
	31/03/20	31/03/2019	Anualizata		31/03/20	31/03/2019	Anualizata
<b>Venituri din contracte cu clientii</b>	<b>2,234,410</b>	<b>1,051,225</b>	<b>113%</b>		<b>17,017,131</b>	<b>14,924,607</b>	<b>14%</b>
Venituri din prestarea de servicii	2,234,410	1,051,225	113%		4,332,828	3,520,264	23%
Vânzarea de mărfuri	-	-			12,684,303	11,404,343	11%
<b>Costul vânzărilor</b>	<b>-796,924</b>	<b>-952,168</b>	<b>-16%</b>		<b>-14,124,195</b>	<b>-13,953,052</b>	<b>1%</b>
Mărfuri	-391,235	-186,536	110%		-11,986,170	-10,477,660	14%
Ore-Om	-405,689	-765,633	-47%		-2,138,025	-3,475,392	-38%
<b>Marja bruta</b>	<b>1,437,486</b>	<b>99,057</b>	<b>1351%</b>		<b>2,892,936</b>	<b>971,555</b>	<b>198%</b>
<b>Alte venituri</b>	<b>91,039</b>	<b>663,260</b>	<b>-86%</b>		<b>8,095</b>	<b>16,338</b>	<b>-50%</b>
<b>Cheltuieli de vânzare/distribuție</b>	<b>-1,020,665</b>	<b>-350,940</b>	<b>191%</b>		<b>-1,608,780</b>	<b>-993,917</b>	<b>62%</b>
<b>Cheltuieli administrative</b>	<b>-542,018</b>	<b>-1,185,506</b>	<b>-54%</b>		<b>-1,248,843</b>	<b>-1,404,609</b>	<b>-11%</b>
<b>Profit Operațional</b>	<b>-34,159</b>	<b>-774,129</b>			<b>43,407</b>	<b>-1,410,632</b>	
Amortizare	302,024	333,942	-10%		295,286	298,005	-1%
<b>EBIT</b>	<b>-336,183</b>	<b>-1,108,071</b>	<b>-70%</b>		<b>-251,880</b>	<b>-1,708,637</b>	<b>-85%</b>
Dobânzi					-678,148	-540,885	25%
<b>Profit Brut</b>	<b>-336,183</b>	<b>-1,108,071</b>			<b>-930,028</b>	<b>-2,249,522</b>	



## CONSOLIDATED FINANCIAL POSITION

	31/Mar/20	31/03/2019
<b>Total active imobilizate</b>	33,222,599	28,686,015
Fond comercial	17,701,643	12,241,308
<b>Total active circulante</b>	37,352,710	38,458,755
<b>Total active</b>	70,575,309	67,144,770
<b>Total capitaluri proprii</b>	10,725,683	10,868,883
<b>Total datorii pe termen lung</b>	38,050,544	33,467,961
Împrumuturi bancare TL	6,472,713	957,512
<b>Total datorii pe termen scurt</b>	21,799,081	22,807,926
Împrumuturi bancare TS	1,702,478	8,024,355
Datorii comerciale si alte datorii	18,293,240	13,330,343
<b>Total datorii</b>	59,849,625	56,275,887
<b>Total capitaluri si datorii</b>	70,575,308	67,144,770

The positive evolution of 5.5 million lei of goodwill, correlated with the similar positive evolution of trade payables and other debts, is generated by the registration in Dendrio's balance sheet of the second installment for the transaction with Crescendo, which took place at the end of 2019.

As presented in the 2019 Annual Report, last year we repaid a short-term bank loan and re-contracted it on the medium-term, so that short-term bank debts decreased from 8 to 1.7 million lei while long-term ones increased from 0.9 to 6.4 million lei. The management aims to ensure the longest possible availability of the group's financing.

After closing Q1, in April 2020, the capital increase operation carried, which took place between February and April, was settled and registered. Thus, the cash and equity position increased by 9.1 million lei. Thus, equity is in a value of 20 million lei.



