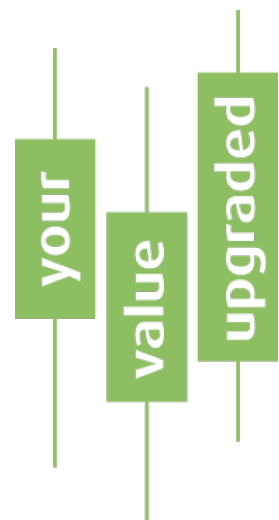


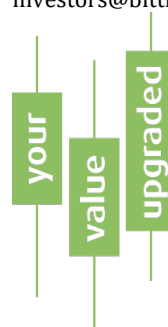
**Universal registration document, according
to ANNEX 2 to the COMMISSION
DELEGATED REGULATION (EU) 2019/980**

bittnet
group



ANNUAL REPORT for 2021

For the financial year	01.01.2021 - 31.12.2021
Report date	21 April 2022
Name of the company	BITTNET SYSTEMS S.A.
Registered office	Str. Șoimuș nr. 23, bl 2, ap. 24, Sector 4, București
Mail address/operating premises	Str. Tudor Arghezi, Nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2, București 020945
Telephone/fax	021.527.16.00 / 021.527.16.98
Unique registration code at the Trade Register Office	21181848
Trade Register registration number	J40/3752/2007
The regulated market on which the issued securities are traded	Bucharest Stock Exchange, Standard Segment
Paid-in and subscribed share capital	RON 48,043,690.40
The main characteristics of securities issued by the company	480.436.904 shares at the nominal value of 0.10 RON per share
Trading Symbol	BNET - shares BNET23, BNET23A, BNET23C – bonds
Shares ISIN code	ROBNETACNOR1
Contact	investors@bittnet.ro



Pursuant to [Regulation \(EU\) 1129/2017](#), Article 9(12)

12) Where the universal registration document filed with or approved by the competent authority is made public at the latest four months after the end of the financial year and contains the information required to be disclosed in the annual financial report referred to in Article 4 of Directive 2004/109/EC, **the issuer shall be deemed to have fulfilled its obligation to publish the annual financial report required under that Article, if:**

[...]

(a) shall include in the universal registration document a cross reference list identifying where each item required in the annual and half-yearly financial reports can be found in the universal registration document; YES - ANNEX 1

(b) shall file the universal registration document in accordance with Article 19(1) of Directive 2004/109/EC and make it available to the officially appointed mechanism referred to in Article 21(2) of that Directive; YES

(c) shall include in the universal registration document a responsibility statement using the terms required under point (c) of Article 4(2):

the statements of the persons responsible within the issuer, clearly identified by name and function, confirming that, from their point of view, the financial statements established in accordance with the applicable corpus of accounting standards offer a true and honest view of the assets and liabilities, the financial situation and financial result of the issuer and the undertakings involved in the consolidation, and that the management report presents a true picture of the evolution and results of the undertaking and the situation of the issuer and the undertakings involved in the consolidation, as well as a description of the main risks and uncertainties they face. YES – in the chapter on financial statements (page 99)

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Annex 1: Cross-references - Annual Report according to Regulation No 5/2018 vs. this Universal Registration Document

Requirement of Regulation No. 5/2018	This document
The report shall include the management report and, where applicable, the consolidated management report, drawn up in accordance with the applicable accounting rules, and shall include, in the case of the regulated market, also:	
II. The corporate governance statement, as well as, where applicable,	Section 14.4
III. Non-financial statement on environmental, social and personnel aspects, respect for human rights and combating corruption and bribery.	not applicable
1. The analysis of the issuer's activity	
a) Description of the issuer's core business	Point 5.1.1
b) Indication of the date of establishment of the issuer	Point 4.3
c) Description of any significant merger or reorganisation of the issuer, its subsidiaries or controlled companies during the financial year	Point 6.2
d) Description of asset acquisitions and/or disposals	Point 5.7
e) Description of the main results of the issuer's activity assessment:	
1.1.1. Elements of general assessment:	
a) profit;	Point 5.3
b) turnover;	Point 5.3
c) export;	Point 5.2 and 5.3
d) costs;	Point 5.3
e) owned % of the market;	Point 5.2
f) liquidity (available in the account, etc.).	Point 7.1
1.1.2. Assessment of the technical level of the issuer	
Description of the main products and/or services provided, specifying:	
(a) the main markets for each product or service and the distribution methods;	Point 5.2
b) the share of each category of products or services in the revenues and total turnover of the issuer for the last 3 years;	Point 5.2
c) the envisaged new products for which a substantial volume of assets will be affected in the next financial year, as well as the stage of development of these products.	Point 5.7.1.D
1.1.3. Assessment of the material and technical supply activity (indigenous sources, import sources)	
Specification of information on the security of supply sources and prices of raw materials and on the size of stocks of raw materials and materials	Point 5.8
1.1.4. Evaluation of sales activity	
a) Description of sequential sales developments on the internal and/or external market and medium and long-term sales perspectives	Point 5.2 and 5.3
b) Description of the competitive situation in the issuer's field of activity, the market share of the issuer's products or services and the main competitors	Section 5.2
c) Description of any significant dependence of the issuer on a single client or group of clients whose loss would have a negative impact on the issuer's corporate income	Section 5.9
1.1.5. Assessment of aspects related to the issuer's employees/staff	
a) Indication of the number and level of training of the issuer's employees, as well as the degree of labour force syndication	Section 15.1
b) Description of the relations between the manager and the employees, as well as any conflicting elements that characterize these	
1.1.6. Assessment of issues related to the environmental impact of the issuer's core business	
Synthetic description of the impact of the issuer's core activities on the environment, as well as of any existing or expected disputes regarding the breach of environmental protection legislation	Point 5.7.4
1.1.7. Evaluation of the research and development activity	
Specifying the expenses in the financial year, as well as those anticipated in the next financial year for the research and development activity	Section 7.3
1.1.8. Evaluation of the issuer's risk management activity.	
Description of the issuer's exposure to price, credit, liquidity and cash flow risk	Section 3
Description of the issuer's risk management policies and objectives	
1.1.9. Prospective elements regarding the issuer's activity	

Requirement of Regulation No. 5/2018	This document
a) Presentation and analysis of trends, elements, events or uncertainty factors affecting or likely to affect the issuer's liquidity compared to the same period of the previous year	Point 5.3, Section 10
b) Presentation and analysis of the effects of capital expenditures, current or anticipated, on the financial situation of the issuer compared to the same period last year	Point 5.3, Section 10
c) Presentation and analysis of events and transactions of economic changes that significantly affect the income from the core activity	Point 5.3, Section 10
2. Tangible assets of the issuer	
2.1. Indication of the location and characteristics of the main production capacities owned by the issuer	Point 5.7.1. B
2.2. Description and analysis of the degree of wear and tear of the issuer's properties	Point 5.7.1. C
2.3. Indication of potential ownership issues related to the issuer's right of ownership on the tangible assets	Point 5.7.1.C
3. Market of the securities issued by the issuer	
3.1. Specifying the markets in Romania and other countries where the issued securities are traded	Point 9.2
3.2. Description of the issuer's dividend policy. Indication of dividends due/paid/accrued in the last 3 years and, if applicable, reasons for any decrease in dividends during the last 3 years	Point 9.3, Point 9.4, Point 18.5
3.3. Description of any activities of the issuer of acquiring its own shares	Point 9.5
3.4. Where the issuer has subsidiaries, indication of the number and nominal value of the shares issued by the parent company owned by the subsidiaries	Point 9.6
3.5. Where the issuer has issued bonds and/or other debt securities, presenting how the issuer fulfils its obligations towards the holders of such securities	Point 9.7

4. Issuer's management	
4.1. Presentation of the issuer's administrators list and the following information for each administrator:	Section 12
a) CV (name, surname, age, qualification, professional experience, position and seniority);	
b) any agreement, understanding or family tie between the respective manager and another person due to which the respective person has been appointed administrator;	
c) the manager's participation in the issuer's capital;	
d) the list of persons affiliated to the issuer.	
4.2. Presentation of the list of executive management members of the issuer	Section 12, Point 14.1
For each, the following information shall be provided:	
a) for which period the person is part of the executive management;	
b) any agreement, understanding or family tie between that person and another person due to which the respective person has been appointed as a member of the executive management;	
c) the participation of the respective person in the capital of the issuer.	
4.3. For all persons referred to in points 4.1 and 4.2, the indication of any disputes or administrative procedures in which they have been involved, in the last 5 years, regarding their activity within the issuer, as well as those regarding the capacity of that person to perform their duties within the issuer	Section 12
5. Financial and accounting statement	
Presentation of an analysis of the current economic and financial situation compared to the last 3 years, referring at least to:	Section 7 Point 8.2
a) balance sheet items: assets representing at least 10% of the total assets; cash; and	
b) other liquid assets; reinvested profits; total current assets; total current liabilities;	
c) profit and loss account: net sales; gross revenue; cost and expenditure items with a share of at least 20% in net sales or gross revenue;	
d) risk and miscellaneous expenses provisions; reference to any sale or cessation of a segment of activity carried out in the last year or to be carried out in the following year;	
e) dividends declared and paid;	
f) cash flow: all changes occurred at the level of cash within the core activity, investments and financial activity, the level of cash at the beginning and the end of the period.	
The annual report shall be accompanied by copies of the following documents:	
a) the instruments of incorporation of the issuer, if they have been amended in the year for which the reporting is made;	Point 19.2
b) acts of resignation/dismissal, if there have been such situations among the members of the administration, the executive management, the auditors;	Not applicable
c) the list of subsidiaries of the issuer and entities controlled or controlling the issuer.	Section 6

Key information

Key results, history, thousand lei:

	Turnover Operationa l	Profit 1	Profit Net	Cashflow Operations	Assets	Cash	Equity Capital	Mkt. Cap.	ROE
2014	8.180	582	115	394	5.428	813	865	7.896	
2015	9.993	1.608	889	471	8.253	3.008	1.920	8.108	103%
2016	13.667	1.929	870	-1.768	10.446	2.355	3.100	21.418	45%
2017	27.682	2.743	1.206	373	30.898	11.060	5.961	31.941	39%
2018	47.891	1.319	4.408	3.397	59.069	13.048	14.001	55.530	74%
2019	99.750	838	-2.631	8.502	88.462	20.824	12.372	112.717	-32%
2020	109.192	5.930	1.025	8.120	102.353	24.873	27.646	157.586	8%
2021	112.576	7.353	14.423	3.778	132.51	23.403	53.905	161.907	53%
CAGR	45%	41%	100%	63%	57%	61%	80%	54%	Averag e
YoY	3%	24%	1307%	-48%	31%	-6%	99%	3%	42%

Historical increase rates compared to the market index

Year %Growth	/	Income	Assets	Equity	Mkt. Cap	BET-XT	Operation	Amount
2015		22%	52%	122%	3%	-4%	Equity on 15 April 2015	-864.743
2016		37%	27%	61%	164%	3%	MCS05-Dec-17	-807.127
2017		103%	196%	92%	49%	15%	MCS14-Dec-18	-2,892,205
2018		73%	91%	135%	61%	-8%	MCS10-Apr-20	-9,168,712
2019		108%	50%	-12%	94%	32%	MCS02-Mar-21	-10,725,345
2020		9%	13%	123%	21%	-4%	Equity on 31-Dec-21	55,949,054
2021		4%	31%	92%	2.74%	31%	Of which, amounts attracted	-23,593,389
Average		51%	66%	88%	65%	9%	IRR	45.7%

¹ See Annex 1 for the definition, calculation method and relevance of the alternative performance measures used in the report

NOTE TO INVESTORS

This Universal Registration Document has been approved by the Romanian Financial Supervisory Authority ("ASF"), which is the Romanian competent authority within the meaning of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC ("the Prospectus Regulation") and the rules for the implementation in Romania of the Regulation on the universal registration document, pursuant to Law No 24/2017 regarding issuers of financial instruments and market operations ("Law regarding issuers"), to the secondary regulations issued by ASF in implementing the Law on issuers, as well as to the Commission Delegated Regulation (EU) 2019/979 and Regulation (EU) 980/2019. ASF approved this Document as complying with the standards of exhaustive comprehensibility and consistency standards required by law. Such approval shall not be considered as an endorsement of the issuer that it the subject of this registration document.

This Document has been drafted to act as a reference source regarding the issuer, supplying investors and analysts with the minimum information needed to make an informed judgement on the company's business, financial position, earnings and prospects, governance and shareholding since the date of its drafting. This Document has also been drafted for its use for the purpose of future offers to the public of securities, regardless of their type or class, which could take place on a regulated market if supplemented by amendments, as appropriate, and by securities note and a summary approved according to Regulation (EU) 2017/1129. By submitting for approval and publishing this Document, the Issuer seeks to acquire the status of Frequent Issuer of securities according to Regulation (EU) 2017/ 1129.

The information contained in this Universal Registration Document presents the situation of the Issuer and group to which it belongs, at the date of the Document within the limit of the selected documents and information, except for the cases when another date or source is expressly mentioned.

The information contained in this Document is provided by the Issuer or it derives from public sources, as indicated in the Registration Document. No natural or legal person other than the Issuer has been authorized to provide information or documents.

The information in this Document serves for information purposes only and will not be construed as a legal, financial or tax opinion. Nothing in this Registration Document shall be construed as a recommendation to invest or an opinion on the Issuer's situation or as legal, tax, financial or professional business advice. The potential investors must be aware of the risk factors to which the Issuer is subject both in terms of the industry in which it operates and the individual risks that are specific to the Issuer. The risks identified by the Issuer are presented in this Document: Section 3 - Risk factors

After receiving the approval visa from the Financial Supervisory Authority, this Universal Registration Document will be published on the website of the Bucharest Stock Exchange, (<http://www.bvb.ro>), on the Issuer's own website in the section *Investors* (<https://investors.bittnet.ro>) and on the Financial Supervisory Authority's website (www.asfromania.ro)

DEFINITIONS

Within this Universal Registration Document, unless explicitly stated otherwise, the following capitalized terms will have the following meanings, applicable both to singular and plural forms:

"Articles of Association"	The Articles of Association of the Issuer, in force and applicable at the date of this Universal Registration Document
"Shares", "Existing Shares" or "Company Shares"	The entirety of shares that are issued by the Company on the date of approval of this Document
"AGA"	General Meeting of the Company's Shareholders
"EGMS"	Extraordinary General Meeting of the Company's Shareholders
"AGOA"	Ordinary General Meeting of Company's Shareholders
"ASF"	Financial Supervisory Authority
"NACE"	Classification of Activities in National Economy
"the Company" and/or "the Issuer" and/or "the Company" and/or "Bittnet S.A." and/or "Bittnet", "BNET"	Bittnet Systems S.A., the issuer of the Shares described in this Registration Document
"Board of Directors"	On 29.01.2020, the General Meeting of Shareholders approved the amendment of the company's articles of association for administration purposes by a Board of Directors consisting of 3 members. At the time of drawing up this Universal Registration Document, the documents have been registered with the ONRC.
"Central Depository"	Depozitarul Central S.A., with its registered office in Bulevardul Carol I nr. 34 - 36, etajele 3, 8 si 9, sector 2, postal code 020922, Bucharest, Romania, means the institution that provides services for depositing, registering, clearing and settling transactions with financial instruments, as well as other operations related to them, as defined in the Capital Market Law
"Investors"	Persons interested in the Issuer's shares
"Law 24/2017" "the Law on issuers"	Law No 24/2017 on issuers of financial instruments and market operations, published in the Official Journal Part I No 213 of March 29, 2017
"Companies Law"	The Companies Law No 31/1990, republished in the Official Journal No 1066 of 17.11.2004, as subsequently amended and supplemented
"Leu" or "Lei" or "RON"	The official currency of Romania
"MTF market"	The multilateral trading facility (MTF) operated by the Bucharest Stock Exchange. The SMT market, the market on which the corporate bonds issued by Bittnet Systems S.A. are traded, with the symbols: BNET22, BNET23, BNET23A and BNET23C.
"Regulated Market"	The regulated market managed by the Bucharest Stock Exchange.
"The Universal registration document"/"the Registration document"/"the document"	This Universal Capital Registration Document of Bittnet Systems S.A. equities
"Trade Registry"	The database containing the registers and registration of traders and other entities provided by law
"Regulation 5/2018"	ASF Regulation No 5/2018 on issuers of financial instruments and market operations, as subsequently amended and supplemented
"Regulation 1129/2017"	Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
"Commission Delegated Regulation (EU) 2019/979"	Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301.
"Commission Delegated Regulation (EU) 2019/980"	Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004

"Working day"	Any day when both the Romanian interbank market and the trading systems of the Bucharest Stock Exchange and the clearing-settlement systems of the Central Depository are open for carrying out their activity
"DND"	The company Dendrio Solutions SRL – owned in full by the Issuer
"SFB"	The company Softbinator Technologies SA – within which the Issuer owns a share of 25%
"ELC"	The company eLearning company SA – within which the Issuer owns a share of 23%
"EQG"	The company Equatorial Gaming SA – within which the Issuer owns a share of 99%

The information used in drafting this Universal Registration Document regarding the Issuer and its activity were provided by BITTNET SYSTEMS S.A., a company headquartered in Bucharest, Str. Soimus nr. 23, bl 2, ap. 24, Sector 4, Romania, telephone 021.527.16.00, fax 021.527.16.98, website <http://investors.bittnet.ro/>, unique registration code RO 21181848, registration number with the Trade Registry J40/3752/2007 ("the Issuer").

The persons responsible for the information contained in this Document, from the Issuer:

Mihai Logofătu – Managing Director;

Statements by those responsible:

The Issuer's Representative declares that, after taking all reasonable measures in this regard, the information regarding the Issuer included in this Universal Registration Document is, to the best of his knowledge, in accordance with the facts and make no omission likely to affect its content.

Section 1: Persons responsible, third party information, experts' reports and competent authority approval

1.1– 1.2 PERSONS RESPONSIBLE AND DECLARATION BY THOSE RESPONSIBLE

1.1. Identify all persons responsible for the information or any parts of it, given in the registration document with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies, indicate the name and function of the person; in the case of legal persons indicate the name and registered office.

The information used in drafting this Universal Registration Document regarding the Issuer and its activity were provided by BITTNET SYSTEMS S.A., a company headquartered in Bucharest, Str. Soimus nr. 23, bl 2, ap. 24, Sector 4, Romania, telephone 021.527.16.00, fax 021.527.16.98, website <http://investors.bittnet.ro/>, unique registration code RO 21181848, registration number with the Trade Registry J40/3752/2007 ("the Issuer"), represented by Mihai Logofătu – Managing Director.

1.2. A declaration by those responsible for the registration document that to the best of their knowledge, the information contained in the registration document is in accordance with the facts and that the registration document makes no omission likely to affect its import.

Bittnet Systems S.A., company with its registered office in Bucuresti, Str. Soimus nr. 23, bl 2, ap. 24, Sector 4, Romania, telephone 021.527.16.00, fax 021.527.16.98, website <http://www.bittnet.ro/>, unique registration code RO 21181848, registration number with the Trade Registry J40/3752/2007, as Issuer of the Shares, declares that after performing all the reasonable checks to ensure that this declaration is correct, all the information included in this Universal Registration Document is, to the best of its knowledge, in accordance with the facts and the Document makes no omission likely to affect its import.

According to the Issuer's best knowledge, the information contained in the Universal Registration Document is correct at the date of drawing up the Document, mentioned on the first page, unless another date is expressly specified in this Document. The activity and financial situation of the Issuer and the information included in the Document may be subject to amendments after this date. Except for the cases expressly stated in the applicable legal framework, the Issuer does not assume the obligation to update or revise the information contained in this Document.

1.3. Where a statement or report attributed to a person as an expert, is included in the registration document, provide the following details for that person: (a) name; (b) business address; (c) qualifications; (d) material interest if any in the issuer.

Not applicable, the universal registration document does not contain declarations or reports attributed to a person acting as an expert.

1.4. Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

Not applicable; this is not the case. The information contained in this document have not been sourced from a third party.

1.5. A statement that: (a) the document has been approved by the Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129; (b) the Financial Supervisory Authority only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; (c) such approval should not be considered as an endorsement of the issuer that is the subject of this document.

The Issuer declares that it will submit this document - in the form of a Universal Registration Document - for approval. If this document is endorsed, the following statements apply:

(a) the document has been approved by the Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129;

(b) the Financial Supervisory Authority only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129;

(c) such approval should not be considered as an endorsement of the issuer that is the subject of this Document;

1.5.1. A statement that the universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

The Issuer declares that this universal registration document may be used for the purposes of an offer to the public of securities, regardless of their type or class, which could take place on a regulated market if completed by amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

Section 2: Statutory Auditors

2.1. Names of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).

The financial auditor of the Issuer is BDO AUDIT SRL, with its registered office in Bucharest, Str. Învingătorilor nr. 24, et. 1-4, Sector 3, registered with the Bucharest Trade Register under No J40/22485/1994, with unique registration code 6546223, company authorized by the Chamber of Financial Auditors of Romania by authorization No 18/2001, notice issued by ASF No 374/20.11.2015.

Before the financial statements of the year 2019 inclusive, the auditor was ACE CONSULT S.R.L., with its registered office in Sibiu County, Sos. Constantin Noica, nr.3, registration number at the Trade Register J32/159/2002, unique registration code RO14469555. The last financial audit report was prepared in March 2020 and is based on the financial statements for 2019.

2.2. If auditors have resigned, been removed or have not been re-appointed during the period covered by the historical financial information, indicate details if material.

At the General Meeting of Shareholders on November 26, 2020, taking into account the expiry of the previous audit contract, the shareholders voted to revoke the previous auditor and appoint the new auditor, according to article 2.1 above.

Section 3: Risk factors

A description of the material risks that are specific to the issuer and that may affect the issuer's ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be set out first. The risk factors shall be corroborated by the content of the registration document.

We remind investors that investing in Bittnet shares or bonds involves certain risks, some of which are listed below.

Risks regarding the Issuer's business and field of activity::

The risk associated with achieving the business development plan

The strategic objective of the company is to continuously develop the customer relationships. The possibility that Bittnet may not be able to expand its current customer base or the possibility that relationships with existing customers may deteriorate cannot be ruled out. There is also the risk that the company will not be able to meet other elements of the strategy it has defined, namely: expanding the sales force, establishing a local office in one of the main cities of the country, strengthening its leader position on the IT Training market in Romania, expanding the customer base in the country and abroad and providing trainings for a larger number of potential customers, as well as developing and creating strategic partnerships with companies with similar or complementary profiles will not prove successful. In order to reduce this risk, the company intends to expand the range of products and services and improve marketing activities.

Risk associated with M&A transactions

Most studies and articles dedicated to the topic of M&A (acquisition and merger processes of other companies/businesses) show a statistic that holds no promise for acquiring companies: overwhelmingly, M&A processes destroy value for both companies (especially for the purchasers). This element takes on an even more negative dimension when in acquisitions, companies pay with shares of the acquiring company, as it is the case with our group. There is a significant risk that the processes we run will have the same negative long-term consequences. Management seeks to build each investment with a high degree of safety ("margin of safety") and to align the interests of the participants through payment formulas and mechanisms. However, there is no guarantee that we will be able to continue to identify such solutions, and that future M&A processes will be profitable for our group.

The risk associated with making the financial forecasts

The Company's financial forecasts are based on the assumption of successfully implementing the growth strategy based on existing resources and business units. However, there is a risk associated with making the financial forecasts. The forecasts have been created with due diligence, but they are still forecasts. The current data reported in future periodic reports may differ from projected values as a result of certain factors that were not predicted in the Company's environment. The company will provide information on the possibility of making financial forecasts.

This chapter deserves a more detailed discussion. The company submits every year to the shareholders' approval a Revenue and Expenditure Budget. The management builds this BVC using a "bottom-up" approach - starting from evaluations of ongoing projects (sales pipeline available at the time of BVC production), sales statistics from previous years, marketing actions and sales already committed/planned and sales targets assumed by each member of the sales team. In other words, the BVC is built prudently.

On the other hand, what we pursue and measure in relation to the sales team and any partner is the GROSS commercial MARGIN and not the amount of sales. Therefore, every year, when the BVC is published, the management must answer the question "if we have a reasonable confidence that we will be able to generate 100 lei of gross margin, from how many lei of sales will we obtain this margin?". It should be taken into consideration that sales achievements are measured and estimated EXCLUSIVELY depending on the volume of the generated gross margin. In other words, the 100 Euro margin generated from sales of courses in the amount of 200 Euro is just as valuable to the company and is therefore rewarded in the same way with the 100 Euro margin generated from sales of communications solutions in the amount of 500 Euro.

In order to be able to answer the question "how many lei of sales is needed to produce the committed margin of 100 lei", we must, therefore, answer the question "what will the gross margin average percentage registered by the company be?". According to the principle of prudence, the management applies small reductions to the gross margin percentages already recorded, in order to find the answer to this question.

The unexpected result of these precautionary estimates is that if we apply a lower margin percentage, then we actually assume that we will have to “work” more for the same amount of lei of gross margin, so the forecasts (the BVC) related to the company's revenue are HIGHER.

Nevertheless, the company only monitors the gross margin and not the sales volume, so during the budget year it is much more likely that the revenue forecasts (the turnover) are erroneous and the company's profitability forecasts are more accurate. In other words, the management does not target, monitor or reward the achievement of any revenue target and, consequently, investors should not monitor and evaluate the company's achievement of revenue indicators (turnover), but the profitability index.

Personnel risk/delivery capacity

The Company's success depends to some extent on its ability to continue to attract, keep and motivate the qualified personnel. The Bittnet business is based on highly qualified and well-paid engineers, whose number is limited and can receive offers from the competition. If the Company fails to optimally manage the personnel needs, this may have a significant material adverse effect on the business, financial conditions, results of operations or prospects. The company offers attractive compensation packages and dynamic career development paths to attract, keep and motivate experienced staff with potential.

Bittnet has historically faced smaller staff fluctuations than the companies with which we do business with. However, two decisions we made in 2015 allowed us to resolve this issue in a “winning” way:

- adding to the organizational chart the role of internal HR and its employment by a new colleague with experience in recruitment and relationship with IT professionals. The HR role has two objectives:
 - continuous recruitment - identifying new talents to include in our technical team;
 - creating and maintaining a pleasant, engaging and healthy work environment, focused on constantly promoting the company values on which the company culture is based: competence, performance, integrity, flexibility and fun.
- listing on the Bucharest Stock Exchange, which allowed us to obtain an appreciated employer profile and helped us differentiate ourselves as an open and transparent company - an image highly appreciated by all new and old employees.

This risk continues to be one of the most important risks that ‘threaten’ our company and, consequently, the management will continue to give particular importance to this issue. In 2016, 2017, 2018 and 2019, 2020 and 2021, the General Assembly approved a plan to incentivise key persons based on actions, in order to better align their interests with the long-term interests of the Company. On the other hand, considering the overheating of the labour market and the inclusion of the “Millennials” generation in a greater proportion within the workforce, we consider that this risk - related to the ability to deliver the promises to customers - is a significant one for the company, accompanied by the continuous increase of the financial claims of the team members and collaborators (a continuous increase of fixed costs).

Perhaps the greatest risk in this respect is given by the shareholders of the company, whose continued vote is needed to continue the existence of the Stock Option Plans. Although the stock-option plan is built in such a way as to reward employees only and only if the shareholders have earned money in the analysed period, at the time when the debt is settled with the key persons, messages of dissatisfaction appear from some shareholders, claiming that “employees receive cheaper shares”, or that “this gives them the chance to sell in the market and make profit”.

