

In each of the years 2016, 2017, 2018, 2019, 2020, 2021, the shareholders approved incentive plans (Stock Option Plans – SOPs) with options for people that can have a positive impact on the group's results. Each plan has a duration of 2 years, and reaches settlement approximately in June of the year "N + 2". The construction of each incentive plan (SOP) is similar to the one proposed this year (please also analyze the substantiation note for item 5 on the EGMS agenda ).

Simply put, once every 2 years we analyze whether the value of the company has increased compared to the previous 2 years, and if this has happened, the incentive plan provides that key people can purchase a maximum of 5% of the company's shares at its value at the beginning of the measurement period. In other words, the people who generated the increase in the value of the company receive 5% of this increase, once every 2 years, settled in shares, not cash.

In order to be able to fulfill the obligation towards option-holders, at the moment when they exercise the options, the company must either create new shares (capital increases) or to acquire own shares from the existing shareholders. Starting with 2020, we have identified this technical solution that we propose this year as well, for the settlement of the obligations assumed by the company within the incentive plans with options, approved annually by the GMS.

Thus, in the present proposal, the company will increase its capital by the amount of 4,804,369.10 lei , the resulting shares being loaded by the Central Depository directly in the global accounts in Section 1 and according to the results of the additional selection procedure addressed to shareholders from the date of registration on which Decision no. 2 - respectively July 21, 2022:

1. For the shareholders who choose to support the Company and leave the resulting shares at the disposal of the Company - they will benefit from a cash distribution equal to the nominal value of the newly issued share (0.1 lei / share). Taking the example of a shareholder who holds 100,000 BNET shares on the registration date, and chooses during the election period to leave the 10,000 new shares issued at the company's disposal, he will receive a distribution worth 1,500 lei (on 12.09.2022).
2. For the shareholders who do NOT choose to leave the shares resulting from this operation at the disposal of the Company, they will be charged the shares thus resulting in the global accounts in Section 1 of the Central Depository from where they will be able to transfer them with simple request addressed to the broker (Section 2). These shareholders will not benefit from cash distribution.

From an operational point of view, for shareholders this is a **cash dividend received from the company, with a yield of approximately 4.7%** taking into account the market price of 0.32 lei per share at the time of publication of the convening notice.

This operation will allow the company two things that were requested in some discussions by the shareholders:

1. There should be no further dilution in the exercise of options by option-holders
2. The company should actually collect cash from option holders.

Let's take a practical example, but use rounded numbers to make it easier to understand the calculations:

The treasury shares will be charged to the company's account in September 2022. After that, the Stock Option Plan approved in the GMS of April 2021 will be settled. The exercise price is a capitalization of the company of 98.74 million lei. Suppose that by May-June 2022, the company will have the number of shares today - 480,000,000. This means an exercise price of the options of approximately  $100/480 = 0.21$  lei per share.

The plan provides for the offer of a maximum number of 5% shares to option-holders, so the company will sell to them a number of 24 million shares, for which it will be paid 3.6 million lei, but which it will sell for 4.8 million lei. Thus, the company will register a profit of 1.2 million lei, cash that will be obtained in the account from the key persons. They pay the share price according to the conditions established in the stock option plan (skin in the game).

Instead, option-holders will buy with 0.21 lei per share, shares that we assume will be worth a price similar to the current one in the market (0.32 lei). Thus, each share purchased will bring a profit of 0.12 lei to key people, but also a profit of 0.11 lei to the company.

If we move our attention to the company's shareholders on the registration date - July 21 - they will receive a cash distribution of 0.15 lei. The company will record profit and cash (strengthening its financial position), and option-holders will have to bring money to show involvement in the company and will record profit only equal to 1/20 of that recorded by shareholders in April 2021 (date of approval plan).



In this way, all interests are aligned, each of the actors in the process recording a profit if the company's valuation in June 2023 will be higher than in April 2021.

**Given that the proposed operation does not dilute what shareholders have already assumed since 2021, but instead generates profitability for all parties involved, Management encourages shareholders to opt for cash distribution, as it will allow Bittnet Group to fulfill its obligations. If the shareholders do not support the company, it will have to identify other solutions for settling the obligations assumed during 2021, having the risk of negatively affecting the relationship with the team members.**



This procedure (" **Procedure** ") applies to the shareholders of **BITTNET SYSTEMS SA**, company established and operating according to the laws of Romania, with its registered office in Bucharest, 23 Șoimuș Street, bl.2, sc. B, et.2, ap.24, sector 4, registration number at the Trade Register J40 / 3752/2007, unique registration code 21181848 (" **Company** ").

Given that the shareholders from the date of registration (July 21, 2022) may be different from the shareholders from the reference date for the EGMS of 20.04.2022, this procedure is necessary in order to offer to all shareholders from the date of registration the possibility to expressly choose whether to choose to receive one share for every 10 shares held or the distribution of cash in the amount of 0.15 lei for every 10 shares held;

Note: this procedure **refers strictly to the EGMS Decision no. 2** of April 20, 2022.

### **Options granted to shareholders from the date of registration**

All shareholders registered in the register of shareholders on the Registration Date (July 21, 2022) have the opportunity to express their option on how to settle the resulting shares according to Decision no. 2 of the EGMS of April 20, 2022.

