BITTNET SYSTEMS SA

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with
Order of the Minister of Public Finance
no. 2844/2016, as amended,
for the financial year ended
31 December 2021

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(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2021	2020
Revenues from contracts with customers	[7]	112,576,327	109,191,760
Cost of sales	[8]	(88,182,261)	(87,725,366)
Gross margin		**24,394,065**	**21,466,394**
Other revenues		4.087,086	451,828
Sales expenses	[9]	(9,547,280)	(7,508,988)
General and administrative expenses	[10]	(12,648,079)	(10,053,352)
Profit/(loss) – Investments accounted for using the equity method	[11]	773,014	(171.521)
Financial revenues		12,370,760	1,319,470
Financial expenses	[13]	(3,274,673)	(4,019,587)
Gross profit		**16,154,893**	**1,484,245**
Income tax	[14]	(1,731.032)	(459.211)
Net Profit, of which:		**14,423,861**	**1,025,034**
related to the parent company		13,722,136	895,127
related to minority interests		701,725	129,907
Other comprehensive income		-	-
Total comprehensive result		**14,423,861**	**1,025,034**
related to the parent company		13,722,36	895,127
related to minority interests		701,725	129,907
Earnings per share	[5]		
basic		0.0289	0.0020
diluted		0.0254	0.0018

The financial statements from page [3] to page [59] were approved and signed on 20 March 2022.

Mihai Logofatu
Chief Executive Officer

Adrian Stanescu
Chief Financial Officer

(all the amounts shall be expressed in RON, unless otherwise provided)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021	31 December 2020
ASSETS			
Fixed assets			
Goodwill	**[15]**	41,705,648	21,082,977
Other intangible assets	**[16]**	9,219,368	8,820,959
Property, plant and equipment	**[17]**	2,352,513	5,443,423
Investments accounted for using the equity method	**[18]**	1,996,840	8,527,500
Other financial fixed assets		2,041,467	7,483
Deferred tax	**[14]**	47,257	650,200
Total fixed assets		**57,363,094**	**44,532,542**
Current assets			
Inventories	**[19]**	1,184,962	1,157,052
Trade receivables and other receivables	**[20]**	32,644,937	30,330,712
Financial assets at fair value	**[18]**	17,919,885	1,459,700
Cash and cash equivalents	**[21]**	23,403,197	24,872,655
Total current assets		**75,152,981**	**57,820,119**
TOTAL ASSETS		**132,516,075**	**102,352,661**
EQUITY AND DEBTS			
Share capital		48,043,690	26,443,139
Share premium		14,542,953	25,409,965
Other equity items		(19,082,504)	(19,893,997)
Reserves		1,114,139	468,943
Retained earnings		8,122,246	(5,036,978)
Capital related to the parent company		**52,740,525**	**27,391,072**
Non-controlling interests		1,164,851	255,237
Total equity and reserves	**[22]**	**53,905,376**	**27,646,309**
Long-term debts			
Bonds	**[23]**	24,044,334	28,357,324
Bank loans	**[24]**	6,337,926	4,570,517
Leasing liabilities	**[25]**	676,929	3,036,719
Long-term debts		624,136	-
Total long-term debts		**31,673,325**	**35,964,560**
Current debts			
Bonds	**[23]**	872,768	889,781
Bank loans	**[24]**	3,882,132	7,583,930
Leasing liabilities	**[25]**	540,786	1,401,465
Dividends payable		9,995	-
Profit tax liabilities	**[15]**	294,606	121,203
Trade payables and other debts	**[26]**	41,337,088	28,745,411
Total current debts		**46,937,374**	**38,741,791**
Total debts		**78,610,699**	**74,706,352**
TOTAL EQUITY AND DEBTS		**132,516,075**	**102,352,661**

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CONSOLIDATED CASH FLOW STATEMENT

	2021	2020
Gross profit	**16,154,893**	**1,484,245**
Adjustments for:		
Depreciation expenses	2,388,267	1,993,939
Expenses on assets disposed	102,899	-
Benefits granted to employees SOP	1,066,911	1,574,721
Adjustments for impairment of receivables	46,459	(262,885)
Interest expenses and other financial costs	3,318,310	3,362,206
Interest revenues and other financial revenues	(41,247)	323,690
Securities investment gains	(11,988,124)	(1,168,120)
Gain from investments accounted for using the equity method	(773,014)	171,521
Operating profit before working capital change	**10,275,153**	**7,479,318**
Variation of receivables account balances	(1,342,417)	3,224,995
Variation of stock account balances	(27,748)	1,410,184
Variation of accounts payable balances	(4,147,634)	(3,683,943)
Cash generated from operation	**4,757,355**	**8,430,553**
Profit tax paid	(978,608)	(310,496)
Net cash from operating activities	**3,778,747**	**8,120,058**
Investment activities:		
Payments for the purchase of subsidiaries, +/- purchased cash	(9,004,189)	79,279
Payments for the purchase of participating interests	(861,219)	(4,027,500)
Loans granted to related entities	(184.889)	-
Acquisitions of tangible and intangible assets	(1,627,488)	(957,637)
Other investments in financial instruments	(2,015,800)	(291,580)
Proceeds from other financial investments	7,829,183	-
Dividends collected	670,082	-
Interest collected	82,339	130,897
Net cash from investment activities	**(5,111,981)**	**(10,516,541)**
Financing activities:		
Proceeds from share issue	10,412,024	8,851,720
Repurchases/sales of own shares	66,096	(949,483)
Drawdowns from bank loans	-	6,110,872
Repayments of bank loans	(1,944,388)	(2,700,000)
Receipts/reimbursements from the bond issue	(4,500,000)	-
Payments of leasing liabilities	(1,261,365)	(1,607,641)
Interest paid	(2,869,324)	(3,200,475)
Dividends paid related to minority interests	(39,267)	(59,972)
Net cash from financing activities	**(136,225)**	**6,445,020**
Net increase in cash and cash equivalents	**(1,469,459)**	**4,048,537**
Cash and cash equivalents at the beginning of the financial year	24,872,655	20,824,117
Cash and cash equivalents at the end of the financial year	**23,403,197**	**24,872,654**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other equity items	Legal reserves	Retained earnings	Total capital	Non-controlling interests	Total equity
31 December 2019	**11,620,321**	**-**	**1,118,923**	**352,151**	**(2,872,249)**	**10,219,145**	**324,703**	**10,543,849**
Net profit	-	-	-	-	895,127	895,127	129,907	1,025,034
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive result	**-**	-	-	-	**895,127**	**895,127**	**129,907**	**1,025,034**
Transactions with shareholders								
Share capital increase	14,822,819	25,409,964	(22,587,641)	-	(3,092,905)	14,552,236	-	14,552,236
Benefits granted to employees SOP			1,574,721			1,574,721	-	1,574,721
Non-controlling interests	-	-	-	-	-	-	10,440	10,440
Dividend distribution					149,842	149,842	(209,814)	(59,972)
Distribution of the legal reserve				99,842	(99,842)	-	-	-
31 December 2020	**26,443,139**	**25,409,965**	**(19,893,997)**	**451,993**	**(5,020,028)**	**27,391,072**	**255,237**	**27,646,310**
Net profit	-	-	-	-	13,731,149	13,722,136	710,016	14,423,861
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive result	**-**	-	-	-	**13,731,149**	**13,722,136**	**701,725**	**14,423,861**
Transactions with shareholders						-		-
Share capital increase	21,600,551	(10,867,013)	(321,515)	-	-	10,412,024	-	10,412,024
Benefits granted to employees SOP			1,066,911		-	1,066,911	-	1,066,911
SOP implementation	-	-	66,096	-		66,096		66,096
Non-controlling interests	-	-	-	78,675	(78,675)		329,440	329,440
Dividend distribution				-	82,284	82,284	(121.550)	(39.266)
Distribution of the legal reserve				583,471	(583,471)	-	-	-
31 December 2021	**48,043,690**	**14,542,953**	**(19,082,504)**	**1,114,139**	**8,122,246**	**52,740,424**	**1,164,851**	**53,905,376**

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Mihai Logofatu	Adrian Stanescu
Chief Executive Officer	Chief Financial Officer

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NOTA 1. GENERAL INFORMATION

Group structure and operational activities

The financial statements include the consolidated financial information of the parent company Bittnet Systems (the "Issuer"), headquartered in Str. Soimus nr. 23, bl 2, ap. 24, Sector 4, Bucharest, and the following subsidiaries, all being registered in Romania:

	31 December 2021	31 December 2020
SUBSIDIARIES - % ownership		
Dendrio Solutions	100%	100%
Elian Solutions	51.02%	51.02%
Equatorial Gaming	98.99%	98.99%
Equatorial Training, through Equatorial Gaming	100%	100%
Computer Learning Center	100%	-
ISEC Associates	69.992%	-
IT Prepared	50.2%	-
Nenos Software	60.97%	-
Nonlinear	60%	-
Global Resolution Experts	60%	-
GRX Advisory, through Global Resolution Experts	60%	-
MINORITY INTERESTS		
Softbinator Technologies (*)	18.898%	25%
E-Learning Company	23%	-

**shareholding reclassified into other financial assets (securities) at fair value starting with 30.09.2021*

The Group has over 120 employees and collaborators, who work for one of the 12 companies included in the group (Bittnet Systems, Dendrio Solutions, Elian Solutions, Equatorial Gaming, Equatorial Training, Computer Learning Center, ISEC Associates, IT Prepared, Nenos Software, Nonlinear, Global Resolution Experts, GRX Advisory).

The consolidated financial statements include the results of the business combination through the acquisition method. In the statement of financial position, the assets, liabilities and contingent liabilities of the acquirer entity are initially recognized at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date of acquiring control (Dendrio Solutions – September 2017, Elian Solutions – November 2018, Equatorial Gaming and Equatorial Training – December 2020, Computer Learning Center, ISEC Associates, IT Prepared, Nenos Software, Nonlinear – August 2021, Global Resolution Experts and GRX Advisory – December 2021).

Bittnet Systems S.A.

Bittnet was established in 2007 and focused on providing IT training and integration solutions, based on market-leading technologies such as Cisco, Microsoft, Dell, Oracle, HP, VMware, Google, Amazon Web Services.

In February 2009, the company changed its legal status to joint stock company (SA), following the increase in the share capital, using the profits generated in 2008. In 2012, the company received a first infusion of capital "from abroad" (equity investment) from the business angel Răzvan Căpățînă, who is still an important shareholder of the company.

Since March 2015, Bittnet has been listed on the AeRO market of the Bucharest Stock Exchange, under the symbol BNET. Bittnet was the first IT company to be listed on BVB, after an infusion of EUR 150,000 in the company, received from the Polish fund Carpathia Capital SA in exchange for a 10% stake.

In 2016, the company created a new area of expertise by introducing consulting and cloud migration services. As a result, Bittnet has launched a series of actions dedicated to customers strictly for this range of services, targeting a new group of customers, with a slightly different profile. During 2017, the company continued to invest in increasing and diversifying AWS and Azure-specific technical skills in order to meet the requests received.

From April 2018, the new structure of the group was adopted and the business structure of Bittnet Group was reorganized into two key divisions: Education and Technology.

- **Education** - which currently consists of the IT training segment where Bittnet is the market leader, with almost 20 years of experience and the largest team of trainers in Romania.

  The trainings provided by **Bittnet** and **Equatorial Gaming** allow the access of technology experts by teaching IT skills, from the basic ones (e.g.: Microsoft Office Suite) to the most advanced ones (Cloud, DevOps, Cybersecurity). The business training portfolio includes project management, IT services management, business intelligence, CRM, ERP, Agile etc.

- **Technology** - which is focused on IT integration services, offering integration solutions previously offered by both **Bittnet**, **Dendrio** and **Elian**. This activity has a shared portfolio of products, services and solutions and a larger team that will allow a greater volume of work, both technically and in terms of sales.

Starting with June 2020, Bittnet shares (symbol: BNET) have been listed on the Regulated Market of BVB.

Dendrio Solutions

During 2017, the Bittnet Group acquired GECAD NET from the entrepreneur Radu Georgescu. In the first half of 2018, GECAD Net was renamed Dendrio Solutions. Dendrio is the only integrator of hybrid "multi-cloud" solutions in Romania, having a consolidated position as a company certified by the most important IT providers in the world, focusing on cloud and IT security.

The IT solutions provided by Dendrio include: general consulting services, IT assessment services, implementation and migration services, maintenance and support services, infrastructure optimization services and IT training services. The company is the only "hybrid multi-cloud" integrator in Romania, consolidating its position as a certified company by the most important IT providers in the world, focusing on cloud and cybersecurity.

In December 2018, Bittnet acquired the IT&C integration activity of Crescendo International SRL, a company with 25 years of experience in Romania and on foreign markets. Crescendo's IT&C division has been integrated into Dendrio and, as a result of the merger, the company benefits from a more stable business structure, extensive staff resources, and an extensive portfolio of customers, products and services.

Elian Solutions

In 2018, the Group acquired a majority stake in the company that provides ERP solutions, Elian Solutions. Elian completed the offer of IT integration services by adding ERP solutions in the group's portfolio.

Elian Solutions is specialized in providing implementation services for Enterprise Resource Planning (ERP) solutions, Microsoft Dynamics NAV. Elian is the only partner who holds a Gold Certificate for this solution from Microsoft in Romania. The solution implemented by Elian allows companies to know the situation of stocks, receivables and debts, to be able to forecast, inter alia cash flow, to track production, cost centers and much more.

Equatorial Gaming

In 2018, the Group acquired a significant stake in the game-based learning company, Equatorial Gaming. Following the acquisition, Equatorial's activities were integrated into the **Education** division.

In August 2020, Bittnet activated the option to convert the loan amounting to RON 1,050,000, granted in 2018 to Equatorial Gaming, the equivalent of 20.1% of the share capital. In November 2020, Bittnet shareholders approved the purchase of a number of registered shares representing 60.3665% of the share capital of Equatorial Gaming SA. Following these operations, Bittnet Systems reached a holding of 98.99% of the share capital of Equatorial Gaming SA.

Equatorial, a *game-based learning* company, specializes in providing transformative training and consulting programs at the individual, team and organizational levels in Romania and abroad. In 2015, the company invented and launched Equatorial Marathon, an Alternate Virtual Reality Game for corporations, which increases involvement and stimulates employee behavior change. In 2018 Equatorial launched a new product: VRunners, an evolution for Marathon mobile platforms. In 2019, Equatorial released 2 new games: White Hat and Bona Fidae Agency.

Computer Learning Center & ISEC Associates

In August 2021, the Group informed investors of signing the share sale-purchase agreements for taking over the cybersecurity company - ISEC Associates SRL and the IT training company - Computer Learning Center.

The acquisition price for 100% of Computer Learning Center (CLC) is RON 725,000, amount settled in 2 installments: the first installment, of RON 225,000, was paid by payment order during August 2021, and the second installment - worth RON 500,000, conditional upon eliminating from the CLC patrimony the assets that were not relevant for the company's current activity - was paid in January 2022.

Bittnet Group is therefore consolidating its Education division and expands the portfolio of certifications, especially in the cybersecurity sector. The company collaborates with over 30 certified trainers and has delivered over 2,500 courses to 15,000 participants over the past few years.

Following Bittnet Systems' entry into the shareholding, the parties also signed in September 2021 a loan agreement by which the Issuer made available to Computer Learning Center the amount of RON 560,000 for financing the working capital for a maximum period of 3 years and an interest of 9% per year. The loan was successively increased to the amount of RON 1,935,000 during October 2021 - February 2022.

The acquisition price for purchasing 69.99% of the shares of ISEC Associates is RON 295,000, amount paid in a single installment, via bank transfer, to the founding shareholder, Alexandru Andriescu.

ISEC Associates is a company founded in 2003, specializing in complete security audit, consulting and testing services. ISEC helps companies identify, evaluate, secure and manage information security. By purchasing ISEC, Bittnet is developing its position in the cybersecurity market.

Following Bittnet Systems' entry into the shareholding, the parties also signed a loan agreement by which the Issuer made available to ISEC Associates the amount of RON 370,000 for financing the working capital for a maximum period of 3 years and an interest of 9% per year. The loan was successively increased to the amount of RON 470,000 in February 2022.

Computer Learning Center and ISEC Associates were consolidated in the financial statements starting with September 2021.

IT Prepared

In August 2021, the Group informed the investors and the Market of completion of negotiations and signing the agreement for taking over a majority stake in IT Prepared SRL. The price of the transaction amounts to USD 673,200 for 50.2% of the share capital of the company and will be paid by a mix of cash and BNET shares in 3 installments, as follows:

- The first installment, of USD 265,200, was paid in RON immediately after signing the share sale-purchase contract, by payment order to the two founding shareholders of IT Prepared;
- Installments 2 and 3, worth USD 265,200 and USD 142,800 respectively, will be paid to IT Prepared founders by settlement in BNET shares in a future share capital increase operation. The actual number of shares to be issued shall be determined in accordance with the provisions of art. 210(2) of Law 31/1990 and art. 87-88 of Law 24/2017 on issuers of financial instruments and market operations and art. 174 of FSA Regulation No. 5/2018. BNET shares for each of the installments 2 and 3 will be issued after closing and approving the financial statements of IT Prepared related to 2021 (installment 2) and 2022 (installment 3).

The transaction for taking over the majority stake in IT Prepared SRL was approved by Shareholders in the EGMS of 26 November 2020. Taking into account that the financial and operational situation of IT Prepared SRL changed between the moment of approval granted by the EGMS and the moment of signing the investment approval, the parameters of the transaction were renegotiated to the benefit of Bittnet, the final evaluation being reduced to half (therefore, Bittnet took over the majority stake) and the payment following to be conditional upon confirmation of positive operational results in 2021 and 2022.

IT Prepared was consolidated in the financial statements as of September 2021.

Nenos Software & Nonlinear

In August 2021, the Group informed the capital market of completion of negotiations and signing of contracts for taking over the majority stakes in software developer Nenos Software SRL and in Nonlinear SRL.

