

According to Law 24/2017, art 92¹, listed companies must submit to vote a Remuneration Policy for the Company's managers (defined as members of the Board of Directors or Managers, in the sense of Law 31), starting with the first OGSM held after the date of July 27, 2020. In the case of our company, it is about the members of the Board of Directors ("CA") and the General Director and the Financial Director.

The Board remuneration

The company proposes the following remuneration structure for fiscal year 2023:

- i. A fixed remuneration for the entire year, in the amount of RON 150,000 for each non-executive member of the Board of Directors, with the exception of the president; this remuneration is pro-rated with the period of the year in which the person was a member of the Board
- ii. A fixed remuneration for the whole year, in the amount of RON 360,000 for each executive member of the Board with the exception of the president; this remuneration is pro-rated with the period of the year in which the person was a member of the Board.
- iii. A fixed remuneration for the whole year, in the amount of RON 645,000 for the president of the Board of Directors, if the person is an executive director or RON 200,000 gross if the person is a non-executive director; this remuneration is prorated with the period of the year in which the person was a member of the Board. Members of the Board can be paid additionally, compared to the previously presented fixed remuneration, for participation in the advisory committees of the company, depending on the number of meetings or the number of committees in which they participate.

Fixed remuneration for managers

The company proposes the following remuneration structure for fiscal year 2023:

- iv. A fixed remuneration for the whole year, in the amount of RON 645,000 for the General manager – CEO; this remuneration is pro-rated with the period of the year in which the person was in charge.
- iv. A fixed remuneration for the whole year, in the amount of RON 645,000 for the financial director - CFO; this remuneration is pro-rated with the period of the year in which the person was in charge.

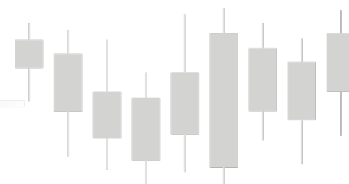
If a person fulfills a dual role (director and member of the Board of Directors), the maximum amount between the two remunerations is applied.



Variable remuneration:

Bonus cash / participare la profit

- If the consolidated EBITDA, pro-forma, for the year 2023 exceeds the value of 25 million RON, the General Director will receive a bonus in the amount of 7% of the positive difference compared to the threshold of 30 million lei.
- If the consolidated EBITDA, pro-forma, for the year 2023 exceeds the value of 25 million RON, the Financial Director will receive a bonus in the amount of 3% of the positive difference compared to the threshold of 30 million lei.
- In case the consolidated EBITDA, pro-forma, for the year 2023 exceeds the value of 30 million RON, the General Director will have at his disposal a "bonus pool" worth a maximum of 15% of the positive difference compared to the threshold of 25 million RON to be granted at discretion to employees or collaborators.



Long-term incentive plan based on participation in company's capital

General coordinates of the plan:

- Plan duration: 2 years (settlement date May-June 2026). The plan is activated before this date if, after a period of at least 12 months has passed since its entry into force, the 'target' type indicators are reached before December 31, 2025.
- Target type indicators, which trigger the anticipated activation of the plan:
 - Turnover, consolidated, pro-forma - minimum threshold of RON 500,000,000
 - consolidated EBITDA, pro-forma - the minimum threshold of RON 50,000,000
 - The market capitalization of the company: the minimum threshold of RON 600,000,000
- Total percentage of voting rights available: 9%
- The strike price: The capitalization of the company on the reference date for the GMS - for the option to purchase from the company shares at a pre-set price - applicable in case of exceeding the capitalization of RON 600,000,000 ; 0 (zero) for share-based remuneration, applicable in case of reaching the financial performance indicators (total revenues or EBITDA).

The value of the total remuneration under the plan will be 18% of consolidated EBITDA, proforma. The persons mentioned in this policy will be included in the plan as follows (without the accumulation of percentages - the maximum remuneration applies):

- i. General manager: 0.5% annually
- ii. Financial Director: 0.4% annually
- iii. Executive Directors 0.25% annually
- iv. Non-Executive Directors: 0.15% annually



Additional benefits for the Board

There are no additional benefits. The members of the Board of Directors will be reimbursed for the expenses incurred for representing the Company. The company pays "D&O liability" policies for Board members. If a member of the Board of the parent company is appointed as an administrator at one of the subsidiary companies, he will be remunerated according to the remuneration of the other administrators of the respective company. This is not an additional "benefit" but a market remuneration for the responsibility exercised.