## CONSOLIDATED CASH FLOW STATEMENT

	31/Mar/20	31/Dec/19	31/Mar/19
<b>Fluxuri de numerar din activități de exploatare:</b>			
<b>Profit brut</b>	<b>(2,356,029)</b>	<b>(2,962,255)</b>	<b>(3,767,760)</b>
<b>Ajustări pentru:</b>			
Cheltuieli privind dobânzile și alte costuri financiare	1,343,769	2,864,523	518,329
<b>Profit din exploatare înainte de variația capitalului circulant</b>	<b>179,791</b>	<b>3,321,574</b>	<b>(2,219,428)</b>
Variația soldurilor conturilor de creanțe comerciale și alte creanțe	9,980,165	(9,646,903)	(421,210)
Variația soldurilor conturilor de stocuri	63,527	(1,379,229)	(1,823,905)
Variația soldurilor conturilor de datorii comerciale și alte datorii	(15,837,596)	16,810,546	1,460,053
<b>Numerar generat din exploatare</b>	<b>(5,614,113)</b>	<b>9,105,989</b>	<b>(3,004,490)</b>
Impozit pe profit plătit	(20,188)	(603,701)	(570,622)
<b>Numerar net din activități de exploatare</b>	<b>(5,634,301)</b>	<b>8,502,288</b>	<b>(3,575,112)</b>
<b>Fluxuri de numerar din activități de finanțare:</b>			
Dobânzi plătite	(1,288,719)	(2,627,877)	(449,356)
<b>Numerar net din activități de finanțare</b>	<b>(1,849,720)</b>	<b>472,255</b>	<b>4,554,548</b>
<b>Creșterea netă a numerarului și echivalentelor de numerar</b>	<b>(7,698,304)</b>	<b>7,776,235</b>	<b>(213,453)</b>
<b>Numerar și echivalente de numerar la începutul exercițiului financiar</b>	<b>20,824,117</b>	<b>13,047,882</b>	<b>13,047,882</b>
<b>Numerar și echivalente de numerar la sfârșitul exercițiului financiar</b>	<b>13,125,813</b>	<b>20,824,117</b>	<b>12,834,429</b>

For a better understanding of the comparison between the two quarters, we also include the situation as of December 31, 2019, taking into account that the evolution in the first quarter is generated by the evolution of the business in the previous quarter, both concerning suppliers and customers as the issuer operates with payment terms of 30 - 60 days. Thus, in other words, during Q1 2020 the activity from Q4 2019 is 'settled'.

Therefore, the increase in interest paid is due to the fact that at the beginning of 2019 we had 2 bond issues (BNET23A and BNET23C) that did not have coupon payments in Q1 2019 (being just placed), but had in Q1 2020. The evolution of cash generated from operations is a natural one, as the balances of trade receivables and payables evolved (analogically, opposite) in line with those of the preceding quarter, Q4 2019.

After the end of the 1st quarter, the operation of capital increase was settled and registered, the cash availability increasing by 9 million lei. At the date of publication of this report, the issuer has a consolidated cash position of over 25 million lei.



## Financial Statements

### **BITTNET SYSTEMS SA – CONSOLIDATED FINANCIAL REPORTING**

for 3 months ending on March 31, 2020–  
in accordance with OMFP no. 2844/2016 –  
(all amounts in RON, unless otherwise specified)

The interim consolidated financial report from page [15] to page [17] was approved and signed on May 15, 2020. The report was not audited.

Mihai Logofătu

CEO

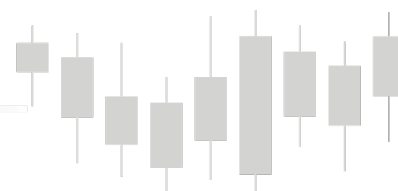
Adrian Stanescu

CFO



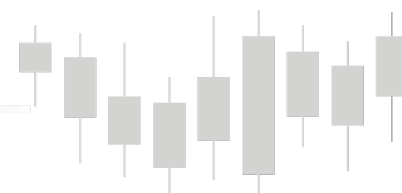
**CONSOLIDATED STATEMENT OF GLOBAL RESULTS**