The value of the transaction for the acquisition of 60.97% in Nenos Software is RON 4,850,000, price settled in two installments, as follows:

- 50% of the transaction price (i.e. the amount of RON 2,425,000) was paid via bank transfer in the account of the sole shareholder of Nenos Software;
- 50% of the transaction value will be settled by allocating Bittnet shares to the sole shareholder of Nenos Software, operation to be completed by capital increase. The actual number of BNET shares to be issued shall be determined in accordance with the provisions of art. 210(2) of Law 31/1990 and art. 87-88 of Law 24/2017 on issuers of financial instruments and market operations and art. 174 of FSA Regulation No. 5/2018.

For purchasing 60% in Nonlinear SRL, the price of the transaction is RON 120 and is equal to the face value of the equity interests assigned. Nonlinear in 2020 had a turnover of RON 392,442 and a net profit of RON 115,018, having 4 software developers employed.

Nonlinear in 2021 signed a grant agreement for the development of a digitization product, intended for SMEs and micro-enterprises, which will allow automation of HR, accounting, invoicing processes etc. The product is a no-code platform, in which process automation can be done by employees without programming knowledge. The grant amounts to EUR 1.5mln, with an own contribution of EUR 0.5mln.

By taking over the majority stakes in Nenos Software SRL and Nonlinear SRL, Bittnet is consolidating its position in the software development division, also entering the sector of artificial intelligence.

Nenos Software and Nonlinear were consolidated in the financial statements starting with September 2021.

Global Resolution Experts (GRX) & GRX Advisory (GRX-A)

Global Resolution Experts S.A. (CUI 34836770), owned 60% by Bittnet Systems, is a professional service company in the cybersecurity area, which provides penetration tests, and also design, implementation and maintenance of cybersecurity solutions. It fully owns GRX Advisory SRL (CUI 43813325), with similar services.

The group initially acquired, in December 2021, a 74% stake in the parent company - GRX, and later, at the end of 2021, it attracted a number of individual and legal entity investors, by selling 14% of GRX shares. The price paid for 74% of GRX shares is RON 11,425,600, of which RON 5,150,400 was paid in December 2021 and RON 6,275,200 will be paid with the completion of audit for the financial results of 2021. The selling price for 14% of the shares owned in GRX was RON 3,472,631, amount fully collected in December 2021 - January 2022.

The services offered by GRX are similar to those offered by ISEC: professional services in the cybersecurity area: IT compliance audit, Penetration tests for Web applications and IT infrastructure, for beneficiaries in Romania and the European Union; design, implementation and maintenance of IT management systems and informational security for compliance with ISO27001, ISO9001, ISO20000 standards; design of controls and IT security systems to be implemented (VPN, Antivirus/AntiX, DLP, NAC, IDS/IPS); design of architecture of IT infrastructure technical solutions for the integration of financial information systems in the Public Cloud; design of architecture of IT infrastructure technical solutions for the implementation of complex information systems in the public sector (without participation in the implementation of those solutions by beneficiaries).

GRX and GRX-A were consolidated in the financial statements from 31.12.2021 only at balance sheet level.

The E-Learning Company S.A.

According to the November 2020 mandate of the General Meeting of Shareholders, Group management completed in January 2021 negotiations to acquire 23% of the share capital of The E-Learning Company (ELC).

The E-Learning Company has a portfolio of solutions and various products structured in several directions covering areas such as personal and professional development, communication, sales and negotiation, marketing, human resources, project management, Microsoft Office, finance, English etc.

The total estimated value of the transaction is dimensioned at the amount of RON 1.75 million. Payment to the founders of E-Learning Company will be made in two stages, according to Decision no. 6 of Bittnet EGMS from November 2020, through a mix of cash and BNET shares:

- the first installment of RON 850,000 was fully paid in cash, the amount of RON 450,000 during Q1/2021, and the rest in April 2021. Bittnet management made the decision to fully pay the installment 1 in cash, given that in the long period of processing the operation of share offsetting operation to founders of the previous M&A transactions - the acquisition of 25% in Softbinator and 99% in Equatorial Gaming.

- The second installment will be calculated at the beginning of 2022, subtracting the value of the first installment from the transaction price.

The exact price of the transaction and the allocation between cash and compensation by BNET shares will be made depending on the fulfillment of certain profitability indicators that ELC aims to obtain for the financial year 2021. The number of shares for the partial offsetting of the second installment will be determined in accordance with the provisions of art. 210(2) of Law no. 31/1990 and Articles 87-88 of Law no. 24/2017 on issuers of financial instruments and market operations and Article 174 of the FSA Regulation no. 5/2018. As a result of the investment contract, Bittnet has allocated a position in the Board of Directors of E-Learning Company, a position that will be occupied by Ivylon Management SRL through Logofatu Cristian. Bittnet has decided to participate in ELC in order to reach certain minimum profitability limits, which is why, in the coming years, the distribution of dividends will be pursued, so that Bittnet can achieve a return of at least 18% annually provided that ELC to achieve a degree of profitability at least equal to this percentage.

Following Bittnet Systems' entry into the shareholding, the parties also signed a loan agreement by which the Issuer made available to The E-Learning Company the amount of RON 240,000 for financing the working capital for a maximum period of 3 years and an interest of 10 % per year.

The Group's Management

On 29 January 2020, the General Meeting approved the amendment of the company's articles of association in the sense of its administration by a Board of Directors composed of 3 members. The composition of the Board is according to the election results:

1) **Ivylon Management SRL** by **Mihai Alexandru Constantin Logofatu**. At the time of drafting this note, Mihai Logofatu holds a number of 57.870.621 shares, representing 12.0454% of the share capital and voting rights. Mihai Logofatu is the co-founder of Bittnet Systems.
2) **Cristian Ion Logofatu**, who owns a number of 53.461.971 shares, which represents 11.1278% of the share capital and voting rights. Cristian Logofatu is the co-founder of Bittnet Systems.

Mihai and Cristian Logofatu are brothers, being the co-founders of the Issuer in 2007.

3) **Anghel Lucian Claudiu** – independent manager, who holds a number of 1,785,000 shares of the Issuer, i.e. a percentage of 0.82998% of the voting rights.

The operational management of Bittnet Systems is provided by: **Mihai Logofatu** – CEO and cofounder and **Adrian Stanescu** – CFO, together with **Cristian Herghelegiu** – VP for Technologies, who joined the executive team with the acquisition Gecad Net – and **Dan Berteanu**, VP for Education. The 4 persons are identified as key management from the IFRS perspective.

Starting with 2012, after attracting the capital infusion from Razvan Capatina, Bittnet built an **Advisory Board**, composed of people with a special reputation due to their rich entrepreneurial and managerial experience: **Sergiu Negut, Andrei Pitis and Dan Stefan**.

Starting with 2020, the Advisory Board was transformed into the Strategic Development Committee with the same component.

Starting with 2019, Mr. **Herghelegiu** is VP for Technologies and Mr. **Berteanu** is VP for Education.

The Advisory Board meets at least 4 times a year and is presented with internal management reports, and board members assist and guide the Company's management in the strategic decisions.

The experience of the members of the advisory board has been a real support in the development of the Company in the last 4 years and Bittnet continues to rely on their support in the face of new challenges.

NOTA 2. BASIS FOR DRAWING UP THE FINANCIAL STATEMENTS

a) Declaration of Conformity

The Group's financial statements were prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU IFRS"), and in accordance with OMFP 2844/2016, as amended and supplemented, "for the approval of accounting regulations in accordance with International Financial Reporting Standards".

The consolidated financial statements were prepared on the basis of the historical cost convention and on the basis of the business continuity principle. The consolidated financial statements are presented in RON, which is also the functional currency of the Group.

The financial statements were prepared for information purposes, for the purpose and as a result of admitting the issuer Bittnet Systems SA on the regulated market and do not represent the statutory financial statements of the entity/group.

The main accounting policies adopted in the preparation of the consolidated financial statements are set out at Note 28 "Significant accounting policies".

b) Business continuity

The Coronavirus pandemic posed a serious threat to public health and the Government imposed restrictions on natural and legal persons. The significant development and spread of the coronavirus did not take place until January 2020. The coronavirus was announced as a global health emergency only on 31 January 2020 (when the national governments took action). Considering this, the effects of the coronavirus were considered an event that does not lead to an adjustment of the financial statements (IAS 10) and therefore the associated forecasts and assumptions used in the preparation of the financial statements as at 31 December 2021 did not reflect the changes as a result of the coronavirus outbreak.

Adopted measures

Using the technological solutions in the Dendrio portfolio, starting March 2020, approximately 90% of the Bittnet Group team work from home, without facing with significant disruptions of daily activities. This measure has been taken for an indefinite period. In the event that all 100% of the team members need to work from home, the Group does not foresee any significant administrative impediment in its daily work, and the work schedule will continue almost under the same conditions as the usual schedule.

Impact on businesses

The event that marked the years 2020-2021 is the global pandemic of Covid-19, and the restrictions on movement and activity ("lockdowns") imposed by governments all over the world, affecting badly some industries. This situation could generate a liquidity crisis, as a result of the fears of consumers and companies related to the future recession or economic crisis. Nevertheless, it seems that the monetary measures taken by governments and central banks have given enough confidence to the business environment assuring it that a “credit crunch” is not likely to occur. The group closely monitors liquidity indicators – the conversion of receivables into cash, turnovers with customers and suppliers, etc.

The effects of this general environment are:

- **The escalation of the semiconductor crisis** has significantly affected projects that include hardware components. Although in the first quarter and even the first 6 months of 2021 there were moments of recovery of components (processors/chips) supply flows, since May 2021 this trend has entered a downward spiral (more information: https://www.bloomberg.com/news/articles/2021-05-18/wait-for-chip-deliveries-increased-in-sign-shortage-persists and here: https://www.bloomberg.com/news/articles/2021-08-23/chip-shortage-set-to-worsen-as-covid-rampages-through-malaysia). When can we consider this situation overcome? Definitely not in the foreseeable future: https://www.bloomberg.com/graphics/2021-chip-production-why-hard-to-make-semiconductors/

- **Human factor pressure** – the global pandemic has introduced a flexibility of who companies contract and interact with employees and collaborators. Increasingly more global projects are delivered with delocalized resources, the geographical location currently having a purely fiscal meaning. Consequently, IT companies in Romania, including the companies in the technology division of the group, are facing an extremely fierce global competition, in a market where qualified workforce is scarce and becomes increasingly mobile.
- The consistent digitization of working processes over the past two years leads to **a significant increase in demand for expertise in the Cybersecurity space.** Given that Dendrio provides a wide range of solutions and services in the cybersecurity area and the fact that as of August 2021 the technology division has started to include other companies with exceptional cyber expertise, such as: IT Prepared, Global Resolution Experts (GRX), or iSec Associates (iSec) – we can consider that at the moment the technology division and the Bittnet group are in an extremely favorable position for the following period.

All considered scenarios imply that the Group will continue its operation, based on the business continuity principle.

c) New standards and interpretations, valid as at 31 December 2021

The European Union has adopted a series of mandatory standards for the year ended 31 December 2021, which have been applied for the preparation of these individual financial statements:

- **IBOR reform and its effects on financial reporting - Phase 2** – In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments supplement those made in 2019 ("IBOR - Phase 1") and focus on the effects on entities when an existing benchmark interest rate is replaced by a new benchmark rate as a result of the reform.
- **Covid-19-Related Rent Concessions after 30 June 2021 (Amendment to IFRS 16)** - In May 2020, the IASB issued an amendment to IFRS 16 - Covid-19-Related Rent Concessions. This amendment provided a practical opportunity in accounting for the reduction of lease payments on account of COVID-19. The 2020 practical opportunity was available for reductions in lease payments that only affect payments initially due by or before 30 June 2021. On 31 March 2021, the IASB issued the amendment "Covid-19-Related Rent Concessions beyond 30 June 2021", which extended the eligibility period for practical measures from 30 June 2021 to 30 June 2022. This amendment is in force for annual reporting periods beginning on or beyond 1 April 2021. Earlier application is permitted, including in financial statements not authorized for publication on 31 March 2021.

These amendments did not have a significant impact on the financial statements.

New standards and interpretations not applicable on 31 December 2021

There are a number of standards, amendments to standards and interpretations issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt in advance. The most important of these are the following.

The following amendments are valid for the period beginning on 1 January 2022:

- **Annual Improvements to IFRS: 2018-2020 Cycle** - In May 2020, the IASB issued minor amendments to the IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leasing.
- **Financial Reporting Conceptual Framework (Amendments to IFRS 3)** - In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Financial Reporting Conceptual Framework without amending the accounting requirements for business combinations. The amendments enter into force for annual reporting periods beginning on or beyond 1 January 2022. Earlier application is allowed.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment - Onerous Contracts - Cost of Fulfilling a Contract)** - In May 2020, the IASB issued amendments to IAS 37, which specify the costs that a company

includes when assessing whether a contract will produce loss and, therefore, it is recognized as a onerous contract. It is expected that these amendments will result in accounting for more contracts as onerous contracts, as they increase the scope of costs included in the assessment of the onerous contract.

- **IAS 16 Property, Plant and Equipment (amendment - Proceeds before Intended Use)** - In May 2020, the IASB issued amendments to IAS 16, which prohibit a company to deduct from the cost of an item of property, plant and equipment any proceeds from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such proceeds from sales and any related costs in profit or loss.

The following amendments are valid for the period beginning on 1 January 2023:

- **IFRS 17 Insurance Contracts** - IFRS 17 introduces internationally consistent accounting for insurance contracts. Prior to IFRS 17, there was a significant diversity in the accounting and presentation of insurance contracts worldwide, IFRS 4 allowing many previous (non-IFRS) accounting approaches to be followed. IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes. In December 2021, the IASB amended IFRS 17 to add a transitional option to address possible accounting discrepancies between financial assets and insurance contractual liabilities in the comparative information presented in the initial application of IFRS 17 and IFRS 9, thereby improving the usefulness of comparative information for users of financial statements.
- **IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)** - In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments originally had the effective date of 1 January 2022; however, in July 2020, it was postponed until 1 January 2023 due to the COVID-19 pandemic. These amendments are expected to have a significant impact on many entities, with several liabilities being classified as current, especially those with loan-related conditionalities.
- **Disclosure of accounting policies (Amendment to IAS 1 and IFRS Practice Statement 2)** - In February 2021, the IASB issued amendments to IAS 1, which changed the disclosure requirements for accounting policies from "significant accounting policies" to "information on material accounting policies". The amendments provide guidance on when accounting policy information can be considered material. The amendments to IAS 1 enter into force for annual reporting periods beginning on or beyond 1 January 2023, earlier application being allowed. As the IFRS Practice Statements are non-binding guidelines, no mandatory date for entry into force was specified for amendments to the IFRS 2 Practice Statement.
- **Definition of accounting estimates (amendment to IAS 8)** - In February 2021, the IASB issued amendments to IAS 8, which added to the definition of accounting estimates in IAS 8. The amendments also clarified that the effects of a change in an input or a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.
- **Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)** - In May 2021, the IASB issued amendments to IAS 12, which clarifies whether the initial recognition exemption applies to certain transactions that result in both a recognized asset and a liability recognized simultaneously (for example, a lease within the scope of IFRS 16). The amendments introduce an additional criterion for initial recognition exemption in accordance with IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability that, at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

The company is currently assessing the impact of these new accounting standards and amendments.

NOTA 3. ESSENTIAL ESTIMATES AND ACCOUNTING REASONING

The Group makes certain estimates and assumptions about the future. Estimates and reasoning shall be assessed on an ongoing basis on the basis of the historical experience and other factors, including expectations of future events that are considered reasonable in those circumstances. In the future, the real experience may differ from these estimates and assumptions. Estimates and assumptions that present a significant risk of generating a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below.

Essential reasoning

- Income recognition (Note 7) – principal/agent relationship;
- Bittnet brand recognition (Note 16);
- Recognition of the employee/collaborator loyalty program by offering actions - "SOP" (Note 22)
- Investment reclassification Softbinator Technologies from investments accounted for using the equity method to investments at fair value through profit or loss (Note 17)

Estimates and assumptions

- Fair value measurement of financial assets held for sale (Note 17)
- Measurement of the consideration related to the employee/collaborator loyalty program by offering shares – "SOP" (Note 22)
- Measurement of adjustments for impairment of receivables (Note 20)

Except for the measurement of financial assets held for sale, the Group does not hold assets and liabilities included in the financial statements that require the measurement and/or disclosure of fair value.

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Currency risk
- Other market price risks and
- Liquidity risk.

Along with all other businesses, the Group is exposed to risks arising from the use of its financial instruments. This note describes the objectives, policies and processes of the Risk Management Group and the methods used to assess them. Additional quantitative information on these risks is presented below, in these financial statements.

There haven't been any substantial changes over the reported periods in terms of the Group's exposure to the risks of its financial instruments, objectives, policies and risk management processes or the methods used to assess them in previous periods, unless otherwise specified in this note.

(i) Main financial instruments

The main financial instruments used by the Group, resulting in the risk of the financial instrument, are the following:
- Receivables and loans;
- Cash and cash equivalents;
- Variable rate bank loans;
- Bank loans and fixed-rate bonds;
- Trade payables and other liabilities.

(ii) Financial instruments by category

FINANCIAL LIABILITIES	**31 December 2021**	**31 December 2020**
Bond issue loans	24,917,101	29,247,105
Leasing liabilities	1,217,715	4,438,185
Bank loans	10,219,324	12,154,447
Trade payables and other debts	37,345,394	25,008,454
Total	**73,699,651**	**70,848,191**

FINANCIAL ASSETS	**31 December 2021**	**31 December 2020**
Receivables and loans	33,062,294	29,156,645
Cash and cash equivalents	23,403,197	24,872,655
Total	**56,465,491**	**54,029,300**

(iii) Financial instruments not measured at fair value

Financial instruments that are not measured at fair value include cash and cash equivalents, receivables and loans, trade and other liabilities, bank loans and bonds.

Due to the short-term nature, the book value of cash and cash equivalents, trade and other receivables as well as trade and other liabilities, including loans, is close to their fair value.

(all the amounts shall be expressed in RON, unless otherwise provided)

General objectives, policies and processes

The Board of Directors has overall responsibility for determining the Group's risk management objectives and policies and, while keeping the responsibility for them, has delegated the authority for design and operation of processes to ensure the effective implementation of the objectives and policies in the Group's funding function. The Board receives monthly reports from the Group CFO examining the effectiveness of the processes implemented and the adequacy of the objectives and policies it sets.

The general objective of the Board of Directors is to establish policies that aim to reduce risks as far as possible without unduly affecting the Group's competitiveness and flexibility. More details on these policies are given below:

Credit risk

Credit risk represents the risk that the Group's debtors may not meet their obligations at the due date, due to the deterioration of their financial situation. The Group is less exposed to this risk due to the specificity of the products and services sold, which are addressed to companies of certain sizes, with a special financial situation.

The Group analyzes the new customers using specialized tools (sites with specific customer creditworthiness analysis) and has a strict procedure for documenting orders and providing services or delivering goods. As an evidence of this risk management, the Group was not affected in any way by the insolvencies of 2K Telecom or Teamnet International (unlike some of the competitors).

However, the Group has not identified a solution that can completely eliminate credit risk, which is one of the most important risks for a company of our size.

Additional relevant information on trade and other receivables, which are neither due nor impaired, is provided at Note 19.

Cash in bank deposits and short-term deposits

The Group regularly monitors banks' credit ratings and at the reporting date no losses from counterparties' non-performance are expected. For all financial assets for which impairment requirements have not been applied, the book value represents the maximum exposure to the credit loss.

Market risk

Market risk arises from the use by the Group of interest-bearing, tradable and foreign currency financial instruments. There is a risk that the fair value or the future cash flows of a financial instrument may fluctuate due to changes in the interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to the risk that the interest rate might increase, having contracted bank loans and bond issuance, all in RON. Any increase in the interest rate will be reflected by the increase in financial costs. The Group regularly monitors the market situation to forecast the risk associated with the interest rate.

Most of the amounts borrowed currently have fixed annual interest. The weighted cost of the borrowed capital is slightly below 8% per annum. We believe that the next financial period will be a period in which the fact that, for the most part, the price of the borrowed capital has been fixed will constitute a competitive advantage.

	31 December 2021	**31 December 2020**
Variable interest	10,219,324	12,154,447
Fixed interest	26,134,816	33,685,290
Total	**36,344,874**	**45,839,737**

(all the amounts shall be expressed in RON, unless otherwise provided)

On 31 December 2021, if the interest rates corresponding to the loans in RON had been by 1% higher/lower, all the other variables being kept constant, the gross profit for that year would have been by 102,193 lower/higher (31 December 2020: 121,544), mainly as a result of higher/lower interest expense on variable rate loans.

Currency risk

An important element of the market risk is the risk of exchange rate fluctuation. The group aims to be neutral against the risk of exchange rate fluctuation. The activities carried out in this respect are:

- The Group avoids as much as possible the submission of "cross currency" sales offers (offers with the sale price expressed in other currency than the purchasing currency);
- If such offers are requested, clauses such as "variation limit" are included;
- All sale prices from the contracts are expressed in a foreign currency and are invoiced in RON at the exchange rate on the delivery date;
- The group does not operate with stocks;

Starting with fiscal year 2018, there was a need to contract financial products to ensure a fixed price for purchasing foreign currency. Several requests for tenders received from customers require tendering in a different currency than the purchasing currency. Thereby, the Group analyzed and tested various financial solutions in this regard.

Once the export activity increases, the Group keeps the collected currency in the initial currency, in order to be able to make the payments directly in the currency of the external partner. This approach allows us to cancel the effect of the exchange rate fluctuation for the open invoices (because the losses recorded by increasing the value of the payment invoices are compensated by the gains produced by the increased value of the owned foreign currency). Especially with Dendrio's acquisition, the estimates collected from Bittnet's customers are more relevant for Dendrio's payments to external suppliers (Dendrio has significant purchases from external suppliers).

On 31 December, the Group's net exposure to foreign exchange risk was as follows (equivalent amounts in RON):

Net financial assets/(liabilities) in foreign currency	**31 December 2021**	**31 December 2020**
RON	(15,807,520)	(11,317,916)
EUR	(2,513,343)	(6,242,288)
USD	1,086,702	741,313

Other market risk

The Group holds some strategic equity investments in other companies that complement the Group's operations. The management considers that the exposure to market risk in this activity is acceptable in the circumstances of the Group, but it is much higher than the risk associated with an investment in government securities or stakes in investment funds, mainly due to the volatility and unpredictable evolution of share prices, both on short term and on long term.

The general risks associated with the direct or indirect acquisitions that the Group has carried out or will carry out in the future described under the subsection are fully applicable also with respect to Dendrio's acquisition of the IT&C Integration Activity from Crescendo.

From the perspective of the way the investment was structured, the qualification of an operation between Dendrio and Crescendo as a business transfer, both from a tax point of view and from the perspective of employees' rights (at local and EU level) is essential. However, this qualification depends on a number of aspects that show, among others, the independence and economic identity of the business that has been taken over. The Group's efforts have been and continue to be the identification of the Transferable Elements so that the IT&C integration activity to be taken over from Crescendo maintains these characteristics (independence and economic identity). However, in the event of a dispute which would call into question the qualification of the operation between Dendrio and Crescendo (e.g. with the tax authorities and/or the transferred staff), there is no guarantee that the same assessment will be made by the court concerned.

To the extent that the operation between Dendrio and Crescendo would be removed from the scope of the business transfer, the negative effects may consist of the ineffectiveness of taking over Crescendo's employees, considered, by the specificity of the activity taken over, the most important element of the business transfer concerned and/or the incurrence of the obligation to pay VAT by Dendrio to Crescendo (if VAT would not be considered part of the price) in the context of the Business Transfer Agreement, in such case generating a limited liquidity risk for Dendrio.

(all the amounts shall be expressed in RON, unless otherwise provided)

In addition to the particularities of Crescendo's IT&C Integration Acquisition Structure and relevant documentation, the specifics of the Acquired Activity and the Transferred Items pose challenges for the Group and Dendrio that may decisively influence Crescendo's integration, customer base, expected margins or cash flows, or achieve anticipated acquisition benefits, including expected growth or synergies.

Liquidity risk

Liquidity risk stems from the Group's management of the working capital and financial expenses and main repayments of its debt instruments. There is a risk that the Group will encounter difficulties in meeting its financial obligations as they mature.

It is the Group's policy to ensure that it will always have sufficient cash to enable it to cover its debts at maturity. To achieve this objective, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and therefore cash flows) on part of its long-term loans, and this is mentioned in the „interest rate risk” section above.

The following table shows contractual maturities (representing contractual cash flows of financial liabilities):

31 December 2021	**Up to 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**
Bond issue loans	872,768	-	24,044,334	-
Leasing liabilities	157,218	361,453	306,848	314,126
Bank loans	692,574	3,207,749	6,319,001	-
Trade and other liabilities	25,563,783	11,157,475	624,136	-
Total	**27,286,783**	**14,726,677**	**31,294,318**	**314,126**

31 December 2020	**Up to 3 months**	**3 to 12 months**	**1 to 2 years**	**2 to 5 years**
Bond issue loans	819,458	70,323	4,451,616	23,905,708
Leasing liabilities	338,976	1,062,489	1,401,465	1,635,254
Bank loans	880,996	6,702,934	2,680,677	1,889,840
Trade and other liabilities	25,008,454	-	-	-
Total	**27,047,884**	**7,835,747**	**8,533,759**	**27,430,802**

Relevant information on capital

The Group monitors the capital comprising all components of the equity.

The Group's objectives in maintaining capital are:
- protect the entity's ability to continue as a continuing concern so that it can continue to generate profits for shareholders and benefits for other stakeholders; and
- provide an adequate return to shareholders by establishing the prices of the products and services in line with the risk level.

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 5. EARNINGS PER SHARE

The group presents both the basic earnings per share and the diluted earnings per share:

- the basic earnings per share are calculated by dividing the net profit for the current year attributable to the Group's shareholders by the weighted average number of shares over the period;
- the diluted earnings per share shall be calculated on the basis of the net profit, adjusted by the dilutive effect of the employee's share options.

The earnings per share are adjusted retroactively at the beginning of the first period reported for the increase in the number of shares resulting from capitalization.

The calculation of the earnings per share for the financial years 2020-2021 is presented in the following table:

	2021	**2020**
Net profit attributable to parent company (A)	**13,722,136**	**895,127**
Number of shares - beginning of period	**264,431,393**	**116,203,206**
Capitalization of premiums/retained earnings	197,826,961	137,181,546
Shares issued during the period against cash	18,178,550	11,046,641
Number of shares - end of period	**480,436,904**	**264,431,393**
Average ordinary shares in the period (B)	**474,377,387**	**458,576,140**
Dilutive Effect Shares (SOP)	**64,858,982**	**54,790,185**
Total average (C)	**539,236,369**	**495,459,912**
Earnings per share		
basic (A/B)	0.0289	0.0020
diluted (A/C)	0.0254	0.0018

NOTA 6. INFORMATION BY BUSINESS SEGMENTS

Reporting by business segments is done in a manner consistent with internal reporting to the main operational decision-maker. The main operational decision-maker, which is responsible for allocating resources and evaluating the performance of business segments, has been identified as the Executive Management that makes strategic decisions.

Bittnet Group operates two key divisions: Education and Technology.

- **Education** - which currently consists of the IT training segment

  The trainings provided by **Bittnet** and **Equatorial** allow the access of technology experts by teaching IT skills, from the basic ones (e.g.: Microsoft Office Suite) to the most advanced ones (Cloud, DevOps, Cybersecurity). The business training portfolio includes project management, IT services management, business intelligence, CRM, ERP, Agile etc.

- **Technology** - which is focused on IT integration services, offering integration solutions previously offered by both **Bittnet**, **Dendrio** and **Elian**. This activity has a shared portfolio of products, services and solutions and a larger team that will allow a greater volume of work, both technically and in terms of sales.

Gross margin is the main indicator that Management monitors in evaluating performance in each segment. Also, sales costs are tracked on each segment, while other general and administrative costs have not been allocated.

(all the amounts shall be expressed in RON, unless otherwise provided)

	2021			2020		
OPERATIONAL RESULTS	**Education**	**Technology**	**Total**	**Education**	**Technology**	**Total**
Total revenue	14,376,372	101,116,201	115,492,573	12,827,276	96,724,166	109,551,442
Revenues between segments	(193,310)	(2,722,936)	(2,916,246)	(33,173)	(326,509)	(359,682)
Revenues from contracts with clients	14,183,062	98,393,265	112,576,327	12,794,103	96,397,656	109,191,760
Gross margin	**7,270,586**	**17,123,479**	**24,394,065**	**7,769,911**	**13,696,483**	**21,466,394**
Allocated sales costs	(3,922,351)	(5,624,928)	(9,547,280)	(2,305,830)	(5,203,157)	(7,508,988)
Margin, after sales costs	**3,348,235**	**11,498,551**	**14,846,786**	**5,464,081**	**8,493,326**	**13,957,406**
Other revenues	1,256,150	2,830,936	4,087,086			451,828
Unallocated operating expenses			(12,742,934)			(10,053,352)
Financial revenue/expenses			9,869,768			(2,871,638)
Gross profit			**16,156,856**			**1,484,245**

	31 December 2021			31 December 2020		
ASSETS / LIABILITIES	**Education**	**Technology**	**Total**	**Education**	**Technology**	**Total**
Investments in non-financial assets	3,095,515	18,995,373	**22,090,888**	4,345,319	496,554	**4,841,873**
Assets by segment	21,489,767	83,715,450	105,205,218	19,389,720	57,815,603	77,205,323
Unallocated assets			27,310,857			25,147,338
Total Assets			**132,516,075**			**102,352,661**
Debts by segment	16,881,488	50,477,490	67,358,978	5,924,882	56,382,775	62,307,657
Unallocated liabilities			11,251,721			12,398,694
Total debts			**78,610,699**			**74,706,351**

NOTA 7. REVENUES FROM CUSTOMER CONTRACTS

Revenues from contracts with customers for the financial years 2020-2021 are detailed in the following table:

	2021	**2020**
Training services	14,183,062	12,794,103
IT solutions integration services	24,436,315	19,270,712
Revenues from the provision of services	**38,619,377**	**32,064,815**
Selling goods integrating IT solutions	32,627,694	35,774,853
Resold licenses	41,329,256	41,352,092
Sale of goods	**73,956,950**	**77,126,944**
Total	**112,576,327**	**109,191,760**

Training services

Revenues from training services include experts' access to technology through the teaching of IT skills, from basic ones (e.g.: Microsoft Office Suite) to the most advanced ones (Cloud, DevOps, Cybersecurity). The business training portfolio includes project management, IT services management, business intelligence, CRM, ERP, Agile, etc. Bittnet offers a wide range of IT courses. Each course can be held in two flexible ways: intensive (5 days a week, 8 hours a day) or mixed format (2/4/6-hour courses, depending on the client's need). Each student receives access to dedicated equipment, official curriculum, as well as online and offline exams.

Revenues are recognized at a specific time, at the end of the training as a result of fulfilling the execution obligation.

IT solutions integration services

The IT solutions provided by the Group include: general consulting services, IT assessment services, implementation and migration services, maintenance and support services, infrastructure optimization services. The integrator business means the supply of solutions and services, starting with the initial analysis, design, implementation and testing phase that results in turnkey projects for companies with different IT needs.

In general, the revenues are recognized at a specific time, at the end of the implementation as a result of fulfilling the execution obligation.

Revenues from the sale of goods and licenses

Revenue from the sale of goods and licenses is recognized when the customer gains control over the transferred assets.

Revenues from a geographical perspective

Revenues are significantly provided and goods delivered to entities in Romania.

Essential reasoning

The Group has analyzed in the light of the provisions of IFRS 15 whether it acts in its own name („Principal”) in relation to the customers, namely whether it controls the promised goods and services before transferring the good or service to a customer.

Analyzing the merchandise sales contracts (hardware equipment and software licenses), Bittnet Group considers that it has obligations in its own name, and therefore acts as „Principal” and not as an intermediary („Agent”). To reach this conclusion, the Group analyzed the ordering and delivery processes of the equipment and licenses, the moment of transfer of rights by the supplier to the Group and from the Group to the customer, and the occurrence of the risks associated with the control.

Thus, even if the IT equipment or software licenses sold by the Group are produced by other entities, the group's promise to its customers is not to produce those goods, but to deliver them (and often to perform additional activities such as installation, customization, combination, activation, configuration, optimization and maintenance during operation). These are separate services, independently accounted for, but there are obligations that show the Group's control over the products in the delivery flow. Regarding the delivery to the customer, this is performed by the Group – which takes actual possession of the goods (including the software activation keys) and transmits them to the final customer, along with the specific internal activation processes in the intended portals (processes performed by the Group team).

The Group sells the rights over the goods produced by the producers in combination with its own value-added services. These services are „advisory” and "know-how” type ensuring that the solutions sold to the customers meet their requirements and needs. These services are an integral part of the obligations assumed in front of customers, because these services do not offer a separate value to customers, and are not invoiced separately. In conclusion, the Group makes customers a promise to deliver the goods, takes possession and control of them and sets the sale prices, in negotiation processes. The group is free to set prices with customers, even if they have negotiated directly with the producer of the goods certain contracts. Thus, the Group may grant additional discounts, or may request an increase in the price to reflect currency risks, delivery speed, risk of non-collection from the customer, etc. In other words, in the eyes of the customers, the Group is the supplier of the goods, even if they are produced by the producers, the Group being fully responsible for the good delivery of the agreed projects.

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 8. SALES COST

The sales costs for the financial years 2020-2021 are presented in the following table:

	2021	**2020**
Selling cost of the goods IT solutions integration	28,295,104	31,397,272
Resold licenses	35,413,419	36,917,416
Other direct materials	237,354	878,855
Cloud services	5,491,123	5,178,219
Staff expenditure	5,005,674	2,779,496
Expenses with collaborators	4,862,242	3,520,004
Services provided by third parties	8,863,767	7,054,104
Total	**88,182,261**	**87,725,366**

NOTA 9. OTHER REVENUES

	2021	**2020**
Autodesk business sale	2,226,195	-
CLC/ISEC debt restructuring	1,384,678	-
Other revenues	461,067	451,828
Total	**4,087,086**	**451,828**

Autodesk business sale

A sale-purchase agreement was signed on 30.09.2021 between Dendrio Solutions SRL and GRAPHEIN INTERNATIONAL SRL, on Autodesk business transfer. The price of the agreement is EUR 450,000 and will be collected by Dendrio Solutions in 4 installments, by 2024. The agreement provides for transfer to the buyer (Graphein International) of Dendrio business in relation to the US technology vendor Autodesk, meaning the transfer of ongoing contracts with clients, knowledge transfer and the Gold Partner status. The funds obtained from this transaction will be reinvested in the development of the group’s strategic business lines - cloud and cybersecurity - and in potential future M&A transactions in these fields.

Computer Learning Center / ISEC Associates debt restructuring

In September, after registering the new ownership structure of Computer Learning Center and ISEC Associates, the Group contacted the creditors of these companies to restructure their debts, taking into account the new financial position of the two companies recently entered in Bittnet group - concluding one payment agreement for each company.

Under the 2 payment agreements, CLC and ISEC committed to pay immediately 35% of the total amounts owed in exchange for full settlement of the historical debts, thus strengthening their financial position. To this end, Bittnet granted a loan of RON 560,000 to Computer Learning Center and RON 370,000 to ISEC Associates, funds used to make the transfers to CLC and ISEC creditors, according to the agreements.

The one-off revenues achieved by the 2 companies, Computer Learning Center and ISEC Associates, in September 2021, following debt restructuring, were adjusted following the valuation exercise carried out together with an independent valuator in order to determine the fair values on the acquisition date for all assets, liabilities and identifiable contingent liabilities of the acquired companies, values which were initially recognized in the consolidated statement of the Group’s financial position.