Additional benefits for managers

If an executives of the parent company is appointed as an administrator at one of the subsidiary companies, he will be remunerated according to the remuneration policy of the other managers of the respective company. This is not an additional "benefit" but a market remuneration for the responsibility exercised.

CEO

Prior to the drafting of this document, the General Manager's remuneration was established based on the fact that Mr. Mihai Logofatu, founder of the Company, and member of the Board of Directors (as a representative of Ivylon Management SRL), held the position of General Manager. Thus, Mr. Logofatu did not receive any additional remuneration for this position. The Issuer intends to maintain this situation in the medium and long term and will submit to the shareholders a new remuneration policy, based on the recommendations of the Remuneration Committee, when this need arises. During the term of office of Mr. Mihai Logofatu as General Manager, the company's policy is that the benefits of the position of General Director should be those related to the representation of the company:

- Access to a car provided by the company, as part of an operational leasing contract for a maximum of 1000 euros per month.
- "D&O Liability" type insurance policy paid by the Company.

CFO

Additional benefits: "D&O Liability" insurance policy paid by the Company.

The objectives of the Policy

The remuneration policy must contribute to the issuer's business strategy, as well as its long-term sustainability plans and interests and include the necessary explanations in this regard. The objectives of the policy start from the objectives of the company's management. Thus, the objective of the management is to maximize the value of the company ("shareholder wealth"), measured by the market capitalization of the company. Taking into account that currently, and for the future, the Issuer intends to keep the current dividend policy, which can be summarized by "granting of free shares, without cash dividends".

The capitalization of the company is the best measure of the value brought to shareholders by management and administration. We propose to align the interests of the shareholders with those of the management, so that all parties involved have the same measure of achievements. Payment through inclusion in long-term incentive plans, based on participation in the company's capital, achieves this objective, because of:

- Management is rewarded only on the (retrospective) basis of increasing the market value of the company
- The Management is remunerated with the same "currency" - BNET shares. Thus, not only will the members of the management want to increase the value of the shares, in order to receive a variable remuneration, but, in addition, to avoid the decrease in their price (once they have been remunerated with shares, they are in exactly the same position as the rest of the shareholders).

Thus, the policy ensures both the sustainability of the business and the long-term alignment of interests.

The proportion between fixed and variable remuneration

We are looking to engage certain minimum expenses, in exchange for a variable component that can take significant values for any person included in the policy. Theoretically, the variable part of the remuneration can take any real, positive value, including zero, it is not possible to estimate a proportion between the fixed and variable remuneration.

Correlation with remuneration and employment conditions of employees

Also, the remuneration policy explains how the remuneration and employment conditions of the issuer's employees were taken into account when establishing the remuneration policy. Bittnet's policy does not correlate in any way the remuneration of the management with that of the employees.

We consider that there is a completely different specific, based in particular on the existence of individual responsibilities, but also on contractual differences (mandate contract vs employment contract). The correlation of the value of the proposed remuneration is with the representative values for companies of the same size and specific activity, or with companies listed on the regulated market of BVB.

The General Manager has the mandate to convey both in our organization and in the member companies of the group the principles of offering an infinite earning potential for employees, in exchange for a reduction of certain costs for society - thus seeking to propose similar conditions of proportion to employees between fixed and variable remuneration.

All employees in the companies controlled by the Bittnet group are also evaluated according to subjective criteria by direct managers, but also by colleagues, to ensure the alignment of desirable behaviors with the Company's values.

Correlation criteria with the Issuer's objectives

The performance evaluation criteria are objective and clear:



- "the difference in value recorded by the company's market cap between the time of exercise of the option and the start of the measurement (± 3 years previously)".
- "value of the consolidated EBITDA indicator", pro-forma
- Consolidated "turnover value", pro forma Since the objective of the management is to increase the intrinsic or market value of the company, this criterion is correlated by definition with the objectives. In the case of subjective evaluations by the General Manager or the Remuneration Committee, the objective pursued is to reward desirable attitudes, in line with the Group's values.