Thus, the shareholders from the registration date (July 21, 2022) will be able to choose one of the following options:

1. **Option 1** : I want to support the Company, leaving at the disposal of the Company the newly issued share, thus receiving on September 12, 2022 a cash distribution in the amount of 0.15 lei for every 10 shares held at the date of registration.
2. **Option 2**: I choose to receive one free share for every 10 shares held on the date of registration. This free share will be able to be charged to the shareholders' accounts from the date of registration after the granting by ASF of a new CIIF (financial instruments registration certificates), a process that is expected to be completed in September 2022.

Shareholders from the registration date 21.07.2022 who do not take any action, will be considered to have chosen Option 2, thus not receiving any cash distribution.

### **The exercise period of the option**

The shareholders from the registration date will be able to express their option at any time during 9 calendar days, **between July 27, 2022, at 00:00 and August 04, 2022 at 17:00** . Shareholders can change their option whenever they want during this period, the last option being the one taken into account.

### **How to exercise the option**

Shareholders from the date of registration (July 21, 2022) will be able to express their option online and accessing the electronic form provided by the company at the address below. Shareholders who cannot use internet to express their option may send their option by courier services to the office of the company in Bucharest, Str. Sergent Nutu Ion nr. 44, sector 5 Cladirea One Controceni Park, etaj 4.

Shareholders who submit their option by courier services must ensure that it is received by the company before **August 04, 2022, at 17:00**, otherwise it will be considered an unexpressed option.

**The electronic voting form will be made available online, July 21, 2022, <https://bittnet.evot.ro/login>**

### **Access to the online form**

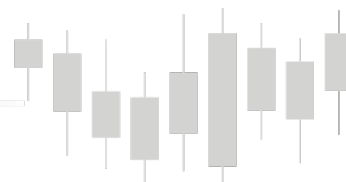
Access to the online form is done by accessing the link <https://bittnet.evot.ro/login> from any device connected to the internet. In order to access this link, you need a username and password.

**Username and password can be obtained at : <https://bittnet.evot.ro/login>**

For identification, shareholders provide the following information:

a) Individuals:

- Name surname
- Personal Numeric Code (CNP)
- Email address
- Copy of Identity Card \*
- Phone number (optional)



## b) Legal entities:

- Name of legal entity
- Unique Registration Code (CUI)
- Name First name legal representative
- Personal Numerical Code (CNP) legally represented
- Email address
- Legal representative identity card \*
- Copy of the Certificate of Finding issued by the Trade Register, which is valid or any other document issued by a competent authority of the State of origin, which is valid \*
- Phone number (optional)

\* the electronic copy of the above mentioned documents will be uploaded online (upload) in dedicated fields. Uploadable files can have one of the following extensions: .jpg, .pdf, .png.

In case the shareholder appoints a legal representative, he will upload online in the voting platform an electronic copy of the identification document and the special or general power of attorney.

In case of a correct identification, the shareholder receives at the communicated email address a username and a password to connect in the virtual space intended for the expression and registration of the voting option. The shareholder can log in and vote using the username and password received whenever he wants within the designated voting period, the last voting option being the registered one. In the event that after the identification process there are discrepancies between the data provided by the shareholder and those in the Register of Shareholders at the reference date, the shareholder will be notified by email and will be instructed to contact IR Department at [investors@bittnet.ro](mailto:investors@bittnet.ro) or phone number (+4021) 5271600.

Voting by electronic means involves checking a voting option and pressing the "Record your vote" button. Votes marked in the application will not be considered without pressing the "Register vote" button.

### Voting options

Voting "for" means choosing **Option 1** : a cash distribution of 0.15 lei for every 10 shares held on the date of registration, a distribution that will be collected through the Central Depository on September 12, 2022.

Voting "against", voting "abstaining" or not expressing any option means choosing **Option 2** .

### Questions

Starting with the date of publication of this procedure and until the closing date of the option application, shareholders will be able to address questions by email to [investors@bittnet.ro](mailto:investors@bittnet.ro).

### Information on the processing of personal data

During your voluntary participation in the online voting activity organized on the eVote platform by the company Bittnet Systems SA whose shareholder you are according to the records in the Register of shareholders kept by the Central Depository, we inform you below about the collection of personal data:

### What data do we collect?

We need you to provide us with the following information:

1. name surname
2. CNP
3. email or phone

### Purpose of processing, why do we need this data?

We will use this data for the following purposes:

1. **name, surname CNP**: in order to be able to verify and identify you in the shareholders register, and to correctly allocate the number of votes according to the number of shares
2. **email / phone**: in order to be able to transmit the user data of the platform, to keep up to date with the evolution of the vote, to contact you if there are problems with what you have completed, to keep up to date with other information about the company that are relevant for investors.

We also inform you that the processing of your personal data will take place based on art. 6 para. 1 lit. (f) of EU Regulation 2016/679 ("RGPD"), respectively for the purpose of the legitimate interest of the Organizer to process the shareholders' option regarding the implementation of decision 3 of the general meeting of shareholders of April 29, 2020.

According to the GDPR, you have the right to be informed, to have access to data, the right to rectification, the deletion, the restriction of processing, the opposition and the right not to be subject to a decision based solely on automatic processing. For the exercise of specific rights, you can address a written and dated request, free of charge to the Organizer by email at [investors@bittnet.ro](mailto:investors@bittnet.ro). We will respond to your request, within one month, a term that can be extended by a maximum of another 2 (two) months, in accordance with the law.

You also have the right to contact the justice and / or the national supervisory authority ( [www.dataprotection.ro](http://www.dataprotection.ro) )