		For a period of 3 months	
		31 Mar 2020	31 Mar 2019
Revenues from contracts with customers		19,251,540	15,975,833
Cost of sales		(14,921,119)	(14,905,220)
<b>Gross margin</b>		<b>4,330,421</b>	<b>1,070,612</b>
Other revenues		99,133	679,599
Sales expenses		(2,629,446)	(1,344,858)
General and administrative expenses		(2,752,208)	(3,363,724)
Earnings of titles in equivalent		(152,332)	(138,953)
Interest income		263,975	58,572
Financial expenses		(1,515,572)	(729,007)
<b>Gross profit</b>		<b>(2,356,029)</b>	<b>(3,767,760)</b>
Tax		346,098	494,433
<b>Net profit</b>		<b>(2,009,931)</b>	<b>(3,273,326)</b>
related to the parent company		(32,072)	95,493
related to minority interests		<b>(2,042,003)</b>	<b>(3,177,833)</b>
<b>Net profit</b>		<b>(2,009,931)</b>	<b>(3,273,326)</b>
Other elements of the global results		-	-
<b>Global result</b>		<b>(2,009,931)</b>	<b>(3,273,326)</b>
related to the parent company		(32,072)	95,493
related to minority interests		<b>(2,042,003)</b>	<b>(3,177,833)</b>



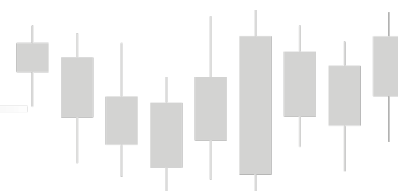
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31 Mar 2020	31 Dec 2019
<b>Assets</b>		
<b>Fixed assets</b>		
Goodwill	17,701,643	17,701,643
Other intangible assets	6,128,550	6,039,991
Tangible fixed assets	6,281,136	6,742,571
Equivalent titles	1,084,406	1,236,738
Other financial assets	1,107,049	1,056,588
Deferred tax	919,814	562,443
<b>Total fixed assets</b>	<b>33,222,599</b>	<b>33,339,974</b>
<b>Current assets</b>		
Inventories	1,933,761	1,997,289
Receivables	22,293,135	32,300,201
Cash and cash equivalents	13,125,813	20,824,117
<b>Total current assets</b>	<b>37,352,710</b>	<b>55,121,607</b>
<b>TOTAL ASSETS</b>	<b>70,575,309</b>	<b>88,461,581</b>
<b>CAPITALS AND DEBTS</b>		
Share capital	11,620,321	11,620,321
Other equity items	1,482,960	1,118,923
Reserves	365,212	352,151
Reported result	(3,099,586)	(1,044,521)
<b>Capital related to the parent company</b>	<b>10,368,907</b>	<b>12,046,873</b>
Interests that do not control	356,776	324,703
<b>Total capital and reserves</b>	<b>10,725,683</b>	<b>12,371,577</b>
<b>Long-term debt</b>		
Bonds	28,250,643	28,195,593
Bank loans	6,472,713	4,807,687
Leasing	3,327,188	3,842,943
<b>Total long-term debt</b>	<b>38,050,544</b>	<b>36,846,223</b>
<b>Current debts</b>		
Bank loans	1,702,478	3,560,417
Leasing	1,585,398	1,325,649
Profit tax	217,965	226,880
Other payables	18,293,240	34,130,836
<b>Total current debts</b>	<b>21,799,081</b>	<b>39,243,781</b>
<b>Total debt</b>	<b>59,849,625</b>	<b>76,090,004</b>
<b>TOTAL CAPITALS AND DEBTS</b>	<b>70,575,308</b>	<b>88,461,581</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**