Postponement and recovery of variable remuneration

The variable remunerations are granted in the form of options to purchase shares of the Issuer, after a period of 3 years from the beginning of the plan. The exercise period is May-June of the year following the last year of the plan. Thus, there is a delay of 3.5 years between the beginning of the measurement and the moment when the remuneration can be accessed. This can be accessed earlier if the performance indicators are reached earlier. Additionally, the settlement mechanisms specific to the Romanian capital market legislation mean that, after the remuneration is established, the actual transfer of the shares is postponed by at least 3 months. Once they are owned by the management, there is no method, no option and no plan to recover the variable remuneration.

Contract durations, notices, pensions, conditions

The standard durations of the mandate contracts signed with the company managers are 4 years. The notice period will be at least 60 days. CA members will be entitled to compensatory payments in the event of contract termination by the Company, without just cause. To align the term of office of all members of the C.A., the new members elected during the year 2023 will have a term of office of approximately 1 year, until the expiration of the mandates of the administrators already in office on the date of the AGM in April 2023.

Proceeding

The remuneration policy explains the decision-making process leading to its establishment, review and implementation, including measures to avoid conflicts of interest and, where appropriate, the role of the remuneration committee or other committees involved. The remuneration policy will be revised in at least the following situations:

- Receiving a negative vote from the shareholders
- Finding by the Remuneration Committee (on its own initiative or at the notification of any person to whom the policy applies) of some ambiguities, inconsistencies or application difficulties, or non-correlation with market conditions. Thus, the main objective being the protection of shareholders' wealth, the Policy can be subject to revision if it is found that it could prevent the company from carrying out its activity in terms of continuity or performance.



- Any other situation that generates, in the opinion of the Board of Directors or the Remuneration Committee, the need to revise the remuneration policy. In these situations, the interested parties propose the revision of the policy, the Remuneration Committee analyzes and approves (positively or negatively) the proposal, and as a result of a positive opinion, the Remuneration Committee proposes to the shareholders for approval the new remuneration policy, at the first GMS to be unfolded.

Avoiding conflict of interest Policy revisions do not enter into force if they do not obtain the positive vote of the shareholders. Thus, conflicts of interest cannot arise, because the people who propose the modification of the policy are not the same as those who approve it. If the Board proposes to the shareholders a change in the remuneration policy, without having received a previous opinion from the Remuneration Committee, the new proposal will mention this information.

Avoiding interest of conflicts

Policy revisions do not enter into force if they do not obtain the positive vote of the shareholders. Thus, conflicts of interest cannot arise, because the people who propose the modification of the policy are not the same as those who approve it. If the Board proposes to shareholders a change in the remuneration policy, without having received a previous opinion from the Remuneration Committee, the new proposal will mention this information.

Policy revision - changes compared to the previous version

In the case of policy revision, include a description and explanation of all significant changes to the policy and how it takes into account shareholder votes and views on the remuneration policy and include a report from the last vote of the general meeting of shareholders regarding the remuneration policy. The changes included in the current remuneration policy compared to the previous policy are:

- Aligning the fixed remuneration of directors with market values for the IT&C industry and the size of the company
- Aligning the fixed remuneration of administrators with the average / median of the capital market in Romania
- Modification of the variable remuneration plan based on participation in the company's capital as follows: Extending the duration to 3 years, with the possibility of earlier exercise only in case of previous fulfillment of the performance indicators. The inclusion of some indicators of the Group's financial performance in the variable remuneration plan: turnover and the EBITDA indicator

The previous policy was approved in the AGM of April 27, 2021 with a positive vote of 99.3151% of the votes cast.



The possibility to derogate from the policy during one year

In order to achieve the objective of protecting the interests of the shareholders and the value of their shares, this Policy recognizes the fact that it is essential that the Issuer can operate in conditions of continuity and alignment with market practices and situations. The policy must not constitute a blockage or a brake in attracting qualified people within the Company. Thus, in exceptional cases, during a year, the Issuer may derogate from the remuneration policy, if the Remuneration Committee finds (on its own initiative or upon reporting by any person to whom the policy applies) any ambiguities, inconsistencies or difficulties application, or non-correlation with market conditions. The policy can be subject to some exemptions if it is found that it could prevent the company from carrying out its activity in terms of continuity or performance. In this case, the remuneration report for the respective fiscal year will include a detailed explanation of the applied derogations, and will be subject to the shareholders' approval at the first general meeting after the end of the fiscal year in which the derogation from the Policy took place.