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 10. SALES EXPENSES

The sales expenses for the financial years 2020-2021 are presented in the following table:

	2021	**2020**
Staff expenditure	2,787,996	2,311,008
Expenses with collaborators	4,588,165	3,842,012
Commissions and fees	364,209	216,072
Advertisement	1,806,910	1,139,895
Total	**9,547,280**	**7,508,988**

NOTA 11. GENERAL AND ADMINISTRATIVE EXPENSES

The administrative expenses for the financial years 2020-2021 are detailed in the following table:

	2021	**2020**
Materials	181,709	154,602
Staff expenditure	2,552,953	2,750,240
Expenses with collaborators	3,327,730	3,396,597
Amortization	2,388,267	1,993,939
Headquarters rent	315,136	28,431
Rental of equipment and machines	80,425	128,650
Travel and transportation	81,517	64,635
Insurance	165,673	163,137
Postal and telecommunications	128,730	124,928
Donations	193,845	43,323
Receivables adjustments	46,258	(262,885)
Bank fees	115,231	74,179
Other third party services	2,301,778	957,998
Miscellaneous	766,897	435,579
Total	**12,648,079**	**10,053,352**

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 12. CLASSIFICATION OF EXPENSES BY THEIR NATURE

The classification of total operational expenses, by nature, for the financial years 2020-2021 is detailed in the following table:

	2021	**2020**
Materials and goods	28,714,167	32,430,729
Resold licenses	35,413,419	36,917,416
Staff expenditure	10,346,623	7,840,744
Expenses with collaborators	12,778,137	10,758,613
Amortization	2,388,267	1,993,939
Cloud services	5,491,123	5,178,219
Rents	395,561	157,081
Commissions and fees	364,209	216,072
Advertisement	1,806,910	1,139,895
Travel and transportation	81,517	64,635
Insurance	165,673	163,137
Postal and telecommunications	128,730	124,928
Donations	193,845	43,323
Receivables adjustments	46,258	(262,885)
Bank fees	115,231	74,179
Services provided by third parties	11,181,053	8,012,101
Miscellaneous	766,897	435,579
Total operating expenses	**110,377,620**	**105,287,705**

NOTA 13. FINANCIAL REVENUES AND EXPENSES

Details regarding the revenues and expenses for the financial years 2020-2021 are presented in the following table:

FINANCIAL REVENUES	**2021**	**2020**
Interest revenues	103,634	151,350
Investment revenues	2,251,557	-
Revenues from securities valuation	9,736,569	1,168,120
Total	**12,091,769**	**1,319,471**

FINANCIAL EXPENSES	**2021**	**2020**
Bank interest	520,160	597,233
Factoring costs	19,285	15,869
Interest on issued bonds	2,499,875	2,749,105
Leasing interest	235,850	356,321
Net revenues/expenses exchange rate differences	(279,487)	301,061
Total	**2,995,683**	**4,019,587**

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 14. INCOME TAX

Details regarding the current and deferred income tax for the financial years 2020-2021 are presented in the following table:

	2021	2020
Current income tax	1,231,616	166,201
Deferred tax	448,653	260,381
Total income tax	**1,680,269**	**426,582**
Micro-enterprise tax	50,763	32,629
Total tax	**1,731,032**	**459,211**

Income tax reconciliation

	2021	2020
GROSS RESULT	16,154,893	1,283,082
Legal reserve	(510,596)	(89,829)
Non-taxable revenues	(6,540,087)	(839,859)
Non-deductible expenses	2,976,505	2,552,400
TAXABLE RESULT	**12,080,715**	**2,905,794**
Income tax (16%)	1,894,619	464,927
Sponsorship discount	(214,350)	(38,345)
Total income tax	**1,680,269**	**426,582**

Deferred tax

Payable and recoverable deferred taxes are valued at the effective 16% tax rate. Payable and recoverable deferred taxes as well as deferred tax expense/(income) recognized in the statement of comprehensive income are attributable to the following items: recognition in the consolidated financial statements of the gain from the valuation of investments accounted for using the equity method, temporary differences in the fiscal recognition of some costs (interest), restatement in connection with the application of IFRS 16 (leasing).

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 15. GOODWILL

Details on goodwill are presented in the following table:

	31 December 2021	31 December 2020
Positive goodwill - DENDRIO	2,536,315	2,536,315
Positive goodwill ELIAN	348,385	348,385
Positive goodwill - CRESCENDO	14,816,943	14,816,943
Positive goodwill - EQUATORIAL	3,381,334	3,381,334
Positive goodwill - CLC	2,897,125	-
Positive goodwill - ISEC ASSOCIATES	1,159,534	-
Positive goodwill - IT PREPARED	2,532,998	-
Positive goodwill - NENOS & NONLINEAR	4,824,107	-
Positive goodwill - GRX	9,210,936	-
Total	**41,705,648**	**21,082,977**

Goodwill calculation:

	Acquisition cost	Net assets at fair value	% ownership	Goodwill
Dendrio Solutions	2,266,254	(270,061)	100%	**2,536,315**
Elian Solutions	510,000	316,768	51.02%	**348,385**
Crescendo	16,359,000	1,533,057	100%	**14,816,943**
Equatorial Gaming	4,646,000	1,066,330	98.99%	**3,381,334**
Computer Learning Center	866,001	(2,031,124)	100%	**2,897,125**
ISEC Associates	436,001	(1,030,838)	69.992%	**1,157,505**
IT Prepared	2,883,421	698,055	50.2%	**2,532,998**
Nenos Software & Nonlinear	4,985,939	266,344	60.97%	**4,824,107**
Global Resolution Experts	9,693,544	669,238	60%	**9,210,936**
TOTAL				**41,705,648**

Goodwill recognition

For the Gecad acquisition (currently Dendrio), the Management analyzed the "ongoing" contracts at the time of acquisition, meaning that they were signed before September 2017. Taking into account the business typology that both Bittnet and Gecad carry out in the area of activity "IT Integration", the Management appreciated that there are no identified contracts that could have been included in the asset category and generate a significant change in the financial position. In this analysis, we considered the existence of multi-annual contracts, which were about to generate revenues in the financial years 2018 and 2019, but whose gross margin wasn't significant, being rather marketing channels through which the Dendrio team maintains the relationship with customers, or by which it ensures Microsoft partner status. At the same time, the management considered that in both Dendrio and Bittnet cases, the most important part of the business is the ability to generate new projects, to be near the customers when they need them, and the ability to learn new technologies before customers, in order to provide value to the customers by installation, implementation, maintenance.

At the end of 2018, Dendrio took over the IT&C integration activity from Crescendo International, a company with 25 years of experience in Romania and foreign markets. For the business transfer from Crescendo International, Dendrio Solutions paid to Crescendo International the amount of RON 10.9 million and undertook to pay a difference in ratio with the "adjusted average EBITDA achieved by the IT&C integration activity prior to its transfer to the Beneficiary", if the top management team ensures the retention of human resources and commercial relations with the existing clients and key suppliers related to the transferred activity, in order to preserve the value of the IT&C integration activity taken over from Crescendo International SRL.

(all the amounts shall be expressed in RON, unless otherwise provided)

The value of the IT&C integration activity transferred from Crescendo International SRL consists mainly of the related human resources, which also includes a significant component of technical and commercial expertise and experience, and of the commercial relations with the main customers and suppliers, often based even on the relations with the people in the team who served them.

Based on the final financial results of 31.12.2019, the value of the additional remuneration was 1 X EBITDA adjusted average achieved by the IT&C integration activity before its transfer to the Beneficiary, namely RON 5.45 million.

Consequently, the goodwill for this transaction increased from 9.37 million RON to 14.82 million RON.

In August 2020, Bittnet activated the option to convert the loan amounting to RON 1,050,000, granted in 2018 to Equatorial Gaming, the equivalent of 20.1% of the share capital. Also, in August 2020, Equatorial Gaming shareholders approved, under EGMS Resolution of 25.08.2020, the capital increase by in-kind contribution of shareholder Berteanu Daniel, representing the equivalent value of the “Equatorial playground for new habits” brand. Following these operations, Bittnet Systems reached a holding of 38.62% of the share capital of Equatorial Gaming SA.

In November 2020, Bittnet shareholders approved the purchase of a number of registered shares representing 60.3665% of the share capital of Equatorial Gaming SA. The price of the transaction was sized at RON 2,546,000 and, according to EGMS Resolution, it was partially settled in cash and in the form of BNET shares. In the same meeting, the Board of Directors was mandated to establish the percentage between the two settlement modalities. Following these operations, Bittnet Systems reached a 98.99% stake in the share capital of Equatorial Gaming SA.

For the acquisitions completed in August 2021 - Computer Learning Center, ISEC Associates, IT Prepared, Nenos Software & Nonlinear – the Group has carried out a valuation exercise together with an independent valuator in order to determine the fair values on the acquisition date for all assets, liabilities and identifiable contingent liabilities of the acquired companies, values which were initially recognized in the consolidated statement of the Group’s financial position.

The goodwill was tested for impairment at the end of the financial year.

NOTA 16. OTHER INTANGIBLE ASSETS

Intangible assets include mainly Bittnet Brand and software licenses.

	Brands	**Licenses and other intangible assets**	**Total other intangible assets**
Net value			
On 31 December 2018	**5,786,000**	**639,725**	**6,425,725**
Inputs	666,350	1,978,372	**2,628,371**
Amortization	-	(233,137)	**(233,137)**
On 31 December 2019 (corrected)	**6,452,350**	**2,368,610**	**8,820,959**
Inputs	-	1,465,047	**1,465,047**
Amortization	-	(1,066,639)	**(1,066,639)**
On 31 December 2020	**6,452,350**	**2,767,018**	**9,219,368**

Essential reasoning - Bittnet Brand (Recognition, Valuation, Registration)

Bittnet brand

The Bittnet brand was purchased at the end of 2018 from the former owner, at a price equivalent to the value evaluated by an independent evaluator. The assessment was carried out by the discounted cash flow (DCF) method, having as reference a royalty of 5% of the turnover from the training activity, according to the previous licensing contract, the rate that is comparable to the market conditions.

Management has taken into account the fact that the Bittnet Brand is separable, i.e. it may be separated or divided by the entity and sold, transferred, authorized, rented or exchanged, either individually or together with a corresponding contract, asset or liability, and at the same time it has entered the Group's patrimony from contractual or other legal rights, regardless if those rights are transferable or separable from the entity or from other rights and obligations.

The Group controls the Bittnet Brand with the ability to derive future economic benefits from the underlying resource and to restrict others' access to those benefits. The ability to control future economic benefits derives effectively from the legal rights whose application can be upheld in court - according to Copyright Law 8.

Debt remission transaction registration

The debt resulted from the trademark acquisition was remitted to the founders of the company, Mihai and Cristian Logofatu (as sole director and financial director, respectively), subsequently paid by transferring some assets from the founders' personal patrimony to the seller of the trademark.

The management analyzed the debt remittance transaction and concluded that it represents an income and not a capital operation. The transaction was made with the founders of Bittnet Systems as managers, considering the founders' commitment to minority shareholders to bear in their own name the cost for acquiring the brand, thus correcting the error in the past of not being diligent enough to register the brand at State Office for Inventions and Trademarks. The income resulted from debt remittance amounting to 5,786,000 was recognized in the financial year 2018 in the Statement of comprehensive result on the line "Other income".

Equatorial brand

The Equatorial brand was brought as a capital contribution in kind to the capital of Equatorial Gaming by shareholder Berteanu Daniel in August 2020, at a price equivalent to the value assessed by an independent valuator. The assessment was carried out by the discounted cash flow (DCF) method, having as reference a royalty of 5% of the turnover from the training activity, rate comparable to the market conditions.

Management has taken into account the fact that the Equatorial Brand is separable, i.e. it may be separated or divided by the entity and sold, transferred, authorized, rented or exchanged, either individually or together with a corresponding contract, asset or liability, and at the same time it has entered the Group's assets from contractual or other legal rights, regardless if those rights are transferable or separable from the entity or from other rights and obligations.

The Group controls the Equatorial Brand with the ability to derive future economic benefits from the underlying resource and to restrict others' access to those benefits. The ability to control future economic benefits derives effectively from the legal rights whose application can be upheld in court - according to Copyright Law 8.

Essential reasoning - indefinite lifespan

The brands were purchased in a business combination and are the only ones allocated to the business. It has been established that it has an indefinite useful life because there is no intention to abandon the brand name. The group has the ability to maintain the value of the brand for an indefinite period of time. Thus, the mark is not depreciated, but is tested annually for impairment. Because brands do not generate largely independent cash inflows, they are allocated to the group's CGUs to test for goodwill impairment as part of business assets.

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 17. Tangible assets

Tangible assets mainly include the arrangement of office space and equipment necessary for carrying out operational activities. Movements in property, plant and equipment are shown in the table below

	Spatii inchiriate si amenajari	**Instalații tehnice si mașini**	**Alte echipamente si mobilier**	**Total active imobilizate**
Cost				
La 31.12.2019	**5,105,662**	**3,027,855**	**744,299**	**8,877,816**
Intrari leasing		64,683	130,691	**195,373**
Intrări	104,867	1,181,115	7,160	**1,293,142**
Cedări/Transfer	(42,834)	(178,203)	(680,4477)	**(901,484)**
La 31.12.2020	**5.167.695**	**4.095.450**	**201.703**	**9.464.848**
Intrari leasing	199.271	771.471	7.280	**978.022**
Intrări	157.437	264.723	68.035	**490.194**
Cedări/Transfer	**(5.167.695)**	**(704.762)**	**-**	**(5.872.457)**
La 31.12.2021	**356.708**	**4.426.882**	**277.018**	**5.060.607**
Amortizare				
La 31.12.2019	**964,330**	**764,474**	**406,442**	**2,135,246**
Costul perioadei	922,837	1,421,517	190,815	**2,535,169**
Cedări/Transfer	(15,782)	(174,771)	(458,431)	**(648,984)**
La 31.12.2020	**1.871.385**	**2.011.213**	**138.826**	**4.021.424**
Costul perioadei	381.727	674.759	49.509	**1.105.996**
Cedări/Transfer	(2.253.112)	(166.214)	-	**(2.419.326)**
La 31.12.2021	**-**	**2.519.758**	**188.336**	**2.708.093**
Valoare neta				
La 31.12.2021	**356.708**	**1.907.124**	**88.682**	**2.352.514**
La 31.12.2020	**3,296,310**	**2.084.238**	**62.876**	**5,443,424**
La 31.12.2019	**4,141,331**	**2,263,381**	**337,857**	**6,742,570**

No mortgages or guarantees were made regarding the tangible assets held.

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 18. SECURITIES

a) Investments accounted for using the equity method

	31 December 2021	31 December 2020
E-Learning Company	1,996,840	-
Softbinator Technologies	-	8,527,500
Total	1,996,840	8,527,500

Equatorial Gaming

The investment in Equatorial Gaming (25%) was accounted for until December 2020 using the equity method from the date it became associated party, respectively in August 2018.

When acquiring the investment, the difference between the investment cost and the entity's share of the value is the net fair value of the company's identifiable assets and liabilities (goodwill) and is included in the carrying amount of the investment. In applying the equivalent/equity method, the financial information was used on August 31, 2018. The share of the profit realized for the remaining period until December 31, 2020 was registered in the statement of comprehensive income.

Equatorial Gaming has been consolidated since December 2020.

Softbinator Technologies

In December 2020, Bittnet Group acquired a 25% stake in Softbinator Technologies, the first investment of the group in a software development company. The investment was accounted for using the equity method from the date it became associated party, respectively in December 2020 and until 30 September 2021. In applying the equivalent/equity method, the financial information was used on December 31, 2020.

The E-Learning Company

In January 2021, the Bittnet Group acquired a 23% stake in E-Learning Company. The investment was accounted for using the equity method from the date it became associated party, respectively in January 2021. In applying the equivalent/equity method, the financial information was used on January 31, 2021.

b) Other financial assets (securities) at fair value

	31 dec 2021	31 dec 2020
Softbinator Technologies	15,270,453	-
Safetech Innovations	632,560	1,459,700
Arctic Stream	1,791,601	-
Chromosome Dynamics	225,270	-
Total	**17,919,885**	**1,459,700**

Softbinator Technologies

In December 2020, Bittnet Group acquired a 25% stake in Softbinator Technologies, for the amount of RON 8,127,500, the first investment of the group in a software development company. In December 2020, Bittnet held 22,500 shares, with a nominal value of RON 1/share, out of a total subscribed and paid up capital of RON 90,000, split into 90,000 shares.

Softbinator is a product development company, specialized in the design, development and launch of software products mainly in the fields of Fintech, MedTech/HealthTech and EdTech for customers in Europe, North America and Asia.

Softbinator is involved in the development of software products, web and mobile solutions for digitizing the education process, lifestyle/medical and health, e-payments, e-commerce, online gaming and has ticked in 2020 areas unexplored in previous years through digital banking (including crypto), the Internet of Things (IoT), Automotive and it explored a new vertical in e-commerce expertise: marketplaces.

Listing of Softbinator Technologies shares (ticker: CODE)

At the end of August 2021, Softbinator Technologies announced the intention to list on the AeRO market of the Bucharest Stock Exchange (under the CODE ticker) by the end of the year. Prior to listing, Softbinator Technologies also announced its intention to make a private placement to raise capital for the company's international expansion.

In order to carry out the private placement for the sale of shares, as well as in order to be admitted to trading on the AeRO-SMT market of BVB for CODE shares, several pre-placement operations were carried out, as follows:

a) Convening of the General Meeting of Shareholders

The shareholders of Softbinator Technologies decided on 09.09.2021 to reduce the nominal value for Softbinator Technologies shares from RON 1/unit to RON 0.1/unit. As a result of reducing/splitting the nominal value, new shares were issued, to the benefit of the existing shareholders at a 9:1 ratio (nine newly issued shares for each share held on the record date).

Following this operation, Bittnet Systems held 225,000 shares, representing 25% of the 900,000 shares issued by Softbinator Technologies.

b) Share capital increase by RON 10,000

The shareholders of Softbinator Technologies decided on 09.09.2021 to increase the share capital by RON 10,000, amount allocated from the undistributed profit, by issuing 100,000 shares with a nominal value of RON 0.1/unit. The shares were allocated proportionally to the holdings of each shareholder. As a result of the increase, the share capital of Softbinator Technologies reached a subscribed and paid up capital of RON 100,000, split into 1,000,000 shares, and 25,000 new shares were allocated free of charge to shareholder Bittnet Systems, with a nominal value of RON 0.1/share and a total nominal value of RON 2,500.

Following this operation, Bittnet Systems held 250,000 shares, representing 25% of the total shares issued by Softbinator Technologies.

c) Assignment of newly issued shares as treasury shares

The shareholders of Softbinator Technologies unanimously decided on 09.09.2021 that a percentage of 10% of the total number of shares held, i.e. all shares issued and allocated following the capital increase operation described above, should be made available to Softbinator Technologies as treasury shares for the purpose of trading in the private placement. To this end, the shareholder of Bittnet Systems sold to the treasury of Softbinator Technologies a number of 25,000 CODE shares at a nominal value of RON 0.1/unit, for which it received the equivalent value of RON 2,500 - the nominal value.

Following this operation, Bittnet Systems held a number of 225,000 shares, representing 22.5% of the total shares of Softbinator Technologies, and 25% of the voting and profit-sharing rights, taking into account that the treasury shares have no voting rights and cannot receive dividends.

d) Transfer of Softbinator shares

At the end of September 2021, prior to the private placement, Bittnet Systems sold a total of 36,020 Softbinator Technologies shares to various natural and legal persons. The transfer of the shares was made at the maximum placement price (RON 60 per share), outside the capital market mechanisms and represents 3.602% of the share capital and shares of Softbinator Technologies. Following these transactions, Bittnet Systems collected the amount of RON 2.16 million.

Following these operations, Bittnet holds 188,980 shares, representing 18.898% of the total shares of Softbinator Technologies.

e) Private placement process

Within the private placement, a total of 100,000 CODE shares, respectively 10% of the company's share capital (shares assigned by Softbinator Technologies shareholders to the company's treasury as described above), were offered to investors at a price between RON 50 and RON 60 per share. 143 individual and professional investors participated in the placement, and the offering was closed in advance on the first day, amid an oversubscription of almost 8 times, the investors placing bids with a total value of over RON 49 million. The final price per share was set at the maximum value in the offering, i.e. RON 60. Following the transaction processing, Softbinator attracted a cash contribution of RON 6 million. Softbinator shares will be available for trading, in the following period, under CODE ticker.

Softbinator Technologies investment reclassification

Following the operations described above, Bittnet Group reanalyzed the classification of the investment in Softbinator Technologies on 30.09.2021.

Therefore, taking into account that at the moment of Bittnet investment in Softbinator one of the essential elements of the operational construction was Bittnet access to the capital market, to support Softbinator's development projects, and this differentiating element disappeared with the direct access of Softbinator to the capital market by conducting the private placement with CODE shares, the Group management made the decision to give up involvement in the management of Softbinator Technologies business and maximize the profit resulting from the remaining shareholding in CODE. Therefore, the 188,980 shares held on 30.09.2021, representing 18.898% of the capital of Softbinator Technologies, will remain in the Group's portfolio for sale in order to maximize the profit in the following period. Also, by the end of the year, the Group will formally give up the position held in the Board of Directors of Softbinator Technologies through Ivylon Management.

Essential reasoning -

From the perspective of IAS 28, the Group analyzed the criteria for exercising significant influence over the entities in which there is a holding, and concluded that it no longer exercises and does not intend to exercise significant influence over Softbinator Technologies:

a. The Group no longer holds a position on the Board of Directors of Softbinator Technologies;
b. The Group does not participate in the strategic decision-making process for Softbinator Technologies (including those related to dividend distributions);
c. There are no significant transactions between the Group and Softbinator Technologies;
d. The Group and Softbinator Technologies do not have joint management;
e. There is no essential technical information exchanged between the Group and Softbinator Technologies.

On 30.09.2021, the shareholding in Softbinator Technologies was revalued using as reference price the price of RON 60 per share, equal to the price established following the private placement with CODE shares, an investment oversubscribed almost 8 times. The management of the Group considered that, in a conservative approach, the price established by the private placement represents the fair value of the CODE shares on 30.09.2021.

On 31.12.2021, the investment in Softbinator Technologies shares was revalued using the average trading price on the AeRO market on 30.09.2021.

Safetech Innovations

Measurement at fair value

In October 2020, the Company's management invested in the private placement organized in order to increase the share capital of the cyber security company Safetech Innovations SA. The investment was made within the mandate that the executive management has according to the Articles of Association. During the placement, Bittnet subscribed the maximum possible amount, respectively RON 2,500,000 for all the 625,000 Safetech shares offered (20% of the share capital). Bittnet's intention was to make a significant investment by entering Safetech's shareholding in a percentage relevant to Bittnet and to treat the investment in the same way as the other investment in the Group.

Following the oversubscription of Safetech's offer almost 9 times, Bittnet was informed by the Intermediary (SSIF Tradeville) that a number of 72,895 SAFE shares had been allocated to it, representing 2.3326% of Safetech's share capital, which made the value of the Bittnet investment to amount to RON 291,580.00.

In January 2021, Safetech shares were listed on the AeRO-SMT market under the SAFE trading symbol, at a price approximately 400% higher than that of the private placement. Thus, the value of the Bittnet investment was worth RON 1.5 million right from the first hour of trading.

In order to revalue the investment in SAFE on December 31, 2020, Bittnet's management calculated and analyzed several market multiples, commonly used to evaluate listed IT companies (EV/Sales, P/Sales, EV/EBITDA, P/E, P/BV), both for Safetech and for the other companies listed in the IT area (apart from BNET), i.e. Life is Hard, Ascendia and 2Performant, as well as other technology companies listed on foreign financial markets.

In all scenarios and from the perspective of market multiples for listed technology companies, both on the Romanian capital market and on other financial markets, from the point of view of valuation multiples, Safetech's share appeared undervalued in relation to the initial subscription price. The company chose the model with the highest degree of prudence, which led to the revaluation of the investment in Safetech Innovations to the value of RON 1,457,900 on 31.12.2020.

On 31.12.2021, the investment in Safetech Innovations shares was revalued using the average trading price on the AeRO market on 31.12.2021.

Arctic Stream

Measurement at fair value

In June 2021, the Company's management invested in the private placement organized before the listing of Arctic Stream (AST) shares on the AeRO-SMT market. Arctic Stream is an IT integrator focused on the technologies of the US manufacturer Cisco Systems, competitor of Dendrio Solutions on this market segment. The investment was made within the mandate that the executive management has according to the Articles of Association and will be submitted for shareholders' ratification in the EGMS of 7 September 2021.

In the private placement, Bittnet subscribed the amount of RON 10 million, the intention being to make a significant investment by entering the Arctic Stream shareholding in a relevant percentage. Following the early closing of the placement on the first day and the massive oversubscription, the offering intermediary informed Bittnet that a total of 74,632 AST shares had been allocated to it, representing 1.78% of the share capital and 1.78% of the voting rights. The investment value in Arctic Stream shares amounts to RON 1,865,800.

On 29.07.2021, AST shares started trading on the AeRO market at a price approximately 40% higher than that of the private placement.

In order to revalue the investment in AST on 30 June 2021, Bittnet's management calculated and analyzed several market multiples, commonly used to evaluate listed IT companies (EV/Sales, P/Sales, EV/EBITDA, P/E, P/BV), both for Safetech and for the other companies listed in the IT area (apart from BNET), i.e. Life is Hard, Ascendia, 2Performant, Safetech Innovations, as well as other technology companies listed on foreign financial markets.

The company chose the model with the highest degree of prudence, which led to the revaluation of the investment in Arctic Stream to the value of RON 2,425,540 on 30.06.2021.

On 31.12.2021, the investment in Arctic Stream shares was revalued using the average trading price on the AeRO market on 31.12.2021.

Chromosome Dynamics

In August 2021, the Group's management decided to invest with Impetum Grup in a company that aims to develop IT and artificial intelligence solutions for customers in the agribusiness industry, according to the partnership announced at the end of 2019. Bittnet's contribution to the share capital of Chromosome Dynamics amounts to RON 150,000 for 1.5% of the shares and 1.5% of the CHRD voting rights, including the share premiums.

Subsequently, Chromosome Dynamics carried out a private placement of shares in order to list on the AeRO-SMT market the Bucharest Stock Exchange, closed in advance. 111,929 CHRD shares were issued within the offering, with a total value of RON 3,357,870, the price being RON 30. The offering reached the success threshold, being supplemented with RON 882,870. The date of the transaction was 04.10.2021, the settlement taking place on 06.10.2021 through the system of the Central Depository. Following the private placement, Bittnet Systems owns 1.22% of CHRD shares and voting rights.

Chromosome Dynamics posted a turnover of almost RON 1 million in 2020 and RON 2.5 million on 30 June 2021; the company develops solutions focused on farmers' needs for process technologization. CHRD is developer of the AGROBAZAR APP, which models the consulting-sale-purchase process in agribusiness, representing a one-stop-shop for farmers in Romania. The app provides farmers with consulting in agribusiness, agricultural machinery and inputs

(all the amounts shall be expressed in RON, unless otherwise provided)

- seeds, pesticides, fertilizers, so far having over 10,000 active users. Under the investment agreement, the Bittnet group will have the first option to deliver technology projects with CHRD.

On 31.12.2021, the investment in CHRD shares was revalued by reference to the price per share of the private placement closed in advance. After listing the shares on the AeRO-SMT market, the investment in CHRD will be revalued quarterly as a mark-to-market investment ("held for sale") by reference to the average daily trading price at the end of the reporting period.

NOTA 19. INVENTORIES

Details of inventories are presented in the following table:

	31 December 2021	31 December 2020
Materials	141,505	141,827
Goods	1,043,457	1,015,225
Total	**1,184,962**	**1,157,052**

NOTA 20. TRADE AND OTHER RECEIVABLES

Trade and other receivables are presented in the following table:

	31 December 2021	31 December 2020
Customer receivables	27,997,784	27,878,328
Adjustments for customer receivables	(146,675)	(163,918)
Contractual assets	896,235	1,073,832
Related party loans (Note 26)	261,304	54,111
Subsidies	34,456	32,126
Guarantees	111,440	7,483
Other receivables	3,907,661	328,793
Total	**33,062,294**	**29,156,645**
Advances to suppliers	159,328	355,134
Accrued charges	963,829	473,450
State budget receivables	500,953	352,966
Total, of which:	**34,686,404**	**30,338,195**
Fixed assets	2,041,467	7,483
Current assets	32,644,937	30,330,712

Statement of customers net receivables per seniority:

(all the amounts shall be expressed in RON, unless otherwise provided)

	31 December 2021	**31 December 2020**
Not due	19,934,444	24,630,115
0-30	1,379,539	1,210,189
31-90	3,046,270	926,676
91-360	3,360,491	879,976
over 360	130,365	67,454
Total	**27,851,109**	**27,714,409**

Reconciliation of customer receivables adjustments:

	2021	**2020**
1 January	**163,918**	**1,097,569**
Adjustments during the period	26,845	-
Cancellation of receivables	-	(670,766)
Adjustments restatement	(41,570)	(262,885)
31 December	**143,193**	**163,918**

Significant estimates

Impairment adjustments for trade and other receivables are recognized on the basis of the simplified approach in IFRS 9. In this process, the probability of non-payment of trade receivables is assessed, based on historical experience regarding the non-payment risk. The experience of the previous years has shown that the risk of non-collection is low, with no significant losses in recent years. However, the management estimated and recorded adjustments to the balance of receivables not collected at the end of 2020, as follows: Bittnet Systems – 1% and Dendrio – 0.5%. At the end of 2021, the management estimated and recorded adjustments to the balance of uncollected receivables, as follows: Bittnet – 1%; Dendrio – 0.5%; Elian – 1%; Equatorial Gaming – 0.5%; and IT Prepared – 0.5%.

NOTA 21. CASH SI CASH EQUIVALENTS

Details on cash and cash equivalents are presented in the following table:

	31 December 2021	**31 December 2020**
Bank in RON	15,044,104	13,091,134
Bank in RON - collateral cash	2,447,440	2,457,955
Bank in foreign currency	5,891,775	9,311,247
Cash in Cash Register	19,878	12,319
Total	**23,403,197**	**24,872,655**

Collateral cash deposits represent restricted cash – guarantee in connection with loans contracted with Procredit Bank.

NOTA 22. CAPITAL AND RESERVES

Details regarding the Group's capital reserves are presented in the following table:

(all the amounts shall be expressed in RON, unless otherwise provided)

	31 December 2020	31 December 2020
Share capital	48,043,690	26,443,139
Share premium	14,542,953	25,409,965
Other equity items	(19,082,504)	(19,893,997)
Legal reserves	773,854	468,943
Retained earnings	(5,259,605)	(5,932,105)
Current comprehensive result	13,700,236	895,127
Total	**52,718,624**	**27,391,072**

a) Share capital

The share capital of the parent company Bittnet Systems includes only ordinary shares with a nominal value of RON 0.1/share.

The shareholding structure at each reference date is presented in the table below:

Shareholders and % held	**31 December 2021**	**31 December 2020**
Mihai Logofatu	12.05%	13.35%
Cristian Logofatu	11.13%	12.15%
Others	76.82%	74.50%
Total	**100%**	**100%**

Increase in share capital by incorporating reserves - July 2021

The share capital was increased by incorporating the reserves and share premiums according to EGMS Resolution no. 2 of April 2021 and the Decision of the Board of Directors of 06.07.2021 and free shares were distributed: 6 new shares for every 10 shares held on the record date - 21 July 2021. The operation was completed in July 2021 with the registration in shareholders' trading accounts of 148,336,965 shares.

Additionally, the share capital of Bittnet Systems was increased by issuing a number of shares free of charge for the benefit of shareholders on the record date (1 free share for every 10 held), according to the EGMS Resolution no. 3 of April 2021 and the BoD Decision of 06.07.2021.

For the shares referred to in point 2, shareholders on the record date - 21 July 2021 - were able to choose online, during 26 July - 3 August, to leave these new shares available for the Company to be used in the incentive programs for key persons, approved in the previous years by the GMS, in this case collecting a cash distribution equal to the nominal value of the newly issued shares.

During the opting period, the Issuer received a number of 325 options, from 325 shareholders representing a total of 167,393,769 voting rights, i.e. 67.70% of the total voting rights of the Issuer. Of the options expressed, 210 shareholders representing 162,611,497 voting rights, i.e. 65.77% of the total voting rights opted for OPTION 1 - i.e. for cash distribution and leaving the newly issued shares at the disposal of the company. The company distributed to these shareholders the amount of RON 1,626,109.60 starting with 4 August, through the Central Depository system, having as payment agent Banca Transilvania.

The Central Depository allocated, on 10.09.2021, the shares in Section 1 for the shareholders on the record date who opted otherwise than for the cash distribution or did not take any steps during the opting period. At the same time, the Central Depository registered in the Issuer's account a number of 16,261,096 treasury shares.

Regarding the share capital increase operations presented above, the Board of Directors (BoD) issued a Decision on 06.07.2021 to keep the allocation ratio of 7 free shares for 10 held on the record date according to the mandate granted of the General Meeting of Shareholders of 27.04.2021 by EGMS Resolutions no. 2 and 3. This decision was necessary considering that at the date of convening the GMS, the coordinates of the capital increase with the free shares were applied to the entire share capital registered at that time in the records of the Trade Register (ReCom) - RON 28,260,994.30, respectively 282,609,943 shares - values resulting from the processing of capital increase operations decided in August 2020 and December 2020 and registered with ReCom since the end of 2020.

To this end, in order not to disadvantage any of the shareholders on the record date (21 July 2021), or the creditors of the two capital increase operations, so that they received the rights resulting from holding BNET shares on the date of payment of new shares, the Board of Directors decided, according to the mandate granted by the two EGMS Resolutions, to keep the increase ratio established by the EGMS, but applied for the number of shares registered with ASF and the Central Depository (247,228,275 shares). The decision of the Board of Directors of 06.07.2021 was issued according to the mandate granted to the Board of Directors by shareholders in the EGMS of 27.04.2021.

Therefore, in the first phase, a number of 148,336,965 shares were issued (according to the EGMS Resolution no. 2/27.04.2021) which were distributed to all shareholders on the record date, 21 July 2021, in proportion to the shareholdings and in the ratio that was decided by the EGMS (of 6 free shares for 10 held on the record date). The difference of 21,229,001 shares, up to the total of 169,565,966 shares, was distributed to the persons entitled by the Central Depository, considering that ASF issued the registration certificate.

The same principle was applied to the capital increase decided by the Extraordinary General Meeting of 27.04.2021, in point 3, with the mention that those creditors who are shareholders on the record date, 21 July 2021, will be able to choose to leave the newly issued share at the disposal of the Company and to receive in return its nominal value. As such, in the first phase, a number of 24,722,828 shares will be issued, proportionally with the shareholdings of all shareholders on the record date and according to the allocation ratio established by the EGMS: 1 free share for every 10 shares, for which there was a possibility to choose cash distribution of the nominal value or allocation by the Depository. The difference of 3,538,167 shares, to the total of 28,260,995 shares, resulting from the application of the increase ratio for the entire capital registered in the Trade Register records, was allocated to persons entitled by the Central Depository considering that FSA has issued the registration certificate.

FSA registered the operation and the Central Depository processed it, the subscribed and paid-up share capital of the issuer registered with Trade Register, FSA and Central Depository records being RON 48,043,690.40, split into 480,436,904 BNET shares, each with a nominal value of RON 0.1.

Share capital increase, new contributions - February - March 2021

Between January and March 2021, the offer period took place within the capital increase with new cash contributions approved by the EGMS Resolution no. 4 of April 29, 2020. Thus, in Phase 1 – carried out between January 27 and February 25, 2021 - 17,359,142 new shares (95.49% of the total) were subscribed at the price of RON 0.59 per share. The price provided in the offer (composed of the nominal value plus the share premium) was determined according to the EGMS Resolution and the formula approved by it for the share premium: [(average trading price last 30 days) / 1.2] – 0.1.

The shares remaining unsubscribed during the offer period were offered for subscription within a private placement (Phase 2) which was closed in advance due to the high interest and the small number of shares (819,408 shares remaining unsubscribed after Phase 1). According to the law, the price from the private placement was higher than the price from Phase 1, respectively RON 0,60 per share.

During the two phases of the capital increase operation, the 18,178,550 new shares were subscribed, i.e. 100% of the issue, the Company raising a financing amounting to RON 10,733,538.58. Following the subscriptions of the 18,178,550 new shares were allocated in the subscribers' accounts a number of allocation rights (symbol BNETR09) equal to the total number of subscribed shares. The allocation rights entered into Trading within the BVB Regulated

Market starting with April 10, 2021 after receiving the CIIF and their registration in the FSA records as financial instruments.