	For a period of 3 months	
	31 Mar 2020	31 Mar 2019
<b>Gross profit</b>	<b>(2,356,029)</b>	<b>(3,767,760)</b>
Adjustments for:		
Depreciation expenses	597,310	631,947
Benefits granted to employees - SOP	364,037	141,663
Adjustments for impairment of receivables	-	-
Interest expenses and other financial costs	1,343,769	518,329
Interest income	78,372	117,440
Earnings of titles put in the equivalent	152,332	138,953
<b>Operating profit before working capital change</b>	<b>179,791</b>	<b>(2,219,428)</b>
Variation of receivables account balances	9,980,165	(421,210)
Variation of inventories account balances	63,527	(1,823,905)
Variation in debt account balances	(15,837,596)	1,460,053
<b>Cash generated from operation</b>	<b>(5,614,113)</b>	<b>(3,004,490)</b>
Profit tax paid	(20,188)	(570,622)
<b>Net cash from operating activities</b>	<b>(5,634,301)</b>	<b>(3,575,112)</b>
<b>Investment activities:</b>		
Payments for the acquisition of subsidiaries, +/- cash purchased	-	(699,585)
Acquisitions of tangible and intangible assets	(224,434)	(562,232)
Interest received	10,151	68,928
<b>Net cash from investment activities</b>	<b>(214,283)</b>	<b>(1,192,889)</b>
<b>Financing activities:</b>		
Repayments of bank loans	(192,913)	(200,007)
Bond issue	-	9,600,000
Repayments of the bond issue	-	(4,186,000)
Leasing	(368,089)	(210,089)
Interest paid	(1,288,719)	(449,356)
<b>Net cash from financing activities</b>	<b>(1,849,720)</b>	<b>4,554,548</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,698,304)</b>	<b>(213,453)</b>
Cash and cash equivalents at the beginning of the financial year	20,824,117	13,047,882
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13,125,813</b>	<b>12,834,429</b>





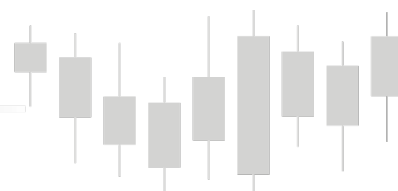
**CONSOLIDATED SITUATION OF CHANGES IN EQUITY**

	Share capital	Issue premiums	Other equity items	Legal reserves	Reported result	Total equity	Interests not in control	Total equity
31 Dec 2018	11,620,321	-	1,118,923	352,151	(1,044,521)	12,046,873	324,703	12,371,577
Net profit	-	-		-	(2,042,003)	(2,042,003)	32,072	(2,009,931)
Total Result	-	-		-	(2,042,003)	(2,042,003)	32,072	(2,009,931)
Transactions with shareholders								
Benefits granted to employees - SOP	-	-	364,037	-	-	364,037	-	364,037
Distribution of the legal reserve	-	-		-	13,061	(13,061)	-	-
31 Mar 2019	11,620,321	-	1,482,960	365,212	(3,099,586)	10,368,907	356,776	10,725,683
	Share capital	Issue premiums	Other equity items	Legal reserves	Reported results	Total equity	Interests not in control	Total equity
31 Dec 2019	5,175,524	2,594,889	1,038,755	266,124	4,723,437	13,798,728	201,818	14,000,546
Net profit	-	-		-	(3,177,833)	(3,177,833)	(95,493)	(3,273,326)
Total result	-	-	-	-	(3,177,833)	(3,177,833)	(95,493)	(3,273,326)
Transactions with shareholders								
Benefits granted to employees - SOP	-	-	141,663	-	-	141,663	-	141,663
31 Mar 2020	5,175,524	2,594,889	1,180,418	266,124	1,545,603	10,762,558	106,325	10,868,883

## Indicators according to Annex 13 Reg. ASF 5/2018

Financial Ratio (formula)	31.03.2020	31.03.2019
Current ratio (Current Assets / Current Liabilities)	1,71	1,40
Debt-to-equity ratio (long-term net debt / Equity)*	2,32/ 0,80*	1,89
Days Sales Outstanding (Average client balance / turnover) x 90 days	120	119
Fixed-asset turnover Ratio (Turnover / Fixed assets)	0,58	0,48

\*in April 2020 the company completed a capital increase operation with contributions by issuing new shares and attracting 9.1 million lei in equity



## Key events in Q1 2020

### EGSM | January 2020

On January 29th, 2020 Bittnet shareholders have approved the transfer to the Main Market of the BVB and establishment of the Board, consisting of three members. The shareholders have also elected the members of the Board:

- Mihai Logofătu, co-founder of Bittnet, who serves as President of the Board,
- Cristian Logofătu, co-founder of Bittnet;
- Lucian Anghel, who serves as the independent Board Member and vice-president.