This approach is, in our opinion, the greatest risk for the company in the field of human resources. If we can no longer continue to use methods of attraction and retention based on what makes us special – stock exchange listing and the value sharing mechanisms thus generated, the only alternative will be to also enter a global fight for human resources, with nothing to offer but money. We believe that this scenario is a very unfortunate one, which will strongly affect the profitability of the company, but unfortunately we estimate that it has a much higher probability of materializing, taking into account the recent discussions but also the fact that, as the number of shareholders increases (now we have over 4000 shareholders), it is much harder to obtain the 85% legal quorum necessary for the implementation of SOPs in the current legislation.

Legislative/regulatory risk

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 Company'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.

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.

Currently, the company has 3 capital increase operations registered with the Trade Register, according to the approval of the shareholders and the decisions of the Board of Directors, operations that are not yet registered with ASF, despite the efforts made by the company. The lack of clarity regarding the company's capital, as well as the difficulty of registering operations to reduce the share capital, are risks that may affect the percentages of allocation of free shares, dilution of some investors to the benefit of others, etc.

Business comoditization risk - loss of technological relevance of solutions

A special case related to the rapid evolution of the IT industry is the tendency of each technology to become "commodity" (very widespread, very widely adopted) and to be very well understood by customers. In such a business environment, the added value of the "resellers" companies is very low, so such a scenario leads to the decrease of the commercial margins for the business lines that are affected by commoditization. All technologies face this risk as their adoption increases. The most eloquent example is Microsoft's licensing business, where most projects are invoiced to customers with very low commercial margins: 0-2%. As other technologies acquire the same dissemination and adoption, their resale also becomes unprofitable.

The company aims to position itself as a value consultant, not as a "commodity" type "boxes" reseller. Tracking technological trends and positioning as a "first mover" helps the company to provide added value through the services provided (consultancy, building technical solutions, installation and simplification, optimization, maintenance).

Risk of unfair competition

Commoditized businesses with small margins are prone to unfair competition, in particular through dumping prices. In particular, in Dendrio's business this risk materialises when competitors often offer customers sales prices substantially below the purchase price of those licences. This type of business approach is very difficult and expensive to demonstrate, but it can cause damage to the Issuer by losing some contracts or reducing profitability. The issuer has not identified any solution to prevent this risk. The issuer aims to address new customer types, as well as customers for whom the added value of the solutions is not represented by price reductions, but by the functionality of the solutions offered. The more widespread and adopted the business line is, the added value that can be offered by an integration partner decreases.

The issuer is in constant competition with other participants on the IT market, competition that is expected to intensify. High competition can encourage current as well as potential customers to use the services and products of the Issuer's competitors and thus negatively affect the Issuer's revenues and profitability. Strong competition may result in increased pressure on the Issuer in relation to the prices of products and services offered to customers, which may have a significant impact on the ability of the Issuer to increase or maintain its profitability. The Issuer's competitiveness in the current competitive environment depends to a large extent on its ability to adapt rapidly to new market developments and trends. To the extent that the Issuer will not be able to effectively compete with its competitors, regardless of whether it is a local or international group, this may have a negative effect on the business, financial situation, results of operations and prospects of the Issuer.

Risk of loss of reputation

The reputation risk is inherent in the economic activity of the Issuer. The ability to retain and attract new customers depends in part on the brand recognition of the Issuer and its reputation for the quality of its services. Negative public opinion about the Issuer could result from actual or perceived practices in the IT market in general, such as negligence during the provision of products or services or even from the way the Issuer carries out or is perceived to carry out its activity.

Although the Issuer makes every effort to comply with the regulations in force and to increase the positive perception of customers and potential customers regarding its services, the negative publicity and negative public opinion could affect the Issuer's ability to maintain and attract customers.

Litigation risk

Over the years, the companies of the Bittnet Group have fulfilled their contractual obligations and have therefore not been sued by their contractual partners. As the group expands, and more companies join the group, it is possible that their partners may consider that the new financial position of these group members has become more relevant to be sued.

During 2021, according to the mandate given by the GMS in November 2020, Bittnet requested Anchor Grup – the owner of the building at 26 Bd Timisoara to extend the office space, under the same contractual conditions, to

accommodate with the new workspace regulations (distance between people), and with the team to be expanded as a result of the M&A transactions. Taking into account that the offer received from Anchor Group was considered as non-compliant, we notified them of the application of the “break-up” clause in the contract, and according to the mandate given by the GMS to the CEO during the meeting of 26.11.2020, Bittnet Group negotiated with the present suppliers in the market an optimal solution for the current development plans.

Following negotiations with 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 with a start date of 1.02.2022. The previous lease contract with Bucuresti Mall Development and Management SRL was unilaterally terminated by Bittnet Systems as of 31.05.2021.

At the date of publication of this report, the Company is aware of the existence in the Courts Portal of a lawsuit filed by Anchor Group having as object “claims” – described in detail in Chapter 18.6. Given the very early stage of the litigation, we could not assess the need for a provision. As the court file advances, there is a risk that BNET's profitability may be affected by the establishment of a provision for this dispute.

Credit risk

The credit risk is the risk that the debtors of the company will not be able to honour their obligations at maturity due to the deterioration of their financial situation. The company 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 company analyses new customers using specialized tools (sites with specific customer creditworthiness analysis) and has a strict procedure for documenting orders and provision of services or delivery of goods.

However, the company 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.

The company also closely monitors the “soft-collection” processes and decides relatively quickly to switch to hard-collection procedures, which has brought us historic success in recovering receivables.

The automated IT systems alert both the sales team and managers to outstanding customers, which are “tracked” by the sales team for 1 month, so that we prioritize maintaining a good business relationship. Instead, after 1 month of unsuccessful efforts, it resorts to involving an experienced lawyer (and a positive “track record”) in the recovery of claims.

Counterparty risk

Failure by third parties to perform their obligations towards the Issuer, including in connection with the implementation of certain investment projects envisaged by the Issuer or the risk of insolvency in relation thereto may affect the fulfilment of the Issuer's business objectives or its activity or financial situation and, implicitly, its ability to perform its obligations in relation to the Bonds.

A specific example is the situation in which companies from the Issuer's group participate in public procurement procedures, and suppliers do not fulfil their assumed obligations. This scenario may result in the issuance of a “negative certificate” on behalf of the company that participated in the public tender procedure, which would mean exclusion from other procedures in the future, thus eliminating a potential to generate revenues.

Risk associated with interest rates

The company is exposed to the risk of increasing the interest rate, having contracted loans and loans. Any increase in the interest rate will be reflected in the increase in financial costs. The company regularly monitors the market situation to predict the risk associated with the interest rate and liaises with as many credit institutions as possible in order to ensure an “arbitrage” between their offers.

In previous years, the company has carried out fixed-rate bond offerings, and subsequently repaid some of these. At the end of 2021, more than 75% of long-term debt had a fixed interest rate of 9%. Analysing the total interest-bearing debt, more than 70% is fixed interest at 9% per annum. During 2023, all 3 existing bond issues will mature. During 2022 and 2023 the Issuer is expected to refinance these bond issues in part or in full, and this exposes us to the risk of borrowing at higher interest rates, depending on the economic environment at the time of the transactions. Bank financing is fully variable interest rates, such as “ROBOR + a margin”, which further exposes us to the risk of interest rate fluctuations. The company is in constant contact with the banking financial institutions in order to improve the financing structure.

The weighted cost of borrowed capital is around 8% per year. We believe that the next financial period (2022 - 2024) will be a period in which the fact that we have fixed the price of the borrowed capital will constitute a competitive advantage.

Section 4: Information on the Issuer

4.1. The legal and commercial name of the issuer:

BITTNET SYSTEMS S.A.

4.2. The place of registration of the issuer, its registration number and legal entity identifier (LEI).

The issuer is registered as a commercial company with the Trade Register attached to the Bucharest Court under number J40/3752/2007, tax identification number: 21181848, Code LEI: 315700VUUQHM9VEDRO36

4.3. The date of incorporation and the length of life of the issuer, except where the period is indefinite.

The Issuer's incorporation date is 22.02.2007.

4.4. The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.

The Issuer is a joint stock company duly established and operating validly in accordance with the Romanian laws, with its registered office in Str. Soimus, nr. 23, bl.2, ap.24, sector 4, Bucharest, registered with the Trade Register attached to the Bucharest Court under number J40/3752/2007, tax identification number: 21181848. The issuer's business unit is located in Bucharest, Tudor Arghezi, Nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2, București 020945 Phone: (+40 21) 527 16 00 Fax: (+40 21) 527 16 98. Issuer's website: www.bittnet.ro and <https://investors.bittnet.ro>

The Issuer states that the information on the website is not part of the document, unless this information is included, by reference, in the document.

Section 5: Business overview

5.1. Principal activities

5.1.1. A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information;

The issuer operates on the Information Technology market, the Network Infrastructure and IT Training segments, having the highest share in the turnover of the group. Starting in 2021, the Issuer has diversified its IT services area through M&A (mergers and acquisitions of new companies) investments in the cybersecurity area by acquiring majority stakes in Global Resolutions Experts and ISEC Associates, thus creating a pole of cybersecurity competence within the Group's Technology Division. The Issuer also expanded its investments in the software development area by acquiring a 61% stake in Nenos Software and 60% in Nonlinear SRL. In addition to these two areas - cyber security and software development - the Issuer also completed in 2021 the acquisition of a 50.2% stake in the IT managed services company – ITPrepared SRL.

Also in 2021, the issuer purchased 100% of the shares of a competitor in the IT education area: Computer Learning Center SRL.

Currently, The Bittnet Group has two key divisions:

- **Education**, which consists of the IT training segment where Bittnet Training is the market leader.
- **Technology**, which is focused on IT integration services, offering integration solutions previously offered by both Bittnet and Dendrio. 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.

At the end of 2021, the activities of the group companies within the two divisions were:

Education Division

- **Technical Skills**
 - **Bittnet Systems SA** (CUI 21181848): parent company of the group, listed on the Regulated Market of the Bucharest Stock Exchange. It carries out the holding activity plus the IT Training activity, being the undoubted leader on this market in Romania. Revenues in 2021: 13 million lei, operating loss of RON 920 thousand
 - **Computer Learning Center SRL** (CUI 26065887), wholly owned by Bittnet Systems, is an IT training company with a focus on cybersecurity, founded in 2009, with a long history of serving corporate clients. In 2021 revenues amounted to RON 2.1 million and operating profit to RON 98 thousand.
- **Human Skills**
 - **Equatorial Gaming SA** (CUI 30582237) currently owned 99% by Bittnet Systems is a game-based learning company that offers softskills training for the IT industry, both in classic and gamified form, by means of its own developed games. Revenues in 2021 – RON 2.3 million, EBITDA of RON 641 thousand, depreciation from games RON 664 thousand and an operating loss of RON 23 thousand.
 - **The eLearning company SA** (CUI 30760571), 23% owned by Bittnet Systems, is an entrepreneurial company that offers eLearning courses for companies. Founded in 2012, it recorded in 2021 a significant increase in revenues after joining the group, up to RON 3.2 million and an operating profit of RON 1 million.

Technology Division:

- **Infrastructure and Cloud**
 - **Dendrio Solutions SRL** (CUI 11973883), wholly owned by Bittnet Systems, is the only multi-cloud integrator in Romania, a certified partner at the highest standards by Cisco, Microsoft, Google, Amazon Web Services, but also many other vendors, is the company that brings together IT&C integration activities, provided by Bittnet, Gecad Net and Crescendo. Revenues in 2021 amounted to RON 87 million and operating profit to RON 5.45 thousand.
 - **IT Prepared SRL** (CUI 35456175), 50.2% owned by Bittnet Systems, is a managed services company founded in 2016, providing IT support services mainly in the US market. ITPrepared's customer portfolio is primarily based on US companies, but also contains a number of local customers. Managed services is the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and

functions aimed at improving operations and reducing expenses within a company. Revenues in 2021 increased up to RON 5.5 million and operating profit up to RON 1.5 thousand.

▪ Business solutions (ERP)

- **Elian Solutions SRL** (CUI: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions. Revenues increased significantly in 2021 up to RON 6.9 million, with an operating profit of RON 158 thousand.

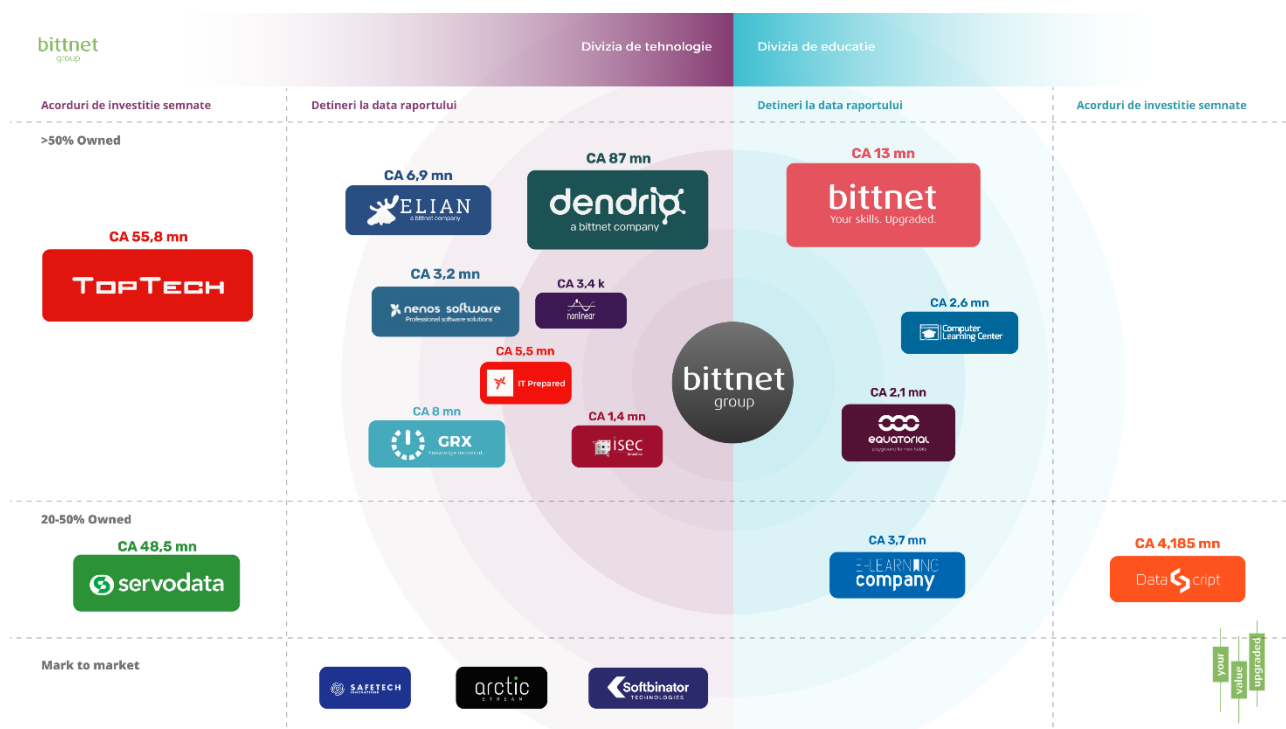
▪ Software development

- **Nenos Software SRL** (CUI 29612482), 61% owned by Bittnet Systems, is a customized software development company with focus in the field of Artificial Intelligence and Machine Learning (AI/ML). The revenue for 2021 is RON 2.5 million, with a profit of RON 0.8 million.
- **Nonlinear SRL** (CUI 37758005) is a SPV established to access European funding, 60% owned by Bittnet. The activity is a product based software development, focused on the development of a platform for digitization and automation of processes in small and medium companies using low code/no code and machine learning technologies. In 2021 revenues amounted to RON 900 thousand, while operating profit amounted to RON 350 thousand.

▪ CyberSecurity

- **ISEC Associates SRL** (CUI: 23037351), 70% owned by Bittnet, is a company providing professional services in the area of cybersecurity, offering audit, consulting and testing services (penetration testing) in classical and managed services. The company holds many certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc). In 2021 revenues amounted to RON 1.4 thousand, while operating profit amounted to RON 380 thousand.
- **Global Resolution Experts S.A. (GRX)**(CUI 34836770), 60% owned by Bittnet Systems, is a professional services company in the area of cybersecurity, offering penetration testing as well as design, implementation and maintenance of cybersecurity solutions. It 100% owns GRX Advisory SRL (CUI 43813325), with similar services. Consolidated revenues amount to RON 8 million, while operating profit amounts to RON 4 million. As it was acquired in December 2021, these figures are not included in any way in the consolidated results of the group.

The group has over 200 employees and collaborators, who work for one of the companies in the consolidation area (over 50% of the share capital and voting rights)



TECHNOLOGY DIVISION: In recent years, the domestic IT market has stood out and excelled as one of the pillars of Romania's economic growth. According to the Employers' Association of the Software and IT Services Industry, the Romanian information technology market will grow, at an annual rate of 11%. The estimates are based on the *Software and IT Services in Romania* study, published by the Employers' Association of the Software and Services Industry, and conducted by Pierre Audoin Consultants.

The IT solutions provided by Bittnet Group include: general consulting services, IT assessment services, implementation and migration services, maintenance and support services, infrastructure optimisation 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. Starting with December 31, 2018, Dendrio also includes the IT&C division of Crescendo International SRL, which was acquired in Q4 2018.

The integrator business means that we offer our clients the solutions and services they need, starting with the initial analysis, design, implementation and testing phase that results in turnkey projects for companies with different IT needs:

- Network infrastructure (routing, switching, Wi-Fi, optimisation, consulting);
- Cybersecurity (network security, data center security, user device security, IPS, Advanced Malware Protection, Next Generation Firewall, email and Web security);
- Network management (monitoring and alerting, centralized management, traffic analysis);
- Migration and cloud services (private, public and hybrid cloud, transition from one version to another, migration and relocation step by step);
- Virtualisation and data center (computing, storage, networking, backup, virtualization platforms, VDI);
- Employee mobility, including Bring Your Own Device - BYOD;
- Centralised communications and collaboration (IP telephony, DECT phones, instant messaging, online presence, web conferencing);
- Video conferencing, including telepresence (for desktops, administration rooms, conference rooms, smartphones, tablets, notebooks and workstations, integration with smartboards);
- Software licenses (Microsoft, Adobe, Cisco, Bitdefender, Dell, VMware, Veeam);
- Maintenance and support services

EDUCATION DIVISION:

According to the DESI index measuring the degree of digitalization at the level of the EU countries, Romania ranks second both in the chapter that measures the level of digital maturity among private and public companies and in the pillar that measures the level of basic and advanced digital skills among company employees.

The IT specialists market officially passed the 200.000 threshold in 2021, according to a study recently published by the ZF, which is double the number of 10 years ago; The perspective of the industry is that in the next 10 years the need for "it workforce" will lead to a doubling of the number of specialists to work in this field.

Bittnet has a leadership position on the Romanian IT training market, with a team with 20 years of experience and the largest team of trainers in Romania. Over the years, the company has delivered more than 50 000 hours of IT training and currently has one of the most comprehensive and up-to-date curricula in the EEC region. The trainings provided by Bittnet allow the access of experts to technology 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.

5.1.2. An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of their development.

During 2020, the Issuer continued to build alternatives for clients to consume the services of the group companies. Even if none of these alternatives became significant in 2020 in the sense of exceeding 10% of the group's revenues, we consider it beneficial to mention them both as development directions and as a demonstration of continuous development.

As far as **EQUATORIAL** is concerned, the FutureSkills collaborative learning platform was launched in 2021, incorporating all experiments and learning from the previous year. The platform is dedicated to team leaders in the IT field, has video/audio content and standard text, as well as the ability to customize related activities. Two technology companies have been enrolled in the platform during 2021, and it will be the main focus of the sales team in the following year.

In the case of **BITTNET TRAINING**, 2021 brought only the development of 6 new programs, which were added to the curriculum in the CTRL+N project and which completed the already existing educational routes. In addition,

due to the acquisition of Computer Learning Center, we have increased the offer of Cyber Security courses that we can provide to our customers.

In the case of **ELIAN**, together with the migration to the “365 Business Central” solutions and the main vendor - Microsoft -, we obtained the certification for our localisation solution - thus providing clients with an add-on for ERP Business Central systems, add-on which achieves the harmonisation of the IT solution with the Romanian financial-accounting legislation. At the same time, we have developed a way of pricing Elian solutions in the form of a ‘price per user per month’.

In the area of its own portfolio of products developed on the platform “365 Business Central”, Elian consolidated in 2020 through new implementations, its own Retail solutions (optimizing the sales flow at POS, but also fast food production flow), Agricultural Production (focusing the efforts in the management of lease contracts and the management of direct and indirect expenses at culture level) and Textile Production (in 2020 we added the 3rd customer/factory in Elian portfolio, who uses the Dynamics 365 BC solution to manage all operational and end-to-end business flows). Moreover, 2020 also marked the first implementation in the public domain on the cleaning area of public access roads and household waste collection.

For 2021, Elian aims to increase the number of licensed clients in the cloud, thus consolidating the recurring business area, but also the team certification on Dynamics 365 BC SAS (Software As a Service) solution.

In April 2020, **DENDRIO SOLUTIONS** launched a new sales channel – the online store <https://shop.dendrio.com>, aimed at small and medium-sized enterprises. The launch of this channel is part of a broader company strategy to automate as much as possible transactional sales (and which requires an accelerated increase in volumes to deliver at the expected profitability level).

Also, since December 2020, measures have been initiated to group the sales effort into two customer segments - Large companies (Large Accounts) and Small companies (Corporate Accounts). For the two segments, specific product and service portfolios will be available.

During 2021 we launched a partnership with the company KFactory for the digitalization of industrial production. Based on this partnership we have a number of companies starting their production digitization efforts using the solutions sold by Dendrio (KFactory applications and hybrid infrastructure solutions implemented by Dendrio). As it is natural, in 2022, we expect to generate an increased volume of services delivered in partnership with the companies that have joined the Bittnet group, in particular ITPrepared and GRX.

5.2. Principal markets

A description of the principal markets in which the issuer competes, including a breakdown of total revenues by operating segment and geographic market for each financial year for the period covered by the historical financial information.

The group operates on the market of IT&C integration services (consultancy and trade services on technological solutions) and on the adult learning market, especially with a focus on IT training. The division of income between the two areas of activity is strongly influenced by the higher dimension of the IT&C market versus the education market, taking into account that, on the one hand, it is populated by several clients, and on the other hand, it also contains trade with goods representing technological solutions (hardware and software), not only own services provided by the market players. Historically, the division of income between the two divisions of the group is as follows:

	2018	2019	2020	2021
IT&C Integration	83%	87%	88%	87%
IT&C Training	17%	13%	12%	13%

*a breakdown of revenues by the two business segments: IT Integration and Training

The main market in 2021 for the products and services offered by the Issuer was, as in previous years, the Romanian market. Exports count for less than 10% of the total turnover.

Market share

Bittnet Group operates in two major markets in the IT field: IT training and integration of IT solutions.

As a result of the lack of independent reports on the Romanian IT training market, the Company relies on its own estimates in terms of market share. The company has the most extensive, but also the most in-depth coverage of the training market, by having unique human resources at expert level. Bittnet is positioning itself as a **market leader in the IT training area**, justifying this by the following:

- It operates in most segments of the training market;
- It is not in competition with the same competitors on more than 2-3 market segments;

- It is either the market leader or the second largest supplier in each market segment. For example, for official Cisco trainings, the company estimates a market share of $\pm 85\%$. On the other hand, in terms of Microsoft trainings, the company has a market share of $\pm 20\%$ of a total of 10 partners in Romania;
- There are market segments for which Bittnet has no competitors (example: Amazon Web Services training partner).

Focusing on the integration market (professional IT services) - served by Dendrio, the wide range of services offered by the Issuer makes it impossible to establish the percentage of market share held. According to the independent study "Software and IT Services in Romania" conducted by Pierre Audoin Consultants at the request of ANIS - Employers Association of the Software and Services Industry, the Romanian IT market had a value of 3.08 billion euros in 2015 (an increase of 21% compared to 2014), this being estimated in 2016 at 3.6 billion euros (an increase of 17% compared to 2015):

Starting from the estimation of the total IT market (internal market and outsourcing services) to almost 1 billion euros in 2016, the Company's market share in the area of integration of IT solutions (hardware, software and services) is insignificant, accounting for a value of less than 1% of the market.

However, it must be borne in mind in this market analysis that the estimates for the total IT market also include the purchase of PC equipment, mobile phones, tablets, printers, etc., both by the population and by companies.

The analysis of the company's competitive position must be broken down into the two business lines, as the situations are strongly different. Therefore, Bittnet is positioning itself as a market leader in the IT training area, providing the following justifications:

- it operates in most segments of the IT training market (vendors, technologies, depth level, national coverage, etc.);
- it does not compete with the same competitors on more than 2 market segments, being either the market leader or the second largest supplier on each market segment. For example:
 - for Oracle official trainings, there are 3 authorized suppliers for Romania (Bittnet, Eta2U, Jademy)
 - For Microsoft official trainings there are 5-6 authorized suppliers
- There are market segments for which Bittnet has no competitors (e.g.: Amazon Web Services, Cisco, Citrix, etc).

Adding EQG and ELC to this landscape improves our group's competitive position, providing basically a wider product offer for our customers.

Focusing on the integration market (professional IT services), the wide range of services provided by Dendrio makes it impossible to establish the percentage of the market share held. In the IT solutions integration market, there are hundreds of competitors of various sizes, focused on market niches, customer segments, technologies, etc.

Within the activities carried out by the Technology Division, the competitive landscape is very fragmented, with a lack of significant focus on activity segments. We state that Dendrio is the first provider of multi-cloud solutions in Romania (integrating both Amazon Web Services and Microsoft Azure and Google Apps) - a very advantageous competitive position that aims to capitalize the same 'value offer' for customers, as the one highly appreciated in the training business: "one stop shop" for the needs of IT infrastructure (cloud), by complementing with Elian and Softbinator services, but with the expansion of the range of services, although we become more relevant for customers, the market and the number of competitors becomes even higher.

5.3. The important events in the development of the issuer's business

Technology Division in 2021

	31.Dec.21	31.Dec.20	
Income	98,434,367	96,397,656	2.1%
Services provision	24,477,417	19,270,712	27.0%
Sale of goods	73,956,950	77,126,944	-4.1%
Cost of sales	81,128,573	82,701,173	-1.9%
Goods/materials	63,705,398	68,303,617	-6.7%
Cloud services	5,491,123	5,178,219	6.0%
Man-hours	11,932,052	9,219,337	29.4%
Gross margin	17,305,794	13,696,483	26.4%
Other revenues	2,824,219	148,284	1804.6%
Sales/distribution expenses	5,624,408	5,203,157	8.1%
Man-hours	4,878,758	4,636,923	5.2%
Advertisement	745,650	566,234	31.7%
Administrative expenses	6,836,056	5,773,911	18.4%
Man-hours	3,259,951	3,332,564	-2.2%
Amortization	1,073,068	1,436,348	-25.3%
Other third party services	1,200,910	551,355	117.8%
Miscellaneous	403,299	200,409	101.2%
EBIT	7,669,549	2,867,698	167.4%

If we were to describe 2021 in one sentence, we can certainly say that this year was a year of **contrasts**. On the one hand, for the entire (local but also global) business environment, 2021 was a year of hope – to overcome the health crisis, to stop / overcome its effects and, why not, to start a new normality – respectively increasing the stability and business predictability.

On the other hand, this hope was doubled by a much more “indecisive”, more unpredictable reality, in which successive pandemic waves, local political instability but also much deeper effects of the global crisis continued to show their presence.

In this context of low predictability, the technology division of the Bittnet group managed to capitalize on certain trends in order to obtain both a significant increase in the gross margin generated: from RON 13.7 to 17.3

million but also a significant increase in operating profits generated (an 167% increase), in the conditions of a marginal increase of the turnover.

A major advantage of the way the technology division is structured is the coverage of a wide range of IT products and services, with a high degree of resilience to prolonged crises. In this sense, the fact that we include in the technology division both the implementation of platforms and hardware products, strongly affected by the semiconductor crisis (details below), but also significant components of high value-added services, such as audit services and infrastructure consulting Complex IT or services in the area of business applications and artificial intelligence, has led to greater stability of the entire business model.

We can note the following trends that created in 2021 and will create in 2022 a significant impact on the activity of the technology division:

1. The demand for IT services and solutions covered by the technology division's portfolio **is still consistent!** We can even say that at the moment, global technology companies, such as hardware manufacturers in particular, are facing significant difficulties in meeting this demand. In the short term, pressure is created on the entire chain – from component production to delivery / implementation / system operation, but in the long run this demand will be met by companies that will have the right combination of expertise and specialized resources for both “on-premise” projects and for “cloud” or hybrid architectures). This trend can be seen in the very large volume of projects generated in 2021 by companies in the technology division, projects that for reasons of supply / resources were moved (backlog) in 2022.
2. **The exacerbation 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 return of supply flows with components (processors / chips), 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 was overcome? Certainly not in the near future: <https://www.bloomberg.com/graphics/2021-chip-production-why-hard-to-make-semiconductors/>
3. **The pressure of the human factor** – The global pandemic has introduced a relaxation of the way companies contract and interact with employees and collaborators. More and more global projects are being delivered with relocated resources, the geographical location currently has only a purely fiscal significance. As a result, Romanian IT companies, including companies in the group's technology division, face extremely aggressive global competition in a market where highly skilled labour is scarce and increasingly mobile.

4. The consistent digitisation of work processes over the past two years has led to a **significant increase in the demand for expertise in the Cybersecurity space**. Given that Dendrio offers a wide range of solutions and services in the area of cybersecurity, but also the fact that since August 2021 the technology division has begun 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 this moment the technology division and the Bittnet group are in an extremely favourable position for the next period.

From the point of view of the structure of the technology division, with the entry into the group, in the second half of 2021, of the new companies (IT Prepared, Nenos, Nonlinear, iSec and GRX) a structuring of the activities on two distinct technology segments occurs:

1. Implementation, security and operation of complex IT infrastructures (Secured & Managed Infrastructure). We hereby include:
 - Dendrio Solutions – specialising in (on premise and/or cloud) hybrid IT system design and implementation;
 - IT Prepared – a company specialized in optimizing and operating IT infrastructures (recurring, subscription-based services, managed services);
 - GRX and iSec – companies specialising in audit and consulting projects in the field of cybersecurity.
2. Applications for the business environment (Business Apps):
 - Elian Solutions – company specialized in implementing Enterprise Resource Planning (ERP – Microsoft Business Central) solutions and data analysis and visualization systems (Microsoft Power BI)
 - Nenos and Nonlinear – companies specialising in developing Artificial Intelligence-based platforms.

Cloud & Infrastructure - Dendrio

For Dendrio Solutions – the IT systems integration company within the Bittnet group – 2021 was a year in which certain developments initially felt in 2020 continued to be accentuated:

- **Significant increase in projects generated in 2021 the delivery of which was postponed for 2022..** Although the sale process has a clear purpose in 2021 – either procurement procedures in which the Dendrio bid is officially declared the winner or projects budgeted and approved by private companies – some of these projects could not be implemented during the year, especially due to the significant extension of the delivery times of the hardware components (semiconductor crisis). If at the end of 2020 we were talking about a volume of RON 5 million in this situation, at the end of 2021 we have a volume of over RON 40 million in this category. Even in these conditions, the company managed to increase the gross margin generated by over 20% and keep the turnover close to that of 2020. We will keep monitoring this indicator carefully throughout 2022, given the persistence of the semiconductor crisis.
- **Increasing the service volume.** To offset the impact of the delay in equipment delivery, the Dendrio team focused on growing projects with a significant service component – an increase of over 22% compared to 2020. Projects with a significant consulting component (audit, technology architecture or technology adoption projects) have increased in volume compared to previous years when implementation services contributed an overwhelming rate to this figure.
- **The disappearance of a clear seasonality** – The extension of projects to 2022 allows us to enter the new financial year with a consistent volume of projects awarded (“pipeline”) which will be distributed (depending on equipment deliveries) throughout the year.

From an operational perspective, during 2021 we have continued the strategic initiatives launched in 2020 and new initiatives have been launched:

- **Strengthening strategic partnerships** at the level of the team dedicated to large accounts – in particular with the telecommunications operators but also with specialized partners, increasing by over 40% the volume generated by these partnerships.
- **Extension of existing contracts** including at **regional level** – a new company in its large customer portfolio has decided to benefit from the expertise of Dendrio and the companies in Bittnet’s technology division for regional expansion. The project is all the more important as a transition has been made to cloud technology and managed services – IT Prepared, a company newly joined the Bittnet group, taking over the management and optimization of IT processes. We are convinced that in the future we will meet more and more companies located in Eastern Europe that will follow a similar expansion model.
- **Consolidation and integration of processes** at the level of the team dedicated to **medium and small companies**. The implementation of a sales process based on “Buyer Journey” was initiated by the education division. Based on its experience, we started adapting this process for the technology division at the end of 2020. In 2021, the Sales Development Representatives team already had 4 colleagues and we aim to expand it further in 2022, but also to expand the processes of the entire Dendrio company. More than 600 companies were contacted merely during Q4, with a 11% (outbound), and 19% (inbound) conversion rate.
- **The Customer Success team**, launched at the end of 2020 – became operational in 2021, making Dendrio one of the first Cisco Gold Partner companies specializing in Customer Experience in Romania. More than 50 of Dendrio’s most important customers have been included in the satisfaction rating program – a mechanism by which we aim to better understand our customers’ expectations.
- In the second half of 2021, the **Project Management Office** was created – at the level of the entire Bittnet group but with a significant impact on Dendrio’s delivery processes. There are 5 employees currently working in this department.
- Last but not least, it is important to mention the **increase in the number of projects delivered**. In 2021 the number of delivered projects increased by over 11% compared to 2020, confirming that the operational platform but also the delivery processes of Dendrio are scalable.
- **The sale of the Computer Aided Design (CAD) division** – an initiative that has generated an attractive financial return for shareholders but it will lead in the short and medium term to an increase in Dendrio’s focus on projects that include a significant component of services.

Cyber Security & Managed Services- GRX, iSEC, IT Prepared

Global Resolution Experts, iSec and IT Prepared are companies that have recently joined – in the second half of 2021 – the technology division of the Bittnet group. We will not go into extensive information about these companies in this report, and this information will be added in future reports. However, it is important to note certain directions that are manifested in this segment, cybersecurity services and managed services:

- The year 2021 was marked by a significant increase in requests from companies, both for consulting services to improve the level of IT security and for evaluation services (audits and penetration tests). This increase has been marked by a significant increase in the frequency and complexity of cyber attacks such as phishing, ransomware and APT (Advanced Persistent Threat). In addition, the pandemic context and the new rules imposed by work-from-home organizations have brought new challenges in managing and securing the equipment used by employees. All this context has favoured the growing need for cybersecurity services.
- We expect to have this trend maintained in 2022, but also to witness new opportunities emerging generated by the security requirements imposed by CERT-RO through the NIS Directive on Essential Service Operators (ESO), as well as other legislative initiatives launched by the Romanian Digitisation Authority.
- Last but not least, we believe that the budget for the digitization component envisaged under the PNRR program will generate new projects for the implementation of IT solutions and systems, which will also involve a solid component of cybersecurity services.

Business Applications - Elian

2021 was first and foremost dedicated to strengthening the team and improving the delivery capacity in projects. We invested in the recruitment process and we attracted senior resources, which went into production much faster than the average of previous years, decreasing significantly compared to 6 months – the average time before going into production. At the end of 2020 we had a team of 21 employees and collaborators, whereas at the end of 2021 we had 32 employees and collaborators – the new resources being mostly senior resources.

In terms of improving flows and processes during 2021, the position of dedicated Project Manager was created. We thus aim to improve communication with customers as well as to a better coordination of delivery teams per project. All these efforts resulted in a significant increase in turnover in 2021 (35% more compared to 2020), the results being visible especially during the second half, as a result of the efforts made in the first part of the year.

Significant initiatives and projects

- Significant projects were delivered ("Go Live") as planned: MyGeisha, Green PC Ambalaje, Bayer Strada. We also completed the pre-production processes at Dietsmann, so the customer started using the new solution in January 2022, as planned.
- First Microsoft Business Central partner of the SAF-T statement** - In 2021 we focused on developing the solution for the new D406 statement (also known as the SAF-T), a statement that primarily impacts large taxpayers (who have been required to file a return since January 2022). As a result of our efforts, we was the first partner to complete the development for Microsoft Dynamics 365 Business Central!
- Increasing recurring revenues** – increasingly large companies are opting for “cloud” licensing (subscription) rather than licensing, which has led to an increase in recurring revenue from monthly subscriptions – a trend that we believe will continue over the next period.
- Real estate solution** – We started developing a real estate solution in 2021.
- It is also worth mentioning that Elian Solutions extended the certification of Microsoft Gold Partner in 2021.

Software Development - Nenos & Nonlinear

- In the field of software development and artificial intelligence, the accelerated development of a company depends to a large extent on its capacity to attract new talents. Considering this, Nenos and Nonlinear initiated Nenos Academy, an initiative which helps develop and attract new resources.
- With the help of the 4 trainers of Nenos Academy (team established in the second half of 2021) the company supports online training in JavaScript and Python languages
- The Nenos Academy also contributed to the organization of the Softbinator Foundation (synergy created by the entry of Nenos into the Bittnet group) – Nenos thus having access to a significant pool of talent in software development
- A software development project for Chromosome Dynamics (CHRD) was launched in December 2021 – a project that will bring several technological and operational innovations for the Romanian agricultural sector.

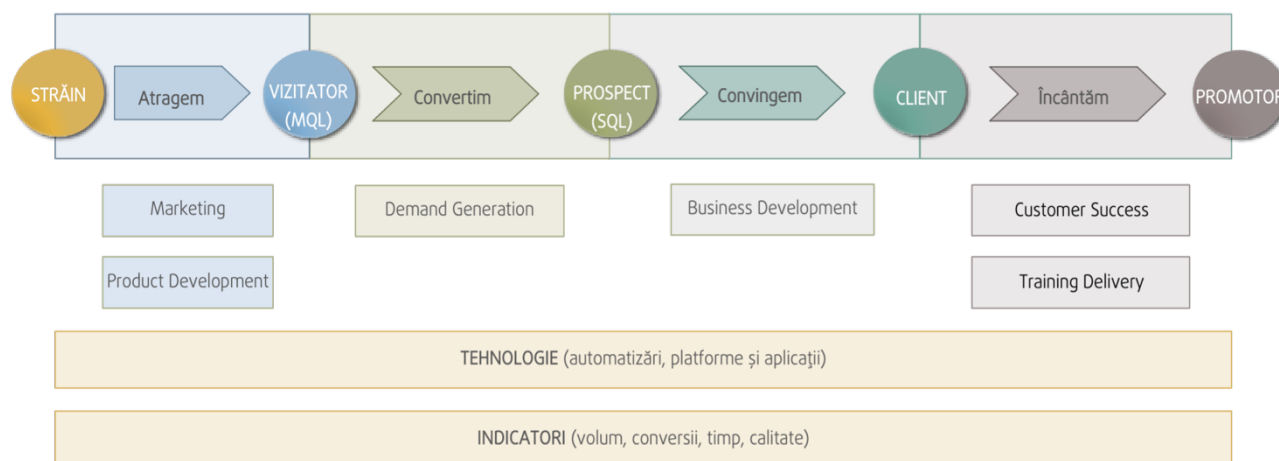
Education Division in 2021

	31.Dec.21	31.Dec.20	
Income	<u>14,156,623</u>	<u>12,794,103</u>	10.6%
Cost of sales	<u>6,983,578</u>	<u>5,024,193</u>	39.0%
Cost of sale of goods/materials	223,162	878,855	-74.6%
Man-hours	6,760,416	4,145,337	63.1%
Gross margin	7,173,045	7,769,911	-7.7%
Other revenues	1,246,884	303,544	310.8%
Sales/distribution expenses	<u>3,909,709</u>	<u>2,305,830</u>	69.6%
Staff expenditure	2,850,062	1,732,169	64.5%
Advertisement	1,059,647	573,661	84.7%
Administrative expenses	<u>4,834,360</u>	<u>6,836,056</u>	-29.3%

Staff expenditure	1,650,449	1,239,552	33.1%
Amortization	1,315,200	557,590	135.9%
Other third party services	1,100,868	406,643	170.7%
Miscellaneous	362,931	235,170	54.3%
EBIT	(324,139)	3,062,905	-110.6%

2021 was a typical year for the Education Division, in the sense that we returned to the classic model in the training industry where the first semester represents 40% of sales and the second semester 60%, as we were used to before the pandemic. Below you can find the main activities of each team as they are involved

in the “Buyer Journey”, our new operational model that we initiated two years ago, have been rigorously implementing throughout 2021 and are starting to deliver results. For example, in 2021 we have 50% more customers than in 2020, customers who will continue to buy in the years to come.



MARKETING & PRODUCT DEVELOPMENT team

Technical skills (Bittnet Training and CLC brands)

This year we continued to refine our lead generation model through content development. Both video content 7 and e-books developed have generated over 4,000 and 500 MQLs (Marketing Qualified Leads). In addition to lead generation activity, Product Managers built and implemented 21 campaigns to promote our webinars, generating over 4,000 registrations to our virtual events.

The second half of the year also saw the initiation of ABM (Account Based Marketing) campaigns on LinkedIn for DevOps Artisan, our international sales project, for CTRL+N, our retraining project, and for Bittnet. The encouraging results make us consider extending this approach to other projects or companies in the Education division.

In 2021, Bittnet sites www.bittnet.ro, www.ctrln.ro and www.devopsartisan.com, have been visited by a total of more than 183,000 visitors and our digital campaigns were seen in online environments by 4,947,000 users in total.

Since August, we have become the strategic education partner of ANIS (Employers' Association of the Software and Services Industry) and have already delivered a first webinar for L&D specialists of ANIS member companies.

In 2021 we introduced new courses in the area of IT Service Management from vendor Peoplecert to our portfolio and developed with our trainers trainings tailored to market requirements and customer needs in the area of security.

Human skills (Equatorial and The e-learning Company brands)

We completed the configuration of the new FutureSkills learning platform and started testing it in customer projects. The main features and benefits of the platform meet the needs and learning styles of the Learner Persona in the target group, identified through qualitative research conducted at the end of 2020:

- LMS & social media infrastructure
- Comprehensive learning experiences: live online sessions, self-paced study, collaborative working
- Adaptation to the pace and specificity of each participant
- Social Learning component through increased level of collaboration and communities of practice
- Continuous updating of content (learner generated content).
- Mixing content and methods in an architecture (learning journey) that allows collaboration with stakeholders in learning.

The month of March also brought us the recognition of HR professionals, at the HR Excellence Awards Gala, sponsored and organised by HR Club. We won the award for the best program in the Training and Development

category, for the VRUNNERS Fn+F5 project implemented by Equatorial in 2020 for the Software Development department of Miele Brasov.

At the end of last year Equatorial perfected a partnership with Human Synergistics to provide consultancy services to IT companies as part of the National Organizational Culture and Leadership Impact Survey.

DEMAND GENERATION team

As the main lead generator for the sales team, the Demand Generation team has increased to 5 SDRs (Sales Development Representatives) led by a Team Lead.

Throughout the year we have constantly refined the two lead generation processes, i.e. *Inbound* and *Outbound* process, normalized the work and the workload and established which performance indicators help us to professionalize. At the end of the year we built the "operational manual" that is the standard for lead generation in the Education division

The inbound process involved managing a total of 523 leads coming from marketing campaigns and website registrations, further qualifying 175 leads. The Outbound process involved approaching 686 companies in areas such as IT&Telco, Finance&Banking, Manufacturing. Out of these, we qualified 85 leads.

Currently the value of leads won from these campaigns is of over EUR 160,000, while the value of those still open (under management) is over 80,000 EUR.

BUSINESS DEVELOPMENT**1. Bittnet Training team**

In 2021 the business development team has undergone an accelerated process of change and experimentation of the way we approach the customers. It was a year in which we learned to use customer profiling applications and tools, strategic planning tools and worked more systematically with CRM. All this discipline in execution produced results especially in the second half of the year when we managed to recover from the slower start of the year.

The business development team opened a total of 1,573 opportunities of which 676 were closed with "won" status. We managed a total of 103 clients. Out of these, 35 were new clients. We closed the year with a turnover of RON 11 million and a gross margin of RON 6 million.

In addition to the current activity of the business development team, it is worth mentioning that last year, through partnerships with consulting firms, we also focused on the opportunities provided by European projects. There are 6 such opportunities we are actively working on, with an estimated value of EUR 2.5 million, of which we hope to win a significant part.

2. Computer Learning Center team

As one of the major players in the CyberSecurity training market in Romania, with young sales and instructor teams, with over 18 years of experience and more than 6000 trainees trained over the years, CLC provides training and education services, focusing mainly on training in information security, auditing and assessment of information systems and targeting both managers and information security professionals who want to be up-to-date with the cutting-edge technologies and solutions;

In addition to traditional sales, through the efforts of the entire team, we have managed to win three major projects following participation in public tenders:

1. "Cybersecurity training services necessary for the implementation of the project "Extension of the investigative capabilities of the cyber defence system at the level of the Ministry of Internal Affairs CYBINT, Code Sipoca/MySMIS 858/134962, LOT 4 - Advanced computer network course - fully implemented in 2021"
2. High-level training services in the field of cyber security for the implementation of the project "Upgrading and development of the national system of protection of IT&C infrastructures with critical value for national security against threats from cyberspace" - to be carried out from November 2021 to June 2022
3. "IDEA - Innovate, Discover, Evolve, Apply" - running in the first part of 2022

In September we started the integration process, a process that involved, in addition to the continuation of course sales activities, the adaptation to new working tools and procedures

3. Equatorial team

Overall, 2021 was a year of rebuilding and sustained effort, a year of business and people growth. The changes started in 2020 gained consistency, and we dedicated our efforts to strengthening our strategy to position Equatorial as a specialist in human skills development for Team Leaders in IT organisations. Equatorial's repositioning as a soft skills provider for IT organizations materialized in winning 7 new clients in the IT industry. The FutureSkills collaborative learning platform and the VRRunners game have been at the core of the projects won.

This year we have also contributed to the development of the next generation with two gamified projects using the VRRunners platform:

- **Happy Teens**, the first project dedicated to preventing depression among teenagers, in partnership with Happy Minds Association;
- **Pride-U VRRunners**, within the POCU project run by the Bucharest Academy of Economic Sciences.

4. The e-Learning Company team

2021 was the year of growth at a higher pace than expected, mainly due to the expansion of the course catalogue (645 course modules in Romanian) and more intensive use of the LMS platform. While before the pandemic the usage rate of online courses was around 15% (in the most optimistic cases reaching 20% of a company's employees), 2021 accelerated the 2020 trend related to the increasing access rate (even over 80% in some companies).

The industries that chose in 2021 to use e-learning solutions are: Banking; FMCG; Automotive; Oil and Gas; Utilities; Production; Retail; Services; Insurances.

In the second part of the year we also turned our attention to public administrations where we started pilot projects in the last months of the year and the results are above expectations, the adoption of online courses is at

a very high level, more than 60% of the employees who were involved in the pilot projects accessed online courses in the first two months.

DELIVERY & CUSTOMER SUCCESS

One of the main concerns of our Training Managers has been the growth and professionalisation of our team of internal trainers and collaborators. The fact that we now have a Training Manager for both technical and soft skills training has helped us to be able to build a significant part of the processes and procedures needed in the final stage of the Buyer Journey.

Customer Success managers also completed working procedures and Use cases that demonstrate the ROI achieved by customers for the educational projects carried out with us.

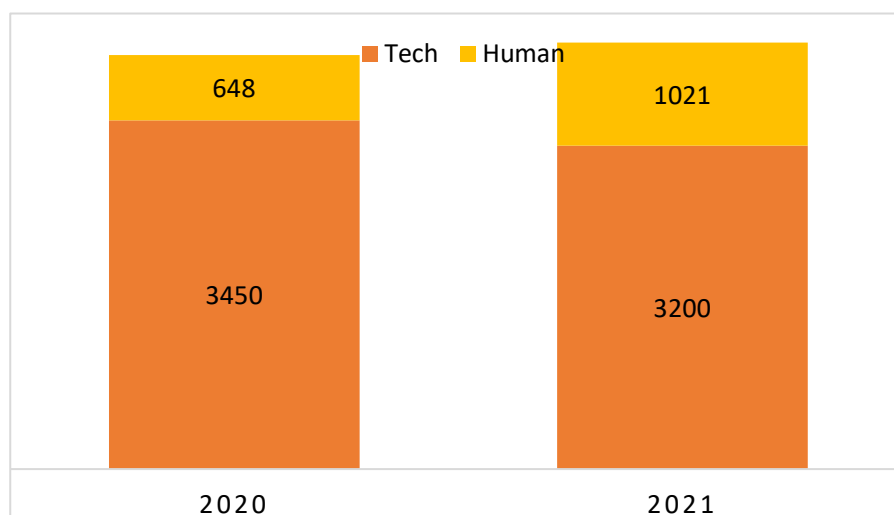
Technical skills

- 326 sessions, both private and public; we had 3200 learners (250 less than in 2020); delivery was done with 45 internal trainers and collaborators; DevOps Artisan and Microsoft have been the most requested curricula also in 2021.

	2021	2020	2019
Number of classes	326	321	367
Number of trainees	3200	3450	3836
Number of trainees per class	9.81	10.47	10.45

Human Skills

- 204 private sessions; we had 1,012 learners compared to 648 in 2020 (of which 450 and VRUNNERS players, compared to 180 in 2020); the courses were delivered by 7 in-house instructors and collaborators
- over 78,000 users have active accounts to access Skillsoft courses in Romanian provided by The e-learning Company, as compared to 52,000 last year. Out of these, over 50,000 are learners accessing our iKnowLMS platform, while for the other learners the client companies use other platforms



5.4. Strategy and objectives

A description of the issuer's business strategy and objectives, both financial and non-financial (if any). This description shall take into account the issuer's future challenges and prospects.

Gartner& IDC (one of the largest IT industry research and analysis companies in the world) estimated the Romanian IT market at over 4 billion USD in 2020, divided according to the chart below. The group's Technology division is present in all the main 'branches' of the IT industry (except outsourcing services). Moreover, the National Institute of Statistics (INS) assesses that the share of the IT industry has increased spectacularly in 2021, [reaching 6.7% of Romania's gross domestic product by the end of the year](#) (meaning EUR 14.6 billion). INS estimate for 2022 is that the IT industry will exceed 7% of GDP.

Only in Romania

\$4B



\$2B

Digital
Transformation

\$1B

Servicii
integrate

\$0.5B

Outsourcing

\$1B

HW

\$0.3B

SW

bittnet
group

We believe that the acceleration of the digitalisation of entrepreneurial companies is the engine of the development of the CEE economy and we want to have a decisive role in this process. That is why the strategy of the Bittnet Group is to become a platform of professional services in the field of technology and education, starting from our traditional, basic competencies, where we have competitive advantages, combining access to human resources with access to clients and access to financing through capital market mechanisms.

This business strategy is based on 3 pillars:

1. Continuous development of the portfolio of products and services offered, in line with global technological and socio-economic trends. We follow this approach both at the level of individual companies, by continuously adapting the services offered to market requirements (adding new products and services, eliminating products or services that are no longer of interest to clients, adding new ways of consuming our products and services) as well as at group level, through national and regional expansion, based on M&A activities.
2. The continuous strengthening of the financial position, both through the organisational development of the group companies, with the capitalisation of profits, and through successive, annual capital increases, in order to have a more solid financial base, to position the issuer as a main alternative for both clients but also for other companies in the field, who want to join an IT platform representative for Romania, EEC or (in the more distant future) Europe.
3. Development of strategic partnerships. This takes the form of participation in joint ventures of companies with common interests and activities, the search for partners to distribute our products and services to their clients, the search for partners from whom to purchase "bulk" products and services to resell to clients and our partners, the search for investment partners with whom to increase the capacity to carry out M&A projects.

Looking to the future, we predict a period of several years to come with the unprecedented acceleration of digital processes across the economy, without major political events, and we are confident that we will continue to see significant revenue growth. In recent years the importance of the IT industry has increased in all ways and its contribution to GDP formation has exceeded the 7% threshold and it will reach a 10% threshold by the end of 2025. The phenomenon has accelerated in the last months when the pandemic has highlighted the need of public and private organizations to reinvent themselves through technology and, consequently, the need to develop digital skills among employees.

According to the DESI index measuring the degree of digitalization at the level of the EU countries, Romania ranks second both in the chapter that measures the level of digital maturity among private and public companies and in the pillar that measures the level of basic and advanced digital skills among company employees.

The IT specialists market officially passed the 200.000 threshold, according to a study recently published by the ZF, which is double the number of 10 years ago; The perspective of the industry is that in the next 10 years the need for specialists will lead to a doubling of the number of specialists.

Both areas detailed above give us confidence that we are “operating in the right industry”, and indicate the market potential for the two divisions of the Bittnet Group for the period 2022 - 2024:

- **for the Education Division**, as employees, in order to better meet the needs of the market, are in a continuous process of professional retraining. In this respect, the programs and initiatives on our agenda such as the CTRL + N national reconversion project or the DevOps Artisan international platform were launched in advance and today, we are better positioned to meet the needs in the area of digital skills development.
- **for the Technology Division**, as organisations continue on their path, forced to adapt to the new context with funding either from their own resources or from accessing government programs backed by EU funding for digitisation.

At the Bittnet Group level, we have launched previously a series of initiatives aimed at both the human capital dimension and the integration of digital technology by companies (2 of the 5 pillars measured by DESI):

- On December 1, 2020, we launched the CTRL + N professional retraining program. Today, less than a year after the public announcement of the intention to develop this program and less than three months after its official launch, we are happy to provide 30 lessons offered by 5 of our trainers. So far, 82 Romanians have subscribed to the courses, some of them through the scholarship program launched with our partners, others financially supported by their companies or even from personal sources, understanding the need to learn new skills and prepare for tomorrow's jobs. Following the extensive communication campaign carried out for this project, we expect a steady growth of students during 2021.
- We have started, together with major technology partners such as Microsoft but also with business partners such as Raiffeisen Bank, Banca Românească, Eximbank, ProCredit Bank, programs for the digitalisation of entrepreneurship in Romania. These steps started in 2020 and we hope they will continue, in an accelerated way - in 2021 as well. An extremely important aspect is the alignment of these steps of the technology division with the National Recovery and Resilience Plan - respectively the digitization programs for SMEs.

We aim for a profitable, sustainable and accelerated growth and this can be achieved by focusing on customer segments where we already have a high profit rate, correlated with a higher percentage of profitability. Starting with 2021, we launched an internal management and leadership academy based on which we will build key skills at the level of the entire organisation, offering career development paths to the best of our colleagues.

Growth through M&As

In the journey towards the 2024 objective: consolidated business of RON 500 million, we are relying on operational transformation (in the sense of aligning internal processes to the buying journey of our customers in the new market reality - “low-touch economy”), and on an extensive M&A investment program aimed at consolidating the current portfolio, but also expanding to the CEE market and to strategic areas, software, cybersecurity and managed services.

2021 was also the most active year in terms of M&A projects. We completed 5 investments:

- **IT Prepared** – completed in Q3 and which is the first investment in the area of managed infrastructure services.
- **Nenos&Nonlinear** – completed in Q3 which strengthens the position in the software development division, while also entering the artificial intelligence sector.
- **CLC** – which consolidates the Education Division and expands the certification portfolio, especially in the cyber security sector.
- **ISEC** and **GRX** are two transactions that mark a new major stage in the development of our group, as with them a new division is born within the Bittnet Group, that of cyber security.

At the time of publication of this report we are in advanced stages of negotiation with 3 more projects communicated and approved by shareholders - Servodata, Datascript and TopTech. These projects continue the investments made in 2020 in Equatorial, Softbinator and The e-Learning Company. In addition to the “Group Structure” chapter of this report, I suggest you to also visit the “Group Structure” webpage on our investor relations website frequently, as this structure is in continuous evolution.

We conclude the presentation of the M&A activity already carried out in 2021 by mentioning the first exit, through the sale of the Autodesk software division, part of the Dendrio company, to the Graphein company, for the amount of RON 2.2 million, an amount equal to that paid in 2017 for the entire Gecad Net company (currently Dendrio). In the same respect, in the last days of the year, we attracted a number of investors to GRX, by selling a 14% stake, for RON 3.47 million.

We estimate that during 2022 the M&A activity will be intense; therefore, we will bring to the attention of investors in general meetings a series of investments, in line with the previously communicated expansion plans.

5.5. If material to the issuer's business or profitability, summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.

This is not the case, the Issuer is not dependent on patents or licenses, industrial, commercial or financial contracts, new manufacturing processes so that they have a significant measure on the commercial activities or profitability of the issuer.

The issuer delivers technology (IT&C) solutions as well as training courses based on partnerships with major IT&C technology manufacturers such as Microsoft, Cisco, Amazon Web services, Oracle, etc. each of these manufacturers maintains specific licensing and certification policies for partners – the “channel of partners” (for both IT&C solution integration activities and trainings). Should such a producer decide that the entities in the Bittnet group no longer have the right to continue reselling the solutions of that producer, this would have a significant influence on the group's revenues. We believe that the certifications that group companies have from manufacturers are helpful by increasing our ability to attract customers and gain profitability (including through rebates from manufacturers). Similarly, loss of relationship with a manufacturer (loss of the right to sell certain solutions (especially from key partners such as Cisco or Microsoft would cause a problem for the Issuer).

In the case of Nenos & Nonlinear, there is no dependence on patents. In the case of the e-Learning Company ('ELC'), the company derives most of its revenue in relation to the international leading developer of eLearning courses Skillsoft. The loss of this partnership would have a significant negative influence on the revenues of the ELC.

In the case of ISEC and GRX it is not the case of patents dependencies, being two companies offering professional services in the cyber security area. The services provided are in the form of audit, consultancy and testing services in both traditional and managed services. The two companies hold the certificates in the field (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc.).

5.6. The basis for any statements made by the issuer regarding its competitive position.

The issuer bases its competitive position statements on its own estimates, built either by analyzing the data available from the Ministry of Public Finance (on the business of companies deemed to be competitors) or by analyzing the feedback received by the sales team from interactions with existing and potential customers.

5.7. Investments

5.7.1. A description, (including the amount) of the issuer's material investments for each financial year for the period covered by the historical financial information up to the date of the registration document.

As of the date of publication of the latest financial statements, the Issuer has not initiated and has not carried out any significant investment program. At the end of the financial year, the consolidated statement of non-current assets was as follows:

	2018	2019	2020	2021	Explanation Others
(1) Goodwill	12,241,308	17,701,643	21,082,977	39,893,983	Procurement of Goodwill M&A transactions
(2) Other intangible assets	6.099.112	6,425,725	8,820,959	9,208,535	
(3) Tangible assets	2.003.818	6,742,571	5,444,104	2,352,513	Closure of the business point according to IFRS16
(4) Investments accounted for using the equity method	1,230,328	1,236,738	8,527,500	1,999,532	reclassification of CODE holding
(5) Other financial assets	1.056.588	1,107,049	7.483	372,744	

The increase in non-current assets in 2021 is entirely due to the M&A investments made, amounting in total to RON 18 million, combined with the decrease in the equity-accounted securities position with the reclassification of Softbinator's stake as mark-to-market. Also, with the termination of the lease for the Anchor Plaza offices, tangible fixed assets decreased by IFRS16.

5.7.1.B Specifying the location and characteristics of the main production capacities owned by the company.

The specific activity of the Company does not imply the ownership of significant tangible assets. The company owns the computing technique (laptops, servers, mobile phones), office furniture, multifunctional printers and networking equipment organized in the form of course laboratories and demonstration laboratory for technological solutions. A part of these assets were purchased by means of Regio O. A funds, SMIS project code 18446.

All of the company's tangible assets will be transferred to the new office building in Bucharest, ONE Cotroceni Park, as soon as it is ready to host the expanded Bittnet team.

5.7.1.C Overview and analysis of the degree of wear and tear of the company's properties.

The IT equipment owned by the company has a low degree of physical wear which is specific to the office activity. With the relocation to the new headquarters, the company will carry out a gradual renovation of the IT equipment used by employees and trainees, applying in this respect a 'pay as you use' approach - renting the equipment and not investing in tangible assets - according to the mandate granted in the General Shareholder Meeting in April 2017.

5.7.1.C. Specifying the potential issues arising from the ownership of tangible assets of the company.

Non-current assets acknowledged under IFRS 16 are not the property of the Issuer, being leased by the Issuer from their owners. This is not an "issue" but a "feature" of such contracts (operational leasing or long-term lease).

5.7.1. New products envisaged for which a substantial volume of assets will be allocated in the next financial year as well as the status of development of such products.

The company's development plan includes the following pillars, which have as their component the addition of new products and services. Every new product or service that is added to Bittnet's offer at some point starts from a specific demand, volume, in the market, among our customers. Thus, there are no new products for development to which substantial resources will be allocated, each addition being made under "breakeven" conditions. For the year 2022, in terms of CAPEX (investment in product development), the proposed maximum budget (which we do not intend to consume) amounts to RON 10,000,000.

In the Education Division we are exploring two investment directions. First, we will invest in equipping the Video Production Studio in our new headquarters, considering both the further development of training products where we own the intellectual property, and building marketing content to support lead generation efforts on the two workflows, namely inbound and outbound. The maximum budget allocated for the investment in the Video Production Studio is RON 200,000. The second investment line is the upgrade of the VRrunners game, the most prolific educational game we have developed, which with the repositioning of Equatorial as a soft-skills provider

for IT Team Leaders needs adjustments and some additional developments to reflect the changes in the labour market generated by the COVID-19 pandemic. The maximum budget allocated for the investment in VRUNNERS amounts to RON 150,000.

In the Technology Division we mainly focus on the development of existing products and services, as well as on workflow optimization. We will focus on increasing the volume of recurring projects, cloud solutions and cyber security. To this end we will use existing platforms (CRM, Project Planning and integrations with large platforms Cisco, Microsoft AWS) without the need to invest in new platforms.

In the document for 2021 we wrote that

we believe that an important part of the business growth will continue to come from the resale and implementation of solutions based on "Cloud", "IT Security" and "Managed Services" technologies. We intend to position the group's solutions, based on the team's evolving skills. Cybersecurity is an area in which the group has always excelled, our skills being certified by multiple relevant vendors in the IT security industry such as Cisco, Checkpoint, Bitdefender, etc. Cloud, Mobility or IoT solutions that are the technological trends of 2019 cannot be designed without a serious IT security component, and Bittnet Group is ready to support customers in this respect

As can be noticed from this report, the areas of interest continue to be the same, but our investments in the field have rather taken the form of M&A – buying some or all of the companies with products and services in the areas of interest. We believe that in the future this type of investment will be the one that will consume more capital resources, as compared to the "in house" launch of new products and services. At the GMS in September 2021, shareholders approved an M&A investment budget of RON 200 million for the coming years.

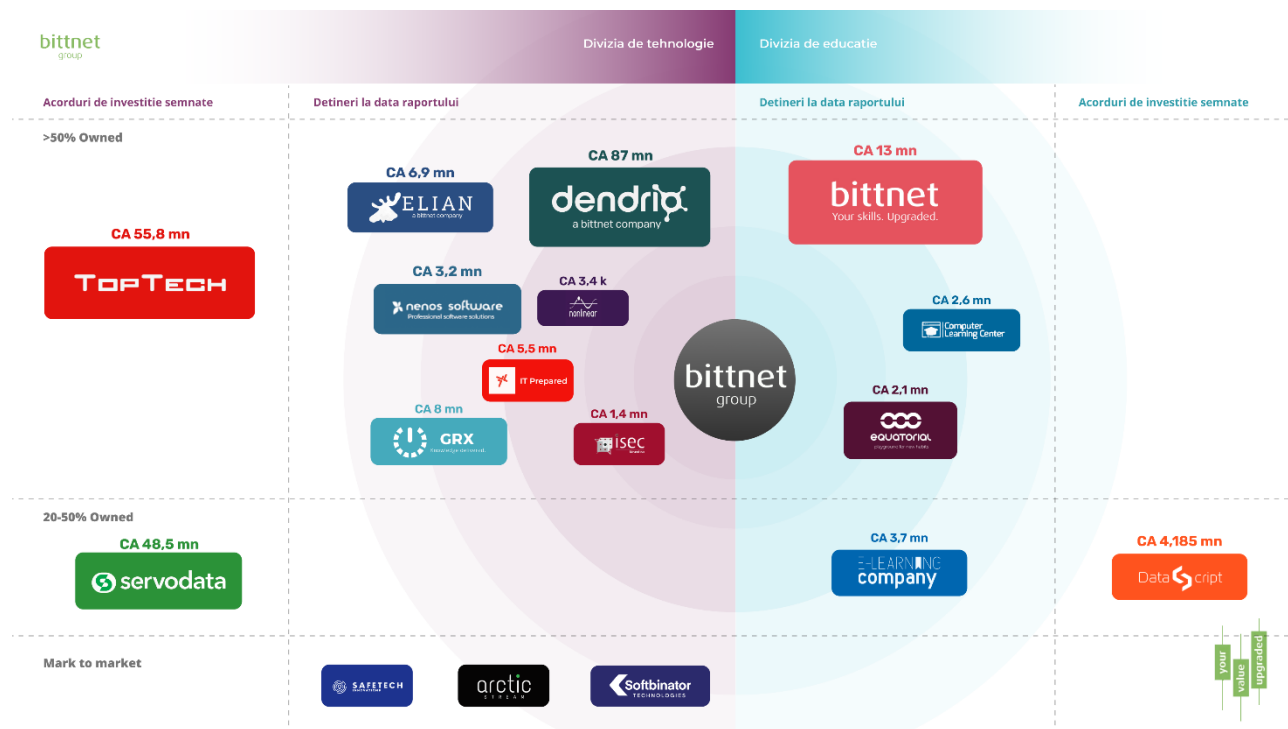
5.7.2. A description of any material investments of the issuer that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).

The issuer invests continuously in the development of IT systems, information access technology platforms, internal management and IT applications that can be provided to customers. None of these investments exceeds the statutory limit of 20 % of fixed assets and are included within the investment budget approved by the shareholders each year. The sources of funding related to investment in the development of internal IT systems and technology platforms are the internal ones.

At the GMS in September 2021, shareholders approved an M&A investment budget of RON 200 million for the coming years.

5.7.3. Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

The process of continuous evolution of the group, both through the launch of new products and services and through continuous acquisitions, has led to the current situation where the activity is organised in more independent centres ("cells"), in areas of interest ("development pillars") or ("business groups"), which represent sub-domains of activity in the IT&C Services area. Bittnet is today a conglomerate that provides the investors with exposure to the entire IT&C industry in Romania. Each pillar (Business Group) will be able to have direct and independent funding from the capital market, cooperating with the other companies in the group to provide a higher added value to both customers and our employees / partners.



EDUCATION Division

- **Technical Skills**
 - **Bittnet Systems SA** (CUI 21181848): the parent company of the group, listed on BVB. It carries out the holding activity plus the IT Training activity, being the undoubted leader on this market in Romania. Revenues in 2021: RON 13 million, operating loss of RON 920 thousand.
 - **Computer Learning Center SRL** (CUI 26065887), wholly owned by Bittnet, is an IT training company with a focus on cybersecurity, founded in 2009, with a long history of serving corporate clients. In 2021 revenues amounted to RON 2.1 million and operating profit to RON 98 thousand.
- **Human Skills**
 - **Equatorial Gaming SA** (CUI 30582237) currently owned 99% by Bittnet is a game-based learning company that offers softskills training for the IT industry, both in classic and gamified form. Revenues in 2021 – RON 2.3 million, EBITDA of RON 641 thousand, depreciation from games RON 664 thousand and an operating loss of RON 23 thousand.
 - **The eLearning company SA** (CUI 30760571), 23% owned by Bittnet, is an entrepreneurial company that offers eLearning courses for companies. Founded in 2012, it recorded in 2021 a significant increase in revenues after joining the group, up to RON 3.2 million and an operating profit of RON 1 million.

Technology Division

▪ Infrastructure and Cloud

- **Dendrio Solutions SRL** (CUI 11973883), wholly owned by Bittnet is the only multi-cloud integrator in Romania, a certified partner at the highest standards by Cisco, Microsoft, Google, Amazon Web Services, but also many other vendors, is the company that brings together IT&C integration activities, provided by Bittnet, Gecad Net and Crescendo. Revenues in 2021 amounted to RON 87 million and operating profit to RON 5.45 thousand.
- **IT Prepared SRL** (CUI 35456175), 50.2% owned by Bittnet, is a managed services company founded in 2016, providing IT support services mainly in the US market. ITPrepared's customer portfolio is primarily based on US companies, but also contains a number of local customers. Managed services is the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions aimed at improving operations and reducing expenses within a company. Revenues in 2021 increased up to RON 5.5 million and operating profit up to RON 1.5 thousand.

▪ Business solutions (ERP)

- **Elian Solutions SRL** (CUI: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions. Revenues increased significantly in 2021 up to RON 6.9 million, with an operating profit of RON 158 thousand.

▪ Software development

- **Nenos Software SRL** (CUI 29612482), 61% owned by Bittnet, is a customized software development company with focus in the field of Artificial Intelligence and Machine Learning (AI/ML). The revenue for 2021 is RON 2.5 million, with a profit of RON 0.8 million.
- **Nonlinear SRL** (CUI 37758005) is a SPV established to access European funding, 60% owned by Bittnet. The activity is a product based software development, focused on the development of a platform for digitization and automation of processes in small and medium companies using low code/no code and machine learning technologies. In 2021 revenues amounted to RON 900 thousand, while operating profit amounted to RON 350 thousand.

▪ CyberSecurity

- **ISEC Associates SRL** (CUI: 23037351), 70% owned by Bittnet, is a company providing professional services in the area of cybersecurity, offering audit, consulting and testing services (penetration testing) in classical and managed services. The company holds many certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc). In 2021 revenues amounted to RON 1.4 thousand, while operating profit amounted to RON 380 thousand.
- **Global Resolution Experts S.A. (GRX)**(CUI 34836770), 60% owned by Bittnet, is a professional services company in the area of cybersecurity, offering penetration testing as well as design, implementation and maintenance of cybersecurity solutions. It 100% owns GRX Advisory SRL (CUI 43813325), with similar services. Consolidated revenues of GRX/A amount to RON 8 million, while operating profit amounts to RON 4 million. As it was acquired in December 2021, these figures are not included in any way in the consolidated results of the group.

Investments in listed companies

In addition to the previously listed companies in which we have significant positions, which are accounted for under IFRS consolidation rules, our group also holds some investments in listed companies, based on the philosophy of "buy stock in businesses that you would like to own yourself". We believe it is more useful to own a smaller portion of a company we like than to own nothing.

Instead, IFRS consolidation standards require accounting for these holdings through the income statement, as if we actually bought the shares at the beginning of each quarter and sold them on the last day of the quarter, repeatedly, every quarter. In other words, these fluctuations are recorded in our accounts "benefiting" from the specific capital market multipliers. Sometimes these fluctuations will increase the gross result and sometimes they will decrease it. What is important to bear in mind is that our ability to stay close to the companies in which we have invested over the long term will give us more opportunities to make an actual profit on these investments than losses. An illustrative example is our investment in Safetech in October 2020. SAFE shares have increased 15 times between the time of our investment and now. In terms of cash, we invested RON 290,000 at the time of the

private placement and we have so far received RON 2,500,000 in cash, and our current holdings in SAFE shares are still valued at over RON 600,000. In other words, although IFRS accounting shows different values at different times, this investment is already one that has brought a “marked” profit of 760%, and it can only increase. The investment in CODE shares is in a very similar situation, in Q3 2021, our group is recovering in cash more than two thirds of the cash amount actually invested, while the current holding was worth more than RON 15 million as of 31.12.2021.

5.7.4. A description of any environmental issues that may affect the issuer’s utilisation of the tangible fixed assets.

Not applicable. Not applicable

5.8 Specifying information on the safety of the sources of supply and on the prices of raw materials and on the sizes of stocks of raw materials and materials.

For the “IT solutions integration” business line, the company “supplies” with IT equipment and licenses (hardware and software) - which are sold again as goods to customers. The supply of goods is made from importers / distributors - companies present in Romania. There are no ‘single importer’ situations for any of the types of equipment or licenses sold, so the security of supply does not depend on the relationship with a particular supplier. The issuer maintains commercial relations with several distributors, with significant turnover with each of them.

For the “Education” business line, the group is being “supplied” with training manuals and access to official virtual laboratories, by multiple global external partners or directly by manufacturers, but also by services subcontracted from partners: either companies or independent subcontractors (freelancers). There are no “single supplier” situations in this area either, Bittnet maintaining relationships with several partners in each field of activity.

All previously described relationships are created based on partnerships with IT manufacturers (Cisco, Microsoft, Oracle, Amazon Web Services, ITIL, VMware, Dell, HP, etc.). These partnerships offer access for Bittnet to the producer’ offer and discount systems, and distributors/importers “transfer” the pricing conditions obtained from the producers. The relationships with IT solutions manufacturers are maintained by periodically renewing the competencies and certifications of our company. Each of these relationships is important for Bittnet and each year we carry out the activities required to maintain the “status” in the relationship with these vendors.

The overwhelming majority of the products and services delivered by Bittnet for which supply from producers is required are not subject to price risk, because the price lists of the major producers are published for one year in advance, and these companies have the size and processes required to sustain prices during the fiscal year. At the same time, Bittnet places orders with suppliers only based on orders from customers, so the period of time during which the price could fluctuate is very short (maximum 1 week). In conjunction with the previous explanation, we consider that price fluctuations in raw materials and materials are not a risk factor for the company.

As a basic rule, the Issuer does not operate with inventories, transmitting orders to suppliers based on firm orders from customers.

This situation is not similar for ELC where there are two distinct situations:

- The iKnowLMS platform is a proprietary product for which ELC owns all intellectual property rights.
- Skillsoft's courses in Romanian language are subject to a royalty fee system because the property rights for the English language version are fully owned by Skillsoft, but for the Romanian language versions they can only be sold by ELC due to the fact that they are customised versions with an exclusive investment by ELC. The agreement between Skillsoft and ELC has been extended in 2020 until January 2023.

So there will be no changes for ELC until at least January 2023.

5.9 Description of any significant dependence of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's income.

In describing the structure of sales, the concentration of turnover and the risk of loss of significant customers, several considerations must be made, applicable to the majority of turnover (over 70%)

- the company does not have multiple, recurring delivery contracts. The type of products and services delivered are more suitable for the "framework contract with one-off orders" approach.
- recurrence of customers, the fact that they return and buy again from Bittnet is the result of the combination of two factors: our technical capacity to deliver products and services with a high degree of specialization and the demonstrated quality level at which we provide these services.

Due to these factors, relations with our “reseller” partners and also with customers strengthen over time, Bittnet being an increasingly reliable partner for them, which makes them involve us in several larger projects. On the other hand, as we increased both the number of customers we supplied for and the type of products, their concentration decreased significantly as compared to the first years as a listed company. Similar to previous years,

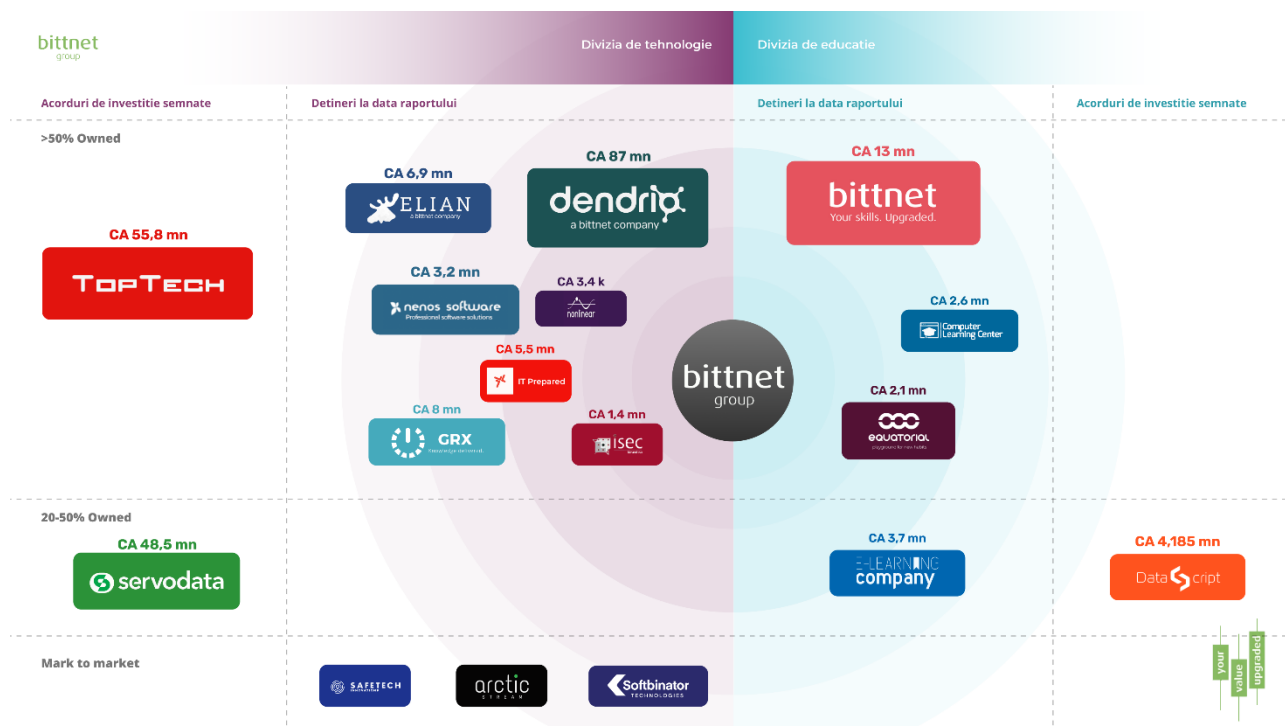
in 2021, the top 10 clients accounted for about 39% of the turnover. However, 11.5% of them represented sales made to the final customers of these partners (resale channel for us)

Banking Sector Customer	6.8%
Public Sector Customer	4.9%
Telecom Operator 1	4.8%
Public Sector Customer	4.6%
Telecom Operator 2	3.5%
Public Sector Reseller	3.3%
IT Vendor 1	2.9%
Global IT Support Center	2.9%
Real Estate Company	2.9%
Courier company	2.5%

Section 6: Organisational structure

6.1. If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.

Bittnet is today a conglomerate that provides the investors with exposure to the entire IT&C industry in Romania. Each pillar (Business Group) will be able to have direct and independent funding from the capital market, cooperating with the other companies in the group to provide a higher added value to both customers and our employees / partners.



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Technology Division

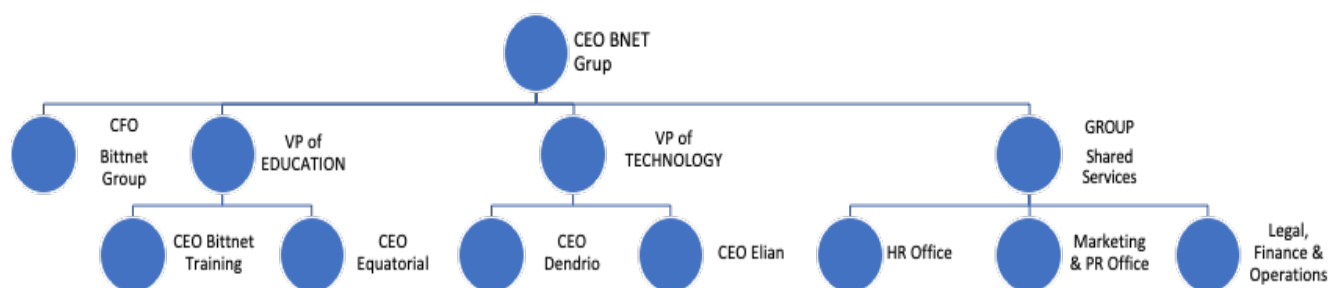
- **Infrastructure and Cloud**
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- **IT Prepared SRL** (CUI 35456175), 50.2% owned by Bittnet, is a managed services company founded in 2016, providing IT support services mainly in the US market. ITPrepared's customer portfolio is primarily based on US companies, but also contains a number of local customers. Managed services is the outsourcing of responsibility for maintaining and anticipating the need for a range of processes and functions aimed at improving operations and reducing expenses within a company. Revenues in 2021 increased up to RON 5.5 million and operating profit up to RON 1.5 thousand.
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 - **Eliau Solutions SRL** (CUI: 23037351), a company founded in 2008 and 51% owned by Bittnet Systems SA, is a Microsoft Gold Certified Partner for ERP solutions. Revenues increased significantly in 2021 up to RON 6.9 million, with an operating profit of RON 158 thousand.
- **Software development**
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Group companies are managed operationally in a very decentralized manner. At group level there are only a few centralized functions, according to the organizational chart below. The senior management of the group, together with the persons acting as "Vice President" follow the governance efforts of the companies in the group, providing both support and 'conflict settlement'. Both the executive management and the strategic development committee aim to comply with the values of the group at all levels.



6.2. A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, the proportion of ownership interest held and, if different, the proportion of voting power held.

The issuer holds participations in the share capital of other companies as follows:

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- **ISEC Associates SRL** (CUI: 23037351), 70% owned by Bittnet, is a company providing professional services in the area of cybersecurity, offering audit, consulting and testing services (penetration testing) in classical and managed services. The company holds many certifications (ASF, BNR, CISA, CISM, CEH, CISSP, OSCP, CDPSE, ISO 27701, etc). In 2021 revenues amounted to RON 1.4 thousand, while operating profit amounted to RON 380 thousand.

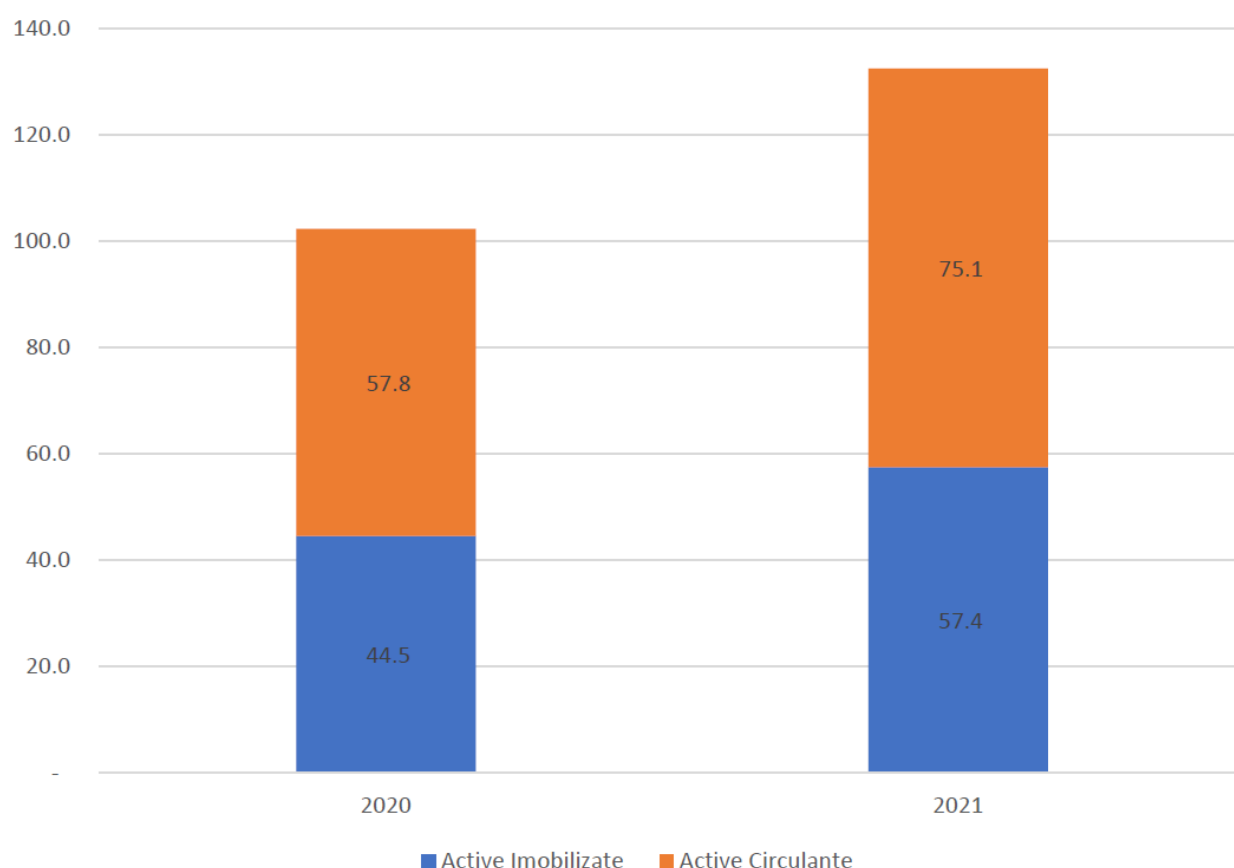
- **Global Resolution Experts S.A. (GRX)**(CUI 34836770), 60% owned by Bittnet, is a professional services company in the area of cybersecurity, offering penetration testing as well as design, implementation and maintenance of cybersecurity solutions. It 100% owns GRX Advisory SRL (CUI 43813325), with similar services. Consolidated revenues of GRX/A amount to RON 8 million, while operating profit amounts to RON 4 million. As it was acquired in December 2021, these figures are not included in any way in the consolidated results of the group.

There were no significant mergers or reorganisations of the Issuer, its subsidiaries or controlled companies during the financial year.

Section 7: Financial condition

7.1. Financial condition

To the extent not covered elsewhere in the registration document and to the extent necessary for an understanding of the issuer's business as a whole, a fair review of the development and performance of the issuer's business and of its position for each year and interim period for which historical financial information is required, including the causes of material changes. The review shall be a balanced and comprehensive analysis of the development and performance of the issuer's business and of its position, consistent with the size and complexity of the business. To the extent necessary for an understanding of the issuer's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial Key Performance Indicators relevant to the particular business. The analysis shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.



The increase in non-current assets is entirely due to the M&A investments made, amounting in total to RON 20.6 million, combined with the decrease in the equity-accounted securities position with the reclassification of Softbinator's stake as mark-to-market. Also, with the termination of the lease for the Anchor Plaza offices, tangible fixed assets decreased by IFRS 16.

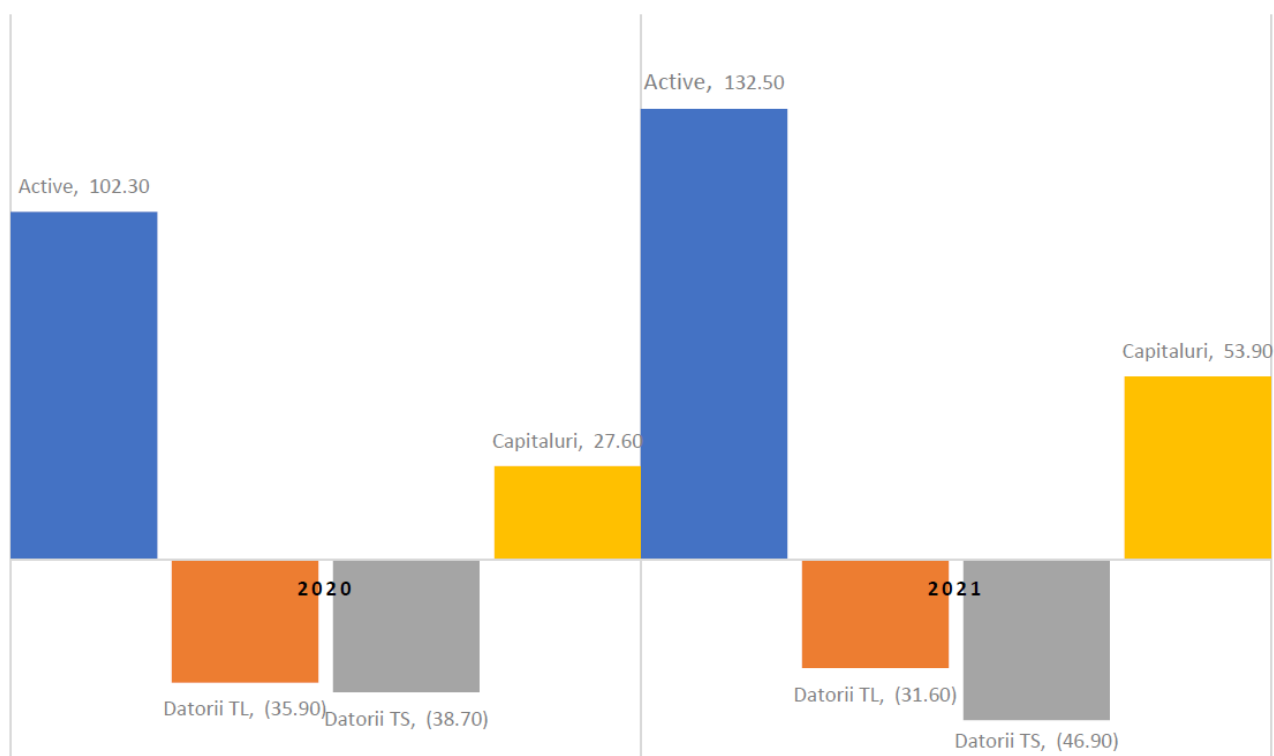
The increase in current assets is partly due to the increase in receivables from customers (positive evolution of RON 2.3 million), and to the reclassification of Softbinator's stake as 'mark to market' with the listing of the company.

Consolidated cash position amounts to RON 23.4 million.

Long-term debts decreased by RON 5 million with the repayment of the BNET22 bond issue.

The positive evolution of short-term debts (from RON 38.7 to 49.9 million) comes almost entirely from M&A operations - the part to be paid in shares or after confirmation of the 2021 results of the companies we invested in. Trade payables are covered 28:24 by trade receivables, with the cash position approximately equal to these representing a safety margin of $\pm 100\%$.

EVOLUTIE ACTIV NET , MIL RON



As a result, Shareholder equity increased by RON 10.4 million, through the operation of raising capital from the market at the beginning of 2021, as well as the net annual profit of RON 14.4 million.

Less than half of the equity capital comes from capital raising operations through stock exchange mechanisms – most of it represents profits generated by the business, capitalized by issuing new shares.

If we need to borrow at some points to be able to access either investment or commercial opportunities, we will not hesitate to do so. Instead, we generally seek to build a "financial fortress" that gives certainty to all our partners – customers, suppliers, team members, shareholders. Thus, the management continuously aims to strengthen the financial position, both by carrying out a business that is cash flow-positive in the area of operations, but also by permanently capitalizing profits and carrying out capital-raising operations like equity.

Compared to the results presented in the above charts and the table below, during the 1st quarter of 2021 the Issuer successfully carried out a capital increase operation which brought about the amount of RON 11 million. It is the 4th capital increase operation with shareholder contributions through the stock exchange mechanisms carried out by the Issuer in the 6 years of activity as listed company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/Dec/21	31/Dec/20	31/Dec/19	31/Dec/18
Goodwill	41,705,648	21,082,977	17,701,643	12,241,308
Other intangible assets	9,208,535	8,820,959	6,425,725	6,099,112
Tangible assets	2,352,513	5,443,423	6,742,571	2,003,818
Investments accounted for using the equity method	1,999,532	8,527,500	1,236,738	1,230,328
Other financial assets	2,041,467	7.483	1,107,049	1,056,588
Deferred tax	47,257	650.200	910.581	-
Total non-current assets	57,363,094	44,532,542	34,124,307	22,631,153
Inventories	1,184,962	1,157,052	2,567,205	618.060
Trade receivables and other receivables	32,644,937	30,330,712	32,249,740	22,771,507
Financial assets	17,919,885	1,459,700	-	-
Cash and cash equivalents	23,404,847	24,872,655	20,824,117	13,047,882
Total current assets	75,152,981	57,820,119	55,641,063	36,437,449
Total assets	132,516,075	102,352,661	89,765,370	59,068,602
EQUITY AND DEBTS				
Share capital	48,043,690	26,443,139	11,620,321	5,175,524
Issue premiums	14,542,953	25,409,965	-	2,594,889
Other equity items	(19,082,504)	(19,893,997)	1,118,923	1,038,755
Legal reserves	1,114,139	468.943	352.151	266.124
Reported result	8,122,246	(5,036,978)	1,708,978	352.234
Capital related to the parent company	52,740,525	27,391,072	10,219,145	13,798,728
Minority interests	1,164,851	255.237	324.703	201.818
Total equity and reserves	53,903,376	27,646,309	10,543,849	14,000,546
Long-term debts				
Bond issue loans	24,044,334	28,357,324	28,195,593	18,380,362
Bank loans	6,337,191	4,570,517	4,807,687	1,164,199
Leasing liabilities	676,929	3,036,719	3,842,943	93.025
Trade liabilities and other liabilities	624,136	-	-	-
Total long-term debts	31,673,325	35,964,560	36,846,223	19,666,438
Current debts				
Bond issue loans	872,768	889.781	889.781	4,164,585
Bank loans	3,882,132	7,583,930	3,560,417	8,017,675
Leasing liabilities	540,786	1,401,465	1,325,649	78.555
Dividends payable	9,995	-	-	-
Corporate tax liabilities	294,606	121.203	226.880	570.928
Trade liabilities and other liabilities	41,337,088	28,745,411	36,372,572	12,569,875

Total short-term liabilities	46,937,374	38,741,791	42,375,298	25,401,618
Total liabilities	78,610,699	74,706,352	79,221,521	45,068,055
Total equity and debts	132,516,075	102,352,661	89,765,370	59,068,602

7.2. Operational Profit

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME:

	2021	2020	2019	2018
Revenues from contracts with customers	112,576,327	109,191,760	98,011,545	47,891,044
Gross margin	24,394,064	21,466,394	16,734,515	9,527,447
Other revenues	4,087,086	449,054	657,734	5,968,250
Sales expenses	9,547,280	- 7,508,988	- 7,271,196	-2,485,635
General and administrative expenses	-12,648,079	- 10,053,352	- 11,570,570	-6,656,647
EBIT (Operational Profit)	6,285,792	4,355,883	- 1,449,517	385,165

The financial results for 2021 validate again the group's operational and financial model and the motivation for pursuing a high-growth strategy: due to the fact that we operate with relatively high fixed costs, industry-specific, they represent an important threshold to be exceeded by the gross margin generated during each period. In contrast, once the gross margin exceeds the break-even point established according to the fixed costs, the following revenues generate a significant increase in profitability: the increase of the gross margin by found entirely in the increase of EBIT.

We consider it important to mention that, in relation to the table presented above, the adjustments regarding the stock options plans are included as operational expenses (General and Administrative Expenses). In 2020 they counted for around RON 1.6 million and in 2021, for around RON 1 million.

Management informed shareholders in several previous reports of their opinion on this adjustment, taking into account the specificities of the SOP settlement for our group. Thus, according to IFRS2, the consolidated profit and loss account contains an adjustment of the 'option market value' (determined using the Black-Scholes model). In other words, the profit and loss account includes as cost (lost revenue) the amount that the Issuer could have received if it had 'written' (sold) the call options that the members of the team, of the board, etc. receive and possibly they execute as part of the stock option plans.

This approach implies that the Issuer trades in derivatives with its own shares as underlying asset and comes into opposition with the key persons (option contracts are zero-amount contracts by definition, i.e. where the parties are in opposition with each other). None of these assumptions is accurate, but on the contrary, the existence of stock options plans allows the Issuer to be in a much privileged position than its competitors, both in terms of the team's 'engagement' and in terms of the alignment of the interests of shareholders with those of the management or employees.

On the one hand, the members of the Board of Directors or the development board (the former 'advisory board'), but also some members of the senior management or the persons in charge of business development – are individuals that no one (not just the Issuer) could "hire" for a fixed amount. We provide a proper example: Dan Stefan, a Member of the Audit and Strategic Development Committee is one of the most successful entrepreneurs in Romania, actively leading Autonom Group. There is no possible amount of money that can be offered to him to "work" for Bittnet. Or this is exactly what IFRS2 seeks to get: the answer to the question "how much would it cost us if we paid in cash".

Furthermore, given that in the case of BNET, all the SOPs settlement operations were carried out as capital increases, we are in a situation where we have recorded in the profit and loss account, as well as in the Issuer's balance sheet, amounts as "capital losses". Thus, in addition to the registration of operations in P&L related to a capital increase, we also record in the consolidated financial statement the equivalent of 'capital losses' (as if the Issuer could make increases to other values, but makes increases at the strike-price value in the option).

In view of all the above, the Issuer publishes in its financial statements and in its communication with shareholders the indicator "Operational profit" which cancels the effects of the SOP adjustment (excludes it from the calculation).

Please find below some links to the documents previously submitted to shareholders, both on the appropriateness to carry out Stock Option Plans, the appropriateness to settle them by capital increases and not by redemptions, and the definition of Operational Profit as an "alternative performance indicator" in ESMA's opinion.

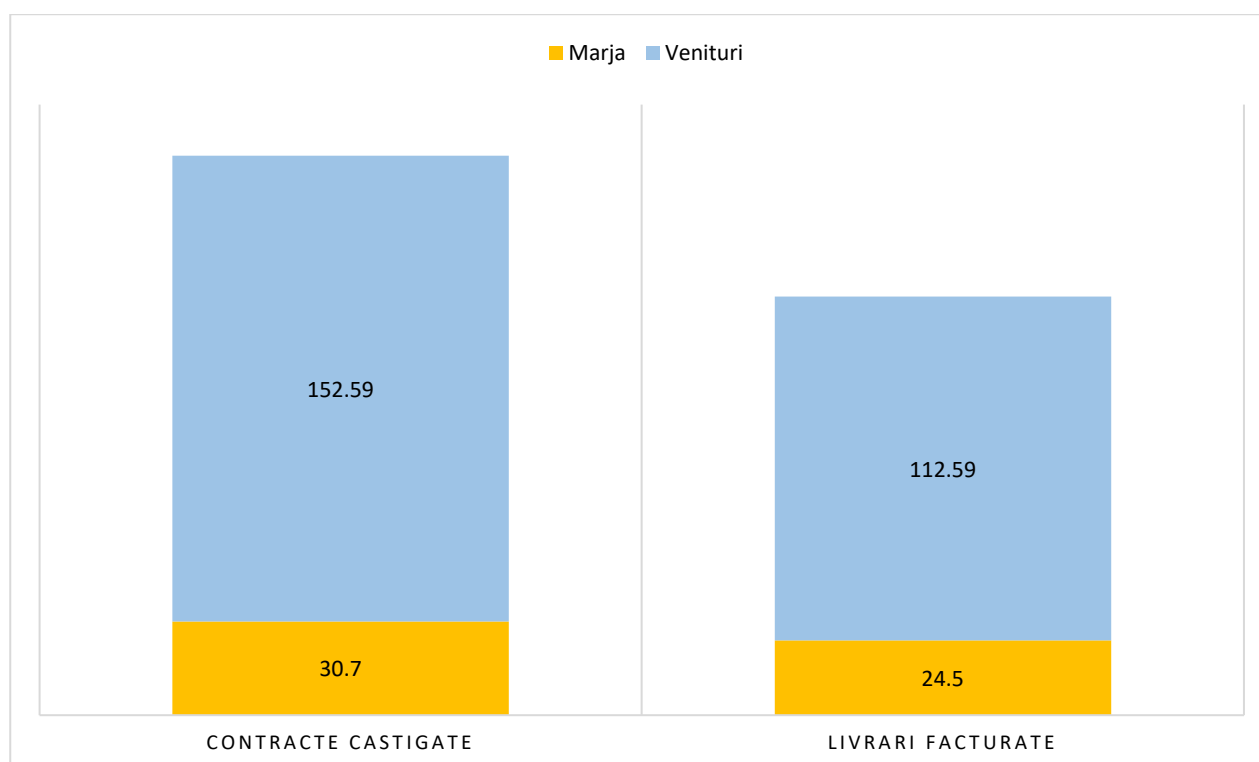
1) <https://docs.google.com/document/d/1UfH51APx9j00tnp8kxgeWlvNr-FSnMLB1IhuOPXRYec/edit?usp=sharing> (explanatory memorandum SOP 2020-2021)

2) <https://investors.bittnet.ro/ro/rezultate-financiare/4q-2020/anexa-1/> ((alternative performance indicators)

7.2.1. Information on significant factors, including unusual or rare events, or new developments, that significantly affect the issuer's operating income, indicating the extent to which they are affected.

In 2021 the most important element that had a significant effect on the Issuer's revenues was the very long delivery times for hardware equipment - "supply chain crisis" . **The exacerbation 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 return of supply flows with components (processors / chips), 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 was overcome? Certainly not in the near future: <https://www.bloomberg.com/graphics/2021-chip-production-why-hard-to-make-semiconductors/>.

The effect on revenues was a difference of RON 40 million between the revenues earned by the sales team (signed contracts, placed orders) and those actually invoiced, according to the chart below (the figures are in millions RON).



7.2.2. Where historical financial information reveals significant changes in sales or net revenue, a description of the reasons that generated such changes shall be included.

There have been no significant changes in sales or non-normal income in the activity carried out on the market in which the issuer operates, combined with M&A operations.

7.3. Evaluation of R&D activity. Specifying the expenses in the financial year, as well as those anticipated in the next financial year for the R&D activity

There is no "R&D" activity within the group companies.

Section 8: Capital resources

8.1. Information on the issuer's capital resources (short and long term).

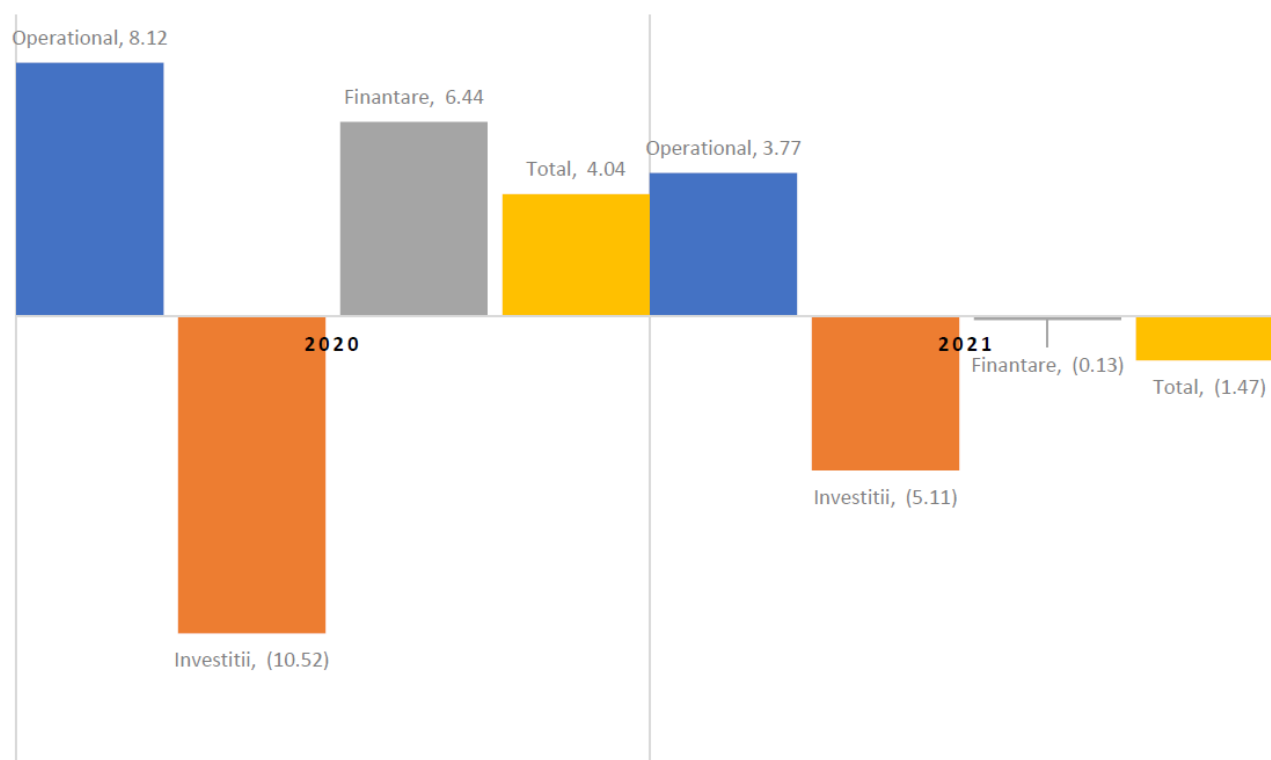
At the end of 2021, the issuer's equity exceeds RON 55 million. In the first quarter of 2021, the Issuer carried out a capital increase with new capital contributions that increased the equity resources by RON 10.7 million. In line with the trend over the recent years, the Issuer also takes into account future capital increases, both with free shares and by attracting new resources through cash contributions, which is why he chose to submit this Universal Registration Document for approval.

Apart from the capital resources drew in capital increase operations, the issuer has other financing mechanisms in the capital market (bond issues) as well as short and long term bank lending. Upon the preparation of this Universal Registration Document, the company has 3 issues of trading bonds on the BVB SMT-Bonds market (BNET23, BNET23A, BNET23C) for a total amount of RON 25,4 million. All capital resources borrowed from bond issues are available with a long-term maturity.

8.2. An explanation of the sources and the value of the issuer's cash flows and a description of the cash flows.

The operational activity generated RON 4.24 million. 2016 continues to be the only year in the company's history in which the operational cash flow did not register a positive value. The financing activity was approximately neutral, the year starting with accessing a round of "equity" financing amounting to just over RON 10.4 million, and during the year we fully repaid the bond issue BNET22 (RON 4.5 million), we repaid loans bank of RON 1.9 million, I paid total interest of RON 3.2 million and leasing debts of approximately RON 1.2 million. The "game" of these figures allowed us to increase the investment activity by another RON 3.5 million compared to last year - making payments in total of almost RON 14 million, but also to end the year with a cash position of RON 23.4 million, about the same as at the beginning of the year!

CASH FLOW, MIL RON



We mention that the CAPEX investment needs for maintenance are specific to the IT sector in which we perform our activity - around 1% of annual turnover

8.3. Information on the credit terms and funding structure of the issuer.

Upon the preparation of this document, the Bittnet Group operated with the following bank credit products for the financing of working capital and current activity:

- ProCredit Bank - Bittnet: credit agreement transformed from 'overdraft ceiling' amounting to RON 2.790.000. The product has been on the due date since February 2020. Repayments shall be carried out monthly for a period of 36 months. ROBOR3M+2,5% interest per year. Amount to be reimbursed remaining in the balance at the time of writing this document: RON 973 thousand
- Procredit Bank – Dendrio: an overdraft credit product amounting to 4,5 million with an interest rate of ROBOR3M+2,4% contracted in July 2019. 24 months maturity with extension possibility
- ProCredit Bank – Dendrio: loan for the financing of working capital, with a total value of RON 5 million, contracted in December 2020, for a period of 3 years with an interest rate of ROBOR3M+3%.
- NG Bank – Dendrio: the revolving-overdraft financing line of RON 2 million with ING Bank was extended in August 2021. ROBOR1M+2,9% interest per year.
- Banca Transilvania – Dendrio: „global exploitation ceiling” with a value of RON 2.3 million. In November 2021 it was extended and supplemented for a period of 24 months. Dendrio uses this product exclusively for issuing bank letters of guarantee in order not to tie up its own cash.
- In August 2020, Equatorial Gaming contracted a credit facility from Raiffeisen Bank through the government's IMM Invest programme for a total amount of RON 495,000. The interest rate of the loan is ROBOR3M+2.5% per annum and the maturity is of 36 months. The purpose of the product: the financing of working capital and current activities.
- In February 2021, Elian Solutions extended the revolving-overdraft facility contracted with Unicredit Bank and increased the ceiling availability to the amount of RON 800,000. Maturity of the facility: 12 months with possibility of extension; Interest: ROBOR3M+3% p.a.; movable mortgage on current accounts opened with Unicredit Bank, general assignment of receivables, Corporate guarantee letter issued by Bittnet Systems SA.
- ITPrepared – financing product for current activities in the form of revolving overdraft in the amount of RON 200,000

Apart from bank loans, the issuer has borrowed capital from the 3 issues of bonds that can be traded on the AeRO-SMT-Bonds market, all maturing in 2023 (BNET23, BNET23A, BNET23C). In May 2021, the Issuer has repaid in advance and in full the BNET22 bond issue – in the total amount of RON 4.5 million.

Also, both the Issuer and the Group companies have signed agreements for discounting projects through banking products such as factoring for specific customers. The agreements are contracted from Banca Transilvania, Unicredit Bank and ING Bank.

Bittnet Systems and Dendrio Solutions have also negotiated preferential interest rates for savings accounts in RON and EUR with ProCredit Bank.

8.4. Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.

Not applicable. There are no restrictions on the issuer regarding the use of capital resources

8.5. Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2.

The revenue and expenditure budget for 2022 provides for a maximum amount of RON 10 million for investments, but such amount will be allocated by the management for investments only if the management considers that the investments in question will not create a cash flow problem for the Issuer. None of the investments already initiated raise financing problems for the Issuer, they are easily borne by the available cash resources. Regarding the M&A program with a ceiling of RON 200 million, the Issuer will finance each of the new transactions either by attracting co-investment partners, or by issuing dedicated bonds, or from its own sources, as we did in for operations during the year 2021.

Section 9: Regulatory framework: market on which shares and bonds are traded

9.1. A description of the regulatory framework that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.

The issuer shall be subject to the Romanian law. The regulatory framework in which the issuer operates shall include national law as well as specific EU law, including but not limited to:

- Companies Law no. 31/1990, republished, as further amended and supplemented;
- Law no. 24/2017 on issuers of financial instruments and market operations;
- ASF Regulation No 5/2018 on issuers of financial instruments and market operations;
- Regulation (EU) 2017/1129;
- Delegated Regulation (EU) 2019/979;
- Delegated Regulation (EU) 2019/980;
- Regulation (EU) NO 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation).

9.2 . Specifying the markets in Romania and other countries on which the securities issued by the company are traded.

As of June 3, 2020, the shares issued by the company are traded on the Bucharest Stock Exchange, on the regulated market, Standard category, BNET symbol, ISIN code ROBNETACNOR1.

The increased liquidity of BNET shares meant that, only 3 months of trading on BSE Main Market, our group's shares were included in several indices: BET-XT, BET-XT-TR, BET-BK, as well as in extended main BET index - BETPlus.

In 2021, the average daily value of transactions with BNET shares amounted to approximately RON 250K per trading session. The total value of transactions amounted to almost RON 56 million for a volume of almost RON 63 million BNET shares, which represents 27% of the total shares registered on December 31 (and 39% of the free-float). As at the beginning of the road on the AeRO market, the volume expressed as the number of transactions paints an additional picture of liquidity and investor interest: transactions with BNET shares represented 3.6% of the total number of transactions on the Regulated Market.

At the end of 2021, the number of shareholders exceeded 4,100 individuals and legal entities, of which 12 were investment funds, along with 60 legal entity investors.

During 2021, we continued to carry out market operations as in previous years, both by capitalizing on existing resources and by attracting funds through capital increases:

- Capital increase contributions (January - March 2021) - we attracted RON 10.4 million through the mechanisms of the capital market, representing a 100% subscription of the offer of new shares, within the 2 stages. The capital was used for M&A investments and the strengthening of the company's financial position, as well as for the early repayment of the BNET22 bond issue;
- A capital increase with 6 free shares for every 10 shares held (6:10) – July 2021;
- A capital increase with 1:10 treasury shares and cash distribution to shareholders who have opted for it (July - September 2021).

BNET22, BNET23, BNET23A, BNET23C bond issues in 2021:

Also during 2021, Bittnet bonds were among the most liquid fixed-income securities on the AeRO-SMT-Bonds market, totaling trades of RON 5.46 million, i.e 19% of the total nominal value of the 4 bond issues, even though, starting with May 2021, the BNET22 issue was stopped from trading in view of the early redemption.

- **BNET22:** 2,375 BNET22 bonds changed holders (until the suspension of trading on 05.05.2021) representing 5.28% of the total issue volume and a total value of RON 242 thousand. The redemption price of the BNET22 issue was 100% of the nominal value and the redemption value of the BNET22 issue included interest as a fraction of the coupon until the effective redemption date
- **BNET23:** 12.575 NBET23 bonds have been exchanged by holders in 2021, i.e. 26.75% of the total volume of the issue in 382 transactions at an average tradingprice of 102.5% of the nominal value and a total value of RON 1.27 million.
- **BNET23A:** 5,232 BNET23A bonds have been exchanged by holders in 2021, i.e. 5.4% of the total volume of issue in 198 transactions at an averageprice of 103.1% of the nominal value and a total value of transactions of RON 536K.
- **BNET23C:** 33,575 BNET23C bonds have been exchanged by the holders of 2021, i.e. 33.57% of the total volume of issue in a number of 830 transactions at an averageprice of 101.3% of the nominal value and a total value of exchanges of RON 3.40 million.

The company is up to date with coupon payments the bondholders.

9.3. Description of the company's dividend policy

The General Shareholder Meeting adopts the decision on the allocation of profits annually. The Company's strategy is not to pay dividends in the following financial year. Bittnet is active in a very dynamic field – Information

Technology . So far, we have managed to achieve significant growth rates, being always profitable both in terms of EBITDA, as well as net profit.

On the other hand, the current size of the company, coupled with the consolidation trend across all industries in the global economic landscape makes us believe that the only way we can go is 'higher and higher'. That is why we intend to continue to invest any available resources in the development of the company.

From the shareholders' point of view, the 'full profit reinvestment' policy also means a 'no dividend' policy. We intend to propose this reinvestment policy to the Shareholder Meeting as long as the growth prospects of the company generally outweigh the growth prospects of the market. In the long run, the value that the company creates is reflected in the value of the company itself – its stock price. The management considers that we can continue to maintain a growth rate above that of the general market for a significant period of time.

Our current operational capacity is such that we can extract profits from the accelerated growth in turnover. This is the intention of our management: to keep growing the turnover in similar 'gross margin' profitability conditions. Thus, the company will generate more money to cover a generally fixed structure of costs, basically the 'additional gross margin' contributing almost entirely to the company gross profit.

9.4 Specifying the dividends due/paid/accumulated in the last 3 years and, if applicable, the reasons for any decrease of dividends during the last 3 years.

According to the dividend policy, in 2016, 2017, 2018, 2019, 2020 and 2021, the General Meeting decided to reward shareholders by capitalizing the company's profits and granting free shares – one operation per year.

9.5. Description of any activities of the company for the purchase of its own shares.

At the General Meeting of the Shareholders in April 2021, the shareholders approved the increase of the share capital by 1 free share for every 10 shares owned by the shareholders on the registration date, combined with the shareholders' consent to leave the resulting shares at the disposal of the company, receiving in exchange the nominal value.

Between July 21 and August 3, 2021, the shareholders from the registration date expressed their choice between free action to be granted in the future or in cash on August 3. Following the expression of the options, in September 2021, the Central Depository loaded into the account of the Issuer a number of 19.8 million shares, to be used by it to fulfill its obligation towards the stock options holders, in incentive programmes for key people, in a direct transfer process.

9.6. If the company has subsidiaries, specify the number and nominal value of the shares issued by the parent company owned by the subsidiaries.

None of the companies in the group (except the Issuer, according to point 9.5) owns shares or bonds issued by Bittnet.

9.7. If the company has issued bonds and/or other debt securities, the presentation of the manner in which the company pays its obligations towards the holders of such securities.

The company is up to date with the payment of coupons to bond holders, for all bond issues, made through the Central Depository system.

Section 10: Trend information

10.1. A description of:

(a) the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the registration document;

Starting with 2020 and thereafter, the Issuer faced the effect of the following socio-economic trends:

1. **Increasing competition for human resources** („heating the labor market”). This trend continues for several years and it is particularly obvious in the IT industry, in which the Issuer operates. Especially in the IT services industry, anyone can provide services from anywhere to customers in any other part of the world. This makes the Romanian market of IT experts subject to global competition. Thus, there are multinational companies that have offices in Romania, but also freelancing platforms that accept Romanian citizens as members of the platform. Both alternatives provide more options for qualified staff and they can choose on which one they want to provide their services, resulting in an increase in the price for human resources. From an accounting point of view, in the case of the Issuer and the group companies this leads to an increase in the cost of staff and subcontractors. From an operational point of view, this leads to the increase in difficulties in finding and attracting skilled staff, but also the need to pay time, attention and material resources to create a pleasant and attractive job. These are internal management priorities.
2. **Commoditization of IT services.** This trend leads to lower sales prices for the Issuer’s products and services, which in conjunction with the increase in the cost of human resources leads to a pressure on the gross margin (revenues minus direct costs). In addition, it gives customers a preference to pay only what they consume, moving away from subscriptions or major investments in advance.
3. **Gig Economy (“Uberisation”).** The emergence and development of this trend has partly relieved the pressure exerted by the Issuer on fixed costs (in that the personal income of the Issuer's collaborators results from several sources and thus there is no pressure for us) but the need for development of operations on a larger scale has also increased, so we can take advantage of this trend. We consider it essential for us to continue the policy of accelerated growth of the Issuer's size in the following years, in order to ensure access to sufficient human resources.

(b) any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document, or provide an appropriate negative statement.

Not applicable. No significant changes were found in the financial performance of the group since the end of the last financial year and until the publication of this Document.

10.2. Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer’s prospects for at least the current financial year.

Not applicable.

Section 11: PROFIT FORECASTS OR ESTIMATES

Where an issuer has published a profit forecast or a profit estimate (which is still outstanding and valid) that forecast or estimate shall be included in the registration document. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid

Not applicable. The Issuer shall not make forecasts regarding profitability. The Issuer operates annually with a Revenue and Expenditure Budget approved by the General Shareholder Meeting. BVC for 2022, which is subject to shareholder approval at the general meeting scheduled for April 27, 2021, is as follows:

item (figures in thousands RON)]	Training	Vs 2021	Integration	Vs 2021	Consolidated	Vs 2021
Turnover	23,872	69%	134.621	37%	158.493	41%
Direct expenses	10.420	50%	99.739	23%	110.159	25%
Gross margin	13.451	87%	34.882	104%	48.333	99%
Indirect expenses (out of which)	10.791	21%	18.695	50%	29.486	38%
Sales/distribution expenses	5.205	33%	9.350	67%	14.555	53%
Indirect expenses Man-hours	2.299	40%	4.630	42%	6.929	6%
Administrative expenses	3.286	-11%	4.714	86%	8.001	15%
EBITDA	2.660	424%	16.186	0%	18.847	114%
Depreciation	1.023	-21%	987	-7%	2.011	-15%
Operating profit	1.763	-324%	15.198	110%	16.961	163%
Financial Profit					1.250	-87%
SOP Adjustment					840	-21%
Gross profit					17.371	8%
Net profit					14.592	4%

The assumptions on which this budget is built are, we consider, conservative, and are presented below:

1. Sales increase only with the current backlog, otherwise we repeat 2021
2. We do not complete any M&A projects in 2022
3. The gross margin increases by only 2x compared to the sales level, although historically this multiplier is 3-6x;
4. Administrative expenses increase by 15%, versus the historical downward trend;
5. Financial activity generates only 1.25 million profit, versus 9.7 previously
6. We are not attracting capital of any kind, we are not reducing interest paid.

Section 12: Administrative, Management and Supervisory Bodies and Senior Management

12.1 Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer.

According to Article 91 ^ 2, letter (b) of Law no. 24/2017, manager shall mean “any Member of the Board of Directors, as well as any director, in the case of the unitary management system, that is any Member of the Supervisory Board and of the Management, in the case of the dual management system, as required by Law No 31/1990, republished, as further amended and supplemented, including in all cases where he has been appointed, the CEO and, if there is such a position, the deputy CEO.”

Therefore, the Issuer determined that the following roles and persons comply with the law provisions:

- Members of the Board of Directors, including the Chairman
- CEO
- CFO

These persons are listed below:

Board of Directors of the Issuer

The administration of the issuer shall be carried out by a Board of Directors made up of 3 members, chosen by the General Assembly of shareholders dated 29.01.2020:

- Ivylon Management SRL duly represented by LOGOFĂTU MIHAI ALEXANDRU CONSTANTIN
- ANGHEL LUCIAN CLAUDIU
- LOGOFĂTU CRISTIAN ION

Directors

The executive management of the Issuer is delegated to the directors, according to the articles of incorporation and the Boards of Directors decision, as follows:

- Logofătu Mihai - CEO
- STANESCU Adrian – CFO

Chairman of the Board of Directors and CEO

By Decision no. 1 dated 12.02.2020, the Board of Directors of the President of the Board of Directors, namely Ivyton Management SRL (Romanian legal entity having its registered office in Bucharest, Drumul Sariei nr. 45, cam. 1 sector 6, sector 6, registered with the Trade Register Office attached to the Bucharest Tribunal with registration no. J40/7852/2019, tax registration code 41260660), a company with the object of activity "business management and consulting". The company was elected by the shareholders as a member of the Board of Directors taking into consideration the resume of Mr. Logofătu MIHAI-ALEXANDRU-CONSTANTIN – Romanian citizen.

The business address of the Chairman of the Board of Directors is the correspondence address of the Issuer, Str Tudor Arghezi, Nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2, București 020945. Mr. Logofătu Mihai is the cofounder of the Issuer and holds **12,0454%** from the shares issued by the Issuer, according to the BVB website on 31.12.2021. Moreover, Mr. Mihai Alexandru Constantin LOGOFĂTU also acts as CEO.

The Issuer declares that Mr. LOGOFĂTU MIHAI-ALEXANDRU-CONSTANTIN, who acts as Chairman of the Board of Directors and CEO:

- i. has not been a member of an administrative, management or supervisory body or a General Partner, at any moment in the last 5 years, within another company;
- ii. has not been convicted for fraud during the least the last five years;
- iii. has not been involved, during the last five years, in issues related to any bankruptcy, seizure or liquidation procedure; and
- iv. has not been incriminated and/or sanctioned by the statutory or regulatory authorities. Moreover, he has not been restricted by a court to act as a member of an issuer's administration, management or supervisory body or from intervening in the management or conduct of an issuer's business during the last five years.
- v. The CEO shall not carry out activities for other entities than the Issuer that would have a significant impact on the Issuer.

The Chairman of the Board of Directors performs his activity based on a contract of mandate according to the Decision of 29.01.2020 of the General Shareholder Meeting

Education:

- 2012 PhD in Management– the University of Craiova
- 2009 Master degree in Computer Science – University of Bucharest
- 2007 Bachelor degree in Management – Academy of Economic Studies – Bucharest

Professional experience:

- 2007 – Present: Bittnet Systems, CEO, Founder
- 2003 – Present: Academia Credis Bucuresti, Manager
- 2001 – 2003 Cisco Academy of the University of Bucharest, Instructor

Vice President and independent member of the Board of Directors

The Vice president of the Board of Directors was elected Mr. ANGHEL LUCIAN CLAUDIU - Romanian citizen.

The business address of the Vice-chairman of the Board of Directors is the correspondence address of the Issuer, Str Tudor Arghezi, Nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2, București 020945. Mr. Anghel holds **0.8299%** from the shares of the issuer and **8.2443%** of the bond of **BNET23A**.

The Issuer declares that Mr. ANGHEL LUCIAN CLAUDIU who acts as Vice President of the Board of Directors:

- i. has not been convicted for fraud during the least the last five years;
- ii. has not been involved, during the last five years, in issues related to any bankruptcy, seizure or liquidation procedure; and
- iii. has not been incriminated and/or sanctioned by the statutory or regulatory authorities. Moreover, he has not been restricted by a court to act as a member of an issuer's administration, management or supervisory body or from intervening in the management or conduct of an issuer's business during the last five years.
- iv. Mr. Anghel was Chairman of the Board of Directors of the Bucharest Stock Exchange from January 2012 to January 2020.

Mr Anghel has been General Manager of Banca Romaneasca SA since February 2020 and a member of the Board of Directors of Teraplast since January 2021.

Mr. Anghel shall not carry out activities that would have a significant impact on the Issuer.

Education:

- 2006, HEC Montreal: Business Administration and Management, General
- 2003, Georgetown University: Postgraduates Program, Field Of Study Bank Risk Management
- 2003, Bucharest Academy of Economic Studies: Doctor of Philosophy – PhD, Managerial Economics
- 1997, Bucharest Academy of Economic Studies: Master's degree, Information Technology
- 1996, Bucharest Academy of Economic Studies: Bachelors Degree Information Sciences and Support Services

Professional experience:

- 2012 – 2020: President of Bucharest Stock Exchange
- 2015 – 2019: Acting CEO , BCR Banca pentru Locuinte
- 2012 – Present: University Professor at the Faculty of Management, ASE Bucharest
- 2012 – 2015: Acting CEO, BCR Pensii
- 1996 – 2012: BCR, various positions, including Chief Economist

The Vice President of the Board of Directors performs his activity based on a contract of mandate according to the Decision of 29.01.2020 of the General Shareholder Meeting

Non-executive member of the Board of Directors

The non-executive member of the Board of Directors of the Issuer is LOGOFĂTU CRISTIAN ION, Romanian citizen. The business address of Mr. Logofătu Cristian is the correspondence address of the Issuer, Str Tudor Arghezi, Nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2, București 020945. Mr. Logofătu Cristian is the cofounder of the Issuer and holds **11,1278** % the shares issued by the Issuer.

The Issuer declares that Mr. LOGOFĂTU CRISTIAN ION who acts as member of the Board of Directors:

- i. In the last 5 completed financial years, he has not been a member of the Board of Directors or supervision of other companies. Starting with 2019 and until 31.03.2020, Cristian Ion Logofătu held the position of member of the Board of Directors of Norofert Group.
Until 22.12.2021 Mr. Cristian Logofătu served as a member of the board of Softbinator Technologies SA. Mr. Cristian Logofătu also fulfils the position of CEO of the "Academia Credis" NGO.
- ii. has not been convicted for fraud during the least the last five years;
- iii. has not been involved, during the last five years, in issues related to any bankruptcy, seizure or liquidation procedure;
- iv. has not been incriminated and/or sanctioned by the statutory or regulatory authorities. Moreover, he has not been restricted by a court to act as a member of an issuer's administration, management or supervisory body or from intervening in the management or conduct of an issuer's business during the last five years.

Mr. Cristian Ion Logofatu shall not carry out activities that would have a significant impact on the Issuer.

Education:

- 2006 Master degree in Computer Networks – University of Bucharest
- 2003 Bachelor degree in Finances– Bucharest Academy of Economic Studies

Professional experience:

- 2007 – Present: Bittnet Systems, CFO, Founder
- 2003 – 2007: University of Bucharest – ID Department, Economist
- 1999 – 2002: University of Bucharest – ID Department, WebDesigner

Mr. Logofătu Cristian performs his activity based on a contract of mandate according to the Decision of 29.01.2020 of the General Shareholder Meeting. Mr. Logofătu Cristian Ion and Mr. Logofătu Mihai Alexandru Constantin are the founders of the company and are brothers.

CFO

The Issuer's CFO is Mr. Stanescu Adrian Victor, Romanian citizen.

The business address of Mr. Stanescu Adrian is the correspondence address of the Issuer, Str Tudor Arghezi, Nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2, București 020945.

Mr. Stanescu holds 0,6908% of the shares issued by the Issuer on 31.12.2021.

The Issuer declares that Mr. STANESCU ADRIAN VICTOR, who acts as CFO:

- i. In the last 5 completed financial years, Adrian has been a member of the Board of Directors or supervision of the following companies: Nectcity Telecom S.A., Certsign S.A., UTI Grup S.A.
- ii. has not been convicted for fraud during the least the last five years;
- iii. has not been involved, during the last five years, in issues related to any bankruptcy, seizure or liquidation procedure;
- iv. has not been incriminated and/or sanctioned by the statutory or regulatory authorities. Moreover, he has not been restricted by a court to act as a member of an issuer's administration, management or supervisory body or from intervening in the management or conduct of an issuer's business during the last five years.

Mr. Stanescu shall not carry out activities that would have a significant impact on the Issuer.

Education:

- 2013 - CFA program (Chartered Financial Analyst), Level III
- 2008 – Bachelor's Degree, Faculty of Electronics, Telecommunications and Information Technology ('ETTI'), Polytechnic University, Bucharest
- 2008 – Bachelor's Degree, Faculty of Finance, Insurance, Banking and Stock Exchanges ('FABBV'), Academy of Economic Studies ('ASE'), Bucharest

Professional experience:

- 2018 – Present: CFO , Bittnet Group;
- 2014 – 2018: Economic Manager/ CFO, UTI Grup S.A.
- 2012 – 2014: Deputy Economic Manager, UTI Grup S.A.
- 2012 – Treasury Manager, UTI Grup SA
- 2008- 2012 – Client Relations Manager, BCR, , Group Large Corporates' Directorate

Mr. Stanescu Adrian performs his activity based on a contract of mandate according to the Decision of 16.03.2020 of the General Shareholder Meeting.

12.2. Administrative, management and supervisory bodies and senior management conflicts of interests

Not applicable. There is no conflict of interests of any of the persons referred to in point 12.1 between the obligations to the Issuer and its private interests and other obligations. There is no information on any arrangement or agreement with the principal shareholders, customers, providers or other persons according to which any of the persons referred to in point 12.1 has been chosen as a member of an administrative, management or supervisory body or Member of senior management. There is no restriction accepted by the persons referred to in paragraph 12.1 on the transfer, within a certain period of time, of the issuer's securities held by them.

Mr. Logofătu Cristian Ion and Mr. Logofătu Mihai Alexandru Constantin, the founders of the company and members of the Board of Directors, are brothers.

12.3 Statement on disputes concerning the managers

None of the persons mentioned in section 12 has been involved in litigation or administrative procedures in the last 5 years, litigation related to their activity within the Issuer, as well as those related to the respective person's ability to perform their duties within the Issuer.

Section 13: Remuneration and benefits

In relation to the last full financial year for those persons referred to in points (a) and (d) of the first subparagraph of item 12.1, the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person. That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.

General Shareholder Meeting of 29 January 2020 approved the remuneration of the members of the Board of Directors applied as follows:

For the previous fiscal year – 2021 – Ivylon Management SRL received a fixed monthly remuneration equal to RON 25.000, starting with March 2020. Ivylon representative – Mr. Logofătu Mihai Alexandru was included in the stock options plan approved AGA January 2020, receiving the right to purchase at a preferential price a number of shares equal to 0.75 % of the total shares of the Issuer per each year in which he holds the position of Chairman of the Board of Directors, at a price per share according to the capitalization of the company at the beginning of the fiscal year 2020, and has an exercise period of 30 days, i.e. in May – June 2022. Prior to March 2020, in January and February 2020, Mr. Logofătu Mihai was remunerated with the average gross wage per economy. There are no other benefits.

For the previous fiscal year – 2021 -Mr. Logofatu Mihai Alexandru received a fixed monthly gross remuneration of RON 5 000 as of March 2020 and he was included in the stock options plan approved by GMS in January 2020, receiving the right to purchase at a preferential price a number of shares equal to 0.5% of the total shares of the Issuer per each year in which he act as a member of the Board of Directors, at a price per share according to the capitalization of the company at the beginning of the fiscal year 2020, and has an exercise period of 30 days in May – June 2022. Prior to March 2020, in January and February 2020, Mr. Logofătu Cristian was remunerated with the average gross wage per economy. There are no other benefits.

In 2021, Mr. Anghel Lucian Claudiu received a fixed monthly gross remuneration of RON 5 000 as of March 2020 and he was included in the stock options plan approved by GMS in January 2020, receiving the right to purchase at a preferential price a number of shares equal to 0.5% of the total shares of the Issuer per each year in which he is a member of the Board of Directors, at a price per share according to the capitalization of the company at the beginning of the fiscal year 2020, and has an exercise period of 30 days in May – June 2022. Prior to March 2020, in January and February 2020, Mr. Anghel Lucian has received no remuneration. There are no other benefits.

CFO

For the previous fiscal year, Mr. Adrian Stanescu received a net monthly remuneration of RON 10.000. Starting with March 2020, the starting date of the CFO term of office. Mr. Stanescu was included in the stock options plan approved in April 2020, receiving the right to purchase at a preferential price a number of shares equal to 0.5% of the total shares of the Issuer per each year. This option has the exercise price per share according to the capitalization of the company at the beginning of the fiscal year 2020, and has an exercise period of 30 days in May – June 2022. In addition, Mr. Stanescu received for 2020 a performance bonus set by the CEO at the value of RON 120.000, payable in BNET shares.

CEO

Taking into account the fact that Mr. Mihai Logofătu, founder of the company, also acts as CEO and Chairman of the Board of Directors, Mr. Logofătu gave up in 2020 any remuneration for the position of CEO. The benefit received as CEO is access to an operational leased car – Toyota Camry – worth EUR 499 per month.

Section 14: Board practices

In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to those persons referred to in point (a) of the first subparagraph of item 12.1.

14.1. Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.

On 29 January 2020, the General Shareholder Meeting approved the amendment of the articles of incorporation of the company in terms of its administration by a Board of Directors composed of 3 members. According to the

decision of the General Shareholder Meeting of 29.01.2020, the members of the management board shall be elected for a period of 4 years from the date of appointment, i.e. up to 13.02.2024.

The CFO was appointed by the Board of Directors and operates under a 4-year mandate contract, until March 16, 2024.

14.2. Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate statement to the effect that no such benefits exist.

The managers perform their duties according to the contracts on the terms of reference approved by the General Shareholder Meeting in January 2020. The contracts on the terms of reference shall provide for a compensatory payment equal to the annual remuneration for the year in question plus one hundred thousand euros if the contract is concluded for reasons beyond the administrator's control.

There are no clauses regarding the granting of benefits upon the expiration of the contract for the CFO.

14.3. Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.

The Audit Committee is operational and is composed of:

- Lucian Anghel
- Cristian Logofătu
- Dan Stefan

The Audit Committee's terms of reference shall be to provide support to the Board of Directors of the company BITTNET SYSTEMS S.A. for the efficient supervision of the aspects related to the risk management system and internal control within the Company. Therefore, the main responsibilities of the Audit Committee consist of making recommendations to the Board regarding:

- Financial reporting: The Committee shall examine and check the accuracy of the annual and interim consolidated financial statements of the Company and any other financial reports before they are submitted to the Board for approval
- Financial audit: The Committee shall examine and draft recommendations to the Board on the appointment, re-appointment and dismissal of financial auditors, to be approved by shareholders, periodically assess the efficiency, independence and objectivity of financial auditors;
- Internal audit and internal control: The Committee shall endorse the organization and operation of the Internal Audit Department, it shall review the Internal Auditor's report as well as its recommendations' implementation status, and it shall submit recommendations to the Board on the appointment or dismissal of the Internal Auditor.
- Compliance, conduct and conflicts of interest: The Committee shall ensure that the policies and practices of the Company comply with local and international laws and regulations, the recommendations of the regulatory bodies and the best practices, and it shall examine the implementation of the conflict of interests policy.
- Risk management: The Committee shall inform the Board of the main risks taken by the company, monitor these risks and ensure that they are effectively managed.

The Nomination and Remuneration Committee consists of the following persons:

Mr. Cristian Logofătu	Chairman of the Nomination and Remuneration Committee Member of Board of Directors
Mr. Mihai Logofătu	Member of the Nomination and Remuneration Committee Chairman of the Board of Directors, as representative
Mr. Lucian Anghel	Member of the Nomination and Remuneration Committee, Vice-President of the Board of Directors
Mr. Sergiu Negut	Member of the Nomination and Remuneration Committee External member
Mr. Andrei Pitis	Member of the Nomination and Remuneration Committee External member

The Nomination and Remuneration Committee's terms of reference shall consist of providing support to the Board of Directors of BITTNET SYSTEMS S.A. for the implementation of the remuneration policy of the management structure. In this respect, the Committee:

- shall develop the remuneration policy of the management structure, taking into consideration the long-term interests of shareholders, strategy, business plan and performance of the Company, best practices in

the field, a balanced mix of incentives to attract and retain the staff that the Company needs for its operations;

- shall submit proposals to the Board and, through the Board, to the General Shareholder Meeting, as appropriate, on the programs for share granting and/or share purchase options;
- shall review the annual remuneration report, which sets out how the remuneration policy for members of the management structure has been implemented during the annual period under review.

14.4. A statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer. In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
A.1 All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES			
A.2 Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES			
A.3 The Management Board or the Supervisory Board shall have at least five members.		PARTIALLY		The Articles of Association stipulate the composition of the Board of Directors as 3.5 or 7 members, with the possibility for shareholders to decide the exact number of members. The General Shareholder Meeting of January 2020 decided to set up a Board of Directors consisting of 3 members, taking into account the small size of the Company, the limitation of costs, but also the alignment of the interests of the shareholders with those of the management/senior management, given the situation of the shares of the members of the Board of Directors, namely Messrs Logofătu Mihai and Logofătu Cristian, who are the founders of the company and the majority shareholders of the Company.
A.4 The majority of the members of the Board of Directors shall have no executive function. At least one member of the Board of Directors or Supervisory Board must be independent in companies included in the Standard Category. In the case of Premium Category companies, no less than two non-executive members of the Board of Directors or Supervisory Board must be independent. Each independent member of the Administrative Board or Supervisory Board, as the case may be, shall submit a statement at the time of his nomination for election or re-election, as well as when any change in his or her status occurs, indicating the elements on the basis of which he or she is deemed to be independent in terms of his or her character and judgement and in accordance with the following criteria of the Code.	YES			.
A.5 Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of some companies and non-profit institutions, must be disclosed to shareholders and potential investors before nomination and during their term of office.	YES			

Provisions of the Code	Respect	Does comply partially complies	not or	Reason for non-compliance
A.6 Any member of the Board shall submit to the Board information on any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation shall relate to any kind of report which may affect the member's position on matters decided by the Board.	YES			
A.7 The Company shall appoint a Secretary of the Board responsible for supporting the work of the Board.	YES			
A.8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	YES			
A.9 The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES			
A.10 The corporate governance statement shall contain information on the exact number of independent members of the Board of Directors or Supervisory Board.	YES			
A.11 The Board of the Premium Companies should set up a nomination committee of non-executive members, which will conduct the nomination procedure for new members of the Board and it will make recommendations to the Board. The majority of the nomination committee members must be independent.	YES			The Nomination and Remuneration Committee was established and functions within the Board of Directors, although the Company does not have this obligation and is not included in the Premium category.
B.1 The Board shall establish an audit committee in which at least one member must be an independent non-executive administrator. The majority of members, including the chairman, must have proven to own adequate qualifications relevant to the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of companies in the Premium Category, the audit committee shall consist of at least three members and the majority of the members of the audit committee shall be independent.	YES			
B.2 The chairperson of the audit committee must be an independent non-executive member.	YES			
B.3 Within the framework of its responsibilities, the audit committee shall carry out an annual assessment of the internal control system.	YES			
B.4 The assessment shall take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Board's audit committee, the timeliness and effectiveness with which the executive management addresses deficiencies or weaknesses identified as a result of internal control and the submission of relevant reports to the Board.	YES			
B.5 The audit committee shall assess conflicts of interest in relation to the transactions of the company and its subsidiaries with related parties.	YES			
B.6 The audit committee shall assess the effectiveness of the internal control system and the risk management system.	YES			

Provisions of the Code	Respect	Does comply partially or complies	Reason for non-compliance
B.7 The Audit Committee should monitor the application of generally accepted legal and internal audit standards. The audit committee shall receive and evaluate the reports of the internal audit team.	YES		
B.8 Whenever the Code mentions reports or analyses initiated by the Audit Committee, these should be followed by periodic (at least annually) or ad hoc reports to be submitted to the Board thereafter.	YES		
B.9 No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements entered into by the company with shareholders and their affiliates.	YES		
B.10 The Board must adopt a policy to ensure that any transaction of the Company with any of its closely related companies whose value is equal to or greater than 5% of the net assets of the Company (according to the latest financial report) is approved by the Board following a binding opinion of the Board's audit committee and correctly disclosed to shareholders and potential investors to the extent that such transactions fall within the category of events subject to reporting requirements.	YES		
B.11 Internal audits must be carried out by a structurally separate division (internal audit department) within the company or by hiring an independent third party entity.			The implementation of an internal self-contained audit function is in the process of completion. During 2021, the issuer sought an external resource. The internal audit function has been outsourced to a specialist firm.
B.12 In order to ensure the fulfilment of the main functions of the Internal Audit Department, it shall report functionally to the Board through the Audit Committee. For administrative purposes and within the framework of management's obligations to monitor and reduce risks, it shall report directly to the Director-General.			The implementation of an internal self-contained audit function is in the process of completion. During 2021, the issuer sought an external resource. The internal audit function has been outsourced to a specialist firm.
C.1 The Company shall publish on its website the remuneration policy and include in its annual report a statement on the implementation of the remuneration policy during the annual period under review. [...] The remuneration report shall present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period under review. Any material change in the remuneration policy must be published on the company's website in a timely manner.	YES		
D.1 ² The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES		

² Compliance with D.1. means that the company complies with all its subparagraphs (D.1.1, D.1.2, etc.).

Provisions of the Code	Respect	Does comply partially or complies	Reason for non-compliance
D.1.1 Principal corporate regulations: the articles of association, general shareholders' meeting procedures;;	YES		
D.1.2 Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	YES		
D.1.3 Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES		
D.1.4 Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	YES		
D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	YES		
D.1.6 The name and contact data of a person who should be able to provide knowledgeable information on request;	YES		
D.1.7 Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES		
D.2 The company should have an annual dividend of other benefits distribution policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. Principles of the annual policy of distribution to shareholders will be published on the Company's website.	YES		
D.3 The Company shall adopt a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	YES		
D.4 The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next General Shareholder Meeting.	YES		
D.5 The external auditors should attend the shareholders' general meeting when their reports are presented during those meetings.	YES		

Provisions of the Code	Respect	Does comply partially or complies	Reason for non-compliance
D.6 The Board shall present to the annual General Shareholder Meeting a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.		PARTIALLY	The Company shall provide its shareholders with supporting notes for the items included in the agenda of the general meetings.
D.7 Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation from the Board. Accredited journalists may also participate in the General Shareholder Meeting, unless the President of the Board decides otherwise.	YES		
D.8 The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES		
D.9 A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	YES		
D.10 If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	N/A		

A.8 The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.

For the activity carried out in 2021, under the leadership of the chairman, the assessment process of the Board of Directors was carried out, based on the Guide for assessing the performance and efficiency of the Board of Directors adopted by the Company; following the self-assessment, the Board established the following key areas of interest to be addressed in the following period:

- 1. Strengthening the Group's management** by extending the leadership responsibilities within the Group to the current members;
- 2. Starting a process to identify new candidates** for leadership positions within the Group;
- 3. Analysis of how the international expansion of the Group requires a new management structure** in view of the time needed to allocate abroad.

A.9 The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.

Corporate governance:

In 2021, the shareholders of Bittnet System met in 3 general meetings:

Ordinary General Shareholder Meeting of 27.04.2021, for: approval of the financial statements for the year 2020 and the method of profit distribution, the income and expenditure budget for the financial year 2021, approval of the Remuneration Policy and the Remuneration Report for the year 2020;

Ordinary General Shareholder Meeting of 27.04.2021, for:

- increase of the share capital by RON 16,956,596,60 by issuing 169,565,966 shares with a nominal value of RON 0.1/share, through partial capitalization of share premiums, with the distribution of newly issued shares in the proportion of 6 free shares for every 10 shares held;
- increase the share capital by the amount of RON 2,826,099.50 by issuing 28,260,995 shares with a par value of RON 0.1/share through the partial capitalization of share premiums, to be distributed to shareholders on record date, who choose to support the Company, with distribution of the newly issued shares in the proportion of 1 free share for every 10 shares held;
- increase the share capital by making new contributions in cash from shareholders, under certain conditions;
- approval of an incentive plan for key persons, by offering options for the acquisition of a maximum of 5% of the Company's shares at a preferential price;
- the acquisition of 35% of the share capital of SERVODATA A.S., a company registered in the Czech Republic;
- granting loans or guarantees for accessing loans from companies in the Bittnet Group, in the amount of up to EUR 2,000,000 (two million euros), within 2 calendar years after completion of the investment, to SERVODATA A.S.;
- amendment of the Memorandum and Articles of Association as regards the amount of authorised capital;
- extension for a period of 3 (three) years of the period for which the Board of Directors is authorised to decide to increase the subscribed share capital, with the power to decide to restrict or waive the preemption rights of the shareholders existing at the date of the said increase in share capital;
- to carry out share buy-back programmes for the purpose of offering own shares under approved Stock Option Plan ("SOP") programmes or for the reduction/decrease of the share capital;
- authorisation granted to the Board of Directors of the Company to decide, within a period of 3 years from the date of the authorisation resolution, to increase the subscribed share capital, through one or more issues of shares with a value not exceeding half of the subscribed share capital existing at the time of the authorisation, and consequently to approve the amendment of the Articles of Association;

Ordinary General Shareholder Meeting of 07.09.2021, for:

- purchase of 20% of the share capital of Datascript SRO A.S., a company registered in the Czech Republic, and mandating the Board of Directors of the Company to establish the procedure for the implementation and performance of all necessary steps for the completion;

- granting loans or guarantees for accessing loans from companies in the Bittnet Group, in the amount of up to EUR 500,000 (five hundred thousand euros), within 2 calendar years after the completion of the investment, to Datascript SRO;
- ratification of the investment agreement on the purchase of a number of registered shares representing 100% of the share capital of COMPUTER LEARNING CENTER SRL;
- granting loans or guarantees for accessing loans from companies in the Bittnet Group, in the amount of up to EUR 420,000 (forty-two thousand euros), within the next 2 calendar years after the completion of the investment, to COMPUTER LEARNING CENTER SRL;
- ratification of the investment agreement on the purchase of a number of registered shares representing 69.99200 % of the share capital of ISEC Associates S.R.L.;
- granting loans or guarantees for accessing loans from companies in the Bittnet Group, in the amount of up to EUR 241,000 (two hundred and forty-one thousand euros), within 2 calendar years after the completion of the investment, to ISEC Associates S.R.L.;
- ratification of the investment agreement concerning the purchase of a number of registered shares representing 60.97000% of the share capital of NENOS SOFTWARE SRL and to mandate the Board of Directors of the Company to establish the implementation procedure and to take all necessary steps to carry it out;
- ratification of the investment agreement on the purchase of a number of registered shares representing 60.0000 % of the share capital of NONLINEAR;
- acquisition of 90 % of the share capital of top tech Ltd and the mandate of the company's board of directors to establish the implementation procedure and to carry out all necessary steps to carry out the due diligence process, after the completion of the due diligence process;
- ratification of the Company's investment in the share capital of ARCTIC STREAM S.A.;
- the deregistration of the business point in Bucharest, Bd. Timișoara nr. 26, Clădirea "Plaza Romania Offices", et. 1, sector 6;
- the establishment of the business point located in Bucharest, Str. Tudor Arghezi, nr. 8-10, Clădirea Unimed, Etaj 1, Spațiul TOF112, Sector 2;
- amendment of the Articles of Association as regards the delegation of certain powers to the Board of Directors;
- extension for a period of 3 (three) years of the period for which the Board of Directors is authorised to decide to increase the subscribed share capital, with the power to decide to restrict or waive the preemption rights of the shareholders existing at the date of the said increase in share capital;
- amendment of the Memorandum and Articles of Association as regards the amount of authorised capital;
- ratification of the decision of the Board of Directors of 06.07.2021 regarding the maintenance of the share capital increase ratio established by the AGM by Resolutions 2 and 3 of 27 April 2021 - as mandated by the shareholders;
- mandating the Board of Directors to identify opportunities for new investments in other companies, to negotiate and conclude transactions concerning the acquisition of stakes in other companies, as well as other financial assets, up to a maximum of RON 200,000,000 (two million two million lei) cumulatively until 31.12.2025.

The documents of the Bittnet General Shareholder Meetings are available on our website <https://investors.bittnet.ro/en/intalniri-ale-ale-actionarilor/>

The Articles of Association of the Company were amended during 2021, their current form being available on the Company's website at:

<https://investors.bittnet.ro/bittnet-group/corporate-regulations-policies/>

Board of Directors

The framework under which the Board performs its activity is regulated by the Regulation of the Board of Directors of Bittnet System, a document that can be consulted on the Company's website at:

<https://investors.bittnet.ro/bittnet-group/corporate-regulations-policies/>

During 2021, Bittnet's Board of Directors met in 18 meetings, 16 of which were organized by remote means of communication, considering measures to prevent and combat the effects of the COVID-19 pandemic. Members' participation in Board meetings was unanimous.

The main topics discussed by the Council were:

- The annual reports of the Advisory Committees and the self-assessment of the Audit Committee's work for 2020;

- Evaluation of the performance and efficiency of the Board of Directors related to 2020 activity;
- Approval of the preliminary, unaudited consolidated financial statements for the financial year 2020, accompanied by the Preliminary Annual Report for 2020;
- Approval of the early closing of the offer for sale of ordinary, registered, dematerialised shares issued by the Company;
- Convening of the ordinary and extraordinary general meetings of shareholders for 27/28.04.2021 and the materials related to the agenda items for presentation to shareholders;
- Early redemption of the BNET22 bonds;
- Settlement of the 2nd instalment of the price for the acquisition of shares in the share capital of THE E-LEARNING COMPANY SRL, in exercise of the mandate granted by the EGMS resolution dated 26.11.2020;
- Measures related to the implementation of the recommendations of the Supplementary Report addressed to the Audit Committee in connection with the audit of the consolidated financial statements prepared by BITTNET SYSTEMS SA for the financial year 2020, report prepared by BDO Audit SRL;
- The manner of implementation of EGMS Resolutions No. 2 of 27.04.2021 and EGMS No. 3 of 27.04.2021;
- Investment agreement on the purchase of a number of registered nominal shares representing 60.97000 % of the share capital of NENOS SOFTWARE SRL;
- Investment agreement on the purchase of a number of registered shares representing 60.0000 % of the share capital of NONLINEAR SRL;
- convening of the extraordinary generalmeeting of shareholders for 07/08.09.2021 and the materials related to the agenda items for presentation to the shareholders;
- Individual and consolidated financial results, unaudited, for H1 2021 and the Half-Year Report for H1 1/2021, prepared in accordance with ASF Regulation no. 5/2018;
- Sale of shares issued by Softbinator Technologies SA and held by BITTNET SYSTEM SA;
- Acquisition of a 74% stake in Global Resolution Experts SRL by BITTNET SYSTEMS SA;
- Sale of a 14% stake in Global Resolution Experts by BITTNET SYSTEMS SA;
- Analysis of the financial indicators of the Bittnet Group, estimated as of the 4th quarter of 2021;
- Evaluation of the performance and efficiency of the Board of Directors related to 2021 activity.

For the activity carried out in 2021, under the leadership of the chairman, the assessment process of the Board of Directors was carried out, based on the Guide for assessing the performance and efficiency of the Board of Directors adopted by the Company; following the self-assessment, the Board established the following key areas of interest to be addressed in the following period:

- 1. Strengthening the Group's management** by extending the leadership responsibilities within the Group to the current members;
- 2. Starting a process to identify new candidates** for leadership positions within the Group;
- 3. Analysis of how the international expansion of the Group requires a new management structure** in view of the time needed to allocate abroad.

Activity of the Advisory Committees

The Consultative Committees are constituted, by the decision of the Board of Directors of the Company, based on the provisions of Article 140 of the Companies Law no. 31/1990 republished, as further amended and completed and of Article 19.11 of the Articles of Association.

The Advisory Committees aim to conduct Investigations develop recommendations for the Board, in the specific field of each committee.

At the level of the Company, the following Advisory Committees are established by Board decisions:

- Audit Committee;
- Nomination and Remuneration Committee;
- Strategic Development Committee

For detailed information on the terms of reference specific to each Advisory Committee visit our website [at https://investors.bittnet.ro/en/despre-bittnet/corporate-regulations-policies/](https://investors.bittnet.ro/en/despre-bittnet/corporate-regulations-policies/)

Audit Committee

The role of the Audit Committee is to assist the Board of Directors in efficiently supervising the aspects related to the risk management and internal control system at the level of the Company, in fulfilling the responsibilities of the Board in the field of financial reporting, internal controlling and risk management.

The composition of the Audit Committee remained unchanged in 2021, consisting of the following:

Mr. Lucian Claudiu ANGHEL	Chairman of the Audit Committee, Vice-President of the Board of Directors (independent non-executive administrator)
Mr. Cristian Ion LOGOFĂTU	Member of the Audit Committee, Member of Board of Directors (non-executive administrator)
Mr. Dan STEFAN	Member of the Audit Committee, External member

During 2021, the Audit Committee met during 7 meetings, attended by all Committee members.

The topics discussed during the meetings of the Audit Committee, for which it made recommendations to the Board of Directors, where appropriate, were the following:

- Adoption of the preliminary, unaudited consolidated financial statements for the financial year 2020, accompanied by the Preliminary Annual Report for 2020;
- Adoption of the individual and consolidated annual financial statements for the financial year 2020;
- Approval of the Report of the Board of Directors (in the form of a Universal Registration Document) for 2020;
- Presentation of the Independent Auditor's Report for 2020;
- Adoption of the proposals for profit distribution for 2020;
- Adoption of the Income and Expenditure Budget for the financial year 2021;
- Presentation of the Supplementary Report addressed to the Audit Committee in connection with the audit of the consolidated financial statements prepared by BITTNET SYSTEMS SA for the financial year 2020, report prepared by the financial auditor BDO Audit SRL;
- Adoption of the individual and consolidated financial results, unaudited, for H1 , 2021 and the Half-Year Report for H1 1/2021, prepared in accordance with ASF Regulation no. 5/2018;
- Presentation of the Quarterly Report for Quarter 3 - 2021, prepared in accordance with ASF Regulation No. 5/2018, which also includes the unaudited consolidated financial results for Quarter 3, 2021;
- Presentation of the status of the implementation of the action plan related to the recommendations of the Supplementary Report to the Audit Committee on the audit for the financial year 2020, prepared by the financial auditor BDO Audit SRL;
- Presentation of the Internal Audit Report for the period January – June 2020, prepared by the internal auditor Contexpert Audit & Advisory SRL.

The Audit Committee carried out the self-assessment of the activity carried out in 2021, concluding that, overall, the Committee operated effectively and efficiently supervised the risk management and internal control system at the level of the Company, thus being satisfied in terms of fulfilling its role or providing effective support to the Board of Directors in fulfilling its responsibilities in the field of financial reporting, internal control and risk management.

Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist the Board of Directors in the elaboration and implementation of the remuneration policy of the management structure and the nomination of candidates for the Board.

The composition of the Nomination and Remuneration Committee remained unchanged in 2021 and consists of the following persons:

Mr. Cristian Logofătu	Chairman of the Nomination and Remuneration Committee Member of Board of Directors
Mr. Mihai Logofătu	Member of the Nomination and Remuneration Committee Chairman of the Board of Directors, as representative
Mr. Lucian Anghel	Member of the Nomination and Remuneration Committee, Vice-President of the Board of Directors
Mr. Sergiu Neguț	Member of the Nomination and Remuneration Committee External member
Mr. Andrei Pitiș	Member of the Nomination and Remuneration Committee External member

During 2021, the Nomination and Remuneration Committee met during one meeting, attended by all Committee members.

Thus, the Nomination and Remuneration Committee discussed the following topics:

- Adoption of the Company's Remuneration Policy;
- Adoption of the Remuneration Report for 2020;
- Adoption of an incentive plan for key persons, by offering options for the acquisition of a maximum of 5% of the Company's shares at a preferential price - Stock Option Plan.

Strategic Development Committee

The Strategic Development Committee has an advisory role and develops recommendations on the Company's development strategy.

The composition of the Strategic Development Committee remained unchanged in 2021 and consists of the following persons:

Mr. Mihai Logofătu	Chairman of the Strategic Development Committee, Chairman of the Board of Directors, as representative
Mr. Lucian Anghel	Member of the Strategic Development Committee, Vice-President of the Board of Directors
Mr. Cristian Logofătu	Member of the Strategic Development Committee, Member of Board of Directors
Mr. Sergiu Neguț	Member of the Strategic Development Committee, External member
Mr. Andrei Pitiș	Member of the Strategic Development Committee, External member
Mr. Dan Ștefan	Member of the Strategic Development Committee, External member
Mr. Dan Berteanu	Member of the Strategic Development Committee, External member

During 2021, the Strategic Development Advisory Committee met in 4 meetings, one of which was a joint meeting with the Board of Directors, attended by all Committee members.

The topics discussed during these meetings focused on the analysis of future prospects, the context of Bittnet Group's business and growth prospects, and the status of implementation of M&A plans.

D.7 Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting upon prior invitation from the Board. Accredited journalists may also participate in the General Shareholder Meeting, unless the President of the Board decides otherwise.

ALL GENERAL SHAREHOLDER MEETINGS OF THE ISSUER ARE TRANSMITTED VIRTUALLY ON THE INTERNET, LIVE.

14.5. Potential material impacts on the corporate governance, including future changes in the board and committees composition (in so far as this has been already decided by the board and/or shareholders meeting).

Not applicable

Section 15: Employees

15.1. Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the registration document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.

In 2021, the average number of employees of the group was 79. The following table shows the breakdown by functional departments at the end of the fiscal years. The figures do not include at all the situation of Softbinator and E-Learning Company. The figures include only companies within the scope of consolidation as at 31.12.2021.

Department	2017	2018	2019	2020	2021
Sales	4	5	14	16	25
Technical	4	5	23	25	27
Marketing	2	1	2	4	9
Deliveries	1	3	8	14	16
Management	4	4	3	2	2

The company outsources a part of its activities to independent subcontractors. At the end of 2021, the Issuer was working with more than 100 contractors.

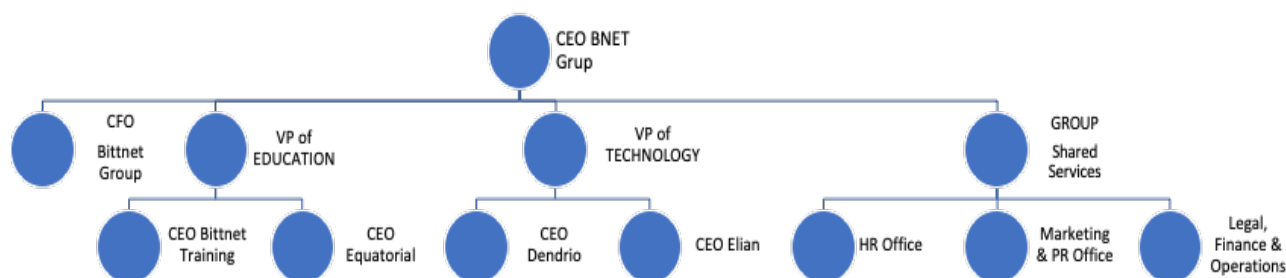
All employees of the company are graduates of higher education. The employees of the company are not organized into trade unions. In the history of the company, no conflicting situations occurred between the management and the employees.

As a peculiar aspect of the IT industry, it should be mentioned that employees and workers (freelancers) in the field are persons with a high degree of education, a steady willingness to learn and a high degree of independence. The type of working environment and the activity is characterized by joviality, youth, a desire to work and to “prove” one’s professional worth.

The internal vibe, which in itself is a motivating factor for the performance of our projects, will improve this year, as in April we will move to a new office - One Cotroceni Park - designed according to current standards. The team will continue to grow in 2022, with 60 new colleagues who joined us in 2021. With the new headquarters, we will all be able to be under the same roof, increasing the chances of integrating current M&A and finding potential synergies between group companies.

It should also be underlined that we operate in the digital economy area, and we are taking full advantage of the so-called “gig economy”, but we also face the challenges that it brings. Thus, the company is actively seeking to position itself as a platform that matches experts on various subjects with the relevant customers for the services concerned.

Each of the companies in the group have their own organizational charts, specific to the current, historical and future activity. The group is managed in a very decentralized manner, benefiting from only a few 'grouped' functions at 'shared services' level, according to the organizational chart below:



15.2. Shareholdings and stock options - With respect to each person referred to in points (a) and (d) of the first subparagraph of item 12.1 provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.

The shareholders of the company approved during the general meetings in January 2020, April 2020, April 2021 stock options plans for key persons and terms of reference contracts for the executive management.

In the framework of these Stock Options Plans, persons within the Issuer's management and other persons likely to positively influence the results of the group may be granted the right to purchase Issuer's shares at preferential prices, as follows:

- 1) General Meeting of the Shareholders in April 2020: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 21 April 2020.
- 2) General Meeting of the Shareholders in January 2020: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 01 January 2020.

Within this plan, Mr. Logofătu Mihai, as representative of the Chairman of the Board of Directors, has the right to purchase from the company, during May-June 2022, a number of shares equal to 0.75% of the total shares of the Company, for each year in which he acted as Chairman of the Board of Directors.

Within this plan, Mr. Logofătu Cristian and Anghel Lucian, as members of the Board of Directors, have the right to purchase from the Company, during May-June 2022, a number of shares equal to 0.5% of the total shares of the Company, for each year in which he acted as Chairman of the Board of Directors.

Within this plan, Mr. Adrian Stanescu, as CFO, has the right to purchase from the Company, during May-June 2022, a number of shares equal to 0.5% of the total shares of the Company, for each year in which he has acted as Financial Manager.

- 3) General Meeting of the Shareholders in April 2021: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2023. Exercise price per share corresponding to the capitalisation of the Issuer on 14 April 2021.

15.3. Description of any arrangements for involving the employees in the capital of the issuer

The shareholders of the company approved during the general meetings in April 2020, April 2021 and January 2020 stock options plans for key persons. In the framework of these Stock Options Plans, persons within the Issuer's management and other persons likely to positively influence the results of the group may be granted the right to purchase Issuer's shares at preferential prices, as follows:

- 1) General Meeting of the Shareholders in January 2020: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 1 January 2020.
- 2) General Meeting of the Shareholders in April 2020: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 21 April 2020.
- 3) The General Shareholder Meeting of April 2021 has on its agenda the approval of an Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2023. Exercise price per share corresponding to the capitalisation of the Issuer on 14 April 2021.

Section 16: Major shareholders

16.1. In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, as at the date of the registration document or, if there are no such persons, an appropriate statement to that effect that no such person exists.

On 31.12.2021, the Issuer is aware of a group of shareholders associated with the Impetum Group, who in common have exceeded the 5% threshold, according to the notification sent to us by them: https://bvb.ro/Infocont/RaportariActionari/BSE/BNET_20211220192055_Raportare_detineri_5.pdf

On 31.12.2021, the only shareholder whose holding exceeds 5% of the company's capital is Mr. Capatina-Grosanu Razvan, who holds 6.9328% of Bittnet's voting rights.

16.2. Whether the issuer's major shareholders have different voting rights, or an appropriate statement to the effect that no such voting rights exist.

Not applicable, issuer's major shareholders have the same voting rights as the other shareholders. 1 share grants 1 voting right in the General Meetings of Shareholders.

16.3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.

The issuer is not owned or controlled directly or indirectly.

16.4. A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.

Not applicable. There is no arrangement that is known to the Issuer and that could generate a change of control over the Issuer.

Section 17: Related party transactions

17.1. Details of related party transactions (which for these purposes are those set out in the Standards adopted in accordance with the Regulation (EC) No 1606/2002 of the European Parliament and of the Board (2), that the issuer has entered into during the period covered by the historical financial information and up to the date of the registration document, must be disclosed in accordance with the respective standard adopted under Regulation (EC) No 1606/2002 if applicable. If such standards do not apply to the issuer the following information must be disclosed: (a) the nature and extent of any transactions which are, as a single transaction or in their entirety, material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding; (b) the amount or the percentage to which related party transactions form part of the turnover of the issuer.

If the international financial reporting standards adopted in compliance with Regulation (EC) no. 1606/2002 shall apply to the issuer, the information referred to in points (a) and (b) shall be presented only for transactions carried out since the end of the last financial year for which audited financial information has been published.

During 2021, the Issuer did not conclude significant transactions with persons with whom it acts in collaboration or with affiliates. In carrying out normal operational activity, there are trade flows that generate transactions between group companies in amounts that do not cumulatively reach the threshold of 5% of net assets:

- Bittnet to:
 - Dendrio: RON 1.25 million, out of which 1.14 million is distribution of indirect expenses
 - Computer Learning Center: RON 55 thousand
 - Elian: RON 154K, out of which 149 is distribution of expenses
 - Equatorial: RON 70 thousand
- Dendrio to:
 - Bittnet: RON 415K, out of which RON 360K is distribution of expenses
 - Elian: RON 107 thousand
 - IT Prepared: RON 1.9 million, products resold to customers
- Elian to:
 - Bittnet: RON 19 thousand, licenses and Microsoft Nav support
 - Dendrio: RON 132K, products resold to customers
- Computer Learning Center to Bittnet: RON 15K– services resold to customers
- IT Prepared to Dendrio: RON 48K, services resold to customers

Section 18: Financial information on the Issuer's assets, liabilities, financial position and profits and losses

18.1. Historical financial information

18.1.1. Audited historical financial information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.

According to Article 19 of the Regulation (EU) 2017/1129, taking into account that the annual and interim financial information, as well as the audit reports are such information that can be incorporated by reference in the document, if they were published previously, below we list the internet addresses where the audited annual results are available in IFRS format (accompanied by the audit report):

- The IFRS financial results for 2016-2018 were published by the Issuer, together with the audit report, in November 2019 at: <https://investors.bittnet.ro/wp-content/uploads/2019/12/IFRS-Raportul-auditorului-situatii-financiare-consolidate-2016-2018-Bittnet.pdf>
- IFRS financial results for fiscal year 2019 were made available to investors as supporting documents for General Shareholder Meeting dated 29.04.2020, together with the audit report at: <https://investors.bittnet.ro/ro/intalniri-ale-actionarilor/29-aprilie-2020/>
- IFRS financial results for fiscal year 2020 were made available to investors as supporting documents for General Shareholder Meeting dated 27.04.2021, , together with the audit report at: <https://investors.bittnet.ro/ro/intalniri-ale-actionarilor/aga-27-aprilie-2021/>

18.1.2. Change of accounting reference date

If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.

Not applicable, the Issuer has not changed the accounting reference date in the interval for which it is requested historical financial information.

18.1.3. Accounting standards

The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. If Regulation (EC) No 1606/2002 is not applicable, the financial information must be prepared in accordance with: (a) a Member State's national accounting standards for issuers from the EEA, as required by Directive 2013/34/EU; (b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. If such third country's national accounting standards are not equivalent to Regulation (EC) No 1606/2002 the financial statements shall be restated in compliance with that Regulation.

The financial information shall be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002

18.1.4. Change of accounting framework

The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements. Changes within the accounting framework applicable to an issuer do not require the audited financial statements to be restated solely for the purposes of the document. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements (as defined by IAS 1 Presentation of Financial Statements as set out in Regulation (EC) No 1606/2002), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.

The most recent audited financial information of the Issuer, namely information related to the financial year 2021, were published as supporting documents for the General Shareholder Meeting dated April 2022 and then included

in the Annual Report 2021, published on the issuer's website at the investors section as well as on the BVB website at the BNET symbol.

Starting with the financial year 2019, the Financial Information is prepared in accordance with IFRS International Financial Reporting Standards based on Regulation (EC) No. 1606/2002.

The financial results in IFRS format for the period 2016-2018, 2019 and 2020 have been published by the Issuer together with the audit reports since November 2019 on the Investor Relations website at:

<https://investors.bittnet.ro/ro/rezultate-financiare/>

18.1.5. Where the audited financial information is prepared according to national accounting standards, it must include at least the following: (a) the balance sheet; (b) the income statement; (c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners; (d) the cash flow statement; (e) the accounting policies and explanatory notes.

Not applicable. The issuer prepares and reports the financial statements in accordance with IFRS.

18.1.6. Consolidated financial statements

If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.

18.1.7. Date of financial information

The balance sheet date of the last year of audited financial information may not be older than one of the following: (a) 18 months from the date of the registration document if the issuer includes audited interim financial statements in the registration document; 16 months from the date of the registration document if the issuer includes unaudited interim financial statements in the registration document

The last financial year for which the financial statements were audited is 2021.

18.2. Interim and other financial information

18.2.1. If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half-yearly financial information has been audited or reviewed, the audit or review report must also be included. If the quarterly or half-yearly financial information is not audited or has not been reviewed, state that fact. If the registration document is dated more than nine months after the date of the last audited financial statements, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year. Interim financial information prepared in accordance with the requirements of Regulation (EC) No 1606/2002. For issuers not subject to Regulation (EC) No 1606/2002, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.

Not applicable. This document is drafted and published before the publication of the quarterly financial results for the 1st quarter of 2022. Any subsequent financial information will be published on BVB's website and on the issuer's website according to the communication schedules of the financial results for each financial year.

18.3. Auditing of historical annual financial information

18.3.1. The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with the Directive 2014/56/EU of the European Parliament and Council (3) and Regulation (EU) No 537/2014 of the European Parliament and of the Council (4). Where Directive 2014/56/EU and Regulation (EU) No 537/2014 do not apply: (a) the historical annual financial information must be audited or reported on as to whether or not, for the purposes of the document, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard; (b) if audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full and the reasons given.

According to Article 19 of the Regulation (EU) 2017/1129, taking into account that the annual and interim financial information, as well as the audit reports are such information that can be incorporated by reference in the document, if they were published previously, below we list the internet addresses where the audited annual results are available, as IFRS format (accompanied by the audit report), and the non-audited half-yearly results (the Issuer is not required to audit the interim results).

The financial results in IFRS format for the period 2016-2018, 2019, 2020 and 2021 have been published by the Issuer together with the audit reports since November 2019 on the Investor Relations website

<https://investors.bittnet.ro/ro/rezultate-financiare/>

18.3.2. Indication of other information in the document that has been audited by the auditors.

Not applicable.

18.3.3 Where financial information in the document is not extracted from the Issuer's audited financial statements, please state the source of the information and that the information is not audited.

Not applicable

18.4. Pro forma financial information

In the case of a significant gross change, a description of how the transaction might have affected the assets, liabilities and earnings of the Issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported. This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 20 and must include the information indicated therein. Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.

Not applicable

18.5. Dividend policy.

18.5.1. A description of the Issuer's policy on dividend distributions and any restrictions thereon. If the Issuer has no such policy, please include an appropriate negative statement.

The General Shareholder Meeting adopts the decision on the allocation of profits annually. The Issuer's strategy is not to pay dividends from the financial year profits. The Issuer intends to continue to fully invest the profits in the company development, that means a 'no dividend' policy for the shareholders. The Issuer intends to maintain this profit reinvestment policy for as long as its growth prospects outweigh the growth prospects of its activity market.

The Issuer's dividend policy is set out in detail at:

<https://investors.bittnet.ro/politicile-corporative/politica-de-dividend/?lang=ro>

At the General Meeting of Shareholders of November 2020, both amendments to the Articles of Incorporation and an offer of preferential shares were approved, the latter aims to replace the debenture loans of the Issuer by preferential shares – so they will mandatory offer dividends to shareholders.

Given that the issuance of preference shares has not been launched within one year of approval, in November 2020, the operation on the coordinates will no longer be able to be put into practice, as the resolutions of the EGMS to increase the capital expire within one year of approval. In this regard, the Issuer examines the opportunity to

propose to the shareholders, during the GMS taking place in April 2022, a new capital increase operation by issuing preference shares. This operation will start depending on the market context during 2022.

According to the Articles of Incorporation, if there are preferential shares, they will receive an allocation of the priority dividend from the consolidated net profit of the previous fiscal year, calculated as a multiple of 1.75 applied to the percentage of preferential shares in the total share capital.

18.5.2. The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the Issuer has changed, to make it comparable.

The Issuer did not pay dividends from the results of its historical financial years. The General Meeting of Shareholders adopts the decision on the allocation of profits annually. The intention of the issuer is not to pay dividends in the following financial years unless preference shares bearing the priority dividend will be issued under the terms of the Articles of Association. Bittnet is active in a very dynamic field – Information Technology . So far Bittnet has managed to achieve significant growth rates. On the other hand, the current size of the company, coupled with the consolidation trend across all industries, makes us believe that the only way we can go is ‘higher and higher’. That is why we intend to continue to invest any available resources in the development of the company. From the shareholders’ point of view, the ‘full profit reinvestment’ policy also means a ‘no dividend’ policy.

We intend to propose this reinvestment policy to the Shareholder Meeting as long as the growth prospects of the company generally outweigh the growth prospects of the market. In the long run, the value that the company creates is reflected in the value of the company itself – its stock price. The management considers that we can continue to maintain a growth rate above that of the general market for a significant period of time.

Our current operational capacity is such that we can extract profits from the accelerated growth in turnover. This is the our management intention: continue to increase the turnover under similar conditions of profitability expressed as gross margin. Thus, the company will generate more money to cover a generally fixed structure of costs, basically the ‘additional gross margin’ contributing almost entirely to the company gross profit.

According to the dividend policy, in 2016, 2017, 2018, 2019, 2020 and 2021 the General Meeting decided to reward the shareholders by capitalizing the company’s profits and granting free shares – one operation each year.

In 2022, taking into account the current price of the action and the existing liquidity, we will not propose a new distribution of free shares, but only the already “patented” operation of distribution of a free share, which shareholders can choose to leave available to the company for settlement of future obligations, being rewarded with cash distribution. This year we propose cash distribution per share at a higher value than before, that is RON 0,15 according to the EGMS Convener of 20 April 2022.

18.6. Legal and arbitration proceedings

Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or group’s financial position or profitability, or provide an appropriate negative statement.

The issuer declares that there are no governmental, judicial or arbitration proceedings that have had an effect on its financial results in the last 12 months. During 2021 the Issuer became aware of the existence of case 30598/3/2021 on the Bucharest Court's docket, in contradiction with the owner of our former office space - București Mall Development and Management S.R.L. (“Anchor” or “Anchor Group”)

In March 2022 the Issuer became aware of the contents of this file and the amount of the claims – RON 4 million representing in particular the penalty clause for the termination without reason of the contract, and the failure to comply with the termination term.

Taking into account the approval given by the GMS in September 2021 regarding the expansion of the office space and training rooms, in order to accommodate the team that will result from the M&A operations already carried out, plus those that have been approved to be carried out in the next 3 years, the Issuer requested during 2021 from the owner of the office building in which it operates, the expansion of the space according to the contract.

The owner of the space did not submit an acceptable offer, under conditions similar to the ones in the contract – in particular the existence of a common office space, in a single building, on one floor, so that employees and collaborators of the group companies can continue to carry out their work in a common environment, which will stimulate the integration and operationalization of collaborative processes following the M&A investments.

As a result, the Issuer has provided the space owner with the notice of termination in accordance with the termination exception clause - article ... of the lease agreement. The owner of the space considers that our request has not been made in good faith, although subsequent to the termination, Bittnet signed a lease agreement with One United Properties on double the area of the space previously leased from Anchor Group. Thus, Anchor asked the court to apply the penalties for termination – full payment of the contract by the end of the lease as if we had continued the lease contract.

In March 2022 –the date of drafting this document, the case is in ‘regularisation’ status, a statement of claim is to be filed by our company’s lawyers, and subsequently a first deadline is to be set. This first deadline is estimated to take place in the second half of 2022, and the entire ‘merits’ stage of the proceedings could last up to 3 calendar years.

Taking into account these conditions, our opinion that we have exercised a contractual right in the way it was envisaged, and the fact that the lawsuit is expected to have a long duration, management considers that there is insufficient data at this point to materially quantify the risk of loss of the lawsuit, in the sense of establishing provisions that would affect the results of 2021. The same cannot be said about the future – if the final and irrevocable decision of the courts will pronounce the plaintiff as winner, our company could be forced to pay an amount of around RON 4 million, which without leading us into difficulty, would be a significant negative evolution.

18.7. Significant change in the Issuer’s financial position

18.7.1. A description of any significant change in the financial position of the group which has occurred since the end of the last financial year for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.

Not applicable.

Section 19: Additional information

19.1. Share capital – The information in items 19.1.1 to 19.1.7 in the historical financial information as of the date of the most recent balance sheet:

19.1.1. The amount of issued capital, and for each class of share capital:

(a) the total of the Issuer's authorized share capital;

According to the approval of the General Meeting of the Shareholders of September 2021, the authorized share capital was of 240,000,000 ordinary shares and 120,000,000 preferential shares.

Upon the drafting of the universal registration document, the Issuer's subscribed and paid-up share capital was of RON 48.043.690,40 divided into 480,436,904 registered, common, dematerialized shares, with a nominal value of RON 0.1.

(b) the number of shares issued and fully paid, and issued but not fully paid;

The number of shares issued and fully paid up was of 480,436,904.

The number of shares issued but not fully paid up was 0

(c) the par value per share, or that the shares have no par value; and

The nominal value of a share was RON 0.1.

(d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10 % of capital has been paid for with assets other than cash within the period covered by the historical financial information, please state that fact.

Change date	Registration date	Operation	Initial No. of shares	Final No. of shares
26/03/2021	21/05/2020	Increase in share capital – with cash contribution by issuing only 18,178,550 new shares	229,049,725	247,228,275
22/07/2021	21/07/2021	Share capital increase by granting free shares, 06:10	247,228,275	395,565,240
10/09/2021	21/07/2021	Share capital increase by granting free shares, 01:10	395,565,240	420,288,068
21/10/2021	N/A	Capital share increase pursuant to Decision of EGMS no. 12/25.04.2018; Decision of EGMS no. 4/26.11.2020; Decision of EGMS no. 5/26.11.2021; Decision of the Board of Directors no. 7/18.08.2020; Decision of the Board of Directors no. 10/17.12.2020;	420,288,068	455,669,736
10/11/2021	N/A	Capital share increase pursuant to Decisions of EGMS no. 2 and no. 3/27.04.2021; Decision of the Board of Directors of 06.07.2021 and Decision of EGMS no. 17/07.09.2021;	455,669,736	480,436,904

During the period covered by the historical financial information, no part of the share capital was paid for with assets other than cash.

19.1.2. If there are shares not representing capital, please state the number and main characteristics of such shares.

Not applicable

19.1.3. The number, book value and face value of shares in the Issuer held by or on behalf of the Issuer itself or by subsidiaries of the Issuer.

As of the date of this writing, the Issuer holds 19,987,106 treasury shares to be used to satisfy its obligations under the key persons' stock options plans. All shares of the issuer are common shares with a nominal value of RON 0.1.

19.1.4. The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.

Not applicable

19.1.5. Information about and terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital.

The General Meeting of Shareholders of September 2021 authorized the Issuer to increase the share capital by a maximum of 240,000,000 ordinary shares and 120,000,000 shares, respectively.

19.1.6. Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.

The shareholders of the company approved during the general meetings in April 2020, April 2021 and January 2020 stock options plans for key persons. In the framework of these Stock Options Plans, persons within the Issuer's management and other persons likely to positively influence the results of the group may be granted the right to purchase Issuer's shares at preferential prices, as follows:

- 1) General Meeting of the Shareholders in January 2020:
 - a. Stock Options Plan for key persons not appointed at the time of approval: maximum 1.5% of the total shares of the company. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 1 January 2020.
 - b. Members of the Management Board, except the Chairperson: 0.5 % per 2020, 0.5 % per 2021. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 01 January 2020.
 - c. Chairperson of the Management Board: 0.75% per 2020, 0.75% per 2021. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 01 January 2020.
- 2) General Meeting of the Shareholders in April 2020: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2022. Exercise price per share corresponding to the capitalisation of the Issuer on 21 April 2020.
- 3) General Meeting of the Shareholders in April 2021: Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2023. Exercise price per share corresponding to the capitalisation of the Issuer on 14 April 2021.
- 4) The General Shareholder Meeting of April 2022 has on its agenda the approval of an Stock Options Plan for key persons not appointed at the time of approval: maximum 5% of the total shares of the company. Exercise period: May-June 2024. Exercise price per share corresponding to the capitalisation of the Issuer on 14 April 2022.

19.1.7. A history of share capital, highlighting information about any changes, for the period covered by the historical financial information.

The figures in the table below are presented in RON, and represent the 3 capital increase operations decided during 2021, together with their registration dates and the date on which the shares were actually loaded into the shareholders' accounts. It concerns a capital increase with free shares, by incorporation of reserves and share premiums, which generated an allocation of 6 free shares for every 10 shares held, both for existing shares (date of 21 July) and for those due to creditors from capital increases not yet registered on 21 July (MCS August 2020, MCS December 2020), plus a capital increase with one free share that could be left at the company's disposal in exchange for the collection of RON 0.1 per share.

Change date	Registration date	Operation	Initial No. of shares	Final No. of shares
22/07/2021	21/07/2021	Share capital increase by granting free shares, 06:10	247,228,275	395,565,240
10/09/2021	21/07/2021	Share capital increase by granting free shares, 01:10	395,565,240	420,288,068
10/11/2021	N/A	Capital share increase pursuant to Decisions of EGMS no. 2 and no. 3/27.04.2021; Decision of the Board of Directors of 06.07.2021 and Decision of EGMS no. 17/07.09.2021;	455,669,736	480,436,904

19.2. Memorandum and Articles of Association

19.2.1. The register and the entry number therein, if applicable, and a brief description of the Issuer's objects and purposes and where they can be found in the up to date memorandum and articles of association.

The Issuer's updated Articles of Association are available on the Issuer's website under the *Investors* section and can be accessed here: <https://investors.bittnet.ro/updated-articles-of-association/>

The Issuer's main object and purpose is 6202 – Consultancy activities in information technology. This class includes the planning and design of computer systems that integrate hardware, software and communication technologies, and consultancy services that may also include user training.

The object and purpose are set out in 'Article 5 – Company object and purpose' of the Issuer's updated Articles of Associations.

19.2.2. Where there is more than one class of existing shares, a description of the rights, preferences and restrictions attaching to each class.

Not applicable. Although the Issuer's Articles of Incorporation provide for the possibility to issue preferential shares, at the time of drafting this document there were only ordinary shares.

19.2.3. A brief description of any provision of the Issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the Issuer.

Not applicable

Section 20: Important contracts

20.1. A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the group is a party, for the two years immediately preceding publication of the registration document. A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the registration document.

Outside the normal framework of the investment activity, the Issuer makes investments in the capital of other companies. Following the approval by the November 2020 General Meeting of Shareholders of the investments in the Equatorial Gaming, Softbinator Technologies and Elearning Company, the Issuer signed the investment contracts and informed the shareholders thereof through current reports.

Following the approval by the September 2021 General Meeting of Shareholders of the investments in the Computer Learning Center, ISEC Associates, Nenos Software & Nonlinear companies, the Issuer signed the investment contracts and informed the shareholders thereof through current reports. Also during 2021, the contract for the acquisition of shares was signed in the company ITPrepared and Global Resolution Experts – "GRX".

All these investment contracts implied the payment of the equivalent value of the purchased shares, partly in cash and partly by BNET shares.

Also, according to the mandate granted by the GMS in September 2021, the Issuer could sign in 2022 and in the following 2 years other M&A acquisitions up to a total value of RON 200 million.

Section 21: Available documents

21.1. A statement that for the term of the document the following documents, where applicable, can be inspected:

- (a) the up to date memorandum and articles of association of the Issuer;**
- (b) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the registration document. An indication of the website on which the documents may be inspected.**

During the document validity period, the updated Articles of Association, the universal registration document and all documents relevant for the shareholders can be checked on the Issuer's website under the *Investors* section (<https://investors.bittnet.ro/>).

BITTNET SYSTEMS S.A., represented by Mihai Alexandru Constantin Logofătu, CEO

Annex 2 – ‘Alternative Performance Measurements’

The ESMA guidelines require us to explain any indicator we have used in assessing the financial or non-financial results of the company, if that indicator is not found in the IFRS or XBRL standards, published by ESEF. In our financial statements, we used the following indicators:

Indicator	Definition/Calculation method	Why is it relevant?
Operating profit	<p>It is about the core business profit, i.e. the business of serving our clients.</p> <p>It takes into consideration all the incomes and expenses related to the current business and does not take into consideration the financial incomes and expenses, or those related to the holding-type business (of the group, i.e. us as a listed company).</p> <p>It is calculated by taking out of each business line results the income and expenses items (cash or non-cash) that are not related to the current business.</p> <p>The most significant adjustments (differences between gross profit and operating profit) are:</p> <ol style="list-style-type: none"> 1. Financial result elimination (expenses addition to the gross profit, and financial-type incomes subtraction) 2. Non-cash IFRS adjustment elimination, related to the Stock Option Plan 	<p>Operational business (also known as ‘current’ or ‘core’) means the company businesses.</p> <p>This measures the performance and the business activity in relation to the competition, regardless of the taxation environment, the reporting accounting framework or the company financing method (the mix of equity and loans, the costs of maintaining the stock exchange rate, etc.).</p> <p>That is to say, this is the result the company (or each business line) would have if it operated as a company fully financed by its own resources (by ‘equity’ – shareholders’ equity).</p>
‘Gross Margin’, or ‘gross margin’, or ‘GM’, or ‘margin’	<p>The calculation formula for this indicator is the ‘revenue MINUS COGS (cost of goods sold)’.</p> <p>Thus, the expenses directly related to those projects (obtaining those revenues) is subtracted from the invoices issued to clients. For the software license resale projects, we buy a license for RON 90 and resell it to the client for RON 100. The difference is the ‘gross margin’.</p> <p>If we invoice a client for a cloud project implementation services, the gross margin is the difference between the revenues invoiced to the client and the man-hour cost required for implementation, regardless if the implementing engineer is our employee or a subcontractor.</p>	<p>This indicator is the company’s ‘GDP’, it is the ‘added value’ that we generated for our partners.</p> <p>This indicator reflects not only the value we bring to our clients, but also, by inward looking at the company, it reflects the amounts of money we have at our disposal to cover the fixed expenses.</p>

Annex 3 - Investment thesis

From the beginning of our journey as a listed company we have tried to convey “our value proposition” to investors in an as transparent manner as possible. In other words, what we offer to investors, which is the investment thesis that anyone who chooses to trust us can have.

This can be expressed very simply in the following sentence:

You invest in the medium and long term in BNET shares if you want exposure to the Romanian IT&C industry, an accelerated growth field, together with a management team that has not only skin in the game but also demonstrated over 15 years better results than industry average, both operationally and in terms of capital management.

Each of the decisions we make is aimed at building an anti-fragile group, so that we have the strongest force – time – with us (“Time is the friend of the wonderful business, the enemy of the average ones”). The second element is the combination of ‘good operations’ and the ability to manage capital, as described in the ‘secret of success’ in the book ‘The outsiders – 8 outstanding CEOs’. Below are some arguments for each of the components of this investment thesis:

- Choosing an industry with favourable prospects is a decision that completely eases both the work of investors and decreases the importance of choosing a competent management: “a rising tide lifts all boats”. There has been no industry in the last 20 years that has continued to grow faster than the IT&C industry.
- The existence of a management team with ‘significant skin in the game’ solves the ‘principal-agent’ problem so demanded by investors on the Romanian capital market. If the well-being of the management comes from the same sources, through the same mechanisms as the small shareholders, the most important conflict is eliminated. Thus, in our case, the value of BNET shares represents for management both most of the personal wealth and most of the income (unlike salary, the option-based compensation policy aligns the management’s income with the wealth brought to the shareholders).
- Demonstrated track record from an operational point of view: in addition to numerous international recognitions (Deloitte Top 50 in Tech, Financial Times Top 1000 Fastest Growing Companies, EY Entrepreneur of the Year finalists, etc.), we can illustrate the operational capacity in 2 ways:
 - I saw in 2021 an announcement of a very respectable IT company that was doing a retrospective of the entire activity, on the occasion of a 10 or 15 year anniversary. During this period, the company successfully delivered over 700 projects. By comparison, Bittnet delivers over 4,000 projects annually, with minimalist operational overhead, both in terms of cost and time. The fact that our initial activity is basic is IT training and, the specific complexity of successfully organizing this business, forced us to build systems and operational tools specific to companies much larger than business, with increased complexity. On the other hand, once this impediment is overcome, we now enjoy a competitive advantage that is hard to match from this point of view.
 - Analysing the historical evolution of the return on equity (Return on Equity), it always has values around 41%.
- Demonstrated track record from the point of view of capital management: the growth rate of equity attracted historically, through the mechanisms of the capital market is about 43%, which strengthens our confidence in the adopted financial model, which we intend to continue to apply as long as the results continue to be visibly better than the market average.

	Net profit	Equity t0	ROE
2014	115	865	
2015	889	1.920	103%
2016	870	3.100	45%
2017	1.206	5.961	39%
2018	4.408	14.001	74%
2019	-4.459	12.372	-32%
2020	1.025	27.646	8%
2021	14.424	55.249	53%
		Average	42%

Operation	Amount
Equity on 15 April 2015	-864.743
MCS05-Dec-17	-807.127
MCS14-Dec-18	-2,892,205
MCS10-Apr-20	-9,168,712
MCS02-Mar-21	-10,725,345
Equity on 31-Dec-21	55,949,054
Of which, amounts attracted	-23,593,389
IRR	45.7%

Of course, some investors may find that any of the components of the investment thesis described above do not match their investment style. However, we would like our shareholders to understand the “bet” they make when investing in Bittnet Group shares: the fact that the vision of accelerated growth towards a turnover of RON 500 million generates a special opportunity in the medium and long term. and that sometimes the evolution of quarterly, half-yearly or annual results will fluctuate. We, the management team, are here to clarify these fluctuations and to guide our journey together towards the figure of RON 500 million, without having as objective the share price, which, on the contrary, is decided by the shareholders. However, we are convinced that in the long run the value of the company will reflect the business results.

We conclude this chapter by reminding you that no investment in the shares of a company is risk-free, and please, prior to any investments, read carefully the chapters on Risks in the Universal Registration Document, or on the investor relations website.