Following this operation, the subscribed and paid-in share capital of the Company was increased by the amount of RON 1,817,855 (related to the nominal value of the newly issued shares). The amount of RON 8,915,683.58 (resulting from the decrease of the amount of the increase of the share capital from the entire value of the attracted financing) was registered as issue premiums and will be available, in the future, as reserves. The Company's intention is to also include the issue premiums in the share capital and to issue and allocate free shares in future capitalization operations.

Following the registration of new values of the share capital increased at ReCom, FSA issued the new certificate of registration of financial instruments, and the operation was completed by loading the newly issued shares for trading on 26.03.2021.

Share capital increase by debt conversion - December 2020

Based on the mandate conferred by the EGMS Resolutions no. 4 and no. 5 of 26.11.2020, the Board of Directors signed two share sale-purchase agreements, for the acquisition of shareholdings in Equatorial Gaming and Softbinator Technologies, respectively, and established the settlement share between cash and BNET shares for each of the 2 transactions. Thus, the total amount of investments in the 2 companies is RON 11,073,500, and the Board of Directors decided to pay the amount of RON 4,423,500 in cash and RON 6,650,000 in BNET shares. Following these operations, Bittnet Systems holds a 98.99% stake in Equatorial Gaming and 25% in Softbinator.

In December 2020, the Board of Directors of Bittnet Systems decided to increase the share capital based on the mandate established by the GMS and the provisions of the Articles of Incorporation in the amount of RON 6,650,000 on the receivables held on the Company by the members/shareholders of the two companies, Equatorial Gaming and Softbinator Technologies.

During the capital increase operation, the shareholders of the 2 companies will be allocated shares to the Issuer as follows:

- Daniel Berteanu – co-founder of Equatorial Gaming – 2,717,647 BNET shares
- Diana Rosetka – co-founder of Equatorial Gaming – 736,722 BNET shares
- Daniel Ilinca - founder of Softbinator - 5,784,061 BNET shares
- Andrei Pitis - Softbinator shareholder - 1,446,015 BNET shares

Following the issuance of the 10,684,445 BNET shares, the share capital increased by RON 1,068,444.50, and the equity increased by RON 5,581,555.50 – capital premiums (the difference between the value of the receivable and the value by which the share capital is increased). The value of RON 6.65 million, the receivable held by the sellers on the Issuer, was certified by the extrajudicial accounting expertise report dated 17.12.2020.

The number of newly issued shares was determined in accordance with the provisions of Article 210(2) of Law no. 31/1990 and Articles 87-88 of Law no. 24/2017 on issuers of financial instruments and market operations and Article 174 of the FSA Regulation no. 5/2018. Thus, the number of shares was determined by dividing the receivable at the price of RON 0.6224/share - the weighted average price of BNET shares during the period 13.12.2019 – 16.12.2020. The capital increase is made by raising the right of preference and based on the Decision of the Board of Directors no. 10 of 17.12.2020 and in accordance with the attributions delegated by the EGMS by Decisions no. 3 of 25.04.2018 and no. 1 of 17.12.2018, so that the newly issued shares can be allocated to the holders of the receivable (shareholders of the acquired companies).

The settlement of the 2 transactions through a mix of BNET shares and cash was approved in the EGMS of 26.11.2020, and the reason behind this model was to align the interests of the shareholders of the 2 companies in which Bittnet became a shareholder with Bittnet shareholders. Thus, the shares released as a result of the share capital increase through the conversion of the debt that was uncontested, liquid, and enforceable against the company will be registered by the Central Depository in the global accounts of the 4 beneficiaries – proportionally to the value of the uncontested, liquid, and enforceable debt they hold over the Company.

FSA issued the registration certificate for this operation and the Central Depository processed the allocation of BNET shares to the entitled persons on 21.10.2021.

Share capital increase, new contributions - February - April 2020

According to the EGMS Resolution no. 2 of April 24, 2019, the increase of the share capital with a number of 11,046,641 common shares offered for subscription to shareholders was approved. The increase operation started in the 1st quarter of 2020, with the trading of BNETR07 preference rights and then with the phase of the public subscription offer based on the preference right.

Thus, in phase I (public offer) – carried out between March 5 and April 3, 2020 - 5,046,928 new shares were subscribed (45.69% of the total) at the price of RON 0.83 per share, of a number of 189 natural and legal person investors.

In Phase II (private placement) the Company offered for sale the 5,999,713 shares remaining unsubscribed at the unit price of RON 0.831. The subscriptions were made by 51 natural and legal person investors.

Share capital increase by incorporating reserves - July 2020

During the two stages of the increase operation, all 11,046,641 shares offered were subscribed, representing 100% of the total issue of new shares, the Company attracting a cash contribution of RON 9,174,711.74.

The share capital was increased by incorporating the reserves and share premiums according to the EGMS Resolution no. 2 of April 2020 and free shares were distributed: 7 new shares for every 10 shares held on the record date. The operation was completed in July 2020.

Additionally, the share capital of Bittnet Systems was increased by issuing a number of 11 million shares free of charge for the benefit of shareholders on the record date (1 free share for every 10 held), according to EGMS Resolution no. 3 of April 2020. Shareholders could choose online to make these new shares available to the Company for use in stock options plans for key persons approved by the GMS, in which case they receive a cash distribution equal to the nominal value of the new share. Following this operation, the Central Depository charged into the company's account a number of 9.2 million shares (registered as treasury shares), and to the accounts of shareholders who did not opt for cash distribution – 2 million shares, according to their option.

b) Share premium

Share premiums were established on the occasion of capital increases and can be used to increase the share capital.

c) Legal reserve

According to Law no. 31/1990, every year, at least 5% of the profit is taken over for the formation of the reserve fund, until it reaches at least one fifth of the share capital. Reserves representing fiscal facilities cannot be distributed with implications on the recalculation of the income tax.

d) Other equity items

Essential reasoning – SOP recognition and measurement

The Group assessed from an IFRS 2 perspective whether payment transactions based on shares with employees (SOP) are settled in cash or by issuing shares.

The Group settles the transactions by issuing to the holders options a number of shares that are equivalent (at market price) to the financial value of the option. The capital increase is made by raising the preference right and based on the Director’s Decision.

As a result, although at an intermediate stage the "debt" regarding the settlement of the SOP is assessed, the economic substance of the transaction is that they are settled in shares. Therefore, the Group recognized SOP transactions as settled in shares, and recognized and assessed the services received in the Statement of comprehensive income and the corresponding increase directly in equity.

Transactions with employees and other employees providing similar services were valued at the fair value of the capital instruments provided, as it was usually not possible to reliably estimate the fair value of the services received.

Significant estimates - SOP measurement

The measurement of the fair value at the date of granting (according to IFRS 2) - the date of approval by the EGMS of each plan – is performed using the Black - Scholes model, using as values for the model:

- spot price on the GMS date, i.e. adjusted average price for splits at t-1
- strike price (at the reference date) according to each plan
- volatility, according to the analysis of the daily price of BNET shares, adjusted for splits
- risk-free interest rate, i.e. ROBOR 12M published at t-1
- the number of shares of the company from the date of granting
- dilution percentage in the Stock Option Plan

The full value of each plan is recognized in costs over the course of each plan.

SOP 2018

By the BoD Decision no. 7/18.08.2020 the Board of Directors of the Company decided to increase the share capital by issuing a number of 24,697,223 ordinary, registered, dematerialized shares, of equal value and with a nominal value of RON 0.1 each, on account of the receivable held on the Company by the stock option holders ("Key Persons") in compliance with the Incentive Plan for Key People - Stock Option Plan approved by EGMS Resolution no. 12 of 25.04.2018 and stock option contracts and subsequent addenda - hereinafter referred to as "SOP 2018" or "SOP".

The share capital thus increased by the amount of RON 2,469,722.30, and the equity increased additionally by the amount of RON 11,758,361.13 – share premiums. According to the incentive plan - SOP2018 - a total number of 47 persons received the right, without having the obligation, to purchase from the Company shares at a price per share equivalent to a capitalization of the Company as of 31.12.2017. During the period 10.05.2020 - 10.06.2020 (maturity of the stock option), the key persons exercised the stock option, the Company having the alternative to purchase again shares on the market or to operate a capital increase by issuing to the holders of stock options a number of shares to equate (at market price) the financial value of the stock option for stock option holders. The value of the option, which is the receivable from the Company, was certified by the extrajudicial accounting expertise report dated 17.08.2020.

The number of newly issued shares was determined in accordance with the provisions of Article 210(2) of Law no. 31/1990 and Articles 87-88 of Law no. 24/2017 on issuers of financial instruments and market operations and Article 174 of the FSA Regulation no. 5/2018. Thus, the number of shares was determined by dividing the receivable at the price of RON 0.5761/share - the weighted average price of BNET shares during the period 14 August 2019 – 14 August 2020.

The capital increase is made by raising the right of preference and based on the Decision of the Board of Directors no. 7 of 18.08.2020 and in accordance with the attributions delegated by the EGMS by Decisions no. 3 of 25.04.2018 and no. 1 of 17.12.2018, so that the newly issued shares can be allocated to the holders of the receivable (as a result of SOP2018).

The operation was completed by the issuance of the registration certificate by the Financial Supervisory Authority and the Central Depository allocated the shares issued in the global accounts of the key persons on 21.10.2021.

SOP 2019

By the EGMS Resolution no. 4 of 24.04.2019 Bittnet shareholders voted a stock option plan for key persons with a duration of 2 years, amounting to a maximum of 5% of the total shares of the Company. The maturity of the options was in May-June 2021, so that the key persons included in SOP2019 had the right (not the obligation) to purchase shares of the Issuer at the price related to the stock market capitalization from 31.12.2018.

29 key persons exercised the option to purchase a total number of 9,072,821 BNET shares at the price of RON 0.224084401 per share. Following this operation, the Company registered a receivable in relation to the key persons in the amount of RON 2,033,080. The number of options exercised (9,072,821) represented 3.6698% of the Company's capital at the date of implementation.

The method of settling the incentive program with options in this way is a first and could be implemented due to the treasury shares registered in the Company's account in December 2020. These shares were acquired by the Issuer following the implementation of the EGMS Resolution no. 3 of April 2020 and the special option procedure carried out last summer. Through this, the shareholders on the record date of 21 July 2020 could choose to receive the nominal value of the newly issued share and thus leave the share at the disposal of the Issuer for the implementation of the incentive programs for the key persons.

SOP 2020A

By EGMS Resolution no. 3 dated January 29, 2020 the following were voted:

- Including in the key persons' stock options plan, with a number of options equal to 0.5% of the total number of shares, annually, of each member of the Board of Directors, with the exception of the Chairman of the Board of Directors; and
- Including in the key persons' stock options plan, with a number of options equal to 0.75% of the total number of shares, annually, of the Board of Directors, with the exception of the Chairman of the Board of Directors.

SOP 2020B

Additionally, by EGMS Resolution no. 5 dated April 29, 2020, the Company's shareholders voted a stock option plan for key persons with a duration of 2 years, amounting to a maximum of 5% of the Company's total shares.

SOP 2021

By EGMS Resolution no. 5 dated April 27, 2021, the Company's shareholders voted a stock option plan for key persons with a duration of 2 years, amounting to a maximum of 5% of the Company's total shares

(all the amounts shall be expressed in RON, unless otherwise provided)

NOTA 23. BONDS

Details of bond issues loans are presented in the following table:

	31 December 2021	31 December 2020
BNET22	-	4,451,616
BNET23	4.661.869	4,647,795
BNET23A	9,540,798	9,491,246
BNET23C	9,841,667	9,766,667
Accrued interest	872,768	889,781
Total, of which:	**24,917,101**	**29,247,105**
Long-term part	24,044,334	28,357,324
Short-term part (interest)	872,768	889,781

The Group conducted in 2016, 2017 and 2018 offers of bonds with maturities in 2019, 2022 and 2023, obtaining from the capital market a 'binding' financing of over 30 million RON (all issues are listed on BVB).

BNET22

During August 28-September 8, 2017, Bittnet conducted another offer for the sale of bonds through private placement according to the EGMS Resolution No. 5 of April 26, 2017. 45,000 bonds with a nominal value of RON 100 each were subscribed, which brings the amount attracted within the BNET22 issue to RON 4.5 million. Each bond bears a fixed interest rate of 9% p.a. and the repayment of the principal will be made in September 2022. Subscriptions were made by 19 natural person investors. BNET22 bonds were admitted to trading on the Bucharest Stock Exchange Bonds-ATS market on November 21, 2017.

On April 2, 2021, Bittnet Systems notified the Market of the Decision of the Board of Directors dated 01.04.2021 to exercise the callback option for the early and full redemption of the BNET22 corporate bond issue. According to the Memorandum of Admission to trading on the SMT-Bonds market of BVB, the redemption price of the BNET22 issue was 100% of the nominal value, and the record date for identifying the bond owners whose instruments were redeemed was 06.05.2021. The effective payment date of the sums of money was set at 13.05.2021. Also, according to the BVB Code, the BNET22 bonds were suspended from trading starting with 05.05.2021, and the last BNET22 trading session was 04.05.2021. The redemption value of the BNET22 issue included interest as a coupon fraction calculated for a number of days equal to the time interval from the date of payment of the last full coupon (Coupon 14 of 15.03.2021) to the date of actual payment of the nominal value of the issue redeemed, i.e. until 13.05.2021 inclusive. The management of the Company has made the decision of early redemption of the BNET22 issue in order to reduce the financial interest expenses.

BNET23

On July 4, 2018, Bittnet successfully completed the third private placement of corporate bonds in the history of the Company. Bittnet attracted an investment of 4.7 million RON in the private offer, which took place between June 26 and July 4. Most of the borrowed capital was used to acquire a 51% stake of Elian Solutions and 25% of Equatorial Gaming, and the rest is used as working capital.

BNET23 bonds have a nominal value of RON 100, a maturity of 5 years and an annual interest rate of 9%, payable quarterly. The placement was subscribed by 32 natural persons, 1 legal person and 3 open-end investment funds. Due to the increased interest, the offer was closed 9 days before the end of the subscription period, which was initially set for 13 July.

In accordance with the resolution of the Extraordinary General Meeting of Shareholders of 25 April 2018, BNET23 bonds entered trading in November 2018 on the AeRO ATS-Bonds market operated by the Bucharest Stock Exchange, under the BNET23 symbol.

(all the amounts shall be expressed in RON, unless otherwise provided)

BNET23A

On December 27, 2018, Bittnet successfully closed the fourth private placement of corporate bonds and the second in 2018. Following the private placement of BNET23A, the Group obtained the amount of RON 9,703,700 from 20 natural person investors and one legal person investor. Within the process, 21 transactions amounting to a total of 97,037 registered, dematerialized, corporate, non-convertible, unsecured bonds with a nominal value of 100 RON/bond were settled through BVB mechanisms (POFBX market).

BNET23A bonds have a maturity of 5 years, a fixed interest rate of 9% per year, payable semi-annually and the allocation date was 28 December 2018. The Group used the amounts attracted within the BNET23A issue to finance the IT&C business transfer from Crescendo International SRL and its integration into the Bittnet Group structure, as approved by the Extraordinary General Meeting of Shareholders on 17 December 2018 and the investment contract described in the Current Report 22/15.10.2018.

The BNET23A bond issue entered into trading on the ATS-Bond market of the Bucharest Stock Exchange on February 18, 2019.

BNET23C

Between 14 and 18 January 2019, the company carried out a private investment by which it carried out the 5th bond issuance - BNET23C, by which it attracted subscriptions in the total amount of RON 10,000,000, which represents 100,000 bonds, the maximum value of the BNET23C issue, in accordance with the Decision of the Sole Administrator and the Tender Document and according to the Extraordinary General Meeting of Shareholders Decision of 25 April 2018. BNET23C bonds are nominative, dematerialized, corporate, non-convertible and unsecured. BNET23C bonds have a nominal value of RON 100, a maturity of 4 years, and a fixed interest of 9% per year, payable semi-annually. The syndicate of intermediation for sale consisted of S.S.I.F. Tradeville S.A. and S.S.I.F. Goldring S.A. The attracted investment is used to finance the working capital and current activity of the Bittnet Group. BNET23C bonds are tradable on the AeRO market starting with 17 April 2019.

NOTA 24. BANK LOANS

Details regarding bank loans are presented in the following table:

	31 December 2021	31 December 2020
ProCredit LT loans	4,400,494	7,227,824
ProCredit line 4.5 mln	4,449,384	4,500,000
ING overdrafr 2mln.	1,080,099	51,151
Raiffeisen (IMM invest)	375,472	375,472
Total, of which:	**10,210,058**	**12,154,447**
Long-term part	6,327,926	4,570,517
Short-term part	3,882,132	7,583,930

The group's bank lending structure is mainly made up of revolving overdrafts aimed at short-term financing of specific projects. On the date hereof, the group has loans and overdrafts to finance the current activity worth around RON 11 million at ProCredit Bank, ING Bank and Unicredit Bank and a non-cash limit for the issuance of letters of bank guarantee of RON 2,3 million at Banca Transilvania.

ProCredit Bank

In February 2020, Bittnet Systems transformed the loan product worth 2,790,000 contracted also with ProCredit Bank from revolving overdraft into a loan with monthly principal and interest reimbursements. The new maturity of the loan was set for a period of 36 months, and the interest rate remained unchanged, ROBOR3M+2.5%.

In December 2020, the company informed the shareholders about the signing of a bank loan agreement by Dendrio Solutions (a company belonging to the Bittnet group) with ProCredit Bank. The total value of the facility is RON 5,000,000 and the destination of the loan is to finance the working capital and the current activity of Dendrio Solutions. The maturity of the product is 36 months and the interest rate is ROBOR3M+3% per year. The guarantee established for this lending product was: cash collateral deposit 10% of the value.

The addendum for the extension of the credit line - revolving overdraft worth RON 4.5 million - contracted by Dendrio Solutions from ProCredit Bank in July 2019 was signed on 23.07.2021. The extension was made for a period of 24 months and under the same conditions as the initial loan agreement. The interest rate remained ROBOR3M+2.4% p.a., and the destination of the product is financing the working capital and current activity of Dendrio Solutions.

ING Bank

In November 2018, the Group concluded an overdraft revolving financing contract with ING Bank Amsterdam, Bucharest Branch worth 2,000,000 RON, with an interest rate of ROBOR1M+2.9% per year and a maturity of 1 year, with the possibility to extend it. The loan will be used to finance the working capital and current activity of Dendrio Solutions SRL. There were no shootings until December 31, 2018. The facility is available to Dendrio Solutions for financing working capital and current activity.

In October 2019, the Group extended the overdraft granted by ING Bank NV Amsterdam - Bucharest Branch for a period of 12 months and under the same conditions as the initial agreement.

In January 2020, the Group extended the credit facility for an additional period of 7 months.

The addendum for the extension of the credit line - revolving overdraft worth RON 2 million - contracted by Dendrio Solutions from ING Bank in November 2018 was signed on 16.08.2021. The extension was made for a period of 12 months - until August 2022 - under the same conditions as the initial loan agreement. The interest rate remained ROBOR1M+2.9% p.a.

Banca Transilvania (BTRL)

In December 2018, Bittnet contracted a credit cap banking product from Banca Transilvania for Dendrio Solutions SRL. The total value is RON 1,000,000, for a period of 15 months and allows quick access to the following facilities: corporate credit line; issuance ceiling for various types of non-cash LBG (letters of bank guarantee, participation in tenders, performance letters, guarantee of payment to suppliers, refund of advance payment etc.). Interest on this facility is composed of: ROBOR3M+3.8% and is calculated on the amount actually used. The Group intends to use this banking product to no longer immobilize own cash for the issuance of LBGs and to unlock existing such guarantee instruments.

In November 2019, the Group signed a factoring agreement with Banca Transilvania for invoices discounting in the commercial relationship with a customer in the telecom industry. The contract has the following coordinates: Type of banking product: factoring cap without regression for the advance payment of receivables; Maximum financing cap: RON 3,000,000, Percentage coverage: 100% of the invoice value, Interest: 1.5%+ROBOR1M per year, calculated on the value of projects, Validity: 16 months with extension possibility.

The company informed the investors, on 10.11.2021, about the extension of the loan agreement between Dendrio Solutions and Banca Transilvania (contracted in December 2018) for the ceiling for issuing letters of bank guarantee and also the supplementation of the maximum use limit up to RON 2,300,000, in the following conditions:

The product, of corporate credit line type, will have a validity of 24 months with the possibility of extension. The destination of the ceiling is for the issuance of all types of bank guarantees in the national currency (letters of bank guarantee for good performance of contracts, for participation in bidding procedures, payment guarantee for suppliers, refund of advance etc.) and the interest is ROBOR6M + 5.6% per year applied to the balance used.

The guarantees constituted: pledge on the Dendrio Solutions accounts opened with Banca Transilvania and sole partner surety Bittnet Systems SA.

(all the amounts shall be expressed in RON, unless otherwise provided)

Dendrio Solutions will use this banking product to avoid immobilizing its own cash in order to issue letters of guarantee and, where appropriate, to unlock cash from guarantee instruments that have required, in the past, the blocking of its own cash.

Unicredit Bank

In February 2021, Elian Solutions extended the revolving-overdraft facility contracted from Unicredit Bank and increased the available ceiling to the value of 800,000 lei. Facilitated maturity: 12 months with the possibility of extension; Interest: ROBOR3M + 3% p.a.; Guarantee structure: movable mortgage on current accounts opened with Unicredit Bank, general assignment of receivables, Corporate guarantee letter issued by Bittnet Systems SA.

Raiffeisen Bank

In August 2020, Equatorial Gaming contracted a credit facility from Raiffeisen Bank through the government program IMM Invest in a total amount of RON 495,000. The loan interest is ROBOR3M+2.5% per year and the maturity is 36 months.

NOTA 25. LEASING LIABILITIES

The Group has concluded long-term operating leases for technical equipment having as final terms 2021-2024.

	31 December 2021	**31 December 2020**
Short-term part	540,786	1,401,465
Long-term part	676,929	3,036,719
Total	**1,217,715**	**4,438,185**

Reconciliation of leasing liabilities and use rights recognized as a result of the application of IFRS 16 is presented in the following tables:

Leasing liabilities	**Spaces**	**Equipment**	**Cars**	**Total**
On 01 January 2020	3,700,000	1,040,643	427,950	5,168,592
Inputs	-	210,127	191,995	402,121
Interest and exchange rate differences	233,787	169,165	72,635	475,587
Leasing payments	(849,024)	(432,778)	(326,314)	(1,608,115)
On 31 December 2020	**3,084,763**	**987,157**	**366,234**	**4,438,185**
Inputs	-	257,962	149,377	407,339
Outputs	(2,775,458)	-	-	2,775,458
Interest and exchange rate differences	60,160	46,702	24,726	131,588
Leasing payments	(369,464)	(405,772)	(208,702)	(938,938)
On 31 December 2021	**-**	**886,049**	**331,665**	**1,217,715**

Rights of use	**Spaces**	**Equipment**	**Cars**	**Total**
On 1 January 2020	3,459,012	1,003,756	432,040	4,894,808
Inputs	-	210,127	191,995	402,121
Amortization	(754,694)	(345,707)	(243,813)	(1,344,213)

(all the amounts shall be expressed in RON, unless otherwise provided)

On 1 January 2020	**2,704,319**	**871,188**	**427,571**	**4,003,078**
Inputs	-	257,962	149,377	407,339
Outputs	(2,389,863)	-	-	(2,389,863)
Amortization	(314,456)	(432,158)	(160,581)	(907,195)
On 31 December 2021	**-**	**696,991**	**416,367**	**1,113,358**

NOTA 26. TRADE AND OTHER LIABILITIES

Trade and other liabilities are detailed in the following table:

	31 December 2021	31 December 2020
Suppliers	23,773,616	24,337,554
Employee debts	630,887	363,152
Other liabilities	1,041,662	307,748
Shareholding acquisition debts	11,781,611	-
Provision	127,001	63,500
Total financial liabilities	**37,354,776**	**25,008,454**
Advances to customers	1,027,567	371,401
VAT	1,650,290	1,577,553
Other budget liabilities	569,100	192,327
Deferred income	1,359,490	1,595,678
Total, of which:	**41,961,224**	**28,745,411**
Long-term debts	624,136	-
Current debts	41,337,088	28,745,411

NOTA 27. INFORMATION REGARDING THE RELATION WITH RELATED PARTIES

Details on balances and related party transactions are set out below.

The remuneration paid to Key Management (identified in Note 1) is as follows:

	2021	2020
Management contracts	715,116	839,317
SOP expenditure	553,977	697,223
Total	**1,269,093**	**1,536,540**

As at December 31, 2021, the debts related to the management contracts are in the amount of RON 62,093 (December 31, 2020: RON 52,093)

Receivables and loans	**31 December 2021**	**31 December 2020**
E-Learning Company – loan	240,000	-
E-Learning Company - interest	21,304	-
Total	**261,304**	**-**

The loan to The E-Learning Company was granted for the financing of the working capital for a maximum period of 3 years and with an interest rate of 10% per year.

NOTA 28. CONTINGENT LIABILITIES

a) Protection of personal data

In the course of its work, the Group collects, stores and uses data that is protected by personal data protection laws. Although the Group takes precautions to protect customer data, in line with legal privacy requirements, there may be data leaks in the future. In addition, the Group works with suppliers or third parties acting as trading partners who may not fully comply with the relevant contractual terms and all data protection obligations imposed on them.

Unanticipated IT issues, system deficiencies, unauthorized access to the Group's IT networks or other deficiencies may result in the inability to maintain and protect customer data in accordance with applicable regulations and requirements and may affect the quality of the Group's services, as well as compromise the confidentiality of its customer data or cause service disruptions, resulting in the imposition of fines and other penalties.

Also, with the entry into force of the General Data Protection Regulation (EU) 2016/679 (GDPR), on 25 May 2018, the Group is subject to its personal data processing requirements, whose non-compliance may entail several types of sanctions, including fines of up to 4% of the overall turnover or up to 20 million EUR (whichever is higher); in addition, if they have suffered damage, data subjects may obtain compensation covering the amount of such damage and their rights may also be represented by collective bodies.

b) Risk associated with changing legislation and taxation in Romania

Changes in the legal and fiscal regime in Romania may affect the economic activity of the Company. Changes related to the adjustments of the Romanian legislation with the regulations of the European Union may affect the legal environment of the Group's business and its financial results. The lack of stable rules, legislation and cumbersome procedures for obtaining administrative decisions may also restrict the future development of the Company. In order to minimize this risk, the Group regularly reviews changes to these regulations and their interpretations.

Considering that the legislation increasingly leaves to the discretion of the fiscal body the interpretation of the application of the tax rules, in conjunction with the lack of funds to the state budget and the attempt by any means to bring these funds, we consider this risk a major one for the company, because it cannot be addressed in any way in a real and constructive preventive manner. The Group considers that it has paid all its fees, taxes, penalties and penalty interest on time and in full, as far as appropriate. In Romania, the fiscal year remains open for verification for 5 years.

c) Transfer pricing

In accordance with the relevant tax legislation, the tax assessment of a transaction with affiliated parties is based on the market price concept related to that transaction and the arm's length principle. Based on this concept, transfer prices must be adjusted to reflect market prices that would have been established between entities between which there is no affiliation relationship and which act independently, based on „normal market conditions”.

The taxpayers conducting related party transactions are responsible to prepare transfer pricing documentation, which must be submitted at the request of the tax authorities during the tax inspection. Thus, it is likely that the transfer pricing checks will be carried out in the future by the tax authorities, in order to determine whether the respective prices comply with the "normal market conditions” principle and that the Romanian taxpayer's taxable base is not distorted.

d) Disputes

In the context of day-to-day operations, the Group is at risk of litigation, inter alia, as a result of changes and the legislation development. In addition, the Group may be affected by other contractual claims, complaints and disputes, including from counterparties with which has contractual relations, customers, competitors or regulatory authorities, as well as by any negative advertising it attracts. The Group management considers that these disputes will not have a significant impact on the Group's operations and financial position.

Dosar 30598/3/2021 - litigation Bucharest Mall Development and Management

During 2021, the Group became aware of the existence of the file 30598/3/2021 on the role of the Bucharest Tribunal, in contradiction with the owner of the former office space - Bucharest Mall Development and Management S.R.L. ("Anchor" or "Owner"). During February 2022, the Group (or "Tenant") took note of the contents of this file and the value of the claims, as follows:

i) 267,214.96 ron representing rent, tax on services and utilities;

ii) ii) 100,109.95 ron representing delay penalties related to the main amount; and

iii) iii) 3,632,709.91 ron representing compensatory damages.

Taking into account the approval given by the GMS of September 2021 regarding the extension of office space and classrooms, in order to accommodate the team to be resulting from the M&A operations already carried out, plus those that have been approved to be carried out in the next 3 years, the Group exercised, art. 4.1 of the Contract, the option to extend the Space with an additional area of 3,500 sq m of office space, unfragmented and on the same floor as the existing Space “inside the Building or in another building owned by the Owner or another company in his group (to benefit from similar commercial and technical conditions - ie to be a Class A office building and to be located within walking distance of a metro station) ”, based on the notification sent to the Owner on 10.12.2020.

According to the contractual provisions mentioned above, “The tenant will notify the Landlord of the need / intention to extend the Office Space, if applicable, 4 (four) calendar months prior to May 2021”. By the reply communicated by email on 12.01.2021, the Owner informed the Group of the following: i) does not have a free area to rent of the requested size, but a small area, respectively 2,563.14 sqm of which only the area of 1,495.61 sqm has a certain availability, the difference of 1,067.53 sqm having an uncertain situation, respectively its availability is conditioned by the waiver (unlikely, as it results from the communicated answer) of its use by another tenant; ii) the availability of the space differs, there being a gap of 3 months between the space available on the same floor (with an area of 1,495.61 sqm) and the one located on a different floor (1,067.53 sqm); and iii) the proposed area is offered in other commercial and / or technical conditions than those on the basis of which the use of the existing space has been agreed (i.e. another duration, the need to bear some redevelopment costs, etc.).

On 18.01.2021, the Owner sent to the Group the Notification regarding the technical and commercial proposal for the extension of the space, in accordance with the information previously communicated by email from 12.01.2021. Consequently, the conditions for unilateral termination of the contract were met, as notified by the Group on 27.01.2021. In correspondence between the parties prior to the filing of the lawsuit, Anchor challenged the Group's unilateral termination notice, and appreciating the Contract as in force, continued to issue invoices after the termination of the Contract by unilateral termination.

The Group maintained and confirmed its position, refusing to pay the invoices issued after the termination date by termination, in the absence of a contractual relationship. By the Notification dated April 23, 2021, the Group requested Anchor to deduct the remaining amounts of rent payment until the date of termination of the contract as a result of the unilateral termination by Tenants (ie the remaining amounts of rent payment for March - May 2021) with the Guarantee provided by the Renter according to Annex 5 to the Contract, as increased by the Additional Act no. 2 / 14.01.2019 to the Bank Guarantee Letter no. 246 / 12.06.2017. On 4 August 2021 the applicant submitted her own notice of termination of the contract, invoking the tenant's guilt for non-payment of the bills, at the same time claiming compensatory damages under the criminal clause. Also, on 1.09.2021, Anchor executed the Guarantee provided by the Tenants according to Annex 5 to the Contract. On 23.09.2021 the Group notified the Owner that the Notice of Termination sent on 04.08.2021 is devoid of purpose, given that the respective Contract was already terminated as a result of the Unilateral Termination Notice sent by the Group on 27.01.2021 , and Bittnet's unilateral manifestation of will, which is unquestionable and firm in the sense of denunciation, is sufficient to have effect and shall be lawful and irrevocable from the date of its communication.

Therefore, the court will have to clarify the date and manner of termination of the Contract, respectively either on May 27, 2021 based on the unilateral termination by the Renter, or on August 4, 2021 based on the termination invoked by the Owner, following that the material claims are the subject of the present action to be settled in accordance with the decision of the court to that effect. The case is in the process of regularization, the Group being within the deadline for filing / filing a counterclaim and, most likely, a counterclaim. Given that at the present date

(March 2022) the litigation is at a very early stage (regularization of the application), the complexity of the evidence to be proposed and administered in the case (documents, interrogations, testimonial evidence and expertise), and the relative duration long estimated for its completion (at least 2 or 3 calendar years), the Group's management considers premature any evaluation of the chances or procedures, in the sense of establishing provisions that would affect the results of 2021.

e) Environmental aspects

The implementation of environmental regulations in Romania is in the development phase and the application procedures are reconsidered by the authorities. Bittnet's professional activity has no impact on the environment. Acting in the field of 'services', our activity consists of acquiring knowledge and transferring it to customers, either during training courses or through consultancy, design and implementation services.

NOTA 29. COMMITMENTS

ONE Cotroceni Park lease signing

The Bittnet group had its place of business in 26 Timisoara Blvd., the Plaza Romania Offices, as of 2017. The space was contracted in 2017, when the need for an office space was assessed, taking into account the situation at the time and the growth prospects. These prospects were accelerated with the investments in Elian Solutions, as well as in the IT&C activity of Crescendo International, both materialized during 2018. On this occasion, the entire space available in the building where the activity took place was occupied.

At the beginning of 2019, the office area was expanded by adding a space for temporary storage of goods, as well as an area dedicated to meetings with customers. At the end of Q1/2019, the Elian Solutions team and the ex-Crescendo team were transferred to the new spaces.

The EGMS of 26.11.2020 requested the approval of the shareholders for the extension of the office space, explaining:

- the current need of the company for expansion in the context of the positive evolution in the period 2019-2020 and of the growth prospects communicated to the shareholders for the period 2021-2024;
- the need to accommodate new teams resulting from planned and announced acquisitions. Some of these M&A transactions were subject to the approval of the EGMS of 26.11.2020 (Equatorial, IT Prepared, The E-Learning Company, Softbinator) and another part is subject to the approval of the EGMS of 07.09.2021 (ISEC Associates, Computer Learning Center, TopTech, Nenos Software, Nonlinear), and to support this growth from "almost simple to double", the space for work, meeting and collaboration of teams, currently mostly virtual, must be completed with a tangible solution, in the field.

At the same time, the hybrid work models, which have appeared recently in all fields, have shown that the element of surprise must be taken into account. Obviously, with the new regulations on the workspace (distance between people), but also with the transactions proposed to the General Meeting, the need for an extended office space will become much greater than at present.

According to the mandate given by the GMS to the Chief Executive Officer during the meeting of 26.11.2020, the Bittnet group negotiated with the suppliers present in the market an optimal solution for the current development plans.

Following the negotiations with the various representatives, a new lease agreement was signed with ONE United Properties for a space in the ONE Cotroceni Park (OCP) building, for a period of 5 years and starting on 1.02.2022. The previous lease, concluded with Bucharest Mall Development and Management SRL, was unilaterally terminated by Bittnet Systems starting with 31.05.2021.

The new office space of Bittnet and the group member companies will be in the OCP building which is located next to the Academia Militara subway station. This project is part of the Central-West office area, the most dynamic business pool in the Capital at present and the second largest in the market, after the North-Central area. With over 280,000 sq m of Class A offices delivered in the last three years and enjoying a special anchor, namely the Polytechnic University, the Central-West area is the new IT hub of Bucharest.

ONE Cotroceni Park is designed for LEED Platinum certification, focusing on sustainable operation and minimal environmental impact. This project will also be WELL certified, with the aim of increasing the health and well-being of its occupants and, therefore, people's productivity, involvement and retention at the workplace.

Both the location and all the defining elements of the OCP project are in line with the organizational culture of our group, respectively they meet the specific requirements for attracting and retaining top human resources, a basic pillar for the specific business of the group and the IT industry in general.

Phase 1 of the project, which includes the future Bittnet offices, will be delivered in Q1/2022, which is why a temporary lease was signed during the transition period, with a duration of 9 months, the newly-established place of business being located in Bucharest, 8-10 Tudor Arghezi Street, Unimed Building, 1st floor, Space TOF112, District 2.

Explain the non-recognition of the leasing debt

NOTA 30. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies adopted when drawing up the consolidated financial statements are presented below.

a) Grounds for consolidation

If the Group has control over an investee company, it is classified as a subsidiary. The group controls the investee company if all three of the following elements are present: it has control over the investee company, there is exposure to variable returns from the investee company and the investee company has the ability to use its power to affect those variable returns. Control is reviewed whenever facts and circumstances indicate that there may be a change in any control elements.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they were a single entity. Transactions between companies and balances between group companies are therefore eliminated in their entirety. The consolidated financial statements include the results of the business combination through the acquisition method. In the statement of financial position, the assets, liabilities and contingent liabilities of the acquirer entity are initially recognized at their fair values at the acquisition date. The results of the purchased transactions shall be included in the consolidated statement of comprehensive income as of the control acquisition date. Subsidiaries shall be deconsolidated from the date on which control ceases.

b) Non-controlling interests

Non-controlling interests are disclosed in the consolidated financial position statement, within equity, separately from the shareholders' equity of the Parent Company. Changes in a parent's shareholding in the equity of a subsidiary that do not result in the loss of control by the parent over the subsidiary are equity transactions (i.e. transactions with shareholders in their capacity as shareholders).

c) Associated entities

If the Group has the power to participate in (but not control) the financial and operational policy decisions of another entity, it is classified as an associate entity.

Associated entities are initially recognized in the statement of consolidated financial position at cost. Subsequently, the associates are accounted for using the equity method, in which the Group's share of post-acquisition profits and losses and other comprehensive income is recognized in the consolidated profit and loss statement and other comprehensive results (except for losses exceeding the Group's investments in the associate entity, unless there is an obligation to offset those losses).

Profits and losses arising from transactions between the Group and its associates are recognized only to the extent of the interests of unrelated investors within the associate. The investor's share in the associate's profits and losses arising from these transactions is eliminated in relation to the carrying amount of the associate.

Any surplus paid to an associate above the fair value of the group's participation in identifiable contingent assets, liabilities and liabilities shall be capitalized and included in the carrying amount of the associated entity. Where there is objective evidence that the investment in an associate is not recoverable, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

d) Goodwill

Goodwill represents the excess cost of a business combination over the Group's interest in the fair value of acquired and assets, liabilities and identifiable contingent liabilities.

The cost comprises the fair value of the assets given, liabilities assumed and capital instruments issued, plus the value of any minority shareholdings in the acquirer.

The contingent consideration shall be included in the cost at fair value at the acquisition date and, in the case of contingent consideration, classified as a financial liability, subsequently revalued at profit or loss.

Goodwill is capitalized as an intangible asset and any impairment of net asset value is recorded in the consolidated statement of comprehensive income.

Where the fair value of identifiable contingent assets, liabilities and liabilities exceeds the fair value of the paid consideration, the excess shall be credited in full to the consolidated statement of comprehensive income at the acquisition date.

e) Revenue recognition

The Group recognizes revenues so that they can reflect the obligations to be performed in relation to the transfer of promised goods or services to customers with an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Obligations to be fulfilled and revenue recognition methodology

Most of the group's revenues come from the provision of IT services and training and integration, including the sale of goods, with revenues recognized at the time when control over the goods was transferred to the customer.

The performance obligations identified in Group's contracts are generally limited to the goods or services explicitly stipulated in that contract, without any tacit promises as a result of usual business practices, published policies or other specific statements.

Determination of transaction price

Most of the income of the group is obtained from fixed price contracts and therefore the income amount to be obtained from each contract is determined by reference to fixed prices. In the estimation of contractual revenues, the component related to discounts granted to customers is deducted, when they are likely to decrease the value of the revenues.

Allocation of amounts to be executed

For most contracts, there is a fixed unit price for each product or service sold. Therefore, there are no reasoning applied in allocating the contract price for each product or service.

Costs for obtaining contracts

Most contracts are short-term, so any incremental commissions paid to sales personnel for the work performed to obtain the contracts are directly recognized in the comprehensive income statement, without being capitalized.

f) Impairment of non-financial assets (excluding inventories, real estate investments and deferred taxes)

Impairment tests on goodwill and other intangible assets with undetermined useful economic life shall be carried out annually at the end of the financial year. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount cannot be recovered. If the carrying amount of an asset exceeds its recoverable amount (i.e. higher value of use and fair value less selling costs), the asset is reduced accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is performed on the smallest group of assets to which it belongs, for which there are separately identifiable cash flows - its cash-generating units. Goodwill is allocated to the initial recognition of each of the Group's cash-generating units that are expected to benefit from a business combination giving rise to goodwill.

Impairment adjustments are included in profit or loss unless they represent reversals of gains previously recognized in other comprehensive income. A recognized impairment loss on goodwill is not reversed.

g) Balances and transactions in foreign currency

Transactions carried out by Group entities in other currency than the currency of the primary economic environment in which they operate (the "functional currency”) are recorded at the rates at the time of the transactions. Monetary assets and liabilities in foreign currency are converted at the rates at the reporting date.

Exchange rate differences arising on the restatement of monetary assets and liabilities shall be recognized immediately in profit or loss.

h) Financial assets

The Group's accounting policy for the classification of financial assets is as follows.

Amortized cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments and not listed on an active market. They are included in current assets, except those with a maturity of more than 12 months after the end of the reporting period. These are classified as non-current assets.

These assets come mainly from the provision of goods and services to customers (e.g. trade receivables), but also include other types of financial assets where the objective is to hold these assets to collect contractual cash flows and contractual cash flows are exclusively principal and interest payments. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently accounted for at amortized cost using the effective interest rate method, less adjustments for impairment.

Impairment adjustments for trade and other receivables are recognized on the basis of the simplified approach in IFRS 9, using an adjustment matrix in determining expected losses. The likelihood of non-payment of trade receivables is assessed in this process. This probability is then multiplied by the amount of expected loss resulting from non-payment to determine the expected credit loss for trade receivables. For trade receivables, these adjustments are recorded in a separate adjustment account, the loss being recognized within the general and administrative costs in the comprehensive income consolidated statement. Upon confirmation that the trade receivable cannot be collected, the gross carrying amount of the asset is written off against the associated adjustments.

Claims impairment adjustments with related parties and loans to related parties are recognized on the basis of an anticipated credit loss model. The methodology used to determine the amount of the adjustments is based on the existence of a significant increase in credit risk since the initial recognition of the financial asset.

For those for which the credit risk has not increased significantly since the initial recognition of the financial asset, credit losses expected for twelve months together with gross interest income are recognized. For those for which credit risk has increased significantly, estimated losses on receivables together with gross interest income are recognized. For those that are determined as obvious credit impairments, expected losses on receivables, together with interest income on a net basis, are recognized.

The Group's financial assets measured at amortized cost comprise trade receivables and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, term deposits with banks, other extremely liquid short-term investments with initial maturities of three months or less, and - for the purpose of cash flow statement - bank overdrafts. Banking disclosures are presented in loans and loans in current liabilities in the consolidated statement of financial position.

Financial assets at fair value

The Group holds financial assets of the nature of shareholdings, which are recognized in the financial statements at fair value, with changes in fair value recognized in the consolidated statement of comprehensive income.

i) Financial liabilities

The Group's accounting policy for the classification of financial liabilities is as follows.

Bank loans and loans from the Group's reimbursable bond issue are initially recognized at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense in the repayment period is at a constant rate on the balance of the liability recorded in the consolidated financial position statement.

Loans are classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for a minimum of 12 months from the end of the reporting period.

For each financial liability, interest expenses shall include the initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable over time.

The Group does not hold derivative liabilities to be accounted for in the consolidated financial statement at fair value, with changes in fair value recognized in the consolidated statement of comprehensive income and has no trading obligations nor has it designated financial liabilities as at fair value through profit or loss.

j) Share-based payments (SOP)

The Group grants options for purchasing shares settled from equity to employees and collaborators.

The fair value of options at the date of granting shall be systematically recorded in the consolidated statement of comprehensive income for the period up to the exercise of the option. Non-market-based conditions of entry shall be taken into account by adjusting the number of equity instruments expected to be recorded at each reporting date so that ultimately the cumulative amount recognized in the vesting period is based on the number of options that may be paid. The conditions of non-qualification and the conditions of entry into rights are included in the fair value of the granted options. Cumulative expenditure shall not be adjusted for failure to fulfil a condition of entitlement or where a condition of non-qualification is not fulfilled.

k) Leasing

As of 1 January 2019, IFRS 16 replaced IAS 17 Leasing and related interpretations. The standard eliminated the accounting model for tenants and instead requires companies to bring most leases on the balance sheet within a single model, eliminating the distinction between operational and financial leasing.

In accordance with IFRS 16, a contract is or contains leasing if it conveys the right to control the use of an identified asset for a period of time in exchange for a mandatory payment. For such contracts, the new model requires a lessee to recognize a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the debt accrues interest. This will result in a model with higher payments at the beginning of the lease period of the expenses for most leases, even when the lessee pays constant annual rents.

The new standard introduces a number of exceptions to the scope for users which include:

- leases with a lease term of 12 months or less and which do not contain purchase options, and
- leases where the underlying asset has a low value ('low value' leasing transactions).

The Group has analyzed all leasing contracts for the rental of equipment and premises where operates.

Transition method and Practical Exceptions used

The Group adopted IFRS 16 using the amended retrospective approach, recognizing transitional adjustments at the date of initial application (1 January 2019) without restating comparative figures. The Group has chosen to apply the practical exception not to reassess whether it is a contract or contains a lease at the date of initial application. Contracts concluded prior to the transition date that were not identified as leases under IAS 17 and IFRIC 4 have not been restated. The definition of a lease in accordance with IFRS 16 only applied to contracts concluded or amended on or after 1 January 2019.

IFRS 16 provides for certain optional practical exceptions, including those related to the initial adoption of the standard. The Group applied the following practical exceptions when applying IFRS 16 to leases previously classified as operating leases in accordance with IAS 17:

(a) applied a single discount rate to a rental portfolio with reasonably similar characteristics;

(b) excluded initial direct costs from the valuation of right-of-use assets at the date of initial application, where the right of use of the asset was determined as if IFRS 16 had been applied from the commencement date;

(all the amounts shall be expressed in RON, unless otherwise provided)

(c) it was based on previous assessments regarding whether the leases are onerous compared to the preparation of an impairment review in accordance with IAS 36 at the date of the initial application; and

(d) applied the exemption of not recognizing the rights of use of the assets and liabilities for leases with less than 12 months of lease remaining at the date of the initial application.

As a user, the Group has previously classified leasing as operational or financial leasing based on its assessment of whether the leasing contract has transferred substantially all the risks and benefits of ownership. In accordance with IFRS 16, the Group recognizes leasing assets and liabilities by right for most of the leasing. However, the Group has chosen not to recognize leasing assets and liabilities for some low-value asset leases based on the new value of the underlying asset for short-term rental with a lease term of 12 months or less.

When adopting IFRS 16, the Group recognized the rights to use of the leasing assets and liabilities as follows:

Classified according to IAS 17	**Rights of use**	**Leasing liabilities**
Operational leasing	Assets from rights of use are measured at an amount equal to the leasing debt, adjusted by the value of any amounts paid in advance or pre-empted.	Measured at the current value of the remaining lease payments, discounted using the Incremental Loan Rate of the Company as of January 1, 2019. The Incremental Loan Rate of the Company is the rate at which a loan could be obtained from an independent donor on comparable terms and conditions. The average rate applied was 5% p.a.
Financial leasing	Measured on the basis of accounting values for leasing assets and liabilities immediately before the date of initial application (carrying amounts, unadjusted).	

Following the application of the provisions of IFRS 16 during the current financial year, the Group actively recognized usage rights on January 1, 2019 amounting to RON 5,956,944, concomitantly with increasing total liabilities by the same amount. The difference up to the amount of RON 6,099,013 presented in Note 24 Leasing liabilities represents the non-depreciated value of the financial leasing assets.

l) External purchased intangible assets

Intangible assets acquired externally are recognized initially at cost and subsequently amortized linearly over the useful economic life: Licenses - 3-5 years, except for brands that are tested annually for impairment.

m) Property, plant and equipment

Tangible assets comprise premises, equipment, machines furnishing and other assets used for the current activity. Tangible assets are initially recognized at acquisition cost.

The acquisition cost includes the directly attributable costs and the estimated present value of any unavoidable and future costs of dismantling and disposing those items. The corresponding obligation is recognized in the provisions.

The depreciation of other tangible assets shall be calculated on the basis of the linear method with a view to allocating their cost less the residual value, over their useful life, as follows: Premises - for the duration of the lease contract, Other fixed assets - 2-5 years.

n) Inventories

Inventories are recognized initially at cost and subsequently at the lowest cost and net realizable value. The cost comprises all acquisition costs, conversion costs and other costs incurred in bringing the inventories to their current location and condition. Specific identification is used to determine the cost of interchangeable items.

o) Provisions

Provisions are recognized when the Group has a legal or implicit obligation as a result of the previous events, when the settlement of the obligation requires a resource outflow incorporating economic benefits and for which a credible estimate of the value of the obligation can be made. Where there are a number of similar obligations, the likelihood that a resource outflow will be required for settlement is established following the assessment of the liability class as a whole. The provision is recognized even if the likelihood of a resource outflow related to any item included in any class of obligations is low. Where the Company expects repayment of a provision, for example through an insurance contract, repayment is recognized as a separate asset, but only when repayment is theoretically certain.

Provisions are valued at the present value of the expenses estimated to be necessary to settle the obligation, using a pre-tax rate reflecting current market assessments of the time value of the money and the risks specific to the obligation. The increase in the provision due to the time passing is recognized as interest expense.

p) Employee benefits

In the normal course of business, the Group makes payments to the Romanian State on behalf of its employees for health, pension and unemployment funds. All employees of the Company are members of the Romanian state pension plan, which is a fixed contribution plan. These costs are recognized in the profit and loss account with the recognition of salary expenses.

q) Current and deferred profit tax

Tax expense for the period includes current and deferred tax and is recognized in profit or loss, unless it is recognized in other comprehensive income or direct equity because it relates to transactions that are themselves recognized in the same period or in another period, in other comprehensive income or direct equity.

Current income tax expense is calculated based on the tax regulations in force at the end of the reporting period. The management periodically assesses the positions in the tax returns in relation to situations where the applicable tax regulations are interpretable and constitute provisions, where applicable, based on the amounts estimated to be due to the tax authorities.

Deferred income tax is recognized, based on the method of the balance sheet obligation, for temporary differences between the tax bases of assets and liabilities and their accounting values in the financial statements. However, deferred income tax resulting from the initial recognition of an asset or liability in a transaction, other than a business combination, which at the transaction date does not affect the accounting profit or the taxable profit, is not recognized. Deferred corporate tax is determined on the basis of the tax rates (and legal regulations) in force until the end of the reporting period and are to be applied during the period in which the deferred tax to be recovered will be capitalized or the deferred tax will be paid.

Deferred tax to be recovered is recognized only to the extent that a taxable profit is likely to be derived in the future from which temporary differences are deducted.

IFRIC 23 provides guidance on the accounting of current and deferred liabilities and taxes and assets under circumstances where there is uncertainty about corporate tax treatments. The interpretation provides as follows:

- It must be determined whether uncertain tax treatments should be considered separately, or together as a group, depending on the approach that provides better predictions about resolution;
- Determine whether tax authorities are likely to accept uncertain tax treatment; and
- If uncertain tax treatment is unlikely to be accepted, the tax uncertainty will be measured according to the most likely amount or expected value, depending on any method that better predicts the resolution of the uncertainty. The measurement should be based on the assumption that each of the tax authorities will examine the amounts they are entitled to examine and have full knowledge of all the information related to these examinations.

Following the application of the provisions of IFRIC 23, no impact on corporate tax liabilities was identified.

NOTA 31. EVENTS AFTER THE BALANCE SHEET DATE

I. Russia – Ukraine War

The invasion of Ukraine by the Russian Federation and the subsequent global response to these military actions could have a significant impact on some companies, especially companies with physical operations on the territory of Ukraine, Russia and Belarus, but also entities with indirect interests (eg those that have suppliers and clients, investments and creditors, with operations on the territory of these countries). Also, sanctions imposed on the Russian government, Russian entities and individuals in many jurisdictions could affect companies, such as by losing access to financial resources and trade, but also by the side effects of sanctions on global prices (e.g. oil, natural gas and other petroleum products). The effects of the conflict are widespread and rapidly evolving. Companies that do not have operations in Russia and Ukraine could still be affected by the conflict, the effects of which include, but are not limited to:

i) Destruction, confiscation or abandonment of tangible and intangible property;

ii) Sanctions imposed on a company that may impact its ability to operate (eg access to funds, banking systems, etc.);

iii) Sanctions imposed on the clients of a company, which may impact their ability to sell goods and services and to collect debts;

iv) Sanctions imposed on a company's suppliers, which may impact its ability to obtain raw materials, goods and services, or which may indirectly increase its costs of obtaining these items from alternative sources;

v) Sanctions imposed on creditors and / or banks of an entity, which may limit its ability to access funds and loans;

vi) Changes in the approach of customers and consumers to companies related to Russia, Belarus or other jurisdictions related to the Russian Federation, which could reduce the demand for products of those companies;

vii) Changes in risk appetite that may lead to creditors and investors withdrawing their financial support for Russia-related companies, resulting in increased liquidity risk and / or doubts about the continuity of the company's activities;

viii) Volatility in the prices of financial instruments and commodities, including oil, natural gas, other petroleum products and minerals, but also volatility in foreign exchange rates.

Based on the information available so far, the Group's management has not identified any concrete potential risks related to the Russia-Ukraine conflict and thus does not currently expect a significant impact on the conduct of current operations. There is no direct exposure of the Group to third parties affected by the sanctions imposed since the beginning of the conflict (customers, suppliers, banking institutions with which the Group collaborates, which have been directly affected by the sanctions). Indirect exposure (customers, suppliers with whom the Group cooperates, links with third parties affected by sanctions, as well as risks related to the future volatility of commodity prices or exchange rates) is currently unquantifiable, the Group's management not receiving any sign so far. regarding any significant impact on the Group's business.

The financial statements from page [3] to page [59] were approved and signed on 20 March 2022.

Mihai Logofatu	Adrian Stanescu
Chief Executive Officer	Chief Financial Officer