### Capital Increase Operation | March-April 2020

On April 10th, 2020 Bittnet has successfully closed capital increase operation and has raised 9 174 711,74 lei from Bucharest Stock Exchange Investors. The operation was carried out in two steps, over the course of March and April.

### "Work from Home" Initiative | March-April 2020

Following the outbreak of COVID-19 in Romania, Bittnet together with Dendrio and its partners launched the "Work from Home" initiative, during which, together with Microsoft and Cisco, offered free technological solutions and consultancy to ensure the continuity of daily business activities that targeted Romanian businesses and associations. 43 companies and organizations have benefited from this initiative, one of them being The Archdiocese of Bucharest. The campaign run between March 10 and April 10 and was followed by the "Business Continuity" campaign launched by Dendrio.

### Payment of coupons for BNET bonds | Throughout Q1 2020

In Q1 2020, the company paid coupons for the following bond issuances: BNET22, BNET23 and BNET23C. In the case of BNET22, BNET23, BNET23A and BNET23C issues, the company is up to date paying interest to the bondholders.

## Key events to expect in S2

### Admission to trading on the regulated market administered by BVB

The company expects the shares to cease trading on the AeRO market (SMT) and to debut on BVB's Main Market in early June 2020.

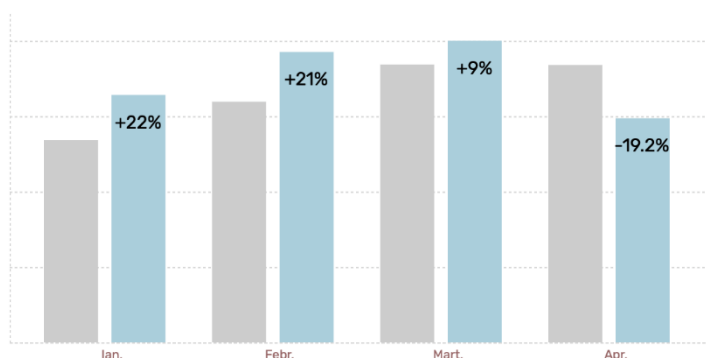


## Information on COVID-19 effects

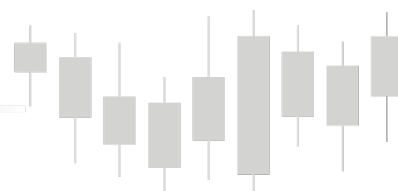
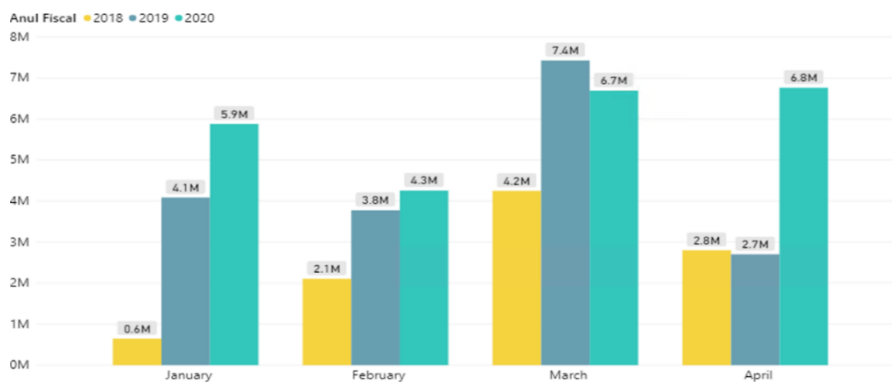
Although we have published information on our [group's reaction to the COVID-19 pandemic](#) and its estimated effects, we think it is worth including the below chart that shows the monthly sales of Bittnet and Dendrio<sup>1</sup> versus the barometer made by SmartBill for the same period of the year:

This study is very interesting, as it was conducted on over 20,000 companies! The full study is available [HERE](https://bit.ly/SmartBill_Covid19) ( [https://bit.ly/SmartBill\\_Covid19](https://bit.ly/SmartBill_Covid19)).

Istoric evolutie anuala a cifrei de afaceri (YoY)



As a comparison, Bittnet and Dendrio business evolution is presented below:



## Investor Relations Contact

